ELLIJAY-GILMER COUNTY
WATER AND SEWERAGE AUTHORITY
ELLIJAY, GEORGIA
FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

ELLIJAY-GILMER COUNTY WATER AN SEWERAGE AUTHORITY
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JUNE 30, 2023

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ELLIJAY GILMER COUNTY WATER AND SEWERAGE AUTHORITY

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ellijay-Gilmer County Water and Sewerage Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity and major fund of the Ellijay-Gilmer County Water and Sewerage Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Ellijay-Gilmer County Water and Sewerage Authority'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 business-type activity and major fund of the Ellijay-Gilmer County Water and Sewerage Authority, as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Ellijay-Gilmer County Water and Sewerage Authority 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 Ellijay-Gilmer County Water and Sewerage Authority'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 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 Ellijay-Gilmer County Water and Sewerage Authority'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 Ellijay-Gilmer County Water and Sewerage Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 6-10 and 28-29 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 Ellijay-Gilmer County Water and Sewerage Authority's basic financial statements. The accompanying schedule of revenues, expenses, and changes in fund net position – budget and actual is presented for purposes of additional analysis and is 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 schedule of revenues, expenses, and changes in fund net position – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the Ellijay-Gilmer County Water and Sewerage Authority'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 Ellijay-Gilmer County Water and Sewerage Authority'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 Ellijay-Gilmer County Water and Sewerage Authority's internal control over financial reporting and compliance.

Welch, Walker & Associates, P.C., CPAs

East Ellijay, Georgia
December 22, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The Ellijay Gilmer Water and Sewerage Authority (the "Authority") was created in 1987 by the State of Georgia legislature as a body corporate and politic which is deemed to be a political subdivision of the State of Georgia (the "State") and is the reporting entity for financial reporting purposes. The Authority is authorized to acquire, construct, add to, extend, improve, equip, operate and maintain projects embracing sources of water supply and the distribution and sale of water and related facilities to individuals, private concerns, municipal corporations, the State of Georgia, and its political subdivisions, and to acquire, construct, add to, extend, improve, equip, operate and maintain sewerage systems, both sanitary, sewage disposal and sewage treatment plants, and any and all other related facilities. The Authority operates under the supervision of a five-member Board.

The discussion and analysis of the Authority's financial activities for the year ended June 30, 2023, is designed to assist the reader in focusing on significant financial issues and activities of the Authority and to identify significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements which begin on page 8.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Fund Net Position, Statement of Revenues, Expenses, and Changes in Fund Net Position and Statement of Cash Flows report the Authority's net position and changes in them. The Authority's net position (the difference between assets plus deferred outflow and liabilities plus deferred inflows) is one way to measure the Authority's financial health or financial position.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflow of resources of the Authority increased $2.6 million or more than 4% due to investment in capital assets. There was a decrease in total liabilities and deferred inflow of resources of $176 thousand or 2%. Total net position increased $2.8 million or 5%.
- Total revenues had a net increase of $549 thousand or nearly 6%. This was due primarily to unrealized gains on investments and increased interest revenue as the Authority took advantage of higher interest rates this year, along with the customary increase in water rates that increased charges for services.
- Total expenses increased $516 thousand or almost 8% due to increased operating costs.

THE AUTHORITY AS A WHOLE

The analysis below focuses on Fund Net Position (Table 1) and Changes in Fund Net Position (Table 2):

Table 1
Fund Net Position (Condensed)

	2023	2022	Increase (Decrease)
Assets and Deferred Outflows of Resources:			
Current assets	$ 20,082,708	$ 19,435,050	$ 647,658
Capital assets, net	44,115,469	42,237,595	1,877,874
Noncurrent assets	169,519	166,010	3,509
Deferred outflow of resources	202,432	77,522	124,910
Total	64,570,128	61,916,177	2,653,951
Liabilities and Deferred Inflows of Resources:			
Current liabilities	1,977,913	2,445,219	(467,306)
Noncurrent liabilities	4,540,924	5,095,315	(554,391)
Deferred inflow of resources	1,006,025	160,932	845,093
Total	7,524,862	7,701,466	(176,604)
Net Position:			
Net investment in capital assets	38,736,046	36,218,806	2,517,240
Restricted	257,192	332,702	(75,510)
Unrestricted	18,052,028	17,663,203	388,825
Total fund net position	$ 57,045,266	$ 54,214,711	$ 2,830,555

Total Assets and Deferred Outflows of Resources increased $2.6 million or more than 4%. The increase in current assets was attributable to an increase in inventory as supplies were purchased for future projects. Capital assets increased $1.9 million due to several capital projects during the year. See the capital assets section of this analysis for further discussion.

Total Liabilities and Deferred Inflows of Resources decreased $176 thousand or 2%. A decrease in accounts payable resulted in an overall decrease in current liabilities while debt payments decreased noncurrent liabilities. An increase of $845 thousand in deferred inflow of resources is due to a contribution from Gilmer County to be recognized for a future capital project.

Total Net Position increased $2.8 million or 5% due largely to the increase in net investment in capital assets previously mentioned.

