

**CITY OF CHICKAMAUGA, GEORGIA**

**Chickamauga, Georgia**

**ANNUAL FINANCIAL REPORT**

**Year Ended December 31, 2022**

**JOHNSON, HICKEY & MURCHISON, P.C.**  
Certified Public Accountants  
Chattanooga, Tennessee

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Council  
City of Chickamauga, Georgia

### Reports on the Audit of the Financial Statements

#### Opinions

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

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

We did not audit the financial statements of the aggregate discretely presented component unit, which is 100 percent of the assets, net position, and revenues of the discretely presented component unit activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the aggregate discretely presented component unit is based solely on the report of the other auditors.

#### 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Chickamauga, Georgia, 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 of Chickamauga, Georgia'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.

## **Auditors' 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 auditors' 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 of Chickamauga, Georgia'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 of Chickamauga, Georgia'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 other required supplementary information on pages vii-xvi and 57-61 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 and other auditors 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 of Chickamauga, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, individual fund financial statements and schedules, and 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 Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special purpose local option sales tax proceeds and the schedule of projects constructed with transportation special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by Georgia code section OCGA 48-8-121 and OCGA 48-8-269.5 and are also not required parts 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements, the individual fund financial statements and schedules, the schedule of expenditures of federal awards, the schedule of projects constructed with special purpose local option sales tax proceeds and the schedule of projects constructed with transportation special purpose local option sales tax proceeds are 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 September 12, 2023, on our consideration of the City of Chickamauga, 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 of Chickamauga, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Chickamauga, Georgia's internal control over financial reporting and compliance.

*Johnson, Wickey & Meucham, P.C.*

Chattanooga, Tennessee  
September 12, 2023

**City of Chickamauga, Georgia**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2022**

Within this section of City of Chickamauga, Georgia's (the City's) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities for the City for the calendar year ended December 31, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

- The City's assets exceeded its liabilities by \$16,672,325 (net position) for the calendar year reported.
- Total net position is comprised of the following:
  1. Net investment in capital assets, of \$15,647,726 include property and equipment, net of accumulated depreciation, and is reduced by outstanding debt related to the purchase or construction of capital assets.
  2. Net position of \$2,992,081 is restricted for public safety, highway and streets, recreation, and by constraints imposed from outside the City such as debt covenants, grantors, contributions, laws, or regulations.
  3. Unrestricted (deficit) net position reports a total of \$(1,967,482).
- The City's governmental funds reported total ending fund balance of \$4,405,938 this year. This compares to the prior year ending fund balance of \$4,673,421, showing an overall decrease of \$267,483 during the current year.
- At the end of the current calendar year, unassigned fund balance for the General Fund was \$1,421,829, or 72.4% of total General Fund expenditures.
- Overall, the City continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements.



## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all the City's assets, liabilities, and deferred inflows and outflows of resources with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the City's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by sales taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, highways and streets, sanitation, health and welfare, recreation, and housing and development. Business-type activities include the water and sewer system, electrical service, and historical tourist destinations.

The City includes the City of Chickamauga Board of Education as a component unit. The City of Chickamauga Board of Education has a June 30, year-end. See separately issued City of Chickamauga Board of Education financial statements for additional information about this entity.

The government-wide financial statements are presented on pages 1 to 3 of this report.

## **FUND FINANCIAL STATEMENTS**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of a combining statement in a later section of this report.

The City has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 4 to 7 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The three City proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organizations for water and sewer utilities, electric services, and historical tourist destinations.

The basic enterprise fund financial statements are presented on pages 8 to 12 of this report.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 13 of this report.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The budgetary comparison schedule for the general fund and the footnotes are provided for budget compliance presentation. The schedules applicable to the net pension liability standard for the City's defined benefit pension plan are also provided in the required supplementary information. These items are presented on pages 57 to 61 of this report.

## **OTHER SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, accompanying notes and required supplementary information, this report also includes combining and individual statements for nonmajor funds. Also, certain other information concerning the City's budget presentations for non-major governmental funds. These statements and schedules demonstrate compliance with the City's adopted and final revised budget for non-major funds. Combining and individual statements and budget schedules for nonmajor funds are presented in a subsequent section of this report beginning on page 63.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole.

The City's net position at calendar year-end is \$16,672,326. The following table provides a summary of the City's net position.

Summary of Net Position 2022						
	Governmental Activities	Percentage of Total	Business- type Activities	Percentage of Total	Total	Percentage of Total
Assets:						
Current assets	\$ 7,660,569	52%	\$ 2,540,342	19%	\$ 10,200,911	36%
Noncurrent assets	6,932,541	48%	10,921,623	81%	17,854,164	64%
Total assets	<u>14,593,110</u>	<u>100%</u>	<u>13,461,965</u>	<u>100%</u>	<u>28,055,075</u>	<u>100%</u>
Total deferred outflows of resources	<u>152,923</u>	<u>100%</u>	<u>224,293</u>	<u>100%</u>	<u>377,216</u>	<u>100%</u>
Liabilities:						
Current liabilities	3,970,695	49%	542,493	19%	4,513,188	41%
Long-term liabilities	4,161,592	51%	2,361,514	81%	6,523,106	59%
Total liabilities	<u>8,132,287</u>	<u>100%</u>	<u>2,904,007</u>	<u>100%</u>	<u>11,036,294</u>	<u>100%</u>
Total deferred inflows of resources	<u>482,971</u>	<u>100%</u>	<u>240,701</u>	<u>100%</u>	<u>723,672</u>	<u>100%</u>
Net position:						
Net investment in capital assets	6,574,686	107%	9,073,040	86%	15,647,726	94%
Restricted	2,971,770	49%	20,311	0%	2,992,081	18%
Unrestricted (deficit)	(3,415,681)	(56%)	1,448,199	14%	(1,967,482)	(12%)
Total net position	<u>\$ 6,130,775</u>	<u>100%</u>	<u>\$ 10,541,550</u>	<u>100%</u>	<u>\$ 16,672,325</u>	<u>100%</u>

Summary of Net Position 2021						
	Governmental Activities	Percentage of Total	Business- type Activities	Percentage of Total	Total	Percentage of Total
Assets:						
Current assets	\$ 7,207,934	53%	\$ 2,401,143	18%	\$ 9,609,077	35%
Noncurrent assets	6,505,331	47%	11,099,736	82%	17,605,067	65%
Total assets	<u>13,713,265</u>	<u>100%</u>	<u>13,500,879</u>	<u>100%</u>	<u>27,214,144</u>	<u>100%</u>
Total deferred outflows of resources	<u>193,704</u>	<u>100%</u>	<u>283,853</u>	<u>100%</u>	<u>477,577</u>	<u>100%</u>
Liabilities:						
Current liabilities	3,232,272	38%	612,399	15%	3,844,671	31%
Long-term liabilities	5,260,361	62%	3,429,414	85%	8,689,775	69%
Total liabilities	<u>8,492,633</u>	<u>100%</u>	<u>4,041,813</u>	<u>100%</u>	<u>12,534,446</u>	<u>100%</u>
Total deferred inflows of resources	<u>230,545</u>	<u>100%</u>	<u>331,769</u>	<u>100%</u>	<u>562,314</u>	<u>100%</u>
Net position:						
Net investment in capital assets	6,435,992	124%	8,125,785	86%	14,561,777	100%
Restricted	3,028,598	59%	43,098	1%	3,071,696	21%
Unrestricted (deficit)	(4,280,798)	(83%)	1,242,266	13%	(3,038,532)	(21%)
Total net position	<u>\$ 5,183,792</u>	<u>100%</u>	<u>\$ 9,411,149</u>	<u>100%</u>	<u>\$ 14,594,941</u>	<u>100%</u>

The City continues to maintain a reasonable current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 1.9 to 1 and 4.7 to 1 for business-type activities. For the City overall, the current ratio is 2.3 to 1.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased \$946,983 for governmental activities and increased \$1,130,401 for business-type activities. The City's overall financial position improved during calendar year 2022.

Note that the governmental activities unrestricted net position reported a \$3,415,681 deficit in 2022. This deficit results from the fact that the City issued general obligation bonds for the City Board of Education, which is a component unit of the City. Since the assets belong to the City Board of Education and the City reports the debt, the debt is not considered capital debt and the outstanding amount reduces the City's unrestricted net position. The City also issued a general obligation bond during 2021 that will be paid back from the proceeds of the 2020 SPLOST money. The total net bond amount outstanding at December 31, 2022, is \$4,424,980.

Also note that \$6,574,686 of the governmental activities' net position are tied up in capital. The City uses these capital assets to provide services to its citizens. However, with business-type activities, the City has spent approximately 86% of its net position on capital. Capital assets in the business-type activities provide utility services and historical tourist destinations, but they also generate revenues for this fund.

The following table provides a summary of the City's changes in net position:

Summary of Changes in Net Position 2022						
	Governmental Activities	Percentage of Total	Business- type Activities	Percentage of Total	Total	Percentage of Total
<b>Program revenues:</b>						
Charges for services	\$ 450,356	14%	\$ 4,593,267	80%	\$ 5,043,623	56%
Operating grants	714,930	21%	-	-	714,930	8%
Capital grants	905,094	27%	1,133,511	20%	2,038,605	22%
<b>General:</b>						
Taxes	1,177,972	35%	-	-	1,177,972	13%
Other	85,104	3%	23,926	-	109,030	1%
Total revenues	<u>3,333,456</u>	<u>100%</u>	<u>5,750,704</u>	<u>100%</u>	<u>9,084,160</u>	<u>100%</u>
<b>Program expenses:</b>						
General government	374,265	16%	-	-	374,265	5%
Judicial	28,224	1%	-	-	28,224	-
Public safety	491,797	21%	-	-	491,797	7%
Highways and streets	820,338	35%	-	-	820,338	12%
Sanitation	256,959	11%	-	-	256,959	4%
Health and welfare	34,731	2%	-	-	34,731	-
Recreation	202,418	9%	-	-	202,418	3%
Housing and development	48,506	2%	-	-	48,506	1%
Interest	67,657	3%	-	-	67,657	1%
Water and sewerage	-	-	1,399,701	30%	1,399,701	20%
Electric	-	-	3,122,095	67%	3,122,095	45%
Lee and Gordon Mill	-	-	160,085	3%	160,085	2%
Total expenses	<u>2,324,895</u>	<u>100%</u>	<u>4,681,881</u>	<u>100%</u>	<u>7,006,776</u>	<u>100%</u>
Change in net position before transfers	1,008,561		1,068,823		2,077,384	
Transfers	<u>(61,578)</u>		<u>61,578</u>		<u>-</u>	
Change in net position	946,983		1,130,401		2,077,384	
Beginning net position	<u>5,183,792</u>		<u>9,411,149</u>		<u>14,594,941</u>	
Ending net position	<u>\$ 6,130,775</u>		<u>\$ 10,541,550</u>		<u>\$ 16,672,325</u>	

Summary of Changes in Net Position 2021

	<u>Governmental Activities</u>	<u>Percentage of Total</u>	<u>Business- type Activities</u>	<u>Percentage of Total</u>	<u>Total</u>	<u>Percentage of Total</u>
<b>Program revenues:</b>						
Charges for services	\$ 485,935	15%	\$ 4,126,226	98%	\$ 4,612,161	62%
Operating grants	731,515	23%	-	-	731,515	10%
Capital grants	786,899	25%	34,774	1%	821,673	11%
<b>General:</b>						
Taxes	1,083,137	34%	-	-	1,083,137	15%
Other	107,504	3%	37,613	1%	145,117	2%
Total revenues	<u>3,194,990</u>	<u>100%</u>	<u>4,198,613</u>	<u>100%</u>	<u>7,393,603</u>	<u>100%</u>
<b>Program expenses:</b>						
General government	431,623	18%	-	-	431,623	6%
Judicial	33,189	1%	-	-	33,189	0%
Public safety	510,536	22%	-	-	510,536	8%
Highways and streets	646,974	28%	-	-	646,974	10%
Sanitation	251,497	11%	-	-	251,497	4%
Health and welfare	149,270	6%	-	-	149,270	2%
Recreation	149,095	6%	-	-	149,095	2%
Housing and development	44,994	2%	-	-	44,994	1%
Interest	132,640	6%	-	-	132,640	2%
Water and sewerage	-	-	1,368,014	32%	1,368,014	21%
Electric	-	-	2,728,928	65%	2,728,928	42%
Lee and Gordon Mill	-	-	128,444	3%	128,444	2%
Total expenses	<u>2,349,818</u>	<u>100%</u>	<u>4,225,386</u>	<u>100%</u>	<u>6,575,204</u>	<u>100%</u>
<b>Change in net position</b>						
before transfers	845,172		(26,773)		818,399	
Transfers	<u>(57,823)</u>		<u>57,823</u>		-	
Change in net position	787,349		31,050		818,399	
<b>Beginning net position</b>						
	<u>4,396,443</u>		<u>9,380,099</u>		<u>13,776,542</u>	
Ending net position	<u>\$ 5,183,792</u>		<u>\$ 9,411,149</u>		<u>\$ 14,594,941</u>	

**GOVERNMENTAL REVENUES**

The City is heavily reliant on franchise taxes to support governmental operations and capital. Franchise taxes provide \$353,328 or 10.6% of the City's total governmental revenues. Charges for services are \$450,356 of revenues or 13.5% of the total. Sales taxes provide \$446,362 or 13.4% of total revenues.

