
CITY OF CORNELIA, GEORGIA
ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2022

**CITY OF CORNELIA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Notes to Financial Statements	20-44
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Changes in the City's Net Pension Liability And Related Ratios	45
Schedule of City Contributions	46
Notes to Required Supplementary Information	47
<u>SUPPLEMENTARY INFORMATION</u>	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	49
General Fund:	
Comparative Balance Sheet – General Fund	50
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - General Fund	51
Special Revenue Funds:	
Comparative Balance Sheet – American Rescue Plan Special Revenue Fund	52
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual – American Rescue Plan Special Revenue Fund	53
Comparative Balance Sheet – Hotel/Motel Tax Special Revenue Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual – Hotel/Motel Tax Special Revenue Fund	55
Comparative Balance Sheet – Police Special Projects Special Revenue Fund	56

**CITY OF CORNELIA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

Schedule of Revenues, Expenditures and Changes in Fund Balances – Police Special Projects Special Revenue Fund	57
Capital Projects Funds:	
Comparative Balance Sheet – Local Maintenance and Improvement Grant Capital Projects Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balances - Local Maintenance and Improvement Grant Capital Projects Fund	59
Comparative Balance Sheet – Municipal Complex Capital Projects Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances - Municipal Complex Capital Projects Fund	61
Comparative Balance Sheet – SPLOST VI	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – SPLOST VI	63
Comparative Balance Sheet – SPLOST VII	64
Schedule of Revenues, Expenditures and Changes in Fund Balances – SPLOST VII	65
Enterprise Funds:	
Comparative Statement of Net Position – Water and Sewer Fund	66
Comparative Statement of Revenues, Expenses and Changes in Net Position - Water and Sewer Fund	67
Comparative Statement of Cash Flows – Water and Sewer Fund	68
Comparative Statement of Net Position – Stormwater Fund	69
Comparative Statement of Revenues, Expenses and Changes in Net Position - Stormwater Fund	70
Comparative Statement of Cash Flows – Stormwater Fund	71
Comparative Statement of Net Position – Cornelia Water and Sewer Authority	72
Comparative Statement of Revenues, Expenses and Changes in Net Position - Cornelia Water and Sewer Authority	73
Comparative Statement of Cash Flows – Cornelia Water and Sewer Authority	74
 STATE SECTION	
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	75
 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	76-77
Independent Auditor’s Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	78-79
Schedule of Expenditure of Federal Awards	80
Notes to the Schedule of Expenditures of Federal Awards	81
Schedule of Findings and Questioned Costs	82-84
Schedule of Prior Year Findings	85

Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cornelia, Georgia (the "City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cornelia, Georgia, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of City Contributions, and the notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (as required by the Official Code of Georgia Annotated 48-8-21), and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Auditor Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The City's basic financial statements for the year ended December 31, 2021 (not presented herein), were audited by other auditors whose report thereon dated June 17, 2022, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely component unit, each major fund and the aggregate remaining fund information. The report of the other auditors dated June 17, 2022, stated that the combining and individual fund financial statements and schedules for the year ended December 31, 2021 was subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to the basic financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2021. The individual fund financial statements and schedules, related to the 2021 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 or report dated October 10, 2023 on our consideration of the City of Cornelia, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mixon, Mixon, Brown & Tench, CPAs

Mixon, Mixon, Brown & Tench, CPAs
Cornelia, Georgia
October 10, 2023



CITY OF CORNELIA, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2022

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, 2022. 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 2022 are as follows:

- ❖ The City of Cornelia's combined net position totaled **\$58,843,479**. Of this amount, unrestricted net position of **\$3,919,877** may be used to meet the city's ongoing obligations to citizens and creditors.
- ❖ Total net position increased by **\$2,548,513** during the most recent fiscal year.
- ❖ At the close of Fiscal Year 2022, the city's governmental funds reported combined ending fund balances of **\$4,407,794**. Of this amount **\$2,828,745** or 64% is available for spending at the government's discretion (unassigned fund balance). The balance of **\$1,579,049** or 36% 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 **\$47,742,090**. Of this amount, **\$1,829,332**, or 4% 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, the 2021 SPLOST Fund which are major funds. The Urban Redevelopment Agency is a blended component unit of the City.

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

Proprietary Funds. The City of Cornelia maintains one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water and sewer system operations, 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, 2022 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 **\$58,843,479** at the close of the most recent fiscal year.

The largest portion of the city's net position **\$47,553,712** or 81% reflects its investment in capital assets such as land, buildings, equipment and infrastructure (utility lines, water lines, sewer lines, streets) less any related debt used to acquire those assets that are still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The restricted portion of the net position is **\$7,369,890** or 12%. Unrestricted net position, which may be used to meet the city's ongoing obligations to its citizens and creditors, is **\$3,919,877** or 7%.

City of Cornelia, Georgia
Net Position

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
<i>Current and other assets</i>	\$ 7,480,546	\$ 7,792,740	\$ 8,563,550	\$ 8,820,313	\$ 16,044,096	\$ 16,613,053
<i>Capital assets</i>	20,081,166	19,367,229	64,921,939	65,820,594	85,003,105	85,187,823
Total Assets	<u>27,561,712</u>	<u>27,159,969</u>	<u>73,485,489</u>	<u>74,640,907</u>	<u>101,047,201</u>	<u>101,800,876</u>
<i>Deferred Outflows:</i>						
<i>Pension</i>	379,210	396,346	323,031	279,244	702,241	675,590
Total Assets and and Deferred Outflows	<u>27,940,922</u>	<u>27,556,315</u>	<u>73,808,520</u>	<u>74,920,151</u>	<u>101,749,442</u>	<u>102,476,466</u>
Liabilities:						
<i>Long-term liabilities</i>	12,801,749	13,140,019	24,332,462	25,824,447	37,134,211	38,964,466
<i>Other liabilities</i>	3,697,955	1,754,728	1,444,484	1,402,556	5,142,439	3,157,284
Total Liabilities:	<u>16,499,704</u>	<u>14,894,747</u>	<u>25,776,946</u>	<u>27,227,003</u>	<u>42,276,650</u>	<u>42,121,750</u>
<i>Deferred Inflows:</i>						
<i>Pension</i>	339,829	535,107	289,484	377,007	629,313	912,114
Total Liabilities and and Deferred Inflows	<u>16,839,533</u>	<u>15,429,854</u>	<u>26,066,430</u>	<u>27,604,010</u>	<u>42,905,963</u>	<u>43,033,864</u>
Net Position:						
<i>Invested in capital assets</i>	7,431,795	6,629,449	40,121,917	39,479,046	47,553,712	46,108,495
<i>Restricted</i>	1,579,049	1,902,698	5,790,841		7,369,890	1,902,698
<i>Unrestricted</i>	2,090,545	3,591,739	1,829,332	7,837,095	3,919,877	11,428,834
Total Net Position	<u>\$ 11,101,389</u>	<u>\$ 12,123,886</u>	<u>\$ 47,742,090</u>	<u>\$ 47,316,141</u>	<u>\$ 58,843,479</u>	<u>\$ 59,440,027</u>

City of Cornelia, Georgia
Statement of Activities

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
<i>Program Revenues:</i>						
<i>Charges for Services</i>	977,823	886,987	11,367,265	10,339,749	12,345,088	11,226,736
<i>Operating grants</i>	425,004	-	-	-	425,004	-
<i>Capital grants</i>	1,615,518	428,775	25,000	403,027	1,640,518	831,802
<i>General Revenues:</i>						
<i>Property taxes</i>	1,996,135	1,998,944	-	-	1,996,135	1,998,944
<i>Other taxes</i>	1,691,451	1,398,586	-	-	1,691,451	1,398,586
<i>Investment earnings</i>	9,694	11,635	32,260	27,335	41,954	38,970
<i>Other</i>	40,303	1,313,199	9,684	-	49,987	1,313,199
Total Revenue	6,755,928	6,038,126	11,434,209	10,770,111	18,190,137	16,808,237
Expenses						
<i>General government</i>	804,504	477,905			804,504	477,905
<i>Public Safety</i>	3,707,152	3,932,588			3,707,152	3,932,588
<i>Culture and recreation</i>	132,996	67,737			132,996	67,737
<i>Streets and sanitation</i>	1,035,381	977,266			1,035,381	977,266
<i>Public building and library</i>	267,563	60,355			267,563	
<i>Planning department</i>	103,889	106,814			103,889	106,814
<i>Interest on long-term debt</i>	499,589	477,139			499,589	477,139
<i>Water and Sewer</i>			8,835,672	8,236,516	8,835,672	8,236,516
<i>Stormwater</i>			30,977	14,492	30,977	14,492
<i>Cornelia Water & Sewer Authority</i>			237,222	256,243	237,222	256,243
Total Expenses	6,551,074	6,099,804	9,103,871	8,507,251	15,654,945	14,546,700
Increases in net assets before transfers						
<i>Transfers</i>	640,682	657,552	(640,682)	(657,552)	-	-
Increase (decrease) in net position						
<i>Net Position, beginning of year</i>	10,242,532	11,758,601	46,052,434	45,710,833	56,294,966	57,469,434
<i>Net Position, end of year</i>	11,101,389	12,123,886	47,742,090	47,316,141	58,843,479	59,440,027

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 **\$858,857**.

Revenues. **\$3,687,586**, collected in general tax revenues, made up approximately 84% of the city's total general governmental revenues. The city received **\$1,546,328** in special purpose sales tax monies which are reflected as capital contributions. During the current fiscal year, Governmental Activities received transfers in of **\$640,682**.

Expenses. The total expenses for governmental activities were **\$6,551,074**. The largest single expenditure activity is in public safety, which totaled **\$3,707,152** or 57%. Public Safety consists of the police and fire departments. General Government accounted for **\$623,061** or 10% of all expense in governmental activities. Public works accounts for **\$1,035,381** or 16% of all expense in governmental activities.

Business Activities. Business-type activities increased the City of Cornelia's net position by **\$1,689,656**. The Water and Sewer Department, the largest of the city's three business-type activities, accounted for 97% of the expenses and 91% of the revenues among business-type activities.

Revenues. Water and Sewer revenues were **\$10,360,453**. Stormwater revenues were **\$301,015**. Cornelia Water and Sewer Authority 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 **\$8,835,672**. Stormwater expenses were **\$30,977**. Cornelia Water and Sewer Authority expenses were **\$237,222**. Business-Type Activities transfers out totaled **\$640,682**.

FINANCIAL ANALYSIS OF CITY FUNDS

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

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

As of the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of **\$4,407,794**. Of this amount **\$2,828,745** constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance **\$1,579,049** is set aside which may only be used within the guidelines of each fund.

The General Fund is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance in the General Fund was **\$2,828,745**. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance was **\$2,828,745**. Total general fund expenditures for the current year were **\$5,653,326**. Unassigned fund balance of **\$2,828,745** represents approximately 50% 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 **\$1,619,597** at December 31, 2022; those of the Stormwater Fund amounted to **\$139,611**; and those of the Cornelia Water and Sewer Authority amounted to **\$70,124**. The total increase in Water and Sewer net position was **\$950,081**; the increase in Stormwater net position was **\$271,001**; and the increase in the Cornelia Water and Sewer Authority net position was **\$468,575**.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City spent **\$262,143** less than the total budgeted general fund expenditures.

Actual revenues were more than budgeted revenues in the general fund by **\$122,204**.

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, 2022 amounts to **\$47,553,712** (net of accumulated depreciation and correlating debt). 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, software upgrades and public safety.

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

In fiscal year 2022, the City recognized **\$856,933** in depreciation for the governmental activities and **\$1,925,098** in depreciation for the business-type activities.