Table 2
Changes in Fund Net Position (Condensed)

Revenues:			**Increase**
Operating revenues:	**2023**	**2022**	**(Decrease)**
Charges for services	$ 9,150,634	$ 8,840,106	$ 310,528
Non operating revenues (losses):			
Grants, contributions, asset disposals, gains and interest	664,322	244,811	419,511
Contributions	75,085	256,245	(181,160)
Total Revenues	9,890,041	9,341,162	548,879
Expenses:			
Operating expenses	7,000,347	6,472,880	527,467
Non operating expenses:			
Interest expense	59,139	70,641	(11,502)
Total expenses	7,059,486	6,543,521	515,965
Change in net position	2,830,555	2,797,641	32,914
Beginning net position	54,214,711	51,417,070	2,797,641
Ending net position	$ 57,045,266	$ 54,214,711	$ 2,830,555

Total Operating Revenues increased $310 thousand or 3.5%. The increase was primarily the result of the increase in water usage by customers along with a 2.5% increase in billing rates for water and sewer customers and increases meter taps for new customers due to home construction and line expansion as well as increased waste hauler revenues.

Total Non-Operating Revenues increased $419 thousand due to new investments that generated unrealized gains and increased interest revenue. The Authority did not recognize any grant revenue in the current year.

Total Expenses increased $516 thousand. This increase was mainly due to an increase in operating expenses of $527 thousand attributable to the increased cost of goods and services offset by a decrease in interest expense of $12 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets, net of accumulated depreciation totaled $44 million, an increase of $1.9 million. Major capital asset additions such as a new CO^2 system and upgrade of the raw water pump VFD project at the water plant for over $1 million, a rebuilt clarifier at the sewer plant for nearly $500 thousand, investment in new water lines on Roundtop of nearly $400 thousand and meter change outs totaling nearly $1 million. Current year construction in progress increses totaled over $1 million which is mainly attributable to the ongoing Roundtop Phase II water line and VFD projects already mentioned. The table below focuses on the changes in non-depreciable and depreciable assets from the previous year. See note 5 for additional information about changes in capital assets during the fiscal year.

Table 3
Capital Assets (net of accumulated depreciation)
(dollars are in thousands)

	2023	2022	Change
Non-Depreciable Assets:			
Land	$ 420	$ 420	$ -
Construction in progress	1,623	788	835
Total	2,043	1,208	835
Depreciable Assets:			
Intangibles	8	4	4
Land improvements	14	16	(2)
Infrastructure	40,376	39,413	963
Buildings & improvements	645	732	(87)
Vehicles	84	50	34
Machinery & Equipment	945	814	131
Total	42,072	41,029	1,043
Total	**$ 44,115**	**$ 42,237**	**$ 1,878**

Long Term Debt at the end of the fiscal year totaled $4.885 million in bonded debt outstanding. The debt is backed by the full faith and credit of the Authority. A debt coverage ratio of 1.20 is required per the bond resolution. Additional information on the Authority's debt can be found at note 7. The debt coverage is calculated by dividing the current year change in net position (increased for depreciation and amortization) by the current year total debt payments. The table below focuses on the change in outstanding debt from the previous year.

Outstanding Debt
(dollars are in thousands)

	2023	2022	Change
Bonds Payable	$ 4,885	$ 5,550	$ (665)
Debt Coverage	5.23	5.5	(0.27)

ECONOMIC FACTORS THAT MAY AFFECT THE AUTHORITY

There are several unknown factors that may affect the Authority, including changes in existing federal or state legislation, additional responsibilities for new environmental or drinking water demands, and market conditions that could affect the viability of future revenues and impact earnings. Because of these unknown factors, the Authority keeps in contact with other agencies and authorities and stays current with all proposed legislation to allow for an expeditious decision-making process. The Authority also maintains and monitors the budget on a monthly basis for the purpose of controlling costs associated with its projected revenues in order for it to take corrective measures in a timely manner. With positive signs of economic growth in the County, water main capital projects have been expanded to offer service to a larger area of the County.

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives as well as its ability to pay debt service. If you have questions about this report or need additional information, contact the Controller, at 1023 Progress Rd., Ellijay, Ga. 30540, or call 706-276-2202.

BASIC FINANCIAL STATEMENTS

ELLIJAY-GILMER COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets:	
Cash and cash equivalents	$ 5,062,083
Investments	10,598,731
Restricted Assets	
Cash	270,832
Investments	815,000
Receivables, net of allowance	435,069
Miscellaneous receivables	269,497
Inventory	2,505,938
Prepaid items	125,558
Total Current Assets	20,082,708
Noncurrent Assets:	
Cash	169,519
Capital Assets	
Non depreciable	2,043,741
Depreciable, net	42,071,728
Total Noncurrent Assets	44,284,988
Total Assets	64,367,696
Deferred Outflow of Resources:	
Bond defeasance cost, net of amortization	27,235
Pension costs	175,197
Total Deferred Outflow of Resources	202,432
Total Assets and Deferred Outflows of Resources	64,570,128
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current Liabilities:	
Accounts payable	316,952
Construction contracts payable	59,743
Accrued expenses	37,111
Current portion of long term liabilities	
Compensated absences	54,115
Revenue bonds payable, net	681,351
Total Current Liabilities	1,149,272
Current Liabilities Payable From Restricted Assets:	
Customer deposits	828,641
NonCurrent Liabilities:	
Compensated absences	18,038
Net pension liability	274,884
Revenue bonds payable, net	4,248,002
Total Noncurrent Liabilities	4,540,924
Total Liabilities	6,518,837
Deferred Inflows of Resources:	
Unearned revenue	1,006,025
Total Liabilities and Deferred Inflows of Resources	7,524,862
NET POSITION	
Net investment in capital assets	38,736,046
Restricted for:	
Capital projects	257,192
Unrestricted	18,052,028
Total Net Position	$ 57,045,266

The accompanying notes are an integral part of this statement.