Also, note that program revenues cover over 89.1% of governmental operating expenses. However, this percentage is misleading, since operating revenues includes payments from the City Board of Education of \$708,700 for debt principal and interest, which is not included in the expense column.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

The public safety and the highways and streets functions make up approximately 56.4% of the total governmental activities expenses. Recreation makes up 8.7% of the total governmental activities expense. General government totals around \$374,000 and the sanitation function costs the City around \$257,000 annually.

This table presents the cost of each of the City’s programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City’s taxpayers by each of these functions.

	<b>Governmental Activity</b>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 374,265	\$ (278,799)
Judicial	28,224	28,224
Public safety	491,797	469,395
Highways and streets	820,338	(184,503)
Sanitation	256,959	(20,396)
Health and welfare	34,731	34,731
Recreation	202,418	202,418
Housing and development	48,506	34,488
Interest	67,657	(31,043)
	<hr/>	<hr/>
Total	<u>\$ 2,324,895</u>	<u>\$ 254,515</u>

After reducing gross expenses by program revenues, general government reports revenues in excess of program expenses by \$278,799. This excess relates to the reimbursement from the City Board of Education for the repayment of debt principal as referenced previously.

#### **BUSINESS-TYPE ACTIVITIES (Revenues vs. Costs)**

The City maintains three major enterprise funds, the water and sewerage fund, the electric system fund and the Lee and Gordon Mill fund.

##### *The Water and Sewerage Fund -*

The operating revenues for this fund were 10.9% over the 2021 amount. The increase in revenues was due to a rate increase during 2022. Operating expenses increased 3.3% from 2021. The increase in expenses for the water and sewer fund is mainly due to an increase in water treatment charges, professional services and other miscellaneous items. There was an operating loss for 2021 of \$55,520, which changed to an operating gain of \$52,277 in 2022. Total net position increased \$1,029,506. There were capital contributions from the special purpose local options sales taxes for 2022 of \$28,530 and 2021 of \$31,703, respectively. There was also a capital contribution of \$59,345 for 2022 from the American Rescue Plan Act fund. The intergovernmental revenue of \$1,017,106 was a federal grant for economic development.

##### *The Electric System Fund -*

The operating revenues for this fund were 11.1% over the 2021 amount and expenses increased 14.4% over 2021. The revenues are up in the electric system mainly due to increase in unit cost. The 2022 operating income was \$24,667, as compared to operating income of \$103,668 in 2021. This change is due to the increase in operating revenues while also having an increase in purchased power. Total net position increased 4.5% from 2021.

##### *The Lee and Gordon Mill Fund -*

The operating revenues for this fund were up 26.2% and expenses for this fund have increased 27.8% from the 2021 amount. The increase in revenues is due to an increase in event rental income and the increase in expenses is due to an increase in event rental expense. There was an operating loss for 2021 of \$71,631 which increased to a \$92,299 loss for 2022. Total net position decreased 0.1% from 2021.

## **FINANCIAL ANALYSIS OF CITY'S FUNDS**

### *Governmental Funds -*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$4,405,938, of which \$373,359 is considered nonspendable, \$2,608,405 is restricted for capital projects, housing and development, public safety, highways and streets and recreation, and \$2,345 is committed for recreation. The remaining balance of \$1,421,829 is unassigned indicating availability for continuing City service requirements.

The total ending fund balances of governmental funds show a decrease of \$267,483 or 5.7% over the prior year. The decrease is primarily due to increase in capital outlay expense.

### *Major Governmental Funds:*

The City reports five major governmental funds, the general fund, the American Rescue Plan Act fund, the SPLOST capital projects fund, the T-SPLOST capital projects fund and the debt service fund.

### *The General Fund -*

The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance decreased by \$251,750 or 14.3%. In calendar year 2021, the fund balance decreased by \$50,078 or 2.8%

Franchise taxes increased 23.2% from the 2021 amount. General fund local option sales taxes increased 14.6% over the 2021 collections. The general fund licenses and permits decreased 9.8% from 2021, charges for services revenue increased 2.8% from 2021, fines and forfeitures decreased 57.7% from 2021, miscellaneous revenues increased 6.1% from 2021 and the general fund intergovernmental revenue increased 45.3% from 2021. The net of these changes is what makes up the decrease in revenues for the general fund. Most other revenue streams were consistent with that of fiscal year 2022, other than the general fund also received a \$25,000 donation during 2021.

The general government function decreased 6.7% from 2021 due to capital outlay purchases and other professional services in 2022. The public safety function increased 1.7% from 2021 due an increase in capital outlay. The highways and streets function increased 51.5% from 2021 due to wage and benefit increases as well as capital outlay projects. The health and welfare function decreased 56.9% from 2021 due to an decrease in capital outlay. The housing and development function increased by 56.9% from 2021 due to an increase in repairs and maintenance. The net of these changes is in total what makes up the increase in expense for the general fund. Most other expense functions were consistent from 2021.

The general fund's ending fund balance was \$1,502,635, representing the equivalent of 76.5% of annual expenditures.

*The American Rescue Plan Act Fund -* This is a new special revenue fund set up in 2021 for revenues and expenditures from the federal government under the American Rescue Plan Act. The fund received \$607,954 and spent \$60,196 during 2022 and had received \$607,954 in 2021 but only spent \$115 in 2021.

*The SPLOST Capital Projects Fund -* This fund decreased fund balance by \$211,142, leaving a \$2,130,344 ending fund balance. This decrease was due to receiving \$2,120,000 in bond proceeds in 2021 and the repayment of those beginning in 2022. This bond is payable from the proceeds of the 2020 special purpose local option sales tax referendum.

*The T-SPLOST Fund* - This is a new major fund in 2021. The fund increased fund balance by \$228,377, leaving a \$378,941 ending fund balance.

*The Debt Service Fund* - This fund received a payment from the City Board of Education as their share of the special purpose local option sales taxes, which the City used to pay the principal and interest on the 2016 SPLOST bonds.

*Major Proprietary Funds* - The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, the analysis for these funds is presented previously.

## BUDGETARY HIGHLIGHTS

### *The General Fund* -

The City approved the 2022 budget on February 7, 2022, and amended the final budget on March 27, 2023. Total taxes reported were \$1,123,829, which was \$11,971 under budget. Intergovernmental revenues were over budget by \$4,562 due to amounts received for grants but not budgeted for. Licenses and permits were just under budget by \$4,786, charges for services was under budget by \$5,210 and fines and forfeitures were over budget by \$222. In total, the City realized 99.2% of the estimated operating revenues but the City overestimated to budget for transfers in of \$1,493 in 2022. The City overspent expenditure transfers out of \$61,578. In total, the City expended 95.5% of the final operating budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets* -

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2022 and 2021, was \$17,538,453 and \$17,605,067, respectively. The increase in this net investment was 1.7% for governmental and a decrease of 1.6% for business-type activities. See Note 6 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<b>Capital Assets</b>					
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Land	\$ 416,320	\$ 416,320	\$ 1,106,694	\$ 1,106,694	\$ 1,523,014	\$ 1,523,014
Construction in progress	119,742	102,405	116,405	1,360,271	236,147	1,462,676
Total non-depreciable assets	<u>536,062</u>	<u>518,725</u>	<u>1,223,099</u>	<u>2,466,965</u>	<u>1,759,161</u>	<u>2,985,690</u>
Depreciable assets:						
Buildings	2,933,835	2,826,926	3,088,303	3,077,688	6,022,138	5,904,614
Machinery and equipment	365,944	280,820	415,042	396,404	780,986	677,224
Land improvements	1,025,043	892,350	-	-	1,025,043	892,350
Software	50,100	50,100	1,570	1,570	51,670	51,670
Vehicles and road equipment	1,370,084	1,295,432	447,359	435,322	1,817,443	1,730,754
Water system	-	-	8,125,507	6,708,252	8,125,507	6,708,252
Sewerage system	-	-	2,712,753	2,698,779	2,712,753	2,698,779
Electric system	-	-	2,419,743	2,419,743	2,419,743	2,419,743
Furniture and fixtures	-	-	327,852	327,852	327,852	327,852
Infrastructure	4,011,307	3,909,001	-	-	4,011,307	3,909,001
Total depreciable assets	9,756,313	9,254,629	17,538,129	16,065,610	27,294,442	25,320,239
Less accumulated depreciation	<u>3,675,545</u>	<u>3,268,023</u>	<u>7,839,605</u>	<u>7,432,839</u>	<u>11,515,150</u>	<u>10,700,862</u>
Book value-						
depreciable assets	<u>6,080,768</u>	<u>5,986,606</u>	<u>9,698,524</u>	<u>8,632,771</u>	<u>15,779,292</u>	<u>14,619,377</u>
Percentage depreciated	<u>38%</u>	<u>35%</u>	<u>45%</u>	<u>46%</u>	<u>42%</u>	<u>42%</u>
Book value – all assets	<u>\$ 6,616,830</u>	<u>\$ 6,505,331</u>	<u>\$ 10,921,623</u>	<u>\$ 11,099,736</u>	<u>\$ 17,538,453</u>	<u>\$ 17,605,067</u>



At December 31, 2022, the depreciable capital assets for governmental activities were 38% depreciated. This increased 3% over the December 31, 2021, percentage. The increase is because the City added approximately \$500,000 in depreciable capital assets during the current year.

With the City's business-type activities, 45% of the asset values were depreciated at December 31, 2022, compared to 46% at December 31, 2021. The decrease is because the City added approximately \$1,470,000 in depreciable capital assets during the current year.

*Long-Term Debt -*

At the end of the calendar year, the City had general obligation bonds outstanding of \$4,424,980. During the 2021 year, the City entered into a new bond, Series 2021 for \$2,100,000 and retired \$590,000 or 15.9% of the beginning outstanding general obligation bonds. In its business-type activities, the City reported notes payable from direct borrowings in the water and sewerage fund for improvements and an intergovernmental payable to refinance debt in order to achieve debt service savings in the water and sewerage fund and Lee and Gordon Mill fund. The City also entered into some finance purchases for new vehicles during 2021 and is paid by the fund leasing the corresponding asset. The following table provides changes in long-term obligations.