City of Cornelia, Georgia				
Capital Assets (net of depreciation)				
	Governmental Activities		Business Activities	
	2022	2021	2022	2021
Land	434,645	434,645	77,069	47,500
Construction in Progress	284,923	877,809	1,641,748	-
Building	12,347,809	12,654,906	36,870,220	37,790,031
Equipment	505,289	539,236	3,836,296	3,868,912
Vehicles	2,769,107	2,089,976	190,865	176,977
Infrastructure	3,739,393	2,819,728	22,305,740	22,699,016
Total Assets	20,081,166	19,416,300	64,921,938	64,582,436

Long-Term Debt. At the end of the current fiscal year, the Urban Redevelopment Agency of the City of Cornelia had a Series 2019 Revenue Bond outstanding balance of **\$10,980,000**. The City had notes payable due to GEFA and South State Bank for **\$24,800,022**. Obligations under the financed purchases for the city were **\$1,486,121**. Net pension liability in Governmental activities and Business-type activities totaled **\$1,188,540**.

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i>2019 Bonds Payable</i>	10,980,000	11,155,000	-	-
<i>2019 Premium on Bonds</i>	183,250	188,976	-	-
<i>Financed Purchases</i>	1,486,121	1,389,413	-	-
<i>Notes Payable</i>	-	-	24,800,022	26,360,817
<i>Compensated Absences</i>	135,769	31,957	127,289	26,861
<i>Net Pension Liability</i>	641,812	628,857	546,728	443,058
Total Debt	13,426,952	13,394,203	25,474,039	26,830,736

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

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

The City is well managed by a dedicated staff and a mayor and commission committed to sound fiscal policy, cooperative intergovernmental planning, and transparency in all its actions. The City plans to continue the same level of services for our citizens and customers in fiscal year 2023.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash and Cash Equivalents	\$ 5,144,685	\$ 6,582,179	\$ 11,726,864	\$ 4,887
Receivables				-
Accounts	309,635	687,655	997,290	-
Taxes	1,874,429	-	1,874,429	-
Internal Balances				-
Due from Other Funds	151,797	(151,797)	-	-
Prepaid Items	-	-	-	-
Investments	-	1,445,513	1,445,513	-
Capital Assets:				-
Land, Improvements, and Construction in Progress	719,568	1,718,817	2,438,385	-
Other Capital Assets, net of Depreciation	19,361,598	63,203,122	82,564,720	-
Total Assets	<u>27,561,712</u>	<u>73,485,489</u>	<u>101,047,201</u>	<u>4,887</u>
Deferred Outflows of Resources				
Pension Related Items	379,210	323,031	702,241	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 27,940,922</u>	<u>\$ 73,808,520</u>	<u>\$ 101,749,442</u>	<u>\$ 4,887</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	\$ 196,120	\$ 435	\$ 196,555	\$ -
Accrued Liabilities	90,412	188,689	279,101	-
Accrued Interest Payable	-	28,946	28,946	-
Unearned Property Tax Revenue	1,830,809	-	1,830,809	-
Unearned Grant Revenue	943,046	-	943,046	-
Compensated Absences	135,769	127,289	263,058	-
Due to Other Funds	-	-	-	-
Customer Deposits Payable	12,365	84,837	97,202	-
Financed Purchases:				-
Due Within One Year	309,434	-	309,434	-
Due Beyond One Year	1,176,687	-	1,176,687	-
Bonds Payable:				-
Due Within One Year	180,000	-	180,000	-
Due Beyond One Year	10,983,250	-	10,983,250	-
Notes Payable:				-
Due Within One Year	-	1,014,288	1,014,288	-
Due Beyond One Year	-	23,785,734	23,785,734	-
Net Pension Liability, Due Beyond One Year	641,812	546,728	1,188,540	-
Total Liabilities	<u>16,499,704</u>	<u>25,776,946</u>	<u>42,276,650</u>	<u>-</u>
Deferred Inflows of Resources				
Pension Related Items	339,829	289,484	629,313	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>16,839,533</u>	<u>26,066,430</u>	<u>42,905,963</u>	<u>-</u>
NET POSITION				
Net Invested in Capital Assets	7,431,795	40,121,917	47,553,712	-
Restricted for:				
Capital Projects	1,472,959	5,790,841	7,263,800	4,887
Grants	3,411	-	3,411	-
Police Special Projects	8,166	-	8,166	-
Tourism	94,513	-	94,513	-
Unrestricted Net Position	2,090,545	1,829,332	3,919,877	-
Total Net Position	<u>11,101,389</u>	<u>47,742,090</u>	<u>58,843,479</u>	<u>4,887</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 27,940,922</u>	<u>\$ 73,808,520</u>	<u>\$ 101,749,442</u>	<u>\$ 4,887</u>

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

**CITY OF CORNELIA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government							
Governmental Activities							
General Government	\$ 151,200	\$ 65,803	\$ -	\$ 1,546,329	\$ 1,460,932	\$ -	\$ 1,460,932
City Manager	346,767	-	-	-	(346,767)	-	(346,767)
Human Resources	125,094	-	-	-	(125,094)	-	(125,094)
Public Safety:							
Fire	1,464,219	70,873	398,234	-	(995,112)	-	(995,112)
Police and Courts	2,242,933	258,671	17,324	-	(1,966,938)	-	(1,966,938)
Streets and Sanitation	1,035,381	411,662	7,100	69,189	(547,430)	-	(547,430)
Recreation	132,996	64,460	2,346	-	(66,190)	-	(66,190)
Public Buildings and Library	267,563	-	-	-	(267,563)	-	(267,563)
Planning and Zoning	103,889	106,354	-	-	2,465	-	2,465
Tourism	181,443	-	-	-	(181,443)	-	(181,443)
Interest on Long-Term Debt	499,589	-	-	-	(499,589)	-	(499,589)
Total Governmental Activities	6,551,074	977,823	425,004	1,615,518	(3,532,729)	-	(3,532,729)
Business-Type Activities							
Water and Sewer	8,835,672	10,360,453	-	25,000	-	1,549,781	1,549,781
Stormwater	30,977	301,015	-	-	-	270,038	270,038
Water and Sewer Authority	237,222	705,797	-	-	-	468,575	468,575
Total Business-Type Activities	9,103,871	11,367,265	-	25,000	-	2,288,394	2,288,394
Total Primary Government	\$ 15,654,945	\$ 12,345,088	\$ 425,004	\$ 1,640,518	(3,532,729)	2,288,394	(1,244,335)
Total Component Unit	\$ 6,937	\$ -	\$ 2,449	\$ -	-	-	(4,488)
General Revenues							
Taxes:							
Property					1,996,135	-	1,996,135
Intangible and Transfer					18,306	-	18,306
Franchise					517,493	-	517,493
Beer and Wine					283,296	-	283,296
Insurance Premium					392,588	-	392,588
Business Taxes					107,468	-	107,468
Hotel/Motel Taxes					372,300	-	372,300
Unrestricted Investment Earnings					9,694	32,260	41,954
Other Revenue					13,321	9,684	23,005
Insurance Refunds and Recoveries					40,303	-	40,303
Transfers					640,682	(640,682)	-
Total General Revenues and Transfers					4,391,586	(598,738)	3,792,848
Change in Net Position					858,857	1,689,656	2,548,513
Net Position - Beginning (as originally stated)					12,123,886	47,316,141	59,440,027
Prior Period Adjustment					(1,881,354)	(1,263,707)	(3,145,061)
Net Position - Beginning (Restated)					10,242,532	46,052,434	56,294,966
Net Position - Ending					\$ 11,101,389	\$ 47,742,090	\$ 58,843,479

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

**CITY OF CORNELIA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

Major Governmental Funds

	<u>General Fund</u>	<u>Municipal Complex Capital Projects</u>	<u>SPLOST VI Capital Projects Fund</u>	<u>SPLOST VII Capital Projects Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 2,624,428	\$ 482,413	\$ 46,804	\$ 696,767	\$ 1,294,273	\$ 5,144,685
Taxes Receivables	1,874,429	-	-	-	-	1,874,429
Other Receivables	93,217	-	-	189,067	27,351	309,635
Due From Other Funds	333,031	-	-	-	-	333,031
Prepaid Items	-	-	-	-	-	-
Investments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,925,105</u>	<u>\$ 482,413</u>	<u>\$ 46,804</u>	<u>\$ 885,834</u>	<u>\$ 1,321,624</u>	<u>\$ 7,661,780</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 162,774	-	-	\$ 10,323	\$ 23,023	\$ 196,120
Accrued Liabilities	90,412	-	-	-	-	90,412
Customer Deposits	12,365	-	-	-	-	12,365
Due to Other Funds	-	-	-	-	181,234	181,234
Unearned Revenue	1,830,809	-	-	-	-	1,830,809
Unearned Grant Revenue	-	-	-	-	943,046	943,046
TOTAL LIABILITIES	<u>2,096,360</u>	<u>-</u>	<u>-</u>	<u>10,323</u>	<u>1,147,303</u>	<u>3,253,986</u>
FUND BALANCES						
Non-Spendable:						
Prepaid Items	-	-	-	-	-	-
Restricted for:						
Capital Projects	-	482,413	46,804	875,511	68,231	1,472,959
Grants	-	-	-	-	3,411	3,411
Police Special Projects	-	-	-	-	8,166	8,166
Tourism	-	-	-	-	94,513	94,513
Assigned to:						
Downtown Development Authority	-	-	-	-	-	-
Unassigned Reported in:						
General Fund	2,828,745	-	-	-	-	2,828,745
TOTAL FUND BALANCES	<u>2,828,745</u>	<u>482,413</u>	<u>46,804</u>	<u>875,511</u>	<u>174,321</u>	<u>4,407,794</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,925,105</u>	<u>\$ 482,413</u>	<u>\$ 46,804</u>	<u>\$ 885,834</u>	<u>\$ 1,321,624</u>	

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

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds. 20,081,166

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:

Compensated Absences	(135,769)
Financed Purchases	(1,486,121)
Bonds Payable	(11,163,250)
Net Pension Liability	(641,812)

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

Deferred Outflows of Resources	379,210
Deferred Inflows of Resources	(339,829)

Net Position of Governmental Activities \$ 11,101,389

CITY OF CORNELIA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Major Governmental Funds					Total Governmental Funds
	General Fund	Municipal Complex Capital Projects	SPLOST VI Capital Projects Fund	SPLOST VII Capital Projects Fund	Nonmajor Governmental Fund	
REVENUES						
Taxes:						
Property	\$ 1,996,135	\$ -	\$ -	\$ -	\$ -	\$ 1,996,135
Intangible and Transfer	18,306	-	-	-	-	18,306
Franchise	517,493	-	-	-	-	517,493
Beer and Wine	283,296	-	-	-	-	283,296
Insurance Premiums	392,588	-	-	-	-	392,588
Business Taxes	107,468	-	-	-	-	107,468
Hotel/Motel	-	-	-	-	372,300	372,300
Licenses and Permits	172,080	-	-	-	-	172,080
Intergovernmental	422,558	-	-	1,039,911	569,706	2,032,175
Charges for Services	547,071	-	-	-	-	547,071
Fines and Forfeitures	258,671	-	-	-	-	258,671
Investment Earnings	-	3,010	645	5,256	957	9,868
Other Revenue	15,581	-	-	-	100	15,681
TOTAL REVENUES	<u>4,731,247</u>	<u>3,010</u>	<u>645</u>	<u>1,045,167</u>	<u>943,063</u>	<u>6,723,132</u>
EXPENDITURES						
Current:						
General Government	90,033	-	-	41,671	-	131,704
City Manager	330,510	-	-	-	4,821	335,331
Human Resources	129,808	-	-	-	-	129,808
Police	2,202,048	-	-	-	-	2,202,048
Fire	2,014,914	-	-	50,925	-	2,065,839
Streets and Sanitation	638,504	-	391,234	367,048	213,434	1,610,220
Public Buildings and Library	36,000	560	-	-	-	36,560
Recreation	48,400	-	36,921	-	-	85,321
Planning	108,321	-	-	-	-	108,321
Tourism	-	-	-	-	200,715	200,715
Debt Service:						
Principal	51,517	175,000	-	274,289	-	500,806
Interest	3,271	470,688	-	25,630	-	499,589
TOTAL EXPENDITURES	<u>5,653,326</u>	<u>646,248</u>	<u>428,155</u>	<u>759,563</u>	<u>418,970</u>	<u>7,906,262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(922,079)</u>	<u>(643,238)</u>	<u>(427,510)</u>	<u>285,604</u>	<u>524,093</u>	<u>(1,183,130)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from Sale of Assets	128,228	-	-	-	-	128,228
Insurance Purchases	422,601	-	-	-	-	422,601
Insurance Refunds and Recoveries	40,303	-	-	-	-	40,303
Transfers In	1,160,280	516,167	-	-	-	1,676,447
Transfers Out	(457,000)	-	(33,874)	(59,167)	(485,724)	(1,035,765)
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,294,412</u>	<u>516,167</u>	<u>(33,874)</u>	<u>(59,167)</u>	<u>(485,724)</u>	<u>1,231,814</u>
NET CHANGES IN FUND BALANCES	372,333	(127,071)	(461,384)	226,437	38,369	48,684
FUND BALANCES - BEGINNING (as originally stated)	4,040,887	609,484	508,188	649,074	135,952	5,943,585
Prior Period Adjustment	(1,584,475)	-	-	-	-	(1,584,475)
FUND BALANCES - BEGINNING (Restated)	<u>2,456,412</u>	<u>609,484</u>	<u>508,188</u>	<u>649,074</u>	<u>135,952</u>	<u>4,359,110</u>
FUND BALANCES - ENDING	<u>\$ 2,828,745</u>	<u>\$ 482,413</u>	<u>\$ 46,804</u>	<u>\$ 875,511</u>	<u>\$ 174,321</u>	<u>\$ 4,407,794</u>