ELLIJAY-GILMER COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Water charges	$ 3,900,343
Sewer charges	3,376,056
Waste hauler fees	1,482,751
Customer tap fees	187,749
Industrial monitoring fees	42,913
Penalties and interest	70,457
Miscellaneous	37,958
Service charges	40,757
Reconnect fees	11,650
Total Operating Revenues	9,150,634
OPERATING EXPENSES	
Wastewater treatment plant	2,286,917
Water treatment plant	1,180,345
Maintenance and distribution	1,076,234
Administration	786,837
Depreciation and amortization	1,670,014
Total Operating Expenses	7,000,347
OPERATING INCOME	2,150,287
NON-OPERATING REVENUES (EXPENSES)	
Special district fee	83,874
Impact fees	157,905
Interest revenue	256,384
Gain on disposal of capital assets	8,858
Unrealized gain on investments	157,301
Interest expense	(59,139)
Total Non-Operating Revenues	605,183
Income Before Capital Asset Contributions	2,755,470
CONTRIBUTIONS	
Capital contributions from private sources	75,085
Total Contributions	75,085
Change in Net Position	2,830,555
Net Position, beginning of year	54,214,711
Net Position, end of year	$ 57,045,266

The accompanying notes are an integral part of this statement.

ELLIJAY-GILMER COUNTY WATER AND SEWERAGE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 9,037,104
Cash payments for goods and services	(5,389,700)
Cash payments for personal services	(1,875,058)
Net cash provided by operating activities	1,772,346
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(3,937,366)
Impact fees received	157,905
Special district fees received	83,874
Contributions from other governmental entities	1,000,000
Contributions from private sources	75,085
Proceeds from disposal of equipment	8,858
Interest paid on capital debt	(55,239)
Principal paid on capital debt	(671,351)
Net cash (used in) financing activities	(3,338,234)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(11,256,430)
Interest revenue	256,384
Net cash (used in) investing activities	(11,000,046)
Net (Decrease) in Cash	(12,565,934)
Cash, beginning of year	18,068,368
Cash, end of year	$ 5,502,434
Cash and cash equivalents, as shown on the Statements of Net Position:	
Cash and cash equivalents, unrestricted (current)	$ 5,062,083
Cash, restricted (current)	270,832
Cash, restricted (noncurrent)	169,519
Total cash	$ 5,502,434
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	$ 2,150,287
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,670,014
(Increase) in accounts receivable, net	(143,816)
(Increase) in prepaid expenses	(120,043)
(Increase) in inventories	(1,539,511)
(Decrease) in accounts payable	(129,160)
Increase in accrued payroll expenses	18,703
(Decrease) in pension liability	119,303
Increase in deferred pension	(283,717)
Increase in customer deposits	30,286
Net cash provided by operating activities	$ 1,772,346
Noncash activity:	
Non-cash investing activities:	
Unrealized gain on investments	$ 157,301

The accompanying notes are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Ellijay-Gilmer County Water and Sewerage Authority (hereafter referred to as the "Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. THE REPORTING ENTITY

The Authority operates the public utilities for water and sewer for the incorporated and immediate surrounding areas. The Authority is a political subdivision of the State of Georgia and is governed by a five member board. The five members represent Gilmer County, the City of Ellijay and the City of East Ellijay. In past years, the criteria for including the Authority as a component unit with the Gilmer County, Georgia governmental reporting entity as set forth in the Governmental Accounting Standards Boards Statement No. 14, "The Financial Reporting Entity" as amended by Statement 61 was financial accountability. Financial accountability is defined as appointment of a voting majority on the component unit's board ***and*** either the ability of the primary government to impose its will or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Although Gilmer County has a voting majority on the Authority Board, it has been determined by management that Gilmer County's ability to impose its will or incur a financial benefit or burden no longer exists. The Authority operates autonomously and needs no approval from any other entity or official to act and no other entity directly or indirectly guarantees the Authority's debt obligations. All board members serve a five-year term. In the event of a vacancy by reason of death, disqualification, resignation, or other reason, the commissioner or the governing authority originally appointing the member whose position is vacant shall select and appoint a qualified person to fill the unexpired term. Also, based upon the application of these criteria, the Authority has no component units.

B. BASIS OF PRESENTATION

The activities of the Authority are reported in accordance with generally accepted accounting principles as applicable to enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Because the Authority is a special purpose government engaged only in business type activities, it is not required to present a statement of activities to comply with the provisions of GASB Statement 34.