	<b>Long-Term Obligations</b>						<b>% Change</b>
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
General obligation bonds	\$4,210,000	\$5,230,000	\$ -	\$ -	\$4,210,000	\$5,230,000	(20%)
Bond premium	239,980	298,535	-	-	239,980	298,535	(20%)
Bond discount	(25,000)	(31,100)	-	-	(25,000)	(31,100)	(20%)
Intergovernmental payable	-	-	810,000	935,000	810,000	935,000	(13%)
Notes payable from direct borrowings	-	-	1,003,138	1,980,679	1,003,138	1,980,679	(49%)
Financed purchases	42,144	69,339	35,445	58,271	77,589	127,610	(39%)
Compensated absences	<u>31,337</u>	<u>33,821</u>	<u>42,918</u>	<u>41,527</u>	<u>74,255</u>	<u>75,348</u>	<u>(1%)</u>
<b>Total</b>	<b><u>\$4,498,461</u></b>	<b><u>\$5,600,595</u></b>	<b><u>\$1,891,501</u></b>	<b><u>\$3,015,477</u></b>	<b><u>\$6,389,962</u></b>	<b><u>\$8,616,072</u></b>	<b><u>(26%)</u></b>

See Notes 9 and 10 for additional information about the City's long-term debt.

**ECONOMIC CONDITIONS AFFECTING THE CITY**

The City continues to rely upon a healthy business and industrial community to stabilize the enterprise revenues for the City. The local business economy remains stable, and the enterprise revenues have improved for the City. The Mayor and Council have elected to maintain a zero (0) ad valorem tax rate and have relied upon franchise fees, budget cuts, cemetery revenue's and improving service practice policies associated with growth to fund increases in public safety and general government expenses. The City's leadership and management teams continue to develop long-range plans for management structure changes needed to address a growing community. Leadership and management continue to work with the local Walker County Chamber of Commerce to plan for expansion of utilities to serve a growing population base as well as commercial business.

**CONDUCTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Manager at (706) 375-3177.

**CITY OF CHICKAMAUGA, GEORGIA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Board of Education
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,552,057	\$ 893,174	\$ 7,445,231	\$ 5,476,066
Certificates of deposit	529,996	795,042	1,325,038	-
Investments	361,020	-	361,020	-
Receivables				
Accounts	-	553,016	553,016	-
Property taxes	156,369	-	156,369	-
Sales taxes	41,424	-	41,424	134,827
Intergovernmental	-	-	-	1,432,060
Interest	1,643	494	2,137	-
Interfund receivable	5,485	(5,485)	-	-
Other	236	-	236	12,122
Inventory	-	87,869	87,869	26,014
Prepaid items	12,339	16,196	28,535	-
Restricted cash	-	200,036	200,036	-
Restricted cash and investments with fiscal agent or trustee	-	-	-	5,151,064
Lease receivable	315,711	-	315,711	-
Capital assets				
Nondepreciable	536,062	1,223,099	1,759,161	641,916
Depreciable, net	<u>6,080,768</u>	<u>9,698,524</u>	<u>15,779,292</u>	<u>28,701,912</u>
 Total assets	 <u>14,593,110</u>	 <u>13,461,965</u>	 <u>28,055,075</u>	 <u>41,575,981</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on debt refunding	-	4,229	4,229	-
Pension related items	152,923	220,064	372,987	3,502,906
OPEB plan related items	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,184</u>
 Total deferred outflows of resources	 <u>152,923</u>	 <u>224,293</u>	 <u>377,216</u>	 <u>5,147,090</u>

(The accompanying notes are an integral part of these statements.)

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Board of Education
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable	32,464	252,564	285,028	93,601
Accrued salaries and withholdings	28,653	26,379	55,032	1,384,537
Compensated absences payable	31,337	42,918	74,255	-
Intergovernmental payable	-	139,414	139,414	-
Accrued interest payable	21,767	9,776	31,543	-
Notes payable	-	47,945	47,945	-
Due to component unit	2,037,917	-	2,037,917	-
Unearned revenue	1,155,597	-	1,155,597	-
Financed purchases	27,960	23,497	51,457	104,596
General obligation bonds payable	635,000	-	635,000	-
Long-term liabilities				
Customer deposits	-	200,036	200,036	-
Intergovernmental payable, net of current portion	-	680,000	680,000	-
Notes payable, net of current portion	-	955,193	955,193	-
General obligation bonds payable, net of current portion	3,789,980	-	3,789,980	-
Financed purchases, net of current portion	14,184	11,948	26,132	302,204
Net pension liability	357,428	514,337	871,765	4,509,637
Net OPEB liability	-	-	-	6,571,604
	<u>8,132,287</u>	<u>2,904,007</u>	<u>11,036,294</u>	<u>12,966,179</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leasing arrangements	315,711	-	315,711	-
Pension related items	167,260	240,701	407,961	6,829,528
OPEB plan related items	-	-	-	3,812,725
	<u>482,971</u>	<u>240,701</u>	<u>723,672</u>	<u>10,642,253</u>
<b>NET POSITION</b>				
Net investment in capital assets	6,574,686	9,073,040	15,647,726	28,848,955
Restricted for				
Public safety	600	-	600	-
Highways and streets	40,883	-	40,883	-
Recreation	26,984	20,311	47,295	-
Capital projects	2,509,285	-	2,509,285	2,699,100
Program purposes	394,018	-	394,018	256,991
Gordon Lee Charitable Trust	-	-	-	5,442,549
Unrestricted (deficit)	<u>(3,415,681)</u>	<u>1,448,199</u>	<u>(1,967,482)</u>	<u>(14,132,956)</u>
	<u>\$ 6,130,775</u>	<u>\$ 10,541,550</u>	<u>\$ 16,672,325</u>	<u>\$ 23,114,639</u>

(The accompanying notes are an integral part of these statements.)

**CITY OF CHICKAMAUGA, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
Governmental activities								
General government	\$ 374,265	\$ 42,214	\$ 610,850	\$ -	\$ 278,799		\$ 278,799	
Judicial	28,224	-	-	-	(28,224)		(28,224)	
Public safety	491,797	17,022	5,380	-	(469,395)		(469,395)	
Highways and streets	820,338	99,747	-	905,094	184,503		184,503	
Sanitation	256,959	277,355	-	-	20,396		20,396	
Health and welfare	34,731	-	-	-	(34,731)		(34,731)	
Recreation	202,418	-	-	-	(202,418)		(202,418)	
Housing and development	48,506	14,018	-	-	(34,488)		(34,488)	
Interest	67,657	-	98,700	-	31,043		31,043	
Total governmental activities	<u>2,324,895</u>	<u>450,356</u>	<u>714,930</u>	<u>905,094</u>	<u>(254,515)</u>		<u>(254,515)</u>	
Business-type activities								
Water and sewerage	1,399,701	1,410,945	-	1,104,981		\$ 1,116,225	1,116,225	
Electric	3,122,095	3,123,888	-	28,530		30,323	30,323	
Lee & Gordon Mill	160,085	58,434	-	-		(101,651)	(101,651)	
Total business-type activities	<u>4,681,881</u>	<u>4,593,267</u>	<u>-</u>	<u>1,133,511</u>		<u>1,044,897</u>	<u>1,044,897</u>	
Total primary government	<u>7,006,776</u>	<u>5,043,623</u>	<u>714,930</u>	<u>2,038,605</u>	<u>(254,515)</u>	<u>1,044,897</u>	<u>790,382</u>	
<b>COMPONENT UNIT</b>								
City of Chickamauga Board of Education	\$ 14,483,189	\$ 924,974	\$ 10,059,257	\$ -				\$ (3,498,958)
<b>GENERAL REVENUES</b>								
Property taxes					-	-	-	1,931,150
Sales taxes					446,362	-	446,362	1,033,752
Franchise taxes					353,328	-	353,328	-
Alcoholic beverage tax					72,575	-	72,575	-
Insurance premium tax					251,564	-	251,564	-
Hotel/motel tax					8,482	-	8,482	-
Payments in lieu of taxes					45,661	-	45,661	-
Unrestricted grant					-	-	-	1,079,966
Investment earnings					(18,662)	1,578	(17,084)	537,787
Miscellaneous					103,766	22,348	126,114	1,297,035
Total general revenues					<u>1,263,076</u>	<u>23,926</u>	<u>1,287,002</u>	<u>5,879,690</u>
<b>TRANSFERS</b>								
Change in net position					(61,578)	61,578	-	-
Total transfers					<u>946,983</u>	<u>1,130,401</u>	<u>2,077,384</u>	<u>2,380,732</u>
<b>NET POSITION</b>								
Beginning					5,183,792	9,411,149	14,594,941	20,733,907
Ending					<u>\$ 6,130,775</u>	<u>\$ 10,541,550</u>	<u>\$ 16,672,325</u>	<u>\$ 23,114,639</u>

(The accompanying notes are an integral part of these statements.)

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

	General Fund	American Rescue Plan Act	SPLOST Capital Projects	T-SPLOST	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,854,177	\$ 1,155,597	\$ 2,130,344	\$ 378,941	\$ 32,998	\$ 6,552,057
Certificates of deposit	529,996	-	-	-	-	529,996
Investments	-	-	-	-	361,020	361,020
Receivables						
Property taxes	156,369	-	-	-	-	156,369
Sales taxes	41,424	-	-	-	-	41,424
Interest	1,643	-	-	-	-	1,643
Interfund receivable	26,859	-	-	-	-	26,859
Lease	315,711	-	-	-	-	315,711
Other	236	-	-	-	-	236
Prepaid items	12,339	-	-	-	-	12,339
	<u>3,938,754</u>	<u>1,155,597</u>	<u>2,130,344</u>	<u>378,941</u>	<u>394,018</u>	<u>7,997,654</u>
Total assets	<u>\$ 3,938,754</u>	<u>\$ 1,155,597</u>	<u>\$ 2,130,344</u>	<u>\$ 378,941</u>	<u>\$ 394,018</u>	<u>\$ 7,997,654</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 32,464	\$ -	\$ -	\$ -	\$ -	\$ 32,464
Accrued salaries and withholdings	28,653	-	-	-	-	28,653
Interfund payable	21,374	-	-	-	-	21,374
Due to component unit	2,037,917	-	-	-	-	2,037,917
Unearned revenue	-	1,155,597	-	-	-	1,155,597
	<u>2,120,408</u>	<u>1,155,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,276,005</u>
Total liabilities	<u>2,120,408</u>	<u>1,155,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,276,005</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Leasing arrangements	315,711	-	-	-	-	315,711
	<u>315,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,711</u>
Total deferred inflows of resources	<u>315,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,711</u>
<b>FUND BALANCES</b>						
Nonspendable						
Prepaid items	12,339	-	-	-	-	12,339
Cemetery	-	-	-	-	361,020	361,020
Restricted for						
Capital projects	-	-	2,130,344	378,941	-	2,509,285
Housing and development	-	-	-	-	30,653	30,653
Public safety	600	-	-	-	-	600
Highways and streets	40,883	-	-	-	-	40,883
Culture and recreation	26,984	-	-	-	-	26,984
Committed for						
Recreation	-	-	-	-	2,345	2,345
Unassigned	1,421,829	-	-	-	-	1,421,829
	<u>1,502,635</u>	<u>-</u>	<u>2,130,344</u>	<u>378,941</u>	<u>394,018</u>	<u>4,405,938</u>
Total fund balances	<u>1,502,635</u>	<u>-</u>	<u>2,130,344</u>	<u>378,941</u>	<u>394,018</u>	<u>4,405,938</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,938,754</u>	<u>\$ 1,155,597</u>	<u>\$ 2,130,344</u>	<u>\$ 378,941</u>	<u>\$ 394,018</u>	<u>\$ 7,997,654</u>

(The accompanying notes are an integral part of these statements.)

**CITY OF CHICKAMAUGA, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

Total governmental fund balances \$ 4,405,938

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	10,292,375	
Less accumulated depreciation	<u>(3,675,545)</u>	6,616,830

Liabilities that are not due and payable in the current period and therefore are not reported in the funds.

Financed purchases	(42,144)	
General obligation bonds	(4,424,980)	
Accrued interest	(21,767)	
Compensated absences	<u>(31,337)</u>	(4,520,228)

Amounts related to the pension plan are not expected to be liquidated with expendable financial resources and therefore are not reported in the funds.

Deferred outflows of resources	152,923	
Net pension liability	(357,428)	
Deferred inflows of resources	<u>(167,260)</u>	<u>(371,765)</u>

Net position of governmental activities \$ 6,130,775

(The accompanying notes are an integral part of these statements.)