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

CITY OF CORNELIA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	48,684
Amounts reported for governmental activities in the Statement of Activities are different because:		
Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
Capital Outlay	\$ 1,532,977	
Depreciation Expense	<u>(856,933)</u>	676,044
The net effect of other miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. This is the amount of net book value of assets sold and/or traded in during the current period.		
		(11,178)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. This is the amount of amortized bond premium during the current period		
		5,727
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which debt proceeds exceeds principal payments.		
Proceeds from Financed Purchases	(422,601)	
Principal Payments on Financed Purchases	325,806	
Principal Payments on Bonds Payable	<u>175,000</u>	78,205
In the Statement of Activities, operating expenses are measured by the amounts incurred during the year. However, compensated absences are included in the governmental funds only to the extent that they require the expenditure of current financial resources.		
		(103,811)
Change in Compensated Absences		
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned, net of employee contributions is reported as pension expense. These expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the amount by which cost of benefits earned, net of employee contributions exceeded pension contributions.		
Cost of Benefits Earned, net of Contributions	(30,081)	
Pension Contributions	<u>195,267</u>	<u>165,186</u>
Change in Net Position of Governmental Activities		<u>\$ 858,857</u>

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

CITY OF CORNELIA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 2,005,800	\$ 2,005,800	\$ 1,996,135	\$ (9,665)
Intangible and Transfer	12,000	12,000	18,306	6,306
Franchise	500,000	500,000	517,493	17,493
Beer and Wine	250,000	250,000	283,296	33,296
Insurance Premium	350,000	350,000	392,588	42,588
Business Taxes	115,000	115,000	107,468	(7,532)
Licenses and Permits	138,000	138,000	172,080	34,080
Intergovernmental	489,000	526,463	422,558	(103,905)
Charges for Services	521,780	521,780	547,071	25,291
Fines and Forfeitures	190,000	190,000	258,671	68,671
Investment Earnings	-	-	-	-
Other Revenues	-	-	15,581	15,581
TOTAL REVENUES	<u>4,571,580</u>	<u>4,609,043</u>	<u>4,731,247</u>	<u>122,204</u>
EXPENDITURES				
Current:				
General Government	101,400	101,400	90,033	11,367
City Manager	331,411	331,411	330,510	901
Human Resources	152,339	152,339	129,808	22,531
Police	2,204,513	2,309,556	2,202,048	107,508
Fire	1,601,218	2,019,770	2,014,914	4,856
Streets and Sanitation	663,040	713,040	638,504	74,536
Public Buildings and Library	36,000	36,000	36,000	-
Recreation	78,995	78,995	48,400	30,595
Planning	118,169	118,169	108,321	9,848
Debt Service:				
Principal	51,518	51,518	51,517	1
Interest	3,271	3,271	3,271	-
TOTAL EXPENDITURES	<u>5,341,874</u>	<u>5,915,469</u>	<u>5,653,326</u>	<u>262,143</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(770,294)</u>	<u>(1,306,426)</u>	<u>(922,079)</u>	<u>384,347</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Sale of Assets	-	71,222	128,228	57,006
Financed Purchases	-	422,602	422,601	(1)
Insurance Refunds and Recoveries	39,300	39,300	40,303	1,003
Prior Year Fund Balance	225,494	257,722	-	(257,722)
Transfers In	962,500	972,580	1,160,280	187,700
Transfers Out	(457,000)	(457,000)	(457,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>770,294</u>	<u>1,306,426</u>	<u>1,294,412</u>	<u>(12,014)</u>
NET CHANGE IN FUND BALANCES	-	-	372,333	372,333
FUND BALANCES - BEGINNING (as originally stated)	4,040,887	4,040,887	4,040,887	-
Prior Period Adjustment	(1,584,475)	(1,584,475)	(1,584,475)	-
FUND BALANCES - BEGINNING (Restated)	<u>2,456,412</u>	<u>2,456,412</u>	<u>2,456,412</u>	-
FUND BALANCES - ENDING	<u>\$ 2,456,412</u>	<u>\$ 2,456,412</u>	<u>\$ 2,828,745</u>	<u>\$ 372,333</u>

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

CITY OF CORNELIA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Water & Sewer Fund	Stormwater Fund	Cornelia Water & Sewer Authority	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 6,422,402	\$ 89,653	\$ 70,124	\$ 6,582,179
Accounts Receivable, net	647,144	40,511	-	687,655
Due From Other Funds	39,250	9,882	-	49,132
Investments	1,445,513	-	-	1,445,513
TOTAL CURRENT ASSETS	<u>8,554,309</u>	<u>140,046</u>	<u>70,124</u>	<u>8,764,479</u>
NONCURRENT ASSETS				
Capital Assets:				
Land and Improvement	7,500	69,569	-	77,069
Construction In Progress	1,287,940	353,808	-	1,641,748
Depreciable Assets, net of Accumulated Depreciation	54,121,684	811,756	8,269,682	63,203,122
TOTAL NONCURRENT ASSETS	<u>55,417,124</u>	<u>1,235,133</u>	<u>8,269,682</u>	<u>64,921,939</u>
TOTAL ASSETS	<u>63,971,433</u>	<u>1,375,179</u>	<u>8,339,806</u>	<u>73,686,418</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Items	323,031	-	-	323,031
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>323,031</u>	<u>-</u>	<u>-</u>	<u>323,031</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 64,294,464</u>	<u>\$ 1,375,179</u>	<u>\$ 8,339,806</u>	<u>\$ 74,009,449</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ -	\$ 435	\$ -	\$ 435
Accrued Liabilities	188,689	-	-	188,689
Accrued Interest Payable	28,946	-	-	28,946
Compensated Absences	127,289	-	-	127,289
Due to Other Funds	200,929	-	-	200,929
Notes Payable	915,532	-	98,756	1,014,288
TOTAL CURRENT LIABILITIES	<u>1,461,385</u>	<u>435</u>	<u>98,756</u>	<u>1,560,576</u>
NONCURRENT LIABILITIES				
Customer Deposits Payable	84,837	-	-	84,837
Notes Payable	23,785,734	-	-	23,785,734
Net Pension Liability	546,728	-	-	546,728
TOTAL NONCURRENT LIABILITIES	<u>24,417,299</u>	<u>-</u>	<u>-</u>	<u>24,417,299</u>
TOTAL LIABILITIES	<u>25,878,684</u>	<u>435</u>	<u>98,756</u>	<u>25,977,875</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Items	289,484	-	-	289,484
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>289,484</u>	<u>-</u>	<u>-</u>	<u>289,484</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>26,168,168</u>	<u>435</u>	<u>98,756</u>	<u>26,267,359</u>
NET POSITION				
Net Invested in Capital Assets	30,715,858	1,235,133	8,170,926	40,121,917
Restricted for Capital Projects	5,790,841	-	-	5,790,841
Unrestricted	1,619,597	139,611	70,124	1,829,332
TOTAL NET POSITION	<u>38,126,296</u>	<u>1,374,744</u>	<u>8,241,050</u>	<u>47,742,090</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 64,294,464</u>	<u>\$ 1,375,179</u>	<u>\$ 8,339,806</u>	<u>\$ 74,009,449</u>

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

CITY OF CORNELIA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water & Sewer Fund	Stormwater Fund	Cornelia Water & Sewer Authority	Total
OPERATING REVENUES				
Water Fees	\$ 4,556,927	\$ -	\$ -	\$ 4,556,927
Sewer Fees	5,386,896	-	-	5,386,896
Stormwater Fees	-	301,015	-	301,015
Fines and Surcharges	82,732	-	-	82,732
Water and Sewer Taps	309,367	-	-	309,367
Rent	-	-	705,797	705,797
Miscellaneous Receipts	34,214	-	-	34,214
TOTAL OPERATING REVENUES	<u>10,370,136</u>	<u>301,015</u>	<u>705,797</u>	<u>11,376,948</u>
OPERATING EXPENSES				
Personnel Services and Benefits	2,766,620	-	-	2,766,620
Purchased and Contracted Services	2,638,072	8,502	6	2,646,580
Supplies and Equipment	1,343,287	-	-	1,343,287
Depreciation	1,680,559	22,475	222,064	1,925,098
Miscellaneous	26,140	-	-	26,140
TOTAL OPERATING EXPENSES	<u>8,454,678</u>	<u>30,977</u>	<u>222,070</u>	<u>8,707,725</u>
OPERATING INCOME (LOSS)	<u>1,915,458</u>	<u>270,038</u>	<u>483,727</u>	<u>2,669,223</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental Revenue	-	-	-	-
Interest and Investment Revenue	31,297	963	-	32,260
Interest Expense	(380,994)	-	(15,152)	(396,146)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(349,697)</u>	<u>963</u>	<u>(15,152)</u>	<u>(363,886)</u>
INCOME (LOSS) BEFORE TRANSFERS	1,565,761	271,001	468,575	2,305,337
Capital Grants and Contributions	25,000	-	-	25,000
Transfers In	248,899	-	-	248,899
Transfers Out	(889,580)	-	-	(889,580)
CHANGE IN NET POSITION	950,080	271,001	468,575	1,689,656
NET POSITION - BEGINNING (as originally stated)	38,410,425	1,113,971	7,791,745	47,316,141
Prior Period Adjustment	(1,234,209)	(10,228)	(19,270)	(1,263,707)
NET POSITION - BEGINNING (Restated)	<u>37,176,216</u>	<u>1,103,743</u>	<u>7,772,475</u>	<u>46,052,434</u>
NET POSITION - ENDING	<u>\$ 38,126,296</u>	<u>\$ 1,374,744</u>	<u>\$ 8,241,050</u>	<u>\$ 47,742,090</u>