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by an entity's measurement focus. Enterprise funds are accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of the entity are included on the statement of net position. Enterprise fund statements of activities present increases (revenues) and decreases (expenses) in total net position. The accrual basis of accounting is followed by the Authority. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Enterprise 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 fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for water and wastewater services. Operating expenses include

the costs associated with the conveyance of water and wastewater, treatment of wastewater, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GASB 34 (as amended by GASB 63) requires the classification of net position into three components as described below:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of restrictions placed on net position as a result of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component of net position consists of amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the government's policy to use the restricted resources first, and then unrestricted resources, as they are needed.

D. BUDGETS

The Authority is not legally required to adopt a budget. However, an annual operating budget for planning, control, and evaluation purposes is prepared and approved by the Authority Board.

E. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash includes amounts in demand deposits. State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities, bonds or certificates of indebtedness of this state and of its agencies and instrumentalities, and certificates of deposits of banks insured by FDIC.

For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments, (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

F. INVENTORIES

Inventories consist of supplies and materials and are stated at cost. Inventories are accounted for on the first-in, first-out (FIFO) method. The Authority uses the consumption method of accounting for inventories, under which materials and supplies are recorded as inventory when purchased and are recorded as an expense when used.

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items.

H. CAPITAL ASSETS

The Authority has established the following capitalization thresholds for capitalizing individual assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Land	$	1
Land improvements		12,500
Water and sewerage infrastructure		5,000
Buildings and improvements		25,000
Machinery and equipment		2,500
Vehicles		2,500
Intangibles		1

Major outlays for capital assets and improvements are capitalized as projects are constructed. When the project is completed, depreciation will be provided for in amounts sufficient to relate the cost of the depreciable assets to operations over its estimated service life.

Intangible assets consist of feasibility studies, geological studies and water model development. The intangible costs are amortized over the estimated term of their usefulness.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Water and sewerage infrastructure	25-50 years
Buildings	30-50 years
Machinery and equipment	5-25 years
Vehicles	5 years
Intangibles	5 years

I. DEFERRED OUTFLOWS/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 represents a consumption of resources that applies to a future period and therefore will not be recognized as an outflow of resources until then. The Authority has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the unamortized balance of bond insurance purchased for the 2015A refunding revenue bond issue, which, in accordance with GASB 65, will continue to be amortized over the life of the new 2020 Bond issue (see item 7).

For the year ended June 30, 2023, the amount of bond insurance included in interest expenses in accordance with GASB Statement 65 was $3,900.

In addition to liabilities, The Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of resources that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item which arises only under an accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unearned revenue, is reported as a deferred inflow of resources on the Statement of Net Position and will be recognized as an inflow of resources in the period in which the amounts become available. Also qualifying for reporting in this category is the premium associated with the 2015A refunding revenue bond issue, which, in accordance with GASB 65, will continue to be amortized over the life of the new 2020 Bond issue (see item 7).

For the year ended June 30, 2023, the amount of bond premium amortization netted against interest expense in accordance with GASB Statement 65 was ($6,351).

Deferred outflows of resources and deferred inflows of resources related to pensions are discussed at item 9, *Pension expense and deferred outflows of resources and deferred inflows of resources.*

Statement No. 87, issued by the Government Accounting Standards requires recognition of certain lease assets and liabilities for leases and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority does not have any leased assets or liabilities to report for the fiscal year 2023.

J. COMPENSATED ABSENCES

Vested or accumulated vacation is recorded as an expense and liability up to the maximum allowable amount as the benefit accrues to employees. Vacation leave can be accrued up to a maximum of 20 days. Amounts over the maximum are paid to employees at the end of the fiscal year.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. 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 Authority's Defined Benefit Pension Plan (EGCWSARP)) and additions to/deductions from EGCWSARP's fiduciary net position have been determined on the same basis as they are reported by EGCWSARP. 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.

2. DEPOSITS AND INVESTMENTS

A. CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. All bank balances are insured or collateralized in accordance with State statutes that require that they be collateralized by depository insurance, obligation of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

At year-end, the carrying amount of the Authority's deposits was $16,915,712 and the bank balances were $17,147,598. Of the bank balances, $500,000 was covered by federal depository insurance and $4,620,170 of the balance was collateralized with pooled securities held by the financial institutions trust departments. These securities are held in the name of the financial institution and not the Authority. The remaining balance of $12,027,428 is not covered by FDIC insurance or collateralized but was invested in United States Treasury Bills.

B. INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is currently the Authority's policy to not invest in securities in such amounts that cash flow will be impacted resulting in the need to sell prior to maturity, nor invest in a term that is would

be considered longer than prudent. Currently, the Authority is investing in securities that have a term of no longer than 12 months.

C. CREDIT QUALITY RISK

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. There is negligible credit risk associated with the Authority's investments primarily since it is the Authority's policy to invest in certificates of deposit, GA Fund One and securities of the U.S. government and its agencies.