**CITY OF CHICKAMAUGA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	General Fund	American Rescue Plan Act	SPLOST Capital Projects	T-SPLOST	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 1,123,829	\$ -	\$ -	\$ -	\$ -	\$ 8,482	\$ 1,132,311
Intergovernmental	91,762	60,196	575,015	230,012	708,700	-	1,665,685
Licenses and permits	42,214	-	-	-	-	-	42,214
Charges for services	391,120	-	-	-	-	-	391,120
Fines, fees and forfeitures	17,022	-	-	-	-	-	17,022
Investment earnings (loss)	2,511	-	-	-	-	(21,173)	(18,662)
Miscellaneous	103,766	-	-	-	-	-	103,766
Total revenues	<u>1,772,224</u>	<u>60,196</u>	<u>575,015</u>	<u>230,012</u>	<u>708,700</u>	<u>(12,691)</u>	<u>3,333,456</u>
<b>EXPENDITURES</b>							
Current							
General government	413,816	850	-	-	-	4,348	419,014
Judicial	28,224	-	-	-	-	-	28,224
Public safety	484,525	-	-	-	-	-	484,525
Highways and streets	674,090	-	-	-	-	-	674,090
Sanitation	184,860	-	-	-	-	-	184,860
Health and welfare	19,182	-	-	-	-	-	19,182
Recreation	101,278	-	-	-	-	375	101,653
Housing and development	29,450	-	-	-	-	13,747	43,197
Capital outlay	-	59,346	351,353	1,635	-	-	412,334
Debt service							
Principal retirement	27,195	-	410,000	-	610,000	-	1,047,195
Interest and fiscal charges	1,583	-	24,804	-	98,700	-	125,087
Total expenditures	<u>1,964,203</u>	<u>60,196</u>	<u>786,157</u>	<u>1,635</u>	<u>708,700</u>	<u>18,470</u>	<u>3,539,361</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>							
	<u>(191,979)</u>	<u>-</u>	<u>(211,142)</u>	<u>228,377</u>	<u>-</u>	<u>(31,161)</u>	<u>(205,905)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,807	-	-	-	-	-	1,807
Transfers out	(61,578)	-	-	-	-	(1,807)	(63,385)
Total other financing sources (uses)	<u>(59,771)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,807)</u>	<u>(61,578)</u>
<b>NET CHANGE IN FUND BALANCES</b>							
	<u>(251,750)</u>	<u>-</u>	<u>(211,142)</u>	<u>228,377</u>	<u>-</u>	<u>(32,968)</u>	<u>(267,483)</u>
<b>FUND BALANCES</b>							
Beginning	<u>1,754,385</u>	<u>-</u>	<u>2,341,486</u>	<u>150,564</u>	<u>-</u>	<u>426,986</u>	<u>4,673,421</u>
Ending	<u>\$ 1,502,635</u>	<u>\$ -</u>	<u>\$ 2,130,344</u>	<u>\$ 378,941</u>	<u>\$ -</u>	<u>\$ 394,018</u>	<u>\$ 4,405,938</u>

(The accompanying notes are an integral part of these statements.)

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

Net changes in fund balances - total governmental funds \$ (267,483)

**Amounts reported for governmental activities in the statement of activities are different because**

Governmental 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.

Depreciation expense	(407,522)	
Capital outlay	<u>519,021</u>	111,499

Elimination of transfers between governmental funds.

Transfers in	(1,807)	
Transfers out	<u>1,807</u>	-

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Financed purchases principal payments	27,195	
General obligation bond principal payments	1,020,000	
Amortization of bond discount	(6,100)	
Amortization of bond premium	<u>58,555</u>	1,099,650

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.

Accrued interest	4,975	
Compensated absences	2,484	
Pension expense	<u>(4,142)</u>	<u>3,317</u>

Change in net position of governmental activities \$ 946,983

(The accompanying notes are an integral part of these statements.)



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

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water and Sewerage</u>	<u>Electric System</u>	<u>Lee and Gordon Mill</u>	<u>Total</u>
<b>ASSETS AND DEFERRED</b>				
<b>OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 703,680	\$ 146,123	\$ 43,371	\$ 893,174
Certificates of deposit	372,892	422,150	-	795,042
Receivables				
Accounts	-	553,016	-	553,016
Interest	494	-	-	494
Interfund	114,998	-	20,641	135,639
Inventory	36,140	51,729	-	87,869
Prepaid items	7,364	8,832	-	16,196
	<u>1,235,568</u>	<u>1,181,850</u>	<u>64,012</u>	<u>2,481,430</u>
Total current assets				
<b>NONCURRENT ASSETS</b>				
Restricted cash	-	200,036	-	200,036
Capital assets				
Nondepreciable	91,869	28,530	1,102,700	1,223,099
Depreciable, net	6,869,056	552,848	2,276,620	9,698,524
	<u>6,960,925</u>	<u>781,414</u>	<u>3,379,320</u>	<u>11,121,659</u>
Total noncurrent assets				
Total assets	<u>8,196,493</u>	<u>1,963,264</u>	<u>3,443,332</u>	<u>13,603,089</u>
<b>DEFERRED OUTFLOWS OF</b>				
<b>RESOURCES</b>				
Deferred charges on debt refunding	-	-	4,229	4,229
Pension related items	171,400	48,664	-	220,064
	<u>171,400</u>	<u>48,664</u>	<u>4,229</u>	<u>224,293</u>
Total deferred outflows of resources				

(The accompanying notes are an integral part of these statements.)

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water and Sewerage</b>	<b>Electric System</b>	<b>Lee and Gordon Mill</b>	<b>Total</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	49,455	200,254	2,855	252,564
Accrued salaries and withholdings	13,116	13,263	-	26,379
Compensated absences payable	20,589	22,329	-	42,918
Interfund payable	-	141,124	-	141,124
Intergovernmental payable	80,197	9,414	49,803	139,414
Accrued interest payable	6,414	-	3,362	9,776
Notes payable	47,945	-	-	47,945
Financed purchases	9,107	9,107	5,283	23,497
Total current liabilities	<u>226,823</u>	<u>395,491</u>	<u>61,303</u>	<u>683,617</u>
<b>LONG-TERM LIABILITIES</b>				
Customer deposits	-	200,036	-	200,036
Intergovernmental payable, net of current portion	419,492	-	260,508	680,000
Notes payable, net of current portion	955,193	-	-	955,193
Financed purchases, net of current portion	4,631	4,631	2,686	11,948
Net pension liability	399,623	114,714	-	514,337
Total long-term liabilities	<u>1,778,939</u>	<u>319,381</u>	<u>263,194</u>	<u>2,361,514</u>
Total liabilities	<u>2,005,762</u>	<u>714,872</u>	<u>324,497</u>	<u>3,045,131</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related items	<u>187,704</u>	<u>52,997</u>	<u>-</u>	<u>240,701</u>
<b>NET POSITION</b>				
Restricted - recreation	-	-	20,311	20,311
Net investment in capital assets	5,444,360	567,640	3,061,040	9,073,040
Unrestricted	<u>730,067</u>	<u>676,419</u>	<u>41,713</u>	<u>1,448,199</u>
Total net position	<u>\$ 6,174,427</u>	<u>\$ 1,244,059</u>	<u>\$ 3,123,064</u>	<u>\$ 10,541,550</u>

(The accompanying notes are an integral part of these statements.)

**CITY OF CHICKAMAUGA, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water and Sewerage</u>	<u>Electric System</u>	<u>Lee and Gordon Mill</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,410,945	\$ 3,075,380	\$ 58,434	\$ 4,544,759
Forfeited discounts	-	48,508	-	48,508
Miscellaneous	-	22,348	-	22,348
	<u>1,410,945</u>	<u>3,146,236</u>	<u>58,434</u>	<u>4,615,615</u>
Total operating revenues				
<b>OPERATING EXPENSES</b>				
Purchased power	-	2,308,149	-	2,308,149
Operations and maintenance	1,082,469	765,755	67,831	1,916,055
Depreciation	276,199	47,665	82,902	406,766
	<u>1,358,668</u>	<u>3,121,569</u>	<u>150,733</u>	<u>4,630,970</u>
Total operating expenses				
<b>OPERATING GAIN (LOSS)</b>	<u>52,277</u>	<u>24,667</u>	<u>(92,299)</u>	<u>(15,355)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	1,156	422	-	1,578
Intergovernmental	1,017,106	-	-	1,017,106
Interest and fiscal charges	(41,033)	(526)	(9,352)	(50,911)
	<u>977,229</u>	<u>(104)</u>	<u>(9,352)</u>	<u>967,773</u>
Total nonoperating revenues (expenses)				
Income (loss) before capital contributions and transfers	1,029,506	24,563	(101,651)	952,418
Capital contributions	87,875	28,530	-	116,405
Transfers in	-	-	71,378	71,378
Transfers out	(9,800)	-	-	(9,800)
<b>CHANGE IN NET POSITION</b>	1,107,581	53,093	(30,273)	1,130,401
<b>NET POSITION</b>				
Beginning	<u>5,066,846</u>	<u>1,190,966</u>	<u>3,153,337</u>	<u>9,411,149</u>
Ending	<u>\$ 6,174,427</u>	<u>\$ 1,244,059</u>	<u>\$ 3,123,064</u>	<u>\$ 10,541,550</u>

(The accompanying notes are an integral part of these statements.)

**CITY OF CHICKAMAUGA, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water and Sewerage</u>	<u>Electric System</u>	<u>Lee and Gordon Mill</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,410,945	\$ 3,176,583	\$ 58,434	\$ 4,645,962
Cash payments to employees for services and benefits	(511,103)	(306,151)	(60,636)	(877,890)
Cash payments for goods and services	(585,464)	(2,862,905)	-	(3,448,369)
Cash received for interfund services provided	-	-	(14,800)	(14,800)
Other cash payments	-	(10,000)	-	(10,000)
	<u>314,378</u>	<u>(2,473)</u>	<u>(17,002)</u>	<u>294,903</u>
Net cash provided (used) by operating activities				
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(9,800)	-	71,378	61,578
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from grants and contributed capital	1,017,106	-	-	1,017,106
Proceeds from notes payable	72,068	-	-	72,068
Principal paid on notes payable	(1,049,609)	-	-	(1,049,609)
Interest paid on notes payable	(28,911)	-	-	(28,911)
Principal paid on financed purchases	(8,847)	(8,847)	(5,132)	(22,826)
Interest paid on financed purchases	(526)	(526)	(305)	(1,357)
Payments to other governments	(91,106)	-	(56,579)	(147,685)
Payments for capital acquisitions	(112,248)	-	-	(112,248)
	<u>(202,073)</u>	<u>(9,373)</u>	<u>(62,016)</u>	<u>(273,462)</u>
Net cash used by capital and related financing activities				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payment of accounts payable used to purchase capital assets	(47,147)	-	-	(47,147)
Investment earnings	265	-	-	265
	<u>(46,882)</u>	<u>-</u>	<u>-</u>	<u>(46,882)</u>
Net cash used by investing activities				
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	55,623	(11,846)	(7,640)	36,137
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning	<u>648,057</u>	<u>358,005</u>	<u>51,011</u>	<u>1,057,073</u>
Ending	<u>\$ 703,680</u>	<u>\$ 346,159</u>	<u>\$ 43,371</u>	<u>\$ 1,093,210</u>

(The accompanying notes are an integral part of these statements.)