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

CITY OF CORNELIA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water and Sewer Fund	Stormwater Fund	Cornelia Water and Sewer Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 11,014,367	\$ 281,817	\$ 705,797	\$ 12,001,981
Payments to Suppliers	(4,072,840)	(37,078)	(6)	(4,109,924)
Payments to or on Behalf of Employees	(2,540,562)	-	-	(2,540,562)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>4,400,965</u>	<u>244,739</u>	<u>705,791</u>	<u>5,351,495</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers From Other Funds	-	-	-	-
Transfers to Other Funds	(889,580)	-	-	(889,580)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(889,580)</u>	<u>-</u>	<u>-</u>	<u>(889,580)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant Received for Capital Purchases	25,000	-	-	25,000
Transfers From Other Funds	248,899	-	-	248,899
Proceeds from Notes Payable	9,196	-	-	9,196
Principal Payments on Note Payables	(903,421)	-	(666,570)	(1,569,991)
Purchases of Capital Assets	(1,671,992)	(592,608)	-	(2,264,600)
Interest Paid	(352,048)	-	(15,152)	(367,200)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,644,366)</u>	<u>(592,608)</u>	<u>(681,722)</u>	<u>(3,918,696)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Certificate of Deposit	(1,445,513)	-	-	(1,445,513)
Interest Earned	25,016	963	-	25,979
NET CASH USED FOR INVESTING ACTIVITIES	<u>(1,420,497)</u>	<u>963</u>	<u>-</u>	<u>(1,419,534)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(553,478)	(346,906)	24,069	(876,315)
CASH AND CASH EQUIVALENTS - BEGINNING	6,975,880	436,559	46,055	7,458,494
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 6,422,402</u>	<u>\$ 89,653</u>	<u>\$ 70,124</u>	<u>\$ 6,582,179</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,915,458	\$ 270,038	\$ 483,727	\$ 2,669,223
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation Expense	1,680,559	22,475	222,064	1,925,098
(Increase) decrease in assets and deferred outflows of resources:				
Receivables, net	(24,708)	(11,432)	-	(36,140)
Due From Other Funds	668,938	(7,766)	-	661,172
Deferred Outflows for Pension Items	(43,787)	-	-	(43,787)
Increase (decrease) in liabilities and deferred inflows of resources:				
Accounts Payables	(254,716)	(28,576)	-	(283,292)
Accrued Liabilities	125,630	-	-	125,630
Compensated Absences	100,428	-	-	100,428
Customer Deposit Payables	16,087	-	-	16,087
Due to Other Funds	200,928	-	-	200,928
Net Pension Liability	103,670	-	-	103,670
Deferred Inflows for Pension Items	(87,523)	-	-	(87,523)
Net Cash Provided by Operating Activities	<u>\$ 4,400,964</u>	<u>\$ 244,739</u>	<u>\$ 705,791</u>	<u>\$ 5,050,138</u>

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

Blended Component Units

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Discretely Presented Component Unit

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

Related Organization

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

D. BUDGETS

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds, except the capital projects funds, which adopt project-length budgets. During the year ended December 31, 2022, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules. All unencumbered budget appropriations lapse at the end of each year.

E. CASH AND INVESTMENTS

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

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

F. RECEIVABLES

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

G. INTERFUND RECEIVABLES AND PAYABLES

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

H. INVENTORY

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

I. PREPAID ITEMS

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

J. CAPITAL ASSETS

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

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

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

K. COMPENSATED ABSENCES

The City updated its policy in 2022 to allow full-time employees, immediately upon employment, to accumulate earned but unused vacation benefits up to a maximum of 120 hours. Full-time employees are reimbursed accumulated vacation benefits upon separation of service. Employees with five years of services are allowed to accumulate up to 240 hours of unused sick leave which is payable upon separation of service within the guidelines specified in the employee policy manual. Accordingly, the liability for compensated absences in the government-wide statements consists of unpaid, accumulated vacation leave and unpaid, accumulated sick leave for eligible employees.

L. LONG-TERM OBLIGATIONS

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

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

M. DEFERRED OUTFLOWS OF RESOURCES/DEFERRED INFLOWS OF RESOURCES

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

N. FUND BALANCE AND NET POSITION

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

Fund Balance

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

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

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

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

Net Position

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

O. PENSIONS

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

P. MANAGEMENT ESTIMATES

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

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

Supplementary appropriations made during the year by the City Commission were primarily the result of the purchase of a fire truck, additional equipment for police vehicles, and various repairs to the City's streets. Under the ARPA special revenue fund, supplementary appropriations were the result of ongoing site improvements and the purchase of street sweeper. All appropriations lapse at year end.

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2022, investments of the City's Water and Sewer Fund consist of one certificate of deposit with a maturity dates greater than three months. The certificate bears an interest rate of 0.50% annually. The amounts classified as investments at December 31, 2022 were as follows:

	<u>Investment</u>	<u>Fair Value</u>	<u>Interest Rate Risk</u>
Business-Type Activities:	Certificates of Deposit	\$ 1,445,513	Maturity - February 2024
Total Investments		<u>\$ 1,445,513</u>	

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

Credit Risk - Georgia law and the City's investment policy allow investments in obligation of the State of Georgia and other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers acceptances; the local government investment pool established by state law;

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. The State of Georgia requires financial institutions to pledge securities at 110% of a local government's deposits. At December 31, 2022, all of the deposits of the City were fully collateralized in accordance with state statutes.

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

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

Fair Value Measurements

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

NOTE 4 – RECEIVABLES

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

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

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

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	SPLOST VII Capital Projects Fund	Nonmajor Governmental Funds	Water and Sewer Fund	StormWater Fund
Receivables:					
Accounts	\$ 93,217	\$ -	\$ 27,351	\$ 644,400	\$ 40,511
Interest/Penalties	-	-	-	2,744	-
Intergovernmental	-	189,067	-	-	-
Taxes	1,874,429	-	-	-	-
Total Receivables	<u>\$ 1,967,646</u>	<u>\$ 189,067</u>	<u>\$ 27,351</u>	<u>\$ 647,144</u>	<u>\$ 40,511</u>

NOTE 5 – INTERFUND BALANCES AND TRANSFERS

Interfund balances as of December 31, 2022 consists of the following:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 191,047
General Fund	Nonmajor Governmental Funds	141,984
Water & Sewer Fund	Nonmajor Governmental Funds	39,250
Stormwater fund	Water & Sewer Fund	9,882

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

Transfers To/From Other Funds

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

Transfers between funds during the year ended December 31, 2022 were as follows:

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 889,580
General Fund	Nonmajor Governmental Funds	270,700
Municipal Complex Capital Projects Fund	General Fund	457,000
Municipal Complex Capital Projects Fund	SPLOST VII	59,167
Water & Sewer Fund	SPLOST VI	33,874
Water & Sewer Fund	Nonmajor Governmental Funds	215,024

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

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance, as originally stated</u>	<u>Prior Period Adjustment</u>	<u>Beginning Balance, as Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:						
Capital assets, not being depreciated:						
Land and Improvements	\$ 360,005	\$ 74,640	\$ 434,645	\$ -	\$ -	\$ 434,645
Construction in Progress	717,687	160,122	877,809	284,923	(877,809)	284,923
Total assets, not being depreciated	<u>1,077,692</u>	<u>234,762</u>	<u>1,312,454</u>	<u>284,923</u>	<u>(877,809)</u>	<u>719,568</u>
Capital assets, being depreciated:						
Buildings	15,565,303	(952,728)	14,612,575	-	-	14,612,575
Machinery & Equipment	3,667,860	(2,540,163)	1,127,697	70,443	-	1,198,140
Vehicles	3,278,575	314,692	3,593,267	960,002	(394,596)	4,158,673
Infrastructure	3,359,121	976,813	4,335,934	1,095,418	-	5,431,352
Total assets, being depreciated	<u>25,870,859</u>	<u>(2,201,386)</u>	<u>23,669,473</u>	<u>2,125,863</u>	<u>(394,596)</u>	<u>25,400,740</u>
Less accumulated depreciation for:						
Buildings	(2,204,943)	247,274	(1,957,669)	(307,097)	-	(2,264,766)
Machinery & Equipment	(3,910,722)	3,322,261	(588,461)	(104,390)	-	(692,851)
Vehicles	(1,188,600)	(314,691)	(1,503,291)	(269,693)	383,418	(1,389,566)
Infrastructure	(277,057)	(1,239,149)	(1,516,206)	(175,753)	-	(1,691,959)
Total accumulated depreciation	<u>(7,581,322)</u>	<u>2,015,695</u>	<u>(5,565,627)</u>	<u>(856,933)</u>	<u>383,418</u>	<u>(6,039,142)</u>
Total assets, being depreciated, net	<u>18,289,537</u>	<u>(185,691)</u>	<u>18,103,846</u>	<u>1,268,930</u>	<u>(11,178)</u>	<u>19,361,598</u>
Governmental Activities						
Capital Assets, net	<u>\$ 19,367,229</u>	<u>\$ 49,071</u>	<u>\$ 19,416,300</u>	<u>\$ 1,553,853</u>	<u>\$ (888,987)</u>	<u>\$ 20,081,166</u>

Disposals for prior years had not been accounted for in the governmental activities; therefore, a prior period adjustment was necessary to correct the beginning balances.

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Beginning Balance, as originally stated	Prior Period Adjustment	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Business-Type Activities:						
Capital assets, not being depreciated:						
Land and Improvements	\$ 779,593	\$ (732,093)	\$ 47,500	\$ 29,569	\$ -	\$ 77,069
Construction in Progress	-	-	-	1,641,748	-	1,641,748
Total assets, not being depreciated	<u>779,593</u>	<u>(732,093)</u>	<u>47,500</u>	<u>1,671,317</u>	<u>-</u>	<u>1,718,817</u>
Capital assets, being depreciated:						
Buildings	54,767,071	(9,409,009)	45,358,062	14,581	-	45,372,643
Machinery & Equipment	3,628,499	1,376,028	5,004,527	135,684	-	5,140,211
Vehicles	337,300	-	337,300	54,500	-	391,800
Infrastructure	<u>29,518,598</u>	<u>1,117,460</u>	<u>30,636,058</u>	<u>388,518</u>	<u>-</u>	<u>31,024,576</u>
Total assets, being depreciated	<u>88,251,468</u>	<u>(6,915,521)</u>	<u>81,335,947</u>	<u>593,283</u>	<u>-</u>	<u>81,929,230</u>
Less accumulated depreciation for:						
Buildings	(12,791,073)	5,223,042	(7,568,031)	(934,392)	-	(8,502,423)
Machinery & Equipment	(2,110,851)	975,236	(1,135,615)	(168,300)	-	(1,303,915)
Vehicles	(160,323)	-	(160,323)	(40,612)	-	(200,935)
Infrastructure	<u>(8,148,220)</u>	<u>211,178</u>	<u>(7,937,042)</u>	<u>(781,794)</u>	<u>-</u>	<u>(8,718,836)</u>
Total accumulated depreciation	<u>(23,210,467)</u>	<u>6,409,456</u>	<u>(16,801,011)</u>	<u>(1,925,098)</u>	<u>-</u>	<u>(18,726,109)</u>
Total assets, being depreciated, net	<u>65,041,001</u>	<u>(506,065)</u>	<u>64,534,936</u>	<u>(1,331,815)</u>	<u>-</u>	<u>63,203,121</u>
Business-Type Activities Capital Assets, net	<u>\$ 65,820,594</u>	<u>\$ (1,238,158)</u>	<u>\$ 64,582,436</u>	<u>\$ 339,502</u>	<u>\$ -</u>	<u>\$ 64,921,938</u>

Disposals for prior years had not been accounted for in the business-type activities; therefore, a prior period adjustment was necessary to correct the beginning balances.