As of June 30, 2023, the Authority's credit and interest rate risk related to the Authority's cash equivalents and investments was as follows:

Investment	Fair Value	Segmented Time Distrib.	Credit Quality
Negotiable certificates of deposit	$ 2,195,000	Less than 12 months	n/a
Federal agency securities	12,027,428	Less than 12 months	Aaa
	$ 14,222,428		

The Authority's investments were all valued at fair value measurements using significant other observable inputs (Level 2) and using the market approach as of June 30, 2023. The nonrecurring fair value measurement method was not used and there was no change in the valuation method. There are no restrictions on when any of the investments may be redeemed or sold. The Authority currently has no plans to sell any investments prior to maturity.

D. CONCENTRATION RISK

On June 30, 2023, the Authority did not have debt or equity investment in any one organization, other than those issued by the U.S. Government, which represented more than 5 percent of investments.

E. FORGEIN CURRENCY RISK

The risk that changes in foreign currency exchange rates will adversely affect cash flows or the fair value of hedging derivative instruments or the associated hedge item. The Authority has not adopted a policy regarding foreign currency risk, but currently does not have any foreign investments.

Following is a reconciliation of the Authority's cash and cash equivalent and investment balances as of June 30, 2023:

	Business Type Activities Statement of Fund Net Position
Cash and cash equivalents, unrestricted	$ 5,231,602
Cash and cash equivalents, restricted	270,832
Investments	11,413,731
TOTAL	$ 16,916,165

The Authority had $453 in cash on hand at June 30, 2023.

3. ACCOUNTS RECEIVABLE

Accounts receivable is shown net of the allowance for doubtful accounts of $8,722. This allowance for possible credit losses reduces the carrying value of the trade receivables to its net realizable value. The amount of the reserve is based upon management's estimates of currently uncollectible accounts,

historical trends, and other factors. Included in accounts receivable are unbilled water and sewer charges of $22,941.

4. RESTRICTED ASSETS AND NET POSITION

Certain assets of the Authority have been restricted for the following purposes:

	Cash
Customer deposits	$ 828,641
Capital asset projects	257,191
	$ 1,085,832

Assets restricted by enabling legislation are included in current restricted cash in the amount of $257,192 and are shown as a component of restricted net position for capital projects.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 788,015	$1,067,319	$ 232,354	$ 1,622,980
Land	420,761	-	-	420,761
Total capital assets, not being depreciated	1,208,776	1,067,319	232,354	2,043,741
Capital assets, being depreciated:				
Intangible Assets	186,279	8,780	-	195,059
Land improvements	69,702	-	-	69,702
Infrastructure	61,965,995	2,320,657	-	64,286,652
Buildings	492,959	-	-	492,959
Building Improvements	1,134,311	-	-	1,134,311
Vehicles	527,942	53,811	27,817	553,936
Machinery and equipment	3,322,425	325,917	40,569	3,607,773
Total assets, being depreciated	67,699,613	2,709,165	68,386	70,340,392
Less accumulated depreciation for:				
Intangible Assets	(181,760)	(5,544)	-	(187,304)
Land improvements	(54,428)	(1,175)	-	(55,603)
Infrastructure	(22,552,569)	(1,358,526)	-	(23,911,095)
Buildings	(229,253)	(11,388)	-	(240,641)
Building Improvements	(666,416)	(74,876)	-	(741,292)
Vehicles	(477,608)	(20,060)	27,820	(469,848)
Machinery and equipment	(2,508,760)	(194,548)	40,427	(2,662,881)
Total accumulated depreciation	(26,670,794)	(1,666,117)	68,247	(28,268,664)
Total capital assets, being depreciated, net	41,028,819	1,043,048	139	42,071,728
Business-type activities capital assets, net	$42,237,595	$2,110,367	$ 232,493	$ 44,115,469

Depreciation and amortization expense were charged to water and sewer functions in the amount of $1,666,117 for the fiscal year ended June 30, 2023.

6. LONG-TERM DEBT

The 2015A Bonds were issued at a premium of $95,266 which will be amortized over the life of the Series 2020 bonds and is presented in the Statement of Net Position as a deferred inflow of resources.

Revenue Refunding Bonds, Series 2020 in the original amount of $6,850,000; with a fixed interest rate of 1.18%; and with varying annual principal and interest

Installments; maturity in 2030; with restrictive covenants.	$ 4,885,000
Less current portion of revenue bonds payable	(675,000)
	$ 4,210,000

The total amount of interest charged to expense for the year ended June 30, 2023, was $65,490.

Changes in Long-Term Debt

Changes in long-term debt for the fiscal year ended June 30, 2023, are shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue Bonds	$ 5,550,000	$ -	$ 665,000	$ 4,885,000	$ 675,000
Compensated absences	47,914	72,153	47,914	72,153	54,115
Total Long-Term Debt	$ 5,597,914	$ 72,153	$ 712,914	$ 4,957,153	$ 729,115

Payments of principal and interest related to the 2020 Series Revenue Bonds for the next five years and until maturity are as follows:

	Principal	Interest	Total
2024	$ 675,000	$ 67,643	$ 742,643
2025	680,000	49,678	729,678
2026	690,000	41,654	731,654
2027	695,000	33,512	728,512
2028	705,000	25,311	730,311
2029-2030	1,440,000	25,547	1,465,547
	$ 4,885,000	$ 243,345	$ 5,128,345

The following reconciles long-term bond obligations to the net amounts presented on the Statement of Fund Net Position.