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water and Sewerage</u>	<u>Electric System</u>	<u>Lee and Gordon Mill</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating gain (loss)	\$ 52,277	\$ 24,667	\$ (92,299)	\$ (15,355)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities				
Depreciation	276,199	47,665	82,902	406,766
Provision for losses on accounts receivable	-	(56,383)	-	(56,383)
(Increase) decrease in assets and deferred outflows of resources				
Accounts receivable	-	23,413	-	23,413
Interfund receivable	18,253	-	6,908	25,161
Inventory	(4,779)	(28,466)	-	(33,245)
Prepaid items	(57)	(2,594)	-	(2,651)
Pension related items	46,361	12,324	-	58,685
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable	(5,394)	(7,466)	287	(12,573)
Accrued salaries and withholdings	2,240	1,948	-	4,188
Interfund payable	(29,900)	(13,345)	(14,800)	(58,045)
Intergovernmental payable	-	(660)	-	(660)
Compensated absences payable	829	562	-	1,391
Customer deposits	-	6,934	-	6,934
Net pension liability	30,293	8,052	-	38,345
Pension related items	<u>(71,944)</u>	<u>(19,124)</u>	<u>-</u>	<u>(91,068)</u>
Net cash provided (used) by operating activities	<u>\$ 314,378</u>	<u>\$ (2,473)</u>	<u>\$ (17,002)</u>	<u>\$ 294,903</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents	\$ 703,680	\$ 146,123	\$ 43,371	\$ 893,174
Restricted cash	<u>-</u>	<u>200,036</u>	<u>-</u>	<u>200,036</u>
	<u>\$ 703,680</u>	<u>\$ 346,159</u>	<u>\$ 43,371</u>	<u>\$ 1,093,210</u>
<b>NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Certificate of deposit - capitalized interest	\$ 681	\$ 422	\$ -	\$ 1,103
Capital assets contributed	\$ 87,875	\$ 28,530	\$ -	\$ 116,405

(The accompanying notes are an integral part of these statements.)

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Chickamauga, Georgia (the City) was established under the laws of the State of Georgia and operates under an elected Mayor-Council form of government. The City is governed by a mayor and five council members.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the City's accounting policies are described below.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separated 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 organizations; 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 their taxes, or issues their debt.

The component unit column included on the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

A brief description of the discretely presented component unit follows:

*City of Chickamauga Board of Education*

The City of Chickamauga Board of Education (the School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by voters and a superintendent appointed by the board of education. The School District is not a separate legal entity and does not have the power to levy property taxes or to issue bonded debt. Its budget is subject to approval by the City Council. As a result, the School District is a component unit of the City that has a June 30 year end. Complete financial statements of the School District can be obtained from their office: 402 Cove Road, Chickamauga, Georgia 30707.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reporting Entity (continued)**

The School District financial statements include Gordon Lee Charitable Trust (Trust) that was created for the benefit of the School District for charitable purposes. The Trust's resources and income are restricted for the benefit of Gordon Lee High School. On the School District's financial statements, the Trust is considered a component unit of the School District and is discretely presented in the School District's financial statements. The Trust is operated on a calendar year basis. The financial statements of the Trust were not audited and were not engaged to be audited by the School Districts auditors. The Trust financial statements are included with the School Districts financial statements on the City's financial statements.

**Basis of Presentation**

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

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, grants, and City's general revenues, from business-type activities, generally financed in whole or in part with rental fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City and its discretely presented component unit at year end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities. The government-wide financial statements were accounted for on the accrual basis.

The statement of activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services and sales which report fees and other charges to users of the City's services; (2) operating grants and contributions finance annual operating activities including restricted investment income; and (3) capital grants, contributions and interest which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying which function program revenue pertains to, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

*Government-Wide Financial Statements (continued)*

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

*Fund Financial Statements*

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

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

*Fund Accounting*

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

*Governmental Funds*

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

*The General Fund* - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

*American Rescue Plan Act Fund* - This fund accounts for revenue and expenditures from the federal government under the American Rescue Plan Act.

*SPLOST Capital Projects Fund* - This fund is used to account for major capital expenditures financed by special purpose local option sales tax revenue.

*T-SPLOST Fund* - This fund accounts for the acquisition of assets with proceeds from the transportation special local option sales tax.

*Debt Service Fund* - This fund is used to retire the principal and pay the interest on the general obligation school bonds. The fund is financed by the School District's prorata share of the educational sales tax imposed within Walker County.



**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Presentation (continued)**

*Proprietary Funds*

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The proprietary funds are classified as enterprise funds. The following are the City's major proprietary funds:

*Water and Sewerage Fund* - The fund provides water and sewer services to customers within the City limits and some portions of Walker County.

*Electric System Fund* - This fund provides electric services to customers within the city limits.

*Lee and Gordon Mill Fund* - This fund provides historical tourist destinations in the City.

**Measurement Focus**

*Government-Wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred outflows/inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

*Fund Financial Statements*

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

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

**Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basis of Accounting (continued)**

*Revenues - Exchange Transactions*

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

*Revenues - Non-exchange Transactions*

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes are recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 5). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

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

*Expenses/Expenditures*

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

**Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states.
- Obligations of the United States Government.
- Obligations fully insured or guaranteed by the United States government or a United States government agency.
- Obligations of any corporation of the United States Government.
- Prime bankers’ acceptances.
- The State of Georgia local government investment pool (i.e., Georgia Fund I).
- Repurchase agreements.
- Obligations of the other political subdivisions of the State of Georgia.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Receivables**

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. The amount estimated to be uncollectible from property tax receivable is \$457. Also, estimated uncollectible accounts receivable in the electric system proprietary fund are \$33,000. Unbilled water, sewer, and electric charges are accrued as receivables and revenue at year end.

**Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/interfund payables.” These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**Inventory**

Inventories are valued at cost which approximates net realizable value, using first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (i.e., the consumption method).

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

**Restricted Assets**

Statutory restrictions are imposed on cash and cash equivalents in amounts sufficient to cover the liability arising from utility customer deposits and grant revenues received to be used in accordance with the grant provisions.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and the enterprise funds' statement of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. All capital assets maintain a capitalization threshold of five thousand dollars. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. Prior to implementation of GASB 34, the financial statements have not reflected this asset category or the depreciation expense for the systematic allocation of its consumption. The City's infrastructure consists of roads, bridges, and water and sewer lines.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets (continued)**

All reported capital assets are depreciated except for land, rights-of-way, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land improvements	10 - 40 years	-
Buildings	15 - 75 years	10 - 75 years
Machinery and equipment	10 - 20 years	5 - 20 years
Computer equipment and software	3 - 10 years	3 - 10 years
Vehicles and road equipment	5 - 15 years	5 - 15 years
Electric system	-	10 - 36 years
Water system	-	10 - 75 years
Sewerage system	-	10 - 40 years
Furniture and fixtures	-	5 - 20 years
Infrastructure	10 - 50 years	-

At the inception of financed purchases at the governmental fund reporting level, expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City’s past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “*when due.*”

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Bonds, notes payable, and financed purchases are recognized as a liability in the governmental fund financial statements when due.

**Bond Premiums, Discounts, and Issuance Costs**

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Issuance costs are expensed in the period in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. At the governmental fund reporting level, bond premiums and discounts on debt issuances are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as a debt service expenditure.

**Fund Equity**

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

**Fund Balance**

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

*Nonspendable* - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

*Restricted* - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

*Committed* - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fund Balance (continued)**

*Assigned* - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

*Unassigned* - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions**

When both restricted and unrestricted amounts of fund balance are available for use of expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, unassigned.

**Net Position**

Net position represents the residual of all elements presented in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewerage services, electric system, and historical tourist destinations. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. Non-operating revenues are investment earnings, and non-operating expenses include interest expense.

**Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or contributions of resources restricted to capital acquisition and construction.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statement (i.e., they are netted).

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Interfund Activity (continued)**

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

**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 affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**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, *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) until then.

The City's deferred charge on debt refunding qualifies for reporting in this category. A deferred charge on debt refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the financial statements 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 future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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 pension liability are recognized as pension expense over time instead of all 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 and inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred inflows and outflows 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 return on those investments is also deferred and amortized against pension expense over a five-year period.

The City also reports as deferred inflows of resources items that arise from leases, where the City is a lessor. Lease-related amounts are recognized at the inception of leases in which the City is a lessor and are recorded in an amount equal to the corresponding lease receivable, plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods,

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows/Inflows of Resources (continued)**

less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflow of resources is recognized as revenue in a systemic and rational manner over the term of the lease.

**Defined Benefit Pension Plan**

For the purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System plan and additions to/deductions from the Georgia Municipal Employees Benefit System plan fiduciary net position have been determined on the same basis as they are reported by Georgia Municipal Employees Benefit System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Change in Accounting Principle**

On January 1, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. This standard enhances the relevance and consistency of information of the City's leasing activities. GASB 87 establishes requirements for lease accounting based on the principle that leases are long-term contracts that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in exchange or exchange like transaction. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The implementation of GASB 87 did not impact beginning net position of the City. The City entered into a new agreement on December 1, 2022. With this new agreement the City recognized on December 1, 2022 a lease receivable of \$321,069 and a deferred inflow of resources of \$321,069 for the long-term office space rental agreement. See further details of lease in Note 8.

**(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The City adopts an annual operating budget for the general fund, each special revenue fund and the debt service fund. A project budget is adopted for each capital projects fund. Budgets are adopted for each enterprise fund, however, there is no legal requirement to report the budget compared to actual for these funds. The budget resolution reflects the total of each department's appropriation in each fund.

The budgets adopted for the general fund, special revenues funds, the debt service fund, and the enterprise funds are on a basis consistent with GAAP. The budget for the SPLOST and T-SPLOST capital projects fund is adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period.



**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**Budgetary Information (continued)**

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

The City Manager may approve budget transfers of budget line items within departments. The budgets were amended on March 27, 2023.

All unexpended annual appropriations lapse at year end.

**(3) DEPOSITS AND INVESTMENTS**

**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 collateral securities that are in the possession of an outside party. State statutes require all deposits to be collateralized 110% by depository insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities. The City has no custodial credit risk policy that is more restrictive than state statutes. As of December 31, 2022, two of the financial institutions holding the City's deposits are participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requiring participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of December 31, 2022, all of the City's bank deposits were insured and/or collateralized.

**Investments**

The investments in the cemetery fund are held by the First Horizon Advisor Trust Services and invested in compliance with the trust document. The investments totaling \$361,020 are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

**Cash and Investment Reconciliation**

	<u>Deposits With</u>	
	<u>Financial</u>	<u>Investments</u>
	<u>Institutions</u>	<u>Investments</u>
Governmental funds - balance sheet	\$ 6,552,057	\$ 361,020
Governmental funds - balance sheet - certificate of deposit	529,996	-
Proprietary funds - statement of net position	893,174	-
Proprietary funds - statement of net position -certificate of deposit	795,042	-
Proprietary funds - statement of net position - restricted	200,036	-
Less-cash on hand	<u>(300)</u>	<u>-</u>
	<u>\$ 8,970,005</u>	<u>\$ 361,020</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(3) DEPOSITS AND INVESTMENTS (continued)**

**Investment Type**

	Carrying Amount	Credit Rating	Maturities
Money market funds	\$ 80,521	N/A	less than 6 months
Certificates of deposits	251,160	N/A	2 to 5 years
Municipal obligations	29,339	AAA	greater than 5 years
	\$ 361,020		

**Fair Value Measurements**

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value for certain assets and liabilities using a consistent definition and accepted valuation techniques. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets and for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

*Level 2* - Inputs to the valuation methodology other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The City has the following recurring fair value measurements as of December 31, 2022.

	Level 1	Level 2	Level 3	Total Fair Value
Money market funds	\$ 80,521	\$ -	\$ -	\$ 80,521
Certificates of deposits	251,160	-	-	251,160
Municipal obligations	-	29,339	-	29,339
	\$ 331,681	\$ 29,339	\$ -	\$ 361,020

The City's investments have been valued using prices quoted in active markets.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(4) RECEIVABLES**

Receivables at December 31, 2022, consisted of taxes, interest, and accounts (billings for user charges) including unbilled utility receivables.

Receivables and payables are recorded on the City’s financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

The proprietary fund accounts receivables for electric and water and sewerage services are partially subject to concentration of credit risk. All customers are located in or near the City. One major customer accounted for approximately 29% of the sewerage revenue of the water and sewerage fund and one customer accounted for approximately 25% of the electric system revenue.