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

Governmental Activities:

General Government	\$ 61,167
Public Safety:	
Fire	149,337
Police	114,506
Streets & Sanitation	216,324
Recreation	84,596
Public Buildings & Library	<u>231,003</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 856,933</u>

Business-type Activities:

Water & Sewer Fund	\$ 1,680,559
Stormwater Fund	22,475
Water & Sewer Authority	<u>222,064</u>
Total Depreciation Expense, Business-type Activities	<u>\$ 1,925,098</u>

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 7 – LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance, as originally stated	Prior Period Adjustment	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:							
Bonds Payable	\$ 11,155,000	\$ -	\$ 11,155,000	\$ -	\$ (175,000)	\$ 10,980,000	\$ 180,000
Plus Issuance Premium	188,976	-	188,976	-	(5,726)	183,250	5,727
Financed Purchases	1,393,804	(4,391)	1,389,413	422,515	(325,807)	1,486,121	309,434
Compensated Absences	31,957	-	31,957	103,812	-	135,769	135,769
Net Pension Liability	628,857	-	628,857	12,955	-	641,812	-
Governmental Activities Long-term Liabilities	\$ 13,398,594	\$ (4,391)	\$ 13,394,203	\$ 539,282	\$ (506,533)	\$ 13,426,952	\$ 630,930
Business-Type Activities:							
Compensated Absences	\$ 26,861	\$ -	\$ 26,861	\$ 100,428	\$ -	\$ 127,289	\$ 127,289
Notes Payable	26,341,548	19,270	26,360,818	9,196	(1,569,992)	24,800,022	1,014,288
Net Pension Liability	443,058	-	443,058	103,670	-	546,728	-
Business-Type Activities Long-term Liabilities	\$ 26,811,467	\$ 19,270	\$ 26,830,737	\$ 213,294	\$ (1,569,992)	\$ 25,474,039	\$ 1,141,577

Note: In the 2021 audit, \$1,287,839 was reported under notes payable for governmental activities. This balance should have been included under financed purchases instead of notes payable and has been reclassified as such under the beginning balance, as originally stated column.

The City updated its policy for compensated absences during 2022 resulting in higher amounts being recorded in this area.

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

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

Governmental Activities

Bonds Payable

On April 16, 2019, the Urban Redevelopment Agency of the City of Cornelia, Georgia (the "URA") issued revenue bonds (City of Cornelia Project), series 2019, in the amount of \$11,325,000 for the purpose of financing the cost of acquiring and constructing a new municipal complex which consists of city hall, a municipal courtroom, the police department and a fire station. The bonds are special limited obligations of the URA, payable solely from and secured by pledged tax revenues of the City. The City has also agreed to levy a tax on the properties in the City, if necessary, to meet this obligation. Interest rates on the bond range from 3% to 5%. Interest payments are due semi-annually on April 1 and October 1 with principal payments due annually on October 1.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Year Ending December 31	Principal	Interest	Total
2023	\$ 180,000	\$ 465,438	\$ 645,438
2024	190,000	458,238	648,238
2025	195,000	450,637	645,637
2026	205,000	442,838	647,838
2027	215,000	434,637	649,637
2028 - 2032	1,190,000	2,045,638	3,235,638
2033 - 2037	1,400,000	1,840,612	3,240,612
2038 - 2042	1,660,000	1,577,750	3,237,750
2043 - 2047	2,005,000	1,230,000	3,235,000
2048 - 2052	2,540,000	693,250	3,233,250
2053 - 2054	1,200,000	90,750	1,290,750
Total	<u>\$ 10,980,000</u>	<u>\$ 9,729,788</u>	<u>\$ 20,709,788</u>

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

Financed Purchases - Direct Borrowing

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

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

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

As of December 31, 2022, the City had \$1,962,816 of equipment and vehicles under financed purchase agreements with accumulated depreciation of \$372,616. The amortization expense of \$163,473 for the financed purchases is included in depreciation expense.

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

Year Ending December 31	Principal	Interest	Total
2023	\$ 309,434	\$ 23,024	\$ 332,458
2024	303,259	18,073	321,332
2025	286,819	13,101	299,920
2026	291,121	8,799	299,920
2027	295,488	4,432	299,920
Total	<u>\$ 1,486,121</u>	<u>\$ 67,429</u>	<u>\$ 1,553,550</u>

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Business-Type Activities

Notes Payable – Direct Borrowings

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

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

The City entered into note payable agreement, CWSRF 2017-024, with GEFA in the amount of \$1,986,000. Terms of the note require monthly payments of \$9,357 at an interest rate of 1.25% maturing in the year 2041. The outstanding principal balance of this note as of December 31, 2022 totals \$1,779,040.

The City entered into note payable agreement, 2013 L05WS, with GEFA in the amount of \$15,676,483. Terms of the note payable require monthly payments of \$74,927 at an interest rate of 1.40% maturing in the year 2041. The outstanding principal balance of this note as of December 31, 2022 totals \$14,588,985.

The City entered into note payable agreement, DW12008, with GEFA in the amount of \$1,613,355. Terms of the note payable require monthly payments of \$7,711 at an interest rate of 1.40% maturing in the year 2041. The outstanding principal balance of this note as of December 31, 2022 totals \$1,483,535.

The City entered into note payable agreement, DW15024, with GEFA in the amount of \$540,636. Terms of the note payable require monthly payments of \$4,620 at an interest rate of 0.5% maturing in the year 2030. The outstanding principal balance of this note as of December 31, 2022 totals \$434,660.

The City entered into note payable agreement, WS12L18WR, with GEFA for water and sewer system improvements that continue to be in progress as of December 31, 2022. The City has drawn down a total \$6,415,046 and pays monthly interest at a rate of 1.50%. The full maturity schedule will be included once the project is completed.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,014,288	\$ 244,520	\$ 1,258,808
2024	927,810	231,570	1,159,380
2025	940,257	219,124	1,159,381
2026	952,875	206,506	1,159,381
2027	965,667	193,714	1,159,381
2028 - 2032	4,914,139	771,884	5,686,023
2033 - 2037	5,089,974	429,740	5,519,714
2038 - 2041	3,579,966	83,776	3,663,742
Total	<u>\$ 18,384,976</u>	<u>\$ 2,380,834</u>	<u>\$ 20,765,810</u>

NOTE 8 - DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

As of July 1, 2022, the date the most recent actuarial valuation, there were 149 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	45
Terminated vested participants not yet receiving benefits	23
Active employees - Vested	25
Active employees - Nonvested	56
Total	<u>149</u>

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Funding Policy

The plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law (Georgia Code Section 47-20-10). The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Commission. For fiscal year 2022, the actuarially determined contribution rate was 10.29% of covered payroll. City contributions to the Plan were \$360,923 for the year ended December 31, 2022. Employees of the City do not contribute to the plan. For fiscal year 2023, based on July 1, 2022 actuarial valuation, the recommended contribution rate will be 9.39%.

Net Pension Liability of the City

At December 31, 2022, the City reported a liability of \$1,188,540 for its net pension liability. The City's net pension liability was measured as of July 1, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of March 31, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of July 1, 2022.

The changes in the components of the net pension liability of the City for the year ended December 31, 2022 were as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2021	\$ 7,295,421	\$ 6,223,506	\$ 1,071,915
Changes for the Year:			
Service Cost	119,181	-	119,181
Interest	530,910	-	530,910
Differences Between Expected and Actual Experience	183,413	-	183,413
Contributions - Employer	-	355,005	(355,005)
Net Investment Income	-	378,775	(378,775)
Benefit Payments (Including Refunds of Employee Contributions)	(431,642)	(431,642)	-
Administrative Expense	-	(16,901)	16,901
Other	-	-	-
Net Changes	<u>401,862</u>	<u>285,237</u>	<u>116,625</u>
Balances at December 31, 2022	<u>\$ 7,697,283</u>	<u>\$ 6,508,743</u>	<u>\$ 1,188,540</u>

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

For the year ended December 31, 2022, the City recognized pension expense of \$195,736. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 386,657	\$ (13,832)
Changes of Assumptions	44,892	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(615,481)
City Contributions Subsequent to the Measurement Total	270,692	-
	\$ 702,241	\$ (629,313)

City contributions subsequent to the measurement date of \$270,692 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	
2023	\$ 15,633
2024	(79,100)
2025	(208,855)
2026	74,558
Total	\$ (197,764)

Actuarial Assumptions

The total pension liability in the March 31, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

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

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
Domestic Fixed Income	20%	0.40%
Cash	0%	
Total	<u>100%</u>	

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

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

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

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

	<u>1% Decrease (6.375%)</u>	<u>Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's Net Pension Liability	\$ 2,170,110	\$ 1,188,540	\$ 374,439

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2022 and the current sharing pattern of costs between employer and employee.

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

CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 – DEFERRED COMPENSATION PLAN

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

As required by Section 457(b) of the IRC, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Investments are managed by the trustee under one of the available investment options, or a combination thereof. Accordingly, the assets and liabilities of the Plan are not included in the accompanying financial statements. During the year ending December 31, 2022, twenty-seven participating employees contributed \$81,090 to the Plan. The City does not contribute to the Plan.

NOTE 10 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During the year ended December 31, 2022, the City paid \$5,926 in such dues. Membership in a GMRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of a regional commission. GMRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the GMRC. Separate financial statements may be obtained from the Georgia Mountains Regional Commission, P.O. Box 1720, Gainesville, Georgia 30503.

NOTE 11 – RISK MANAGEMENT

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

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker’s compensation law of Georgia. The funds

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

The City routinely enters into various other contracts and agreements in the ordinary course of business. Such commitments are typically not material to the accompanying financial statements.

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

NOTE 13 – ECONOMIC DEPENDENCY/MAJOR CUSTOMERS

The City's enterprise fund for Water and Sewer services has sales to a single customer which comprises more than 10% of the total revenue for the enterprise fund. Sales to this customer for 2022 totaled \$6,858,673.

NOTE 14 – HOTEL/MOTEL OCCUPANCY TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax is assessed at 8% and, in accordance with O.C.G.A 48-13-51, the City is required to spend at least 40% of this amount for promoting tourism, conventions, trade shows and tourism product development. Currently, the City allocates 22% to the Habersham Chamber of Commerce, 21.75% to the Cornelia Hospitality and Tourism Board and 18.75% to tourism and product development. The remaining allocation of 37.5% is unrestricted funds to the City. Tax revenues were \$372,300 for the year ended December 31, 2022. Of this amount, \$200,715 was used to promote tourism with \$81,035 allocated to the Habersham Chamber of Commerce, \$80,284 allocated to the Cornelia Hospitality and Tourism Board and \$39,396 allocated to tourism and product development.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

The City has determined that a restatement of the City's net assets is required to reflect corrections to beginning balances for the following situations:

- The City had not appropriately accounted for disposals of its capital assets or its construction in progress in prior years for both its governmental activities and its business-type activities. As a result, the beginning balance of net position for governmental activities was increased by \$49,071 and the beginning balance of net position of the Water and Sewer Fund was reduced by \$1,234,209 and the Stormwater Fund was reduced by \$3,949.

**CITY OF CORNELIA, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

- In addition to the above, the City discovered that depreciation in prior years had not been computed accurately for the Stormwater Fund. As a result, the beginning balance of the net position of the Stormwater Fund was reduced by \$6,279.
- The City discovered that the beginning balance of the note payable for the Cornelia Water and Sewer Authority was not accurately reported. As a result, the note payable was increased and the beginning net position was decreased by \$19,270.
- The City discovered that the beginning balance of two of its financed purchase obligations were not accurately reported. As a result, the finance purchase for the fire truck was reduced by \$1,653 and the finance purchase for fire equipment was reduced by \$2,738 and net position for governmental activities was increased by \$4,391.
- The City discovered that depreciation in prior years had not been computed accurately for its governmental funds. As a result, the beginning balance of the net position of governmental activities was reduced by \$340,341.
- The City had not appropriately recorded its property tax receivables and unearned tax revenues in prior years. As a result, the fund balance for the General Fund was reduced by \$1,584,475.