	Revenue Bonds Outstanding June 30, 2023	Premium on Bond Issuance, Net	Revenue Bonds Outstanding, Net June 30, 2023	Amounts Due In One Year, Net	Noncurrent Revenue Bonds, Net
2020 Revenue Bonds	$ 4,885,000	$ 44,353	$ 4,929,353	$ 681,351	$ 4,248,002

7. RISK MANAGEMENT

The Authority carries commercial insurance for risks of loss related to property, general liability, equipment, automobiles and crime to cover torts, theft of and damage to assets injuries, errors and omissions and natural disasters. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

8. RETIREMENT PLANS

Defined Benefit Pension Plan

Plan Description. The Authority's defined benefit pension plan, Ellijay-Gilmer County Water and Sewerage Authority Retirement Plan (EGCWSARP), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. EGCWSARP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The GMEBS assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities and, for the EGCWSARP that authority rests with the Ellijay-Gilmer County Water and Sewerage Authority. The Georgia Municipal Association issued a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to the Georgia Municipal Association or by calling (404) 688-0472.

At January 1, 2023, the most recent date of the actuarial valuation, Plan membership consisted of:

Disabled employees, retirees, and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits not yet receiving them	6
Total participants	18

The Defined Benefit Pension Plan is closed to new entrants.

Funding Policy. The Authority is required to contribute at an actuarially determined rate; the current rate is 136% of annual covered payroll. The most current valuation date of the plan was January 1, 2023 with an interest adjustment to the fiscal year. Participating employees became eligible after the first full calendar year of employment and become vested in the plan after ten years of service. Employees initially employed or re-employed on or after November 1, 2004 are not eligible to participate. Only the Ellijay-Gilmer County Water and Sewerage Authority, the employer, makes contributions to the plan. Total contributions to the plan totaled $48,377. Contributions and interest forfeited by employees who leave employment before ten years of service are used to reduce the Authority's current period contribution requirement. The contribution requirements of plan members and the Authority are established and may be amended by the GMEBS Board of Trustees.

Net Pension Liability

The Authority's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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 January 1, 2023.

The assumptions used in the January 1, 2023 actuarial valuation are as follows:

Actuarial Cost Method	Projected Unit Credit Cost Method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service.

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. The amortization period for the unfunded actuarial accrued liability is closed.
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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value. The actuarial value of assets was reset to market value as of January 1, 2023.
Net Investment Rate of Return	7.375% on-going basis based on long term expected rate of return on pension plan investments.
Projected Salary Increases	2.25% plus service based merit increases.
Cost of Living Adjustments	1.70% for participants terminated on or after February 1, 2000.

Mortality rates for healthy retirees and beneficiaries are determined by sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Disabled participants rates determined by 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 are determined by Sex-distinct Pri-2012 head counted weighted Employee mortality Table. Mortality tables are projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI trustees report used for the intermediate alternative.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Global fixed income	5%	0.46%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Cash	0%	
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will

be made at the current contribution rate and that the Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Position Liability**
	(a)	**(b)**	**(c)**
Balances at September 30, 2021	$ 1,524,419	$ 1,368,838	$ 155,581
Changes for the year:			
Service cost	-	-	-
Interest	107,574	-	107,574
Differences between expected Actual experience	(154,274)	-	(154,274)
Contributions-employer	-	55,779	(55,779)
Contributions-employee	-	-	-
Net investment income	-	(213,578)	213,578
Benefit payments, including refunds of employee contributions	(131,570)	(131,570)	-
Administrative expense	-	(8,204)	8,204
Other	-	-	-
Net Changes	(178,270)	(297,573)	119,303
Balances at September 30, 2022	**$ 1,346,149**	**$ 1,071,265**	**$ 274,884**

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 7.375%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.375%) or one percentage point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	**Current Discount Rate (7.375%)**	**1% Increase (8.375%)**
Authority's net pension liability	**$ 381,604**	**$ 274,884**	**$ 179,101**

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

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

For the year ended June 30, 2023, the Authority recognized pension expense of $(108,061). At June 30, 2023, the Authority 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	$ -	$ -
Changes of assumptions	-	-
Contributions made after the measurement date	42,265	-
Difference between projected and actual earnings on pension plan investments	132,932	-
Total	$ 175,197	$ -

Deferred outflows related to contributions made after the measurement date of $42,265 will be recognized as a reduction of the net pension liability.

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 June 30:	
2024	$ 28,935
2025	18,481
2026	23,229
2027	62,287
2028	-
2029 and Thereafter	-

Defined Contribution Pension Plan

Effective July 1, 2004, the Authority adopted a prototype pension plan sponsored by The Variable Annuity Life Insurance Company (VALIC). The pension plan, Ellijay-Gilmer County Water & Sewerage Authority Defined Contribution Plan, is a defined contribution plan, covering substantially all employees; the plan is qualified under Section 401(k) of the Internal Revenue Code. The plan provisions are established and may be amended by the Authority as plan administrator. Under the provisions of the plan, eligible participating employees may elect to contribute up to the maximum allowable percentage of their salary to the plan. The Authority's matching contribution to the plan is 50% of the participant's elective deferral, with the exception that deferrals in excess of 8% of a participant's compensation shall not be matched. Employee contributions to the plan for the fiscal year ending June 30, 2023, were $102,794. Contribution and matching contributions to the plan were made by the Authority for the fiscal year ending June 30, 2023, in the amount of $93,312.