**(5) PROPERTY TAXES**

The City levied the property taxes on October 20, 2022. Property taxes attach as an enforceable lien on property as of January 1. Property taxes are billed on or about October 20<sup>th</sup> and are payable within sixty days or December 20, 2022. All unpaid taxes become delinquent sixty days after the billing date (i.e., December 20, 2022).

Property taxes receivable at December 31, 2022, consist of the following:

Year of Levy	Amount
2022	\$ 147,481
2021	6,220
2020	7
2019	2,228
2018	258
2017-1999	632
	156,826
Less-allowances for uncollectibles	457
Property taxes receivable, net	\$ 156,369

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(6) CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Nondepreciable capital assets					
Land	\$ 416,320	\$ -	\$ -	\$ -	\$ 416,320
Construction in progress	<u>102,405</u>	<u>159,281</u>	<u>-</u>	<u>(141,944)</u>	<u>119,742</u>
Total nondepreciable capital assets	<u>518,725</u>	<u>159,281</u>	<u>-</u>	<u>(141,944)</u>	<u>536,062</u>
Depreciable capital assets					
Buildings	2,826,926	106,909	-	-	2,933,835
Machinery and equipment	280,820	85,124	-	-	365,944
Land improvements	892,350	-	-	132,693	1,025,043
Computer equipment and software	50,100	-	-	-	50,100
Vehicles and road equipment	1,295,432	74,652	-	-	1,370,084
Infrastructure	<u>3,909,001</u>	<u>93,055</u>	<u>-</u>	<u>9,251</u>	<u>4,011,307</u>
Total depreciable capital assets	<u>9,254,629</u>	<u>359,740</u>	<u>-</u>	<u>141,944</u>	<u>9,756,313</u>
Total capital assets	<u>9,773,354</u>	<u>519,021</u>	<u>-</u>	<u>-</u>	<u>10,292,375</u>
Accumulated depreciation					
Buildings	829,882	60,434	-	-	890,316
Machinery and equipment	182,024	17,938	-	-	199,962
Land improvements	462,102	40,419	-	-	502,521
Computer equipment and software	50,100	-	-	-	50,100
Vehicles and road equipment	777,876	118,169	-	-	896,045
Infrastructure	<u>966,039</u>	<u>170,562</u>	<u>-</u>	<u>-</u>	<u>1,136,601</u>
Total accumulated depreciation	<u>3,268,023</u>	<u>407,522</u>	<u>-</u>	<u>-</u>	<u>3,675,545</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 6,505,331</u>	<u>\$ 111,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,616,830</u>

Governmental activities depreciation expense was as follows:

General government	\$ 21,990
Public safety	32,124
Highways and streets	200,126
Sanitation	72,064
Health and welfare	15,549
Recreation	60,360
Housing and development	<u>5,309</u>
	<u>\$ 407,522</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(6) CAPITAL ASSETS (continued)**

The following are changes in the water and sewerage fund capital assets for the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities - Water and Sewerage</b>					
Nondepreciable capital assets					
Land	\$ 3,994	\$ -	\$ -	\$ -	\$ 3,994
Construction in progress	<u>1,360,271</u>	<u>144,859</u>	<u>-</u>	<u>(1,417,255)</u>	<u>87,875</u>
Total nondepreciable capital assets	<u>1,364,265</u>	<u>144,859</u>	<u>-</u>	<u>(1,417,255)</u>	<u>91,869</u>
Depreciable capital assets					
Buildings	78,462	10,615	-	-	89,077
Machinery and equipment	164,462	18,638	-	-	183,100
Computer equipment and software	1,570	-	-	-	1,570
Vehicles and road equipment	191,183	12,037	-	-	203,220
Water system	6,708,252	-	-	1,417,255	8,125,507
Sewerage system	<u>2,698,779</u>	<u>13,974</u>	<u>-</u>	<u>-</u>	<u>2,712,753</u>
Total depreciable capital assets	<u>9,842,708</u>	<u>55,264</u>	<u>-</u>	<u>1,417,255</u>	<u>11,315,227</u>
Total capital assets	<u>11,206,973</u>	<u>200,123</u>	<u>-</u>	<u>-</u>	<u>11,407,096</u>
Accumulated depreciation					
Buildings	48,974	1,952	-	-	50,926
Machinery and equipment	154,874	3,626	-	-	158,500
Computer equipment and software	1,570	-	-	-	1,570
Vehicles and road equipment	102,989	25,007	-	-	127,996
Water system	2,174,288	175,359	-	-	2,349,647
Sewerage system	<u>1,687,277</u>	<u>70,255</u>	<u>-</u>	<u>-</u>	<u>1,757,532</u>
Total accumulated depreciation	<u>4,169,972</u>	<u>276,199</u>	<u>-</u>	<u>-</u>	<u>4,446,171</u>
<b>Business-Type Activities - Water and Sewerage, net</b>	<u>\$ 7,037,001</u>	<u>\$ (76,076)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,960,925</u>

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**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(6) CAPITAL ASSETS (continued)**

The following are changes in the electric system fund capital assets for the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities -</b>					
<b>Electric System</b>					
Nondepreciable capital assets					
Construction in progress	\$ -	\$ 28,530	\$ -	\$ -	\$ 28,530
Total nondepreciable capital assets	-	28,530	-	-	28,530
Depreciable capital assets					
Buildings	3,959	-	-	-	3,959
Machinery and equipment	228,060	-	-	-	228,060
Vehicles and road equipment	228,522	-	-	-	228,522
Electric system	2,419,743	-	-	-	2,419,743
Total depreciable capital assets	2,880,284	-	-	-	2,880,284
Total capital assets	2,880,284	28,530	-	-	2,908,814
Accumulated depreciation					
Buildings	3,959	-	-	-	3,959
Machinery and equipment	176,519	7,053	-	-	183,572
Vehicles and road equipment	109,956	17,139	-	-	127,095
Electric system	1,989,337	23,473	-	-	2,012,810
Total accumulated depreciation	2,279,771	47,665	-	-	2,327,436
<b>Business-Type Activities -</b>					
<b>Electric System, net</b>	<u>\$ 600,513</u>	<u>\$ (19,135)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,378</u>

The following are changes in the Lee and Gordon Mill fund capital assets for the year ended December 31, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities -</b>					
<b>Lee and Gordon Mill</b>					
Nondepreciable capital assets					
Land	\$ 1,102,700	\$ -	\$ -	\$ -	\$ 1,102,700
Depreciable capital assets					
Buildings	2,995,267	-	-	-	2,995,267
Furniture and fixtures	327,852	-	-	-	327,852
Machinery and equipment	3,882	-	-	-	3,882
Vehicles	15,617	-	-	-	15,617
Total depreciable capital assets	3,342,618	-	-	-	3,342,618
Total capital assets	4,445,318	-	-	-	4,445,318

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(6) CAPITAL ASSETS (continued)**

**Business-Type Activities -  
Lee and Gordon Mill (continued)**

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Accumulated depreciation					
Buildings	740,011	63,628	-	-	803,639
Furniture and fixtures	236,340	16,150	-	-	252,490
Machinery and equipment	3,882	-	-	-	3,882
Vehicles	2,863	3,124	-	-	5,987
	<u>983,096</u>	<u>82,902</u>	<u>-</u>	<u>-</u>	<u>1,065,998</u>
Total accumulated depreciation	<u>983,096</u>	<u>82,902</u>	<u>-</u>	<u>-</u>	<u>1,065,998</u>
<b>Business-type activities -  Lee and Gordon Mill, net</b>	<u>\$ 3,462,222</u>	<u>\$ (82,902)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,379,320</u>

The following are changes in the component unit capital assets for the year ended June 30, 2022:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
<b>Component Unit</b>					
Nondepreciable capital assets					
Land	\$ 417,444	\$ -	\$ -	\$ -	\$ 417,444
Construction in progress	723,596	379,605	878,729	-	224,472
	<u>1,141,040</u>	<u>379,605</u>	<u>878,729</u>	<u>-</u>	<u>641,916</u>
Total nondepreciable capital assets	<u>1,141,040</u>	<u>379,605</u>	<u>878,729</u>	<u>-</u>	<u>641,916</u>
Depreciable capital assets					
Land improvements	2,859,508	778,227	-	-	3,637,735
Buildings and improvements	31,801,114	17,227	-	-	31,818,341
Equipment	2,583,860	200,574	284,310	-	2,500,124
	<u>37,244,482</u>	<u>996,028</u>	<u>284,310</u>	<u>-</u>	<u>37,956,200</u>
Total depreciable capital assets	<u>37,244,482</u>	<u>996,028</u>	<u>284,310</u>	<u>-</u>	<u>37,956,200</u>
Total capital assets	<u>38,385,522</u>	<u>1,375,633</u>	<u>1,163,039</u>	<u>-</u>	<u>38,598,116</u>
Accumulated depreciation					
Land improvements	1,234,122	191,318	-	-	1,425,440
Buildings and improvements	5,929,228	683,188	-	-	6,612,416
Equipment	1,299,764	178,189	261,521	-	1,216,432
	<u>8,463,114</u>	<u>1,052,695</u>	<u>261,521</u>	<u>-</u>	<u>9,254,288</u>
Total accumulated depreciation	<u>8,463,114</u>	<u>1,052,695</u>	<u>261,521</u>	<u>-</u>	<u>9,254,288</u>
<b>Component Unit, net</b>	<u>\$ 29,922,408</u>	<u>\$ 322,938</u>	<u>\$ 901,518</u>	<u>\$ -</u>	<u>\$ 29,343,828</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(7) INTERFUND BALANCES AND TRANSFERS**

Interfund receivable/payable balances reported in the fund financial statements consisted of the following:

	<u>General Fund</u>	<u>Water and Sewerage</u>	<u>Electric System</u>	<u>Lee and Gordon Mill</u>	<u>Total</u>
<u>Receivables</u>					
General fund	\$ -	\$ -	\$ 26,859	\$ -	\$ 26,859
Water and sewerage	733	-	114,265	-	114,998
Lee and Gordon Mill	<u>20,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,641</u>
	<u>\$ 21,374</u>	<u>\$ -</u>	<u>\$ 141,124</u>	<u>\$ -</u>	<u>\$ 162,498</u>
<u>Payable</u>					
General fund	\$ -	\$ 733	\$ -	\$ 20,641	\$ 21,374
Electric system	<u>26,859</u>	<u>114,265</u>	<u>-</u>	<u>-</u>	<u>141,124</u>
	<u>\$ 26,859</u>	<u>\$ 114,998</u>	<u>\$ -</u>	<u>\$ 20,641</u>	<u>\$ 162,498</u>

Interfund balances are created from the payment of invoices on behalf of other funds. Interfund balances are expected to be repaid within one year.

Interfund transfers for the year ended December 31, 2022, consisted of the following:

	<u>General Fund</u>	<u>Major Business- Type</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Transfer to</u>				
General fund	\$ -	\$ -	\$ 1,807	\$ 1,807
Lee and Gordon Mill	<u>61,578</u>	<u>9,800</u>	<u>-</u>	<u>71,378</u>
	<u>\$ 61,578</u>	<u>\$ 9,800</u>	<u>\$ 1,807</u>	<u>\$ 73,185</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

All City transfers occur on a regular basis or are consistent with the purpose of the fund making the transfer.



**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(8) LEASE RECEIVABLE**

On December 1, 2022, the City entered into a long-term rental agreement for the rental of 4,284 square feet of office space at 101 Kingston Lane in Chickamauga. The lease term is for 60 months requiring monthly installments of \$5,358 including interest at 3.25% through November 30, 2027, increasing annually the monthly installment by the lower of the Consumer Price Index or 4% every December. The lease is renewable at the end of the term and the lessee will not acquire the office space at the end of the 60 months. As of December 31, 2022, the lease receivable totaled \$315,711.

The City also maintains multiple other lease agreements that are excluded from recognition with GASB 87 because of their short term nature.