The above restatements impact the governmental activities of the government wide statements of the City as follows:

Governmental Activities:	
Net position, as previously reported	\$ 12,123,886
Plus:	
Additional amounts for Finance Purchases	4,391
Additional amounts for Construction in Progress	160,122
Less:	
Prior Year Disposals	(111,051)
Prior Year Depreciation	(350,341)
Unearned Property tax/ tax receivables	<u>(1,584,475)</u>
Net position, as restated	<u>\$ 10,242,532</u>

The above restatements impact the general fund of the City as follows:

General Fund:	
Fund Balance, as previously reported	\$ 4,040,887
Less:	
Unearned Property tax/ tax receivables	<u>(1,584,475)</u>
Fund Balance, as restated	<u>\$ 2,456,412</u>

The above restatements impact the business-type activities of the City as follows:

**CITY OF CORNELIA, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

Business-type Activities;	
Water & Sewer Fund:	
Net position, as previously reported	\$ 38,410,425
Less:	
Prior Year Disposals	(1,234,209)
Net position, as restated	<u>\$ 37,176,216</u>
Stormwater Fund:	
Net position, as previously reported	\$ 1,113,971
Less:	
Prior Year Disposals	(3,949)
Prior Year Depreciation	(6,279)
Net position, as restated	<u>\$ 1,103,743</u>
Water & Sewer Authority	
Net position, as previously reported	\$ 7,791,745
Less:	
Prior Year Disposals	(19,270)
Net position, as restated	<u>\$ 7,772,475</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORNELIA, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 LAST 10 FISCAL YEARS
 DECEMBER 31, 2022
 (Unaudited)

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

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

CITY OF CORNELIA, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 LAST 10 FISCAL YEARS
 DECEMBER 31, 2022
 (Unaudited)

	Fiscal Year End									
	2022	2021	2020	2019	2018	2017	2016	2015		
Actuarially Determined Contribution	\$ 362,494	\$ 353,033	\$ 314,051	\$ 302,331	\$ 264,717	\$ 278,876	\$ 295,186	\$ 280,513		
Contributions in Relation of the Actuarially Determined Contribution	362,494	353,033	314,051	302,331	265,917	279,976	296,261	281,968		
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (1,200)	\$ (1,100)	\$ (1,075)	\$ (1,455)		
Covered-Employee Payroll	\$ 3,818,213	\$ 3,467,408	\$ 3,148,348	\$ 2,963,878	\$ 2,811,394	\$ 2,769,374	\$ 2,819,555	\$ 2,672,333		
Contributions as a Percentage of Covered-Employee Payroll	9.49%	10.18%	9.98%	10.20%	9.46%	10.11%	10.51%	10.55%		

Actual 2022 information will be determined after the fiscal year end and will be included in the July 2023 valuation report.

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

CITY OF CORNELIA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1

Valuation Date

The actuarially determined contribution was determined as of July 1, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2023.

NOTE 2

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

Methods and assumptions used to determine contribution rates:

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

Actuarial Assumptions:

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

NOTE 3

Changes in Benefits

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**CITY OF CORNELIA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
	<u>American Rescue Plan</u>	<u>Hotel/Motel Tax Fund</u>	<u>Police Special Projects</u>	<u>LMIG Capital Projects</u>	
ASSETS					
Cash and Cash Equivalents	\$ 1,130,007	\$ 87,869	\$ 8,166	\$ 68,231	\$ 1,294,273
Accounts Receivable	-	27,351	-	-	27,351
TOTAL ASSETS	<u>\$ 1,130,007</u>	<u>\$ 115,220</u>	<u>\$ 8,166</u>	<u>\$ 68,231</u>	<u>\$ 1,321,624</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 11,873	\$ 11,150	\$ -	\$ -	\$ 23,023
Due to Other Funds	171,677	9,557	-	-	181,234
Unearned Grant Revenues	943,046	-	-	-	943,046
TOTAL LIABILITIES	<u>1,126,596</u>	<u>20,707</u>	<u>-</u>	<u>-</u>	<u>1,147,303</u>
FUND BALANCES					
Restricted for:					
Capital Projects	-	-	-	68,231	68,231
Grants	3,411	-	-	-	3,411
Tourism	-	94,513	-	-	94,513
Police Special Projects	-	-	8,166	-	8,166
TOTAL FUND BALANCES	<u>3,411</u>	<u>94,513</u>	<u>8,166</u>	<u>68,231</u>	<u>174,321</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,130,007</u>	<u>\$ 115,220</u>	<u>\$ 8,166</u>	<u>\$ 68,231</u>	<u>\$ 1,321,624</u>

CITY OF CORNELIA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
	<u>American Rescue Plan</u>	<u>Hotel/Motel Tax Fund</u>	<u>Police Special Projects</u>	<u>LMIG Capital Projects</u>	
REVENUES					
Taxes	\$ -	\$ 372,300	\$ -	\$ -	\$ 372,300
Grants	500,517	-	-	69,189	569,706
Donations	-	-	100	-	100
Interest	-	595	-	362	957
TOTAL REVENUES	<u>500,517</u>	<u>372,895</u>	<u>100</u>	<u>69,551</u>	<u>943,063</u>
EXPENDITURES					
Grant	4,821	-	-	-	4,821
Tourism	-	200,715	-	-	200,715
Police Special Projects	-	-	-	65,189	213,434
Capital Outlay	148,245	-	-	-	148,245
TOTAL EXPENDITURES	<u>153,066</u>	<u>200,715</u>	<u>-</u>	<u>65,189</u>	<u>418,970</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>347,451</u>	<u>172,180</u>	<u>100</u>	<u>4,362</u>	<u>524,093</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(347,452)	(138,272)	-	-	(485,724)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(347,452)</u>	<u>(138,272)</u>	<u>-</u>	<u>-</u>	<u>(485,724)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1)	33,908	100	4,362	38,369
FUND BALANCES - BEGINNING	<u>3,412</u>	<u>60,605</u>	<u>8,066</u>	<u>63,869</u>	<u>135,952</u>
FUND BALANCES - ENDING	<u>\$ 3,411</u>	<u>\$ 94,513</u>	<u>\$ 8,166</u>	<u>\$ 68,231</u>	<u>\$ 174,321</u>

GENERAL FUND

**CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,624,428	\$ 3,410,422
Taxes Receivables, net	1,874,429	1,829,355
Other Receivables	93,217	48,960
Due From Other Funds	333,031	-
Prepaid Items	-	-
Investments	-	-
TOTAL ASSETS	<u>\$ 4,925,105</u>	<u>\$ 5,288,737</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 162,774	\$ 96,594
Accrued Liabilities	90,412	90,525
Customer Deposits	12,365	-
Due to Other Funds	-	710,304
Unearned Property Tax Revenue	1,806,711	350,427
Unearned Revenue	24,098	-
TOTAL LIABILITIES	<u>2,096,360</u>	<u>1,247,850</u>
 FUND BALANCES		
Non-Spendable:		
Prepaid Items	-	-
Unassigned Reported in:		
General Fund	<u>2,828,745</u>	<u>4,040,887</u>
TOTAL FUND BALANCES	<u>2,828,745</u>	<u>4,040,887</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 4,925,105</u>	 <u>\$ 5,288,737</u>

CITY OF CORNELIA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Taxes:		
Property	\$ 1,996,135	\$ 1,933,996
Intangible and Transfer	18,306	-
Franchise	517,493	501,090
Alcoholic Beverages	283,296	206,145
Insurance Premiums	392,588	347,772
Business Taxes	107,468	-
Licenses and Permits	172,080	196,126
Charges for Services	547,071	552,389
Fines and Forfeitures	258,671	203,420
Grants	-	55,790
Intergovernmental	422,558	-
Investment Earnings	-	5,744
Other Revenues	15,581	14,809
TOTAL REVENUES	<u>4,731,247</u>	<u>4,017,281</u>
EXPENDITURES		
Current:		
General Government	90,033	26,167
City Manager	330,510	398,265
Human Resources	129,808	130,742
Police	2,202,048	2,431,314
Fire	2,014,914	1,856,365
Streets and Sanitation	638,504	594,763
Public Buildings and Library	36,000	41,250
Recreation	48,400	67,737
Planning	108,321	111,802
Debt Service:		
Principal	51,517	47,141
Interest	3,271	4,865
TOTAL EXPENDITURES	<u>5,653,326</u>	<u>5,710,411</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(922,079)</u>	<u>(1,693,130)</u>
OTHER FINANCING SOURCES AND USES		
Proceeds from Sale of Assets	128,228	6,988
Insurance Proceeds	40,303	-
Financed Purchases	422,601	1,286,185
Transfers In	1,160,280	677,762
Transfers Out	(457,000)	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,294,412</u>	<u>1,970,935</u>
NET CHANGES IN FUND BALANCES	372,333	277,805
FUND BALANCES - BEGINNING (as originally stated)	4,040,887	3,613,488
Prior Period Adjustment	<u>(1,584,475)</u>	<u>149,594</u>
FUND BALANCES - BEGINNING (Restated)	<u>2,456,412</u>	<u>3,763,082</u>
FUND BALANCES - ENDING	<u>\$ 2,828,745</u>	<u>\$ 4,040,887</u>

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

SPECIAL REVENUE FUNDS

**CITY OF CORNELIA, GEORGIA
 AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,130,007	\$ 572,573
Accounts Receivable		
TOTAL ASSETS	<u>\$ 1,130,007</u>	<u>\$ 572,573</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 11,873	\$ -
Due to Other Funds	171,677	-
Unearned Grant Revenues	<u>943,046</u>	<u>569,161</u>
TOTAL LIABILITIES	<u>1,126,596</u>	<u>569,161</u>
FUND BALANCES		
Restricted for:		
Grants	<u>3,411</u>	<u>3,412</u>
TOTAL FUND BALANCES	<u>3,411</u>	<u>3,412</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,130,007</u>	<u>\$ 572,573</u>

CITY OF CORNELIA, GEORGIA
AMERICAN RESCUE PLAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final	Actual	Variance	Actual
REVENUES				
Grants	\$ 500,517	\$ 500,517	\$ -	\$ 305,240
Interest	-	-	-	-
TOTAL REVENUES	<u>500,517</u>	<u>500,517</u>	<u>-</u>	<u>305,240</u>
EXPENDITURES				
General Government	4,821	4,821	-	-
Streets and Sanitation	148,250	148,245	5	-
Water and Sewer	162,446	-	162,446	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>315,517</u>	<u>153,066</u>	<u>162,451</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>185,000</u>	<u>347,451</u>	<u>(162,451)</u>	<u>305,240</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(185,000)	(347,452)	(162,452)	(301,828)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(185,000)</u>	<u>(347,452)</u>	<u>(162,452)</u>	<u>(301,828)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>-</u>	<u>(1)</u>	<u>(324,903)</u>	<u>3,412</u>
FUND BALANCES - BEGINNING	<u>3,412</u>	<u>3,412</u>	<u>3,412</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 3,412</u>	<u>\$ 3,411</u>	<u>\$ (321,491)</u>	<u>\$ 3,412</u>

**CITY OF CORNELIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 87,869	\$ 57,905
Accounts Receivable	27,351	22,767
TOTAL ASSETS	\$ 115,220	\$ 80,672
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 11,150	\$ 20,067
Due to Other Funds	9,557	-
TOTAL LIABILITIES	20,707	20,067
 FUND BALANCES		
Restricted for:		
Tourism	94,513	60,605
TOTAL FUND BALANCES	94,513	60,605
 TOTAL LIABILITIES AND FUND BALANCES	\$ 115,220	\$ 80,672

CITY OF CORNELIA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Final	Actual	Variance	Actual
REVENUES				
Taxes	\$ 300,000	\$ 372,300	\$ (72,300)	\$ 343,579
Interest	50	595	545	55
TOTAL REVENUES	<u>300,050</u>	<u>372,895</u>	<u>(71,755)</u>	<u>343,634</u>
EXPENDITURES				
Tourism	187,500	200,715	(13,215)	209,879
TOTAL EXPENDITURES	<u>187,500</u>	<u>200,715</u>	<u>(13,215)</u>	<u>209,879</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>112,550</u>	<u>172,180</u>	<u>(58,540)</u>	<u>133,755</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(112,550)	(138,272)	(923)	(128,842)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(112,550)</u>	<u>(138,272)</u>	<u>(923)</u>	<u>(128,842)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	33,908	(59,463)	4,913
FUND BALANCES - BEGINNING (as originally stated)	60,605	60,605	60,605	42,964
Prior Period Adjustment	-	-	-	12,728
FUND BALANCES - BEGINNING (Restated)	<u>60,605</u>	<u>60,605</u>	<u>60,605</u>	<u>55,692</u>
FUND BALANCES - ENDING	<u>\$ 60,605</u>	<u>\$ 94,513</u>	<u>\$ 1,142</u>	<u>\$ 60,605</u>