9. JOINT VENTURE

The Authority is a member of the Northwest Georgia Regional Water Resources Partnership. This is an organization of water withdrawal permit holders, local governments, and other advocacy entities with an interest in water issues. The purpose of the Water Resources Partnership is a regional organization of water related interests in Northwest Georgia for monitoring and contributing to the development of federal, state, and local policy; educating the citizenry on water related issues; funding and managing regional water-related activities; and coordinating the activities of federal, state, and local entities. Separate financial statements may be obtained from:

Northwest Georgia Regional Water Resources Partnership
P.O. Box 1793
Rome, Georgia 30162-1793.

10. COMMITMENTS AND CONTINGENCIES

The Authority, from time to time, maybe involved in litigation, disputes and claims arising in the ordinary course of business. These matters arise from a wide variety of sources, including the day-to-day operations of the Authority and contracts/agreements related to its services and vendors.

11. ECONOMIC DEPENDENCY

During the year ended June 30, 2023, charges for water and sewer services provided by the Authority to one commercial customer were approximately $3.2 million representing 36% of total operating revenues. If the operations of this commercial customer's local facility were to be discontinued, it will have a significant impact on the Authority's operating revenues.

12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through December 22, 2023, the date which the financial statements were available to be issued. The following events require disclosure, but not modifications to the financial statements.

The Authority was awarded funds in the amount of $500,000 through the OneGeorgia Equity Grant administered by the Georgia Department of Community Affairs. This grant will not be realized until fiscal year 2024.

The Authority was awarded funds through the American Rescue Plan Act (ARPA) in the amount of $1,000,000 as a subrecipient of Gilmer County subsequent to fiscal year end. This grant was received in in fiscal year 2023, but the Authority does not plan to use for project construction until fiscal 2024 or later.

No other events which require disclosure or modifications to the financial statements were noted.

REQUIRED SUPPLEMENTARY INFORMATION

ELLIJAY-GILMER COUNTY WATER AND SEWERAGE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2023

	Fiscal Year End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$ -	$ 1,520	$ 1,472	$ 3,866	$ 4,167	$ 4,133	$ 3,841	$ 3,607	$ 3,461
Interest	107,574	107,725	107,704	107,257	107,216	106,532	105,207	103,595	101,992
Difference beween expected and actual experience	(154,274)	21,624	20,450	15,337	995	13,508	6,191	10,876	10,652
Changes in assumptions	-	-	-	28,371	-	29,152	-	-	1,021
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(131,570)	(131,214)	(127,560)	(116,721)	(106,350)	(98,730)	(97,566)	(96,983)	(95,917)
Net change in total pension liability	(178,270)	(345)	2,066	38,110	6,028	54,595	17,673	21,095	21,209
Total pension liability- beginning	1,524,419	1,524,764	1,522,698	1,484,588	1,478,560	1,423,965	1,406,292	1,385,197	1,363,988
	$ 1,346,149	$ 1,524,419	$ 1,524,764	$ 1,522,698	$ 1,484,588	$ 1,478,560	$ 1,423,965	$ 1,406,292	$ 1,385,197
Plan fiduciary net position									
Contributions- employer	$ 55,779	$ 62,555	$ 64,421	$ 68,269	$ 71,998	$ 61,281	$ 66,088	$ 66,943	$ 65,585
Contributions- employee	-	-	-	-	-	-	-	-	-
Net investment income	(213,578)	278,541	104,742	32,472	107,142	146,729	102,087	12,115	100,463
Benefit payments, including refunds of employee contributions	(131,570)	(131,214)	(127,560)	(116,721)	(106,350)	(98,730)	(97,566)	(96,983)	(95,917)
Administrative expense	(8,204)	(8,405)	(8,272)	(8,161)	(8,882)	(9,714)	(5,564)	(6,289)	(5,161)
Other	-	-	-	-	-	-	-	-	-
Net change in fiduciary net posit	(297,573)	201,477	33,331	(24,141)	63,908	99,566	65,045	(24,214)	64,970
Plan fiduciary net position- begir	1,368,838	1,167,361	1,134,030	1,158,171	1,094,263	994,697	929,652	956,866	888,896
Plan difuciary net position- endir	$ 1,071,265	$ 1,368,838	$ 1,167,361	$ 1,134,030	$ 1,158,171	$ 1,094,263	$ 994,697	$ 932,652	$ 953,866
Net pension liability- ending (a-b	$ 274,884	$ 155,581	$ 357,403	$ 388,668	$ 326,417	$ 384,297	$ 429,268	$ 473,640	$ 431,331
Plan's fiduciary net position as a percentage of the total pension liability	79.58%	89.79%	76.56%	74.48%	78.01%	74.01%	69.85%	66.32%	68.86%
Covered employee payroll	-	-	41,409	40,273	78,720	80,575	79,726	74,806	72,340
Net pension liability as a percentage of covered-employee payroll	-	-	863.10%	965.08%	414.66%	476.94%	538.43%	633.16%	596.26%