For the year ended December 31, 2022, the City received qualified lease revenue from the rental of office space of \$5,358, interest revenue from leases of \$855 and accrued interest receivable of \$855. Future payments due to the City are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 55,062	\$ 9,448	\$ 64,510
2024	59,494	7,593	67,087
2025	64,181	5,591	69,772
2026	69,134	3,432	72,566
2027	<u>67,840</u>	<u>1,107</u>	<u>68,947</u>
Total	<u>\$ 315,711</u>	<u>\$ 27,171</u>	<u>\$ 342,882</u>

**(9) INTERGOVERNMENTAL PAYABLE**

The City entered into an intergovernmental agreement on April 25, 2013, to purchase Walker County Water and Sewerage Authority's (the Authority) Revenue Bonds (The City of Chickamauga Project), Series 2013 of \$1,850,000 to refinance debt in order to achieve debt service savings. The City agreed to pay the Authority all principal and interest on the bonds when due and agreed to levy an annual ad valorem tax on all taxable property located within the corporate limits of the City, at such rates within the limits prescribed by the City's charter or such greater millage as may hereafter be prescribed by applicable law, as may be necessary to produce in each year revenues that are sufficient to fulfill the City's obligation to make the bond principal and interest payments. The bond has a 2.60% interest rate, with principal payments due in annual installments of \$10,000 to \$140,000 through February 2029. This generated an intergovernmental payable of \$810,000 for the year ended December 31, 2022.

The remaining intergovernmental payable of \$9,414 is for sales tax.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(9) INTERGOVERNMENTAL PAYABLE (continued)**

Scheduled principal and interest payments on the intergovernmental agreement to purchase revenue bonds outstanding as of December 31, 2022, follows:

<u>Year</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 130,000	\$ 19,370	\$ 149,370
2024	135,000	15,925	150,925
2025	135,000	12,415	147,415
2026	140,000	8,840	148,840
2027	135,000	5,265	140,265
2028-2029	<u>135,000</u>	<u>2,925</u>	<u>137,925</u>
Total	<u>\$ 810,000</u>	<u>\$ 64,740</u>	<u>\$ 874,740</u>

**(10) LONG-TERM DEBT**

**Primary Government**

*Notes Payable from Direct Borrowings*

The City entered into a loan agreement with Georgia Environmental Facilities Authority (GEFA) to construct a new well and chemical feed building, rehabilitate an existing water tank, install water main, and related appurtenances. The GEFA loan amount the City is to receive is \$400,000. In June 2020, the GEFA loan amount the City is to receive was amended to \$1,400,000. The City started making payments on the loan September 2022 and in October 2022 the City received \$1,000,000 in grant funds (after the project was completed) to be repaid back towards this loan. The loan has a 1.89% interest rate with monthly installments including interest for 239 consecutive payments, with a final payment equal to the entire remaining unpaid principal balance and interest in August 2042. Under the terms of the loan agreement with GEFA, the water and sewerage fund shall not permit the fixed charges coverage ratio for any year to be less than 1.05. The water and sewerage fund is in compliance with this covenant for the year ended December 31, 2022. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

The City entered into a loan agreement with Georgia Environmental Facilities Authority (GEFA) to replace manual read water meters with an automatic meter reading system, replace water mains and related appurtenances. The GEFA loan amount the City is to receive is \$1,150,000. The lender agrees to forgive \$276,000 (24%) of this loan, if all funds are drawn. The City started making payments on the loan June 2021. The City only drew \$986,176 of the loan and \$236,683 was forgiven. The loan has a 0.89% interest rate with monthly installments payable including interest for 239 consecutive payments, with a final payment equal to the entire remaining unpaid principal balance and interest in May 2041. Under the terms of the loan agreement with GEFA, the water and sewerage fund shall not permit the fixed charges coverage ratio for any year to be less than 1.05. The water and sewerage fund is in compliance with this covenant for the year ended December 31, 2022. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(10) LONG-TERM DEBT (continued)**

**Primary Government (continued)**

*General Obligation Bonds Payable*

The City issued general obligation sales tax school bonds, Series 2016A, for \$2,900,000 and general obligation school bonds, Series 2016B, for \$2,500,000 on July 28, 2016, to finance the costs of acquiring, constructing, and equipping certain capital outlay projects for the School District. The Series 2016A bonds bears interest from 2.0% to 3.0%, payable semi-annually. Starting October 1, 2018, and continuing the first day of October thereafter, the City shall make varying principal payments of \$555,000 to \$610,000 through October 1, 2022, on the Series 2016A bonds. The Series 2016B bonds bears interest from 3.0% to 3.5%, payable semi-annually. Starting October 1, 2023, and continuing the first day of October thereafter, the City shall make varying principal payments of \$220,000 to \$285,000 through October 1, 2032, on the Series 2016B bonds. The Series 2016A bonds are secured by the School District's share of a special one percent (1%) sales and use tax for educational purposes which is being collected in Walker County starting July 1, 2017, for a period not to exceed 20 calendar quarters. If necessary, any of these bonds outstanding not retired from the proceeds of these sales and use taxes shall be retired from ad valorem taxes which may be levied, without limitation as to rate or amount, upon all taxable property subject to taxation for school bond purposes within the territorial limits of the City. The Series 2016B bonds will constitute a pledge of the full faith and credit of the City. Principal and interest on the Series 2016B bonds are payable from the general fund of the School District or ad valorem taxes which may be levied, without limitation as to rate or amount, upon all taxable property subject to taxation for school bond purposes within the territorial limits of the City. The School District will also participate in the State of Georgia Intercept Program for additional security. The bond is issued with the intent that the laws of the State of Georgia shall govern its construction, and, in case of default, the owner hereof shall be entitled to the remedies provided by the Resolution and by all applicable laws.

The City issued a general obligation bond, Series 2021, for \$2,120,000 on June 3, 2021, for the purpose of providing funds to (a) pay a portion of the costs for the following capital outlay projects: (1) business district economic development and improvement projects, (2) street improvements, (3) utility system upgrades, (4) city parks, playgrounds and ballfield improvements, (5) government vehicles, garbage trucks, city emergency and utility communications and technology equipment, (6) government building renovations, equipment and technology upgrades, and (7) train depot improvements and (b) paying the costs associated with the issuance of the bond. The bond bears interest at 1.17%, payable semi-annually. Starting December 1, 2022, and continuing the first day of December thereafter, the City shall make varying principal payments of \$410,000 to \$440,000 through December 1, 2026. The bond is secured by and payable from a direct annual ad valorem tax levied, without limitation as to rate or amount, upon all taxable property within the City, which is subject to taxation for such purposes, in amounts sufficient to pay the principal of and interest of this bond. The bond is issued with the intent that the laws of the State of Georgia shall govern its construction, and, in case of default, the owner hereof shall be entitled to the remedies provided by the Resolution and by all applicable laws.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(10) LONG-TERM DEBT (continued)**

**Primary Government (continued)**

*General Obligation Bonds Payable (continued)*

Scheduled principal repayments and interest payments on general obligation bonds and notes payable outstanding as of December 31, 2022, follows:

<u>Year</u>	<u>Business-Type Activities</u>		<u>Governmental Activities</u>		<u>Total</u>
	<u>Notes Payable from Direct Borrowing</u>		<u>General Obligation Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 47,945	\$ 6,626	\$ 635,000	\$ 100,407	\$ 789,978
2024	48,506	11,195	650,000	88,952	798,653
2025	49,075	10,626	665,000	77,229	801,930
2026	49,651	10,050	680,000	65,148	804,849
2027	50,234	9,467	245,000	52,800	357,501
2028-2032	260,209	38,297	1,335,000	141,228	1,774,734
2033-2037	276,038	22,467	-	-	298,505
2038-2042	221,480	7,386	-	-	228,866
	<u>\$ 1,003,138</u>	<u>\$ 116,114</u>	<u>\$ 4,210,000</u>	<u>\$ 525,764</u>	<u>\$ 5,855,016</u>

*Financed Purchases from Direct Borrowings*

The City entered into a lease-purchase agreement for vehicles. This lease-purchase agreement has been recorded at the present value of the future minimum lease payments as of the date of its inception.

At December 31, 2022, payments due by fiscal year which includes principal and interest for these items are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 27,960	\$ 817	\$ 23,497	\$ 687
2024	14,184	114	11,948	96
	<u>\$ 42,144</u>	<u>\$ 931</u>	<u>\$ 35,445</u>	<u>\$ 783</u>

Capital assets being acquired under the financed purchases from direct borrowings as of December 31, 2022, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 82,656	\$ 69,463
Less-accumulated depreciation	<u>31,685</u>	<u>21,467</u>
	<u>\$ 50,971</u>	<u>\$ 47,996</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**(10) LONG-TERM DEBT (continued)**

**Primary Government (continued)**

*Changes in Long-Term Obligations*

Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year	Accrued Interest
<b>Governmental Activities</b>						
General obligation bonds	\$ 5,230,000	\$ -	\$ 1,020,000	\$ 4,210,000	\$ 635,000	\$ 21,767
Bond premium	298,535	-	58,555	239,980	-	-
Bond discount	(31,100)	-	(6,100)	(25,000)	-	-
Financed purchases	69,339	-	27,195	42,144	27,960	-
Compensated absences	<u>33,821</u>	<u>-</u>	<u>2,484</u>	<u>31,337</u>	<u>31,337</u>	<u>-</u>
	<u>\$ 5,600,595</u>	<u>\$ -</u>	<u>\$ 1,102,134</u>	<u>\$ 4,498,461</u>	<u>\$ 694,297</u>	<u>\$ 21,767</u>
<b>Business-Type Activities</b>						
Intergovernmental payable	\$ 935,000	\$ -	\$ 125,000	\$ 810,000	\$ 130,000	\$ 8,775
Notes payable from direct borrowings	1,980,679	72,068	1,049,609	1,003,138	47,945	1,001
Financed purchases	58,271	-	22,826	35,445	23,497	-
Compensated absences	<u>41,527</u>	<u>1,391</u>	<u>-</u>	<u>42,918</u>	<u>42,918</u>	<u>-</u>
	<u>\$ 3,015,477</u>	<u>\$ 73,459</u>	<u>\$ 1,197,435</u>	<u>\$ 1,891,501</u>	<u>\$ 244,360</u>	<u>\$ 9,776</u>

The general obligation bonds are being retired by the debt service fund and from proceeds of the 2020 special purpose local option sales tax referendum. The intergovernmental payable is being retired by the water and sewerage fund and Lee and Gordon Mill fund. The notes payable are being retired by the water and sewerage fund. The financed purchase for vehicles is paid by the fund leasing the vehicle. The compensated absences will be paid from the fund from which the employees' salaries are paid and typically have been liquidated in the general, water and sewerage, and electric system funds.

**Component Unit**

*Financed Purchases from Direct Borrowings*

The School District acquired eight buses under the provisions of various long-term agreements classified as financed purchases for accounting purposes. Payments on the agreements shall be made from the School District's general fund.

If sufficient funds are not appropriated to make payments required under this agreement for the original term or any renewal term, this agreement shall terminate at the end of the then current original term or renewal term, and the School District shall not be obligated to make payments under this agreement beyond the then current term, and all of the School District's right, title and interest in and to the equipment shall terminate at the end of the then current term. If such a non-appropriation occurs, the School District shall, no later than the end of the then-current term, return the equipment to a location in the continental United States specified by the lessor, freight and insurance prepaid by the School District, and in the condition in which it is required to be maintained hereunder.

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**(10) LONG-TERM DEBT (continued)**

**Component Unit (continued)**

*Financed Purchases from Direct Borrowings (continued)*

Capital assets being acquired under the financed purchases from direct borrowings as of June 30, 2022, are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 721,712
Less-accumulated depreciation	<u>180,428</u>
	<u>\$ 541,284</u>

Debt currently outstanding is as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Buses	2.65%	1/15/2020	2/15/2025	\$ 721,712	\$ 406,800

At June 30, 2022, payments due by fiscal year which includes principal and interest for these items are as follows:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 104,596	\$ 10,780
2024	107,368	8,008
2025	<u>194,836</u>	<u>5,164</u>
	<u>\$ 406,800</u>	<u>\$ 23,952</u>

*Changes in Long-Term Obligations*

The changes in the School District's long-term liabilities during the fiscal year for governmental activities were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>	<u>Accrued Interest</u>
<b>Governmental Activities</b>						
Financed purchases from direct borrowings	\$ 508,695	\$ -	\$ 101,895	\$ 406,800	\$ 104,596	\$ -

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**(11) NET POSITION**

Net investment in capital assets on the government-wide statement of net position as of December 31, 2022, is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit</u>
Net investment in capital assets			
Cost of capital assets	\$ 10,292,375	\$ 18,761,228	\$ 38,598,116
Less-accumulated depreciation	<u>3,675,545</u>	<u>7,839,605</u>	<u>9,254,288</u>
Book value	6,616,830	10,921,623	29,343,828
Less-intergovernmental payable	-	810,000	-
Less-notes payable	-	1,003,138	-
Less-contracts payable	-	-	66,883
Less-retainages payable	-	-	18,735
Less-accounts payable	-	-	2,455
Less-financed purchases	<u>42,144</u>	<u>35,445</u>	<u>406,800</u>
Net investment in capital assets	<u>\$ 6,574,686</u>	<u>\$ 9,073,040</u>	<u>\$ 28,848,955</u>

**(12) DEFINED BENEFIT PENSION PLAN - PRIMARY GOVERNMENT**

**Plan Description**

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan, the City of Chickamauga Retirement Plan (the Plan), covering all regular employees and officials. The City's Plan is affiliated with the Georgia Municipal Employees 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 by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

**Plan Membership**

As of July 1, 2022, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	23
Terminated vested participants not yet receiving benefits	9
Active participants	<u>27</u>
	<u>59</u>

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**(12) DEFINED BENEFIT PENSION PLAN - PRIMARY GOVERNMENT (continued)**

**Benefits**

All regular City employees (i.e., 20 hours per week if hired before July 1, 2003, and 35 hours per week if hired after July 1, 2003) are eligible to participate in the plan with benefits vesting after 10 years of service. Elected officials are immediately vested for participants in office on or before June 2, 2020, or after 8 years for participants in office after June 2, 2020. The plans provide either:

- (1) Normal retirement benefit, whereas the employee retires at age 65 with the completion of 5 years of total credited service if hired before July 1, 2003, Rule of 75 with minimum age of 50 and age 65 with 10 years of total credit service if hired or re-hired after July 1, 2003, Rule of 75 with a minimum age of 50. Officials retire at age 65, Rule of 75 with minimum age of 50. All participants are not required to be in service when satisfying the Rule of 75. However, for officials Rule of 80 with a minimum age of 50 for participants in office on or after June 2, 2020, must be in office when satisfying the normal retirement age.
- (2) Early retirement benefit, whereas the employees may retire at age 55 or older with the completion of 10 years of total credited service.
- (3) Delayed retirement benefit, whereas the employee retires after age 65.

All eligible regular City employees who retire are entitled to annual retirement benefits, payable monthly for life, in an amount equal to the sum of 1% of the final average earnings up to the amount of covered compensation plus 1.75% of final average earnings in excess of the covered compensation multiplied by years of total credited service as an eligible regular employee.

The early retirement benefit is computed in the same manner as the normal benefits, reduced on an actuarially equivalent basis. The plan provides death benefits in the form of a lifetime pension to the beneficiary if death occurs prior to retirement.

The obligation to contribute for both the City and its employees are established by the City Council through ordinance.

**Contributions**

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards Law. The GMEBS Board of Trustees 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 is to contribute an amount equal to or greater than the recommended contribution. The City makes all contributions to the plan. For the year ended December 31, 2022, the City's recommended contribution (and amount contributed) of \$183,414 was 16.72% of expected payroll.

**Net Pension Liability**

Actuarial data developed in connection with the City's actuarial valuation as of July 1, 2022, were used to measure total pension liability as of March 31, 2022. The balances as of March 31, 2022, constitute measurements of the net pension liability for the year ending December 31, 2022.



**CITY OF CHICKAMAUGA, GEORGIA**  
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**(12) DEFINED BENEFIT PENSION PLAN - PRIMARY GOVERNMENT (continued)**

**Net Pension Liability (continued)**

*Actuarial Assumptions*

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	2.25% plus service-based merit increases
Investment rate of return	7.375%, net of pension plan investment expense, including inflation
Cost of living adjustments	0.00%

Mortality rates were based upon the Sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multiplied by 1.25, Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 and Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.

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

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2021, are summarized in the following table:

	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Domestic equity	6.55%	45%
International equity	7.30%	20%
Real estate	3.65%	10%
Global fixed income	0.50%	5%
Domestic fixed income	0.40%	20%
		<u>100%</u>

*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 plan member contributions will be made at the current contribution rate and that the 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 on pension plan investments was applied to all the projected benefit payments to determine the total pension liability.

**CITY OF CHICKAMAUGA, GEORGIA**  
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**(12) DEFINED BENEFIT PENSION PLAN - PRIMARY GOVERNMENT (continued)**

**Net Pension Liability (continued)**

*Changes in the Net Pension Liability*

The changes in the components of the net pension liability for the year are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at March 31, 2021	\$ 3,364,901	\$ 2,558,127	\$ 806,774
Charges for the year			
Service cost	55,424	-	55,424
Interest	244,434	-	244,434
Differences between expected and actual experience	87,409	-	87,409
Contributions	-	176,891	(176,891)
Net investment income	-	156,108	(156,108)
Benefit payments	(211,928)	(211,928)	-
Administrative expense	-	(10,723)	10,723
Net changes	<u>175,339</u>	<u>110,348</u>	<u>64,991</u>
Balances at March 31, 2022	<u>\$ 3,540,240</u>	<u>\$ 2,668,475</u>	<u>\$ 871,765</u>

The required schedule of changes in the 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.

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

The following table presents the net pension liability, calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount rate	6.375%	7.375%	8.375%
Net pension liability	\$ 1,264,490	\$ 871,765	\$ 539,409

**CITY OF CHICKAMAUGA, GEORGIA**  
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**(12) DEFINED BENEFIT PENSION PLAN - PRIMARY GOVERNMENT (continued)**

**Net Pension Liability (continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)*

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 expectation and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on substantive plan in effect as of March 31, 2022.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2022, the City recognized pension expense of \$193,518. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension items from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 81,530	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	153,896	(407,961)
Contributions subsequent to the measurement date of March 31, 2022*	137,561	-
	<u>\$ 372,987</u>	<u>\$ (407,961)</u>

\*The amount shown for “contribution subsequent to the measurement date of March 31, 2022,” will be recognized as a reduction to net pension liability in the next measurement period.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension items will be recognized in pension expense as follows:

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 108,509	\$ (135,987)
2024	92,719	(135,987)
2025	28,025	(135,987)
2026	6,173	-
	<u>\$ 235,426</u>	<u>\$ (407,961)</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
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**(13) DEFERRED COMPENSATION PLAN - PRIMARY GOVERNMENT**

The City offers all its employees a deferred compensation plan (the Georgia Municipal Association 457(b) Deferred Compensation Plan) created in accordance with Internal Revenue Code Section 457(b). This plan, which qualifies as a defined contribution plan, is available to all the City employees immediately upon employment. Participants may elect to make pre-tax contributions subject to the deferral limitations of the revenue code. Plan provisions and contribution requirements are established and may be amended by the City Council. This plan is administered by Georgia Municipal Association.

The plan assets are held in a 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 this plan are not included in the accompanying financial statements. During the year ending December 31, 2022, two participating employees contributed \$3,850 to this plan. The City does not contribute to the plan.

**(14) RETIREMENT PLANS - COMPONENT UNIT**

The School District participates in various retirement plans administered by the State of Georgia, as further explained below.

**Teachers Retirement System of Georgia (TRS)**

*Plan Description*

All teachers of the School District as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The Teachers Retirement System of Georgia issues a publicly available separate financial audit report that can be obtained at [www.trsga.com/publications](http://www.trsga.com/publications).

*Benefits Provided*

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

**CITY OF CHICKAMAUGA, GEORGIA**  
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**(14) RETIREMENT PLANS - COMPONENT UNIT (continued)**

**Teachers Retirement System of Georgia (TRS) (continued)**

*Contributions*

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal 2022. The School District's contractually required contribution rate for the year ended June 30, 2022, was 19.81% of annual school district payroll, of which 19.58% of payroll was required from the school district and 0.23% of payroll was required from the state. For the current fiscal year, employer contributions to the pension plan were \$1,294,501 and \$14,840 from the school district and the state, respectively.

**Public School Employees Retirement System (PSERS)**

*Plan Description*

PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

*Benefits Provided*

A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.50, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

*Contributions*

The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**CITY OF CHICKAMAUGA, GEORGIA**  
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**(14) RETIREMENT PLANS - COMPONENT UNIT (continued)**

**Public School Employees Retirement System (PSERS) (continued)**

*Contributions (continued)*

Individuals who became members prior to July 1, 2012, contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012, contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$21,324.

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

At June 30, 2022, the School District reported a liability of \$4,509,637 for its proportionate share of the net pension liability for TRS.

The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	\$ 4,509,637
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>51,297</u>
	<u>\$ 4,560,934</u>

The net pension liability for TRS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021, was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2021.

On June 30, 2021, the School District's TRS proportion was 0.050989%, which was an increase of 0.001445% from its proportion measured as of June 30, 2020.

On June 30, 2022, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$17,485.

The PSERS net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021, was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2021.

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**(14) RETIREMENT PLANS - COMPONENT UNIT (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

For the year ended June 30, 2022, the School District recognized pension expense of \$129,041 for TRS and \$184 for PSERS, and revenue of \$661 for TRS and \$184 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,076,143	\$ -
Changes of assumptions	872,826	-
Net difference between projected and actual earnings on pension plan investments	-	6,596,325
Changes in proportion and differences between School District contributions and proportionate share of contributions	259,435	233,203
School District contributions subsequent to the measurement date	1,294,502	-
	\$ 3,502,906	\$ 6,829,528

The School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 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	TRS
2023	\$ (936,699)
2024	(847,758)
2025	(1,253,529)
2026	(1,583,138)
	\$ (4,621,124)

*Actuarial Assumptions*

The total pension liability as of June 30, 2021, was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System	
Inflation	2.50%
Salary increases	3.00% - 8.75% average, including inflation
Investment rate of return	7.25% net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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**(14) RETIREMENT PLANS - COMPONENT UNIT (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

*Actuarial Assumptions (continued)*

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018, with the exception of the assumed investment rate of return.

Public School Employees Retirement System

Inflation		2.50%
Salary increases		N/A
Investment rate of return	7.00% net of pension plan investment expense, including inflation	
Post-retirement benefit increases		1.50% semi-annually

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward (+) /Setback(-)	Adjustment to Rates
Service Retirees	General Healthy Below-Median Annuitant	Male: +2; Female: +2	Male 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 104%; Female: 106%
Beneficiaries	General Below-Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019, with the exception of the assumed investment rate of return.



**CITY OF CHICKAMAUGA, GEORGIA**  
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**(14) RETIREMENT PLANS - COMPONENT UNIT (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

*Actuarial Assumptions (continued)*

The long-term expected rate of return on TRS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	TRS Target allocation	Long-Term Expected Real Rate of Return*	PSERS Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	(0.80)%	30.00%	(1.50)%
Domestic large stocks	46.30%	9.30%	46.40%	9.20%
Domestic small stocks	1.20%	13.30%	1.10%	13.40%
International developed market stocks	11.50%	9.30%	11.70%	9.20%
International emerging market stocks	6.00%	11.30%	5.80%	10.40%
Alternative	5.00%	10.60%	5.00%	10.60%
	<u>100%</u>		<u>100%</u>	

\*Rates shown are net of inflation.

*Discount Rate*

The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS and PSERS pension plans' 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

**CITY OF CHICKAMAUGA, GEORGIA**  
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**(14) RETIREMENT PLANS - COMPONENT UNIT (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (continued)**

*Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)*

Teachers' Retirement System

	1% Decrease	