**CITY OF CORNELIA, GEORGIA
POLICE SPECIAL PROJECTS SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 8,166	\$ 10,641
Accounts Receivable	-	-
TOTAL ASSETS	\$ 8,166	\$ 10,641
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ 2,575
TOTAL LIABILITIES	-	2,575
 FUND BALANCES		
Restricted for:		
Police Special Projects	8,166	8,066
TOTAL FUND BALANCES	8,166	8,066
 TOTAL LIABILITIES AND FUND BALANCES	\$ 8,166	\$ 10,641

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Donations	\$ 100	\$ 5,217
TOTAL REVENUES	<u>100</u>	<u>5,217</u>
EXPENDITURES		
Police Special Projects	-	2,575
TOTAL EXPENDITURES	<u>-</u>	<u>2,575</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>2,642</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	5,424
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>5,424</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	100	8,066
FUND BALANCES - BEGINNING	<u>8,066</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 8,166</u>	<u>\$ 8,066</u>

CAPITAL PROJECTS FUNDS

**CITY OF CORNELIA, GEORGIA
 LOCAL MAINTENANCE AND IMPROVEMENT GRANT
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 68,231	\$ 63,944
Accounts Receivable		
TOTAL ASSETS	\$ 68,231	\$ 63,944
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ 75
Unearned Grant Revenues	-	-
TOTAL LIABILITIES	-	75
 FUND BALANCES		
Restricted for:		
Capital Projects	68,231	63,869
TOTAL FUND BALANCES	68,231	63,869
 TOTAL LIABILITIES AND FUND BALANCES	\$ 68,231	\$ 63,944

CITY OF CORNELIA, GEORGIA
LOCAL MAINTENANCE AND IMPROVEMENT GRANT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Grants	\$ 69,189	\$ 67,745
Interest	362	20
TOTAL REVENUES	<u>69,551</u>	<u>67,765</u>
EXPENDITURES		
Road Capital Improvements	<u>65,189</u>	<u>3,896</u>
TOTAL EXPENDITURES	<u>65,189</u>	<u>3,896</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,362</u>	<u>63,869</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	4,362	63,869
FUND BALANCES - BEGINNING	<u>63,869</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 68,231</u>	<u>\$ 63,869</u>

CITY OF CORNELIA, GEORGIA
MUNICIPAL COMPLEX CAPITAL PROJECTS
COMPARATIVE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 482,413	\$ 609,484
TOTAL ASSETS	\$ 482,413	\$ 609,484
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ -
TOTAL LIABILITIES	-	-
 FUND BALANCES		
Restricted for:		
Capital Outlay Projects	482,413	609,484
TOTAL FUND BALANCES	482,413	609,484
 TOTAL LIABILITIES AND FUND BALANCES	\$ 482,413	\$ 609,484

CITY OF CORNELIA, GEORGIA
MUNICIPAL COMPLEX CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Intergovernmental	\$ -	\$ 34,514
Interest	3,010	4,565
TOTAL REVENUES	<u>3,010</u>	<u>39,079</u>
 EXPENDITURES		
Public Buildings & Library	560	1,171,309
Debt Service:		
Principal	175,000	170,000
Interest	470,688	476,348
TOTAL EXPENDITURES	<u>646,248</u>	<u>1,817,657</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(643,238)</u>	<u>(1,778,578)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	516,167	410,450
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>516,167</u>	<u>410,450</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(127,071)</u>	<u>(1,368,128)</u>
 FUND BALANCES - BEGINNING	<u>609,484</u>	<u>1,977,612</u>
 FUND BALANCES - ENDING	<u>\$ 482,413</u>	<u>\$ 609,484</u>

**CITY OF CORNELIA, GEORGIA
 SPLOST VI CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 46,804	\$ 511,963
Accounts Receivable		-
TOTAL ASSETS	\$ 46,804	\$ 511,963
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ -	\$ 3,775
TOTAL LIABILITIES	-	3,775
 FUND BALANCES		
Restricted for:		
Capital Outlay Projects	46,804	508,188
TOTAL FUND BALANCES	46,804	508,188
 TOTAL LIABILITIES AND FUND BALANCES	\$ 46,804	\$ 511,963

CITY OF CORNELIA, GEORGIA
SPLOST VI CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
SPLOST	\$ -	\$ 255,325
Interest	645	1,094
TOTAL REVENUES	<u>645</u>	<u>256,419</u>
 EXPENDITURES		
Streets and Sidewalks	391,234	897,230
Community Facilities	36,921	-
Sewer	-	269,623
TOTAL EXPENDITURES	<u>428,155</u>	<u>1,166,853</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(427,510)</u>	<u>(910,434)</u>
 OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(33,874)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(33,874)</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(461,384)</u>	<u>(910,434)</u>
 FUND BALANCES - BEGINNING	<u>508,188</u>	<u>1,418,622</u>
 FUND BALANCES - ENDING	<u>\$ 46,804</u>	<u>\$ 508,188</u>

**CITY OF CORNELIA, GEORGIA
 SPLOST VII CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 696,767	\$ 481,128
Accounts Receivable	189,067	173,598
TOTAL ASSETS	\$ 885,834	\$ 654,726
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 10,323	\$ 5,652
TOTAL LIABILITIES	10,323	5,652
 FUND BALANCES		
Restricted for:		
Capital Outlay Projects	875,511	649,074
TOTAL FUND BALANCES	875,511	649,074
 TOTAL LIABILITIES AND FUND BALANCES	\$ 885,834	\$ 654,726

CITY OF CORNELIA, GEORGIA
SPLOST VII CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
SPLOST	\$ 1,039,911	\$ 700,801
Interest	5,256	157
TOTAL REVENUES	<u>1,045,167</u>	<u>700,958</u>
EXPENDITURES		
General Government	41,671	34,514
Public Safety	50,925	
Roads, Streets and Bridges	367,048	17,380
Debt Service:		
Principal	274,289	-
Interest	25,630	-
TOTAL EXPENDITURES	<u>759,563</u>	<u>51,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>285,604</u>	<u>649,064</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	10
Transfers Out	(59,167)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(59,167)</u>	<u>10</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	226,437	649,074
FUND BALANCES - BEGINNING	<u>649,074</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 875,511</u>	<u>\$ 649,074</u>

ENTERPRISE FUNDS

**CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,422,402	\$ 6,975,880
Accounts Receivable, net	647,144	622,436
Due From Other Funds	39,250	708,188
Investments	1,445,513	-
TOTAL CURRENT ASSETS	8,554,309	8,306,504
NONCURRENT ASSETS		
Capital Assets:		
Land and Improvement	7,500	779,593
Construction In Progress	1,287,940	-
Depreciable Assets, net of Accumulated Depreciation	54,121,684	55,874,027
TOTAL NONCURRENT ASSETS	55,417,124	56,653,620
TOTAL ASSETS	63,971,433	64,960,124
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Items	323,031	279,244
TOTAL DEFERRED OUTFLOWS OF RESOURCES	323,031	279,244
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 64,294,464	\$ 65,239,368
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 254,716
Accrued Liabilities	188,689	63,059
Accrued Interest Payable	28,946	-
Compensated Absences	127,289	26,861
Due to Other Funds	200,929	-
Notes Payable	915,532	903,421
TOTAL CURRENT LIABILITIES	1,461,385	1,248,057
NONCURRENT LIABILITIES		
Customer Deposits Payable	84,837	68,750
Notes Payable	23,785,734	24,692,071
Net Pension Liability	546,728	443,058
TOTAL NONCURRENT LIABILITIES	24,417,299	25,203,879
TOTAL LIABILITIES	25,878,684	26,451,936
DEFERRED INFLOWS OF RESOURCES		
Pension Related Items	289,484	377,007
TOTAL DEFERRED INFLOWS OF RESOURCES	289,484	377,007
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	26,168,168	26,828,943
NET POSITION		
Net Invested in Capital Assets	30,715,858	31,058,128
Restricted for Capital Projects	5,790,841	-
Unrestricted	1,619,597	7,352,297
TOTAL NET POSITION	38,126,296	38,410,425
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 64,294,464	\$ 65,239,368

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Water Sales	\$ 4,556,927	\$ 4,281,945
Sewer Fees	5,386,896	4,890,784
Fines and Surcharges	82,732	375
Water and Sewer Taps	309,367	152,056
Miscellaneous Receipts	34,214	5,899
TOTAL OPERATING REVENUES	<u>10,370,136</u>	<u>9,331,059</u>
OPERATING EXPENSES		
Administration	-	420,707
Personnel Services and Benefits	2,766,620	1,316,559
Purchased and Contracted Services	2,638,072	2,138,978
Supplies and Equipment	1,343,287	1,022,994
Depreciation	1,680,559	1,760,272
Miscellaneous	26,140	1,577,006
TOTAL OPERATING EXPENSES	<u>8,454,678</u>	<u>8,236,516</u>
OPERATING INCOME (LOSS)	<u>1,915,458</u>	<u>1,094,543</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital Grants	-	120,910
Interest and Investment Revenue	31,297	26,964
Interest Expense	(380,994)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(349,697)</u>	<u>147,874</u>
INCOME (LOSS) BEFORE TRANSFERS	1,565,761	1,242,417
Capital Grants and Contributions	25,000	282,117
Transfers In	248,899	-
Transfers Out	(889,580)	(657,552)
CHANGE IN NET POSITION	<u>950,080</u>	<u>866,982</u>
NET POSITION - BEGINNING (as originally stated)	38,410,425	37,704,636
Prior Period Adjustment	(1,234,209)	(161,193)
NET POSITION - BEGINNING (Restated)	<u>37,176,216</u>	<u>37,543,443</u>
NET POSITION - ENDING	<u>\$ 38,126,296</u>	<u>\$ 38,410,425</u>

CITY OF CORNELIA, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 11,014,367	\$ 9,331,059
Payments to Suppliers	(4,072,840)	(4,979,526)
Payments to or on Behalf of Employees	(2,540,562)	(1,812,636)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,400,965	2,538,897
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	-
Transfers to Other Funds	(889,580)	(657,552)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(889,580)	(657,552)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Received for Capital Purchases	25,000	120,910
Capital Contributions		282,117
Transfers From Other Funds	248,899	-
Proceeds from Notes Payable	9,196	2,031,899
Principal Payments on Note Payables	(903,421)	(618,555)
Purchases of Capital Assets	(1,671,992)	(4,592,052)
Interest Paid	(352,048)	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,644,366)	(2,775,681)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificate to Deposit	(1,445,513)	-
Interest Earned	25,016	26,964
NET CASH USED FOR INVESTING ACTIVITIES	(1,420,497)	26,964
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(553,478)	(867,372)
 CASH AND CASH EQUIVALENTS - BEGINNING	6,975,880	7,843,252
 CASH AND CASH EQUIVALENTS - ENDING	\$ 6,422,402	\$ 6,975,880
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,915,458	\$ 1,094,543
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation Expense	1,680,559	1,760,272
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(24,708)	69,770
Other Receivables	-	161,988
Due from Other Funds	668,938	(708,188)
Deferred Outflows for Pension Items	(43,787)	184,375
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts Payables	(254,716)	219,866
Accrued Liabilities	125,630	13,500
Compensated Absences	100,428	3,079
Customer Deposit Payables	16,087	18,775
Due to Other Funds	200,928	-
Net Pension Liability	103,670	(629,604)
Deferred Inflows for Pension Items	(87,523)	350,521
Net Cash Provided by Operating Activities	\$ 4,400,964	\$ 2,538,897

**CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 89,653	\$ 436,559
Accounts Receivable, net	40,511	29,079
Due From Other Funds	9,882	2,116
TOTAL CURRENT ASSETS	140,046	467,754
NONCURRENT ASSETS		
Capital Assets:		
Land and Improvement	69,569	40,000
Construction In Progress	353,808	-
Depreciable Assets, net of Accumulated Depreciation	811,756	635,228
TOTAL NONCURRENT ASSETS	1,235,133	675,228
TOTAL ASSETS	1,375,179	1,142,982
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Items	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,375,179	\$ 1,142,982
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 435	\$ 29,011
TOTAL CURRENT LIABILITIES	435	29,011
TOTAL LIABILITIES	435	29,011
DEFERRED INFLOWS OF RESOURCES		
Pension Related Items	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	435	29,011
NET POSITION		
Net Invested in Capital Assets	1,235,133	675,228
Unrestricted	139,611	438,743
TOTAL NET POSITION	1,374,744	1,113,971
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,375,179	\$ 1,142,982

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Stormwater Fees	\$ 301,015	\$ 302,893
TOTAL OPERATING REVENUES	<u>301,015</u>	<u>302,893</u>
OPERATING EXPENSES		
Purchased and Contracted Services	8,502	7,731
Supplies and Equipment	-	-
Depreciation	22,475	6,761
TOTAL OPERATING EXPENSES	<u>30,977</u>	<u>14,492</u>
OPERATING INCOME (LOSS)	<u>270,038</u>	<u>288,401</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital Grants	-	-
Interest and Investment Revenue	963	371
Miscellaneous Revenue (Expenses)	-	-
Interest Expense	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>963</u>	<u>371</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>271,001</u>	<u>288,772</u>
Capital Grants and Contributions	-	-
Transfers In	-	-
Transfers Out	-	-
CHANGE IN NET POSITION	<u>271,001</u>	<u>288,772</u>
NET POSITION - BEGINNING (as originally stated)	1,113,971	825,199
Prior Period Adjustment	(10,228)	-
NET POSITION - BEGINNING (Restated)	<u>1,103,743</u>	<u>825,199</u>
NET POSITION - ENDING	<u>\$ 1,374,744</u>	<u>\$ 1,113,971</u>

CITY OF CORNELIA, GEORGIA
STORMWATER FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 281,817	\$ 313,981
Payments to Suppliers	(37,078)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>244,739</u>	<u>313,981</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	-
Transfers to Other Funds	-	-
Loans to Other Funds	-	-
Loans from Other Funds	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Received for Capital Purchases	-	-
Capital Contributions	-	-
Transfers From Other Funds	-	-
Proceeds from Notes Payable	-	-
Principal Payments on Note Payables	-	-
Purchases of Capital Assets	(592,608)	(185,165)
Interest Paid	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(592,608)</u>	<u>(185,165)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	963	371
NET CASH USED FOR INVESTING ACTIVITIES	<u>963</u>	<u>371</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(346,906)</u>	<u>129,187</u>
 CASH AND CASH EQUIVALENTS - BEGINNING	<u>436,559</u>	<u>307,372</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 89,653</u>	<u>\$ 436,559</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 270,038	\$ 288,401
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation Expense	22,475	6,761
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	(11,432)	(8,076)
Due from Other Funds	(7,766)	(2,116)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts Payables	(28,576)	29,011
Net Cash Provided by Operating Activities	<u>\$ 244,739</u>	<u>\$ 313,981</u>

**CITY OF CORNELIA, GEORGIA
 CORNELIA WATER AND SEWER AUTHORITY
 COMPARATIVE STATEMENT OF NET POSITION
 DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 70,124	\$ 46,055
Accounts Receivable, net	-	-
Due From Other Funds	-	-
Investments	-	-
TOTAL CURRENT ASSETS	70,124	46,055
NONCURRENT ASSETS		
Capital Assets:		
Land and Improvement	-	-
Construction In Progress	-	-
Depreciable Assets, net of Accumulated Depreciation	8,269,682	8,491,746
TOTAL NONCURRENT ASSETS	8,269,682	8,491,746
TOTAL ASSETS	\$ 8,339,806	\$ 8,537,801
LIABILITIES		
CURRENT LIABILITIES		
Notes Payable - Current	\$ 98,756	\$ 125,488
TOTAL CURRENT LIABILITIES	98,756	125,488
NON-CURRENT LIABILITIES		
Notes Payable - Long-Term	-	620,568
TOTAL NON-CURRENT LIABILITIES	-	620,568
TOTAL LIABILITIES	98,756	746,056
NET POSITION		
Net Invested in Capital Assets	8,170,926	7,745,690
Unrestricted	70,124	46,055
TOTAL NET POSITION	8,241,050	7,791,745
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 8,339,806	\$ 8,537,801

CITY OF CORNELIA, GEORGIA
CORNELIA WATER AND SEWER AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Rent	\$ 705,797	\$ 705,797
TOTAL OPERATING REVENUES	<u>705,797</u>	<u>705,797</u>
OPERATING EXPENSES		
Costs of Sales and Services	6	-
Personal Services	-	-
Depreciation	222,064	222,064
TOTAL OPERATING EXPENSES	<u>222,070</u>	<u>222,064</u>
OPERATING INCOME (LOSS)	<u>483,727</u>	<u>483,733</u>
NON-OPERATING REVENUES (EXPENSES)		
Capital Grants	-	-
Interest and Investment Revenue	-	-
Miscellaneous Revenue (Expenses)	-	-
Interest Expense	(15,152)	(34,179)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(15,152)</u>	<u>(34,179)</u>
INCOME (LOSS) BEFORE TRANSFERS	468,575	449,554
Capital Grants and Contributions	-	-
Transfers In	-	-
Transfers Out	-	-
CHANGE IN NET POSITION	<u>468,575</u>	<u>449,554</u>
NET POSITION - BEGINNING (as originally stated)	7,791,745	7,350,026
Prior Period Adjustment	(19,270)	(7,835)
NET POSITION - BEGINNING (Restated)	<u>7,772,475</u>	<u>7,342,191</u>
NET POSITION - ENDING	<u>\$ 8,241,050</u>	<u>\$ 7,791,745</u>

**CITY OF CORNELIA, GEORGIA
 CORNELIA WATER AND SEWER AUTHORITY
 COMPARATIVE STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 705,797	\$ 705,797
Payments to Suppliers	(6)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>705,791</u>	<u>705,797</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers From Other Funds	-	-
Transfers to Other Funds	-	-
Loans to Other Funds	-	-
Loans from Other Funds	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grant Received for Capital Purchases	-	-
Capital Contributions	-	-
Transfers From Other Funds	-	-
Proceeds from Notes Payable	-	(671,869)
Principal Payments on Note Payables	(666,570)	-
Purchases of Capital Assets	-	-
Interest Paid	(15,152)	(34,179)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(681,722)</u>	<u>(706,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	-	-
NET CASH USED FOR INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,069	(251)
CASH AND CASH EQUIVALENTS - BEGINNING	46,055	46,306
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 70,124</u>	<u>\$ 46,055</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 483,727	\$ 483,733
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation Expense	222,064	222,064
(Increase) decrease in assets and deferred outflows of resources:		
Receivables	-	-
Due from Other Funds	-	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts Payables	-	-
Net Cash Provided by Operating Activities	<u>\$ 705,791</u>	<u>\$ 705,797</u>

STATE SECTION

**CITY OF CORNELIA, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Prior Years Cumulative Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Cumulative Expenditures</u>	<u>Estimated Percentage of Completion</u>
SPLOST VI						
Streets and Sidewalks	\$ 2,347,370	\$ 2,506,555	\$ 2,113,227	\$ 391,234	\$ 2,504,461	100%
Community Facilities	650,000	686,213	649,291	36,921	686,212	100%
Water	300,000	-	-	-	-	
Sewer	590,698	305,000	269,623	33,874	303,497	100%
Public Safety	1,050,000	1,440,300	1,440,235	-	1,440,235	100%
TOTAL SPLOST VI	<u>\$ 4,938,068</u>	<u>\$ 4,938,068</u>	<u>\$ 4,472,376</u>	<u>\$ 462,029</u>	<u>\$ 4,934,405</u>	

	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Prior Years Cumulative Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Cumulative Expenditures</u>	<u>Estimated Percentage of Completion</u>
SPLOST VII						
Community Facilities	\$ 1,295,000	\$ 1,295,000	\$ 34,514	\$ 100,838	\$ 135,352	10%
Public Safety	2,475,000	2,475,000	-	350,844	350,844	14%
Roads	1,527,174	1,527,174	17,380	367,048	384,428	25%
TOTAL SPLOST VII	<u>\$ 5,297,174</u>	<u>\$ 5,297,174</u>	<u>\$ 51,894</u>	<u>\$ 818,730</u>	<u>\$ 870,624</u>	

OVERALL NOTES:

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

COMPLIANCE SECTION

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cornelia, Georgia (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 10, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-1 through 2022-3 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Cornelia's Response to Findings

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

Purpose of This Report

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

Mixon, Mixon, Brown & Tench, CPAs

Mixon, Mixon, Brown & Tench, CPAs
Cornelia, Georgia
October 10, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cornelia, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Cornelia, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mixon, Mixon, Brown & Tench, CPAs

Mixon, Mixon, Brown & Tench, CPAs
Cornelia, Georgia
October 10, 2023

CITY OF CORNELIA, GEORGIA
SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
U.S. Department of Homeland Security			
FEMA Assistance to Firefighters Grant	97.044		\$ 370,796
Total U.S. Environmental Protection Agency			<u>370,796</u>
U.S. Department of Treasury			
Pass-through The Office of the Governor of Georgia: Coronavirus State and Local Fiscal Recovery Funds	21.027		531,305
Total U.S. Department of Treasury			<u>531,305</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 902,101</u>

The accompanying notes are an integral part of this Schedule.

CITY OF CORNELIA, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Cornelia, Georgia under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – DE MINIMIS INDIRECT COST RATE

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

NOTE D – PAYMENTS TO SUBRECIPIENTS

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

**CITY OF CORNELIA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Audit Results

Financial Statements

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

Federal Awards

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

**CITY OF CORNELIA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section II – Financial Statement Findings and Responses

Current Year Findings

Internal Control over Financial Reporting: Material Weaknesses

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

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

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

Cause: The City has not implemented a process and/or procedures to record activity on a monthly basis for both accounts.

Effects: Failure to implement controls in this area could lead to misappropriation of assets.

Recommendation: We recommend that the City implement controls in this area to ensure that each month's activity is recorded in the City's general ledger and reconciled in a timely manner.

Auditee's Response: We agree with the finding and have already taken action by assigning a new treasurer who is keeping up with all records and reconciling activity on a monthly basis.

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

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

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

Cause: Disposals for assets had not been properly recorded in prior years.

CITY OF CORNELIA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Effects: Failure to monitor and provide oversight to the City's capital asset schedules led to an overstatement for which prior period adjustments were made totaling \$1,234,209 for the Water and Sewer Enterprise fund and \$294,102 for the City's governmental activities.

Recommendation: We recommend that the City establish effective monitoring and oversight procedures to include timely review of its capital asset schedules to ensure accuracy and completeness.

Auditee's Response: We agree with the finding and have been forthright about this issue. The City has obtained personnel with suitable skill, knowledge and experience to monitor and oversee capital assets. We have updated all asset schedules and will implement new asset tracking software in 2024.

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

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

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

Cause: The City's billing of its property taxes were being performed outside of its accounting system, and although the City kept a subsidiary ledger for tracking its receivables, accounting entries were not recorded on the City's books and the recording of tax revenue appeared to be on a cash basis.

Effects: Failure to properly record the billing of its property taxes led to an understatement of its property tax receivables, unearned tax revenues and its property tax revenues account. To correct, a prior period adjustment was necessary totaling \$1,587,252.

Recommendation: We recommend that the City establish procedures to ensure proper recording of the annual billing of property taxes into the City's accounting system and to ensure that its property tax receivables reflects the balances in its subsidiary ledgers.

Auditee's Response: We agree with the finding. The City has obtained personnel with suitable skill, knowledge and experience to monitor and oversee all financial reporting systems for the City, including property tax revenue and receivables. The City will record all property tax transactions on the modified accrual basis.

**CITY OF CORNELIA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Status of Prior Year Audit Findings

Finding 2021-1

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

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

Auditee's Response/Status: Not corrected. See current year financial audit finding 2022-1.