ELLIJAY-GILMER COUNTY WATER AND SEWERAGE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2023

	Fiscal Year End								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ - [1]	$ 61,849	$ 69,791	$ 64,964	$ 69,370	$ 65,586	$ 67,133	$ 65,739	$ 67,345
Contributions in relation to the actuarially determined contribution	- [1]	61,849 [2]	68,205	59,550	69,370	65,586	67,133	65,739	67,345
Contribution deficiency (excess)	- [1]	-	1,586	5,414	-	-	-	-	-
Covered-employee payroll	- [1]	-	41,409	40,273	78,720	80,575	79,726	74,806	72,340
Contributions as a percentage of covered-employee payroll	- [1]	N/A	164.71%	147.87%	88.12%	81.40%	84.20%	87.88%	93.10%

[1] 2023 information will be determined after fiscal year end and will be included in the 2024 valuation report.

[2] Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount of the percentage of employee-covered payroll of the actuarially determined contributions.

Notes to Schedule of Contributions

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2023.
Methods and assumptions used to be determine contribution rates:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for reminaing 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 the end of the 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	1.70% for participants terminated on or after February 1, 2000
Retirement Age	65 years old for vested inactive employees
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 and Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
Changes of assumptions	There were no changes in assumptions in the last two fiscal years.
Benefit changes	There were no changes in benefit provisions in the last two fiscal years.

OTHER SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual

ELLIJAY-GILMER COUNTY WATER AND SEWERAGE AUTHORITY
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	2023				2022
	Original Budget	Amended Budget	Actual	Variance	Actual
OPERATING REVENUES					
Water charges	$ 3,824,682	$ 3,824,682	$ 3,900,343	$ 75,661	$ 3,732,627
Sewer charges	3,346,604	3,346,604	3,376,056	29,452	3,320,250
Waste hauler fees	1,650,000	1,650,000	1,482,751	(167,249)	1,457,879
Customer tap fees	144,500	144,500	187,749	43,249	142,501
Industrial monitoring fees	47,000	47,000	42,913	(4,087)	47,973
Penalties and interest	58,000	58,000	70,457	12,457	60,861
Miscellaneous	30,700	30,700	37,958	7,258	40,614
Service charges	32,000	32,000	40,757	8,757	32,425
Reconnect fees	4,000	4,000	11,650	7,650	4,950
Bad debt recovery	500	500	-	(500)	26
Total Operating Revenues	9,137,986	9,137,986	9,150,634	12,648	8,840,106
OPERATING EXPENSES					
Wastewater treatment plant	1,974,306	2,050,906	2,286,917	(236,011)	2,001,780
Water treatment plant	1,242,313	1,242,313	1,180,345	61,968	1,073,288
Maintenance and distribution	1,377,803	1,377,803	1,076,234	301,569	1,007,243
Administration	831,975	831,975	786,837	45,138	756,645
Depreciation and amortization	-	-	1,670,014	(1,670,014)	1,633,924
Total Operating Expenses	5,426,397	5,502,997	7,000,347	(1,497,350)	6,472,880
OPERATING INCOME	3,711,589	3,634,989	2,150,287	(1,484,702)	2,367,226
NON-OPERATING REVENUES (EXPENSES)					
Special district fee	84,000	84,000	83,874	(126)	83,430
Impact fees	124,000	124,000	157,905	33,905	127,528
Interest revenue	16,000	92,600	256,384	163,784	32,703
Gain on disposal of capital assets	1,000	1,000	8,858	7,858	1,150
Unrealized gain on investments	-	-	157,301	157,301	-
Interest expense	(65,490)	(65,490)	(59,139)	6,351	(70,641)
Amortization of bond issue costs	-	-	-	-	-
Total Non-Operating Revenues	159,510	236,110	605,183	369,073	174,170
Income Before Contributions	3,871,099	3,871,099	2,755,470	(1,115,629)	2,541,396
CONTRIBUTIONS					
Contributions from private sources	-	-	75,085	75,085	256,245
Change in Net Position	3,871,099	3,871,099	2,830,555	(1,040,544)	2,797,641
Total Net Position, beginning of year	54,214,711	54,214,711	54,214,711	-	51,417,070
Total Net Position, end of year	$ 58,085,810	$ 58,085,810	$ 57,045,266	$ (1,040,544)	$ 54,214,711

INTERNAL CONTROL AND COMPLIANCE

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

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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 Board of Directors
Ellijay-Gilmer County Water and Sewerage Authority

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 business activity and major fund of Ellijay-Gilmer County Water and Sewerage Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Ellijay-Gilmer County Water and Sewerage Authority's basic financial statements, and have issued our report thereon dated December 22, 2023. Our report includes a reference to other auditors who audited the financial statements of Ellijay-Gilmer County Water and Sewerage Authority as described in our report on the Ellijay-Gilmer County Water and Sewerage Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ellijay-Gilmer County Water and Sewerage Authority'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 Ellijay-Gilmer County Water and Sewerage Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Ellijay-Gilmer County Water and Sewerage Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ellijay-Gilmer County Water and Sewerage Authority'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*.

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.

Welch, Walker & Associates, P.C., CPAs

East Ellijay, Georgia
December 22, 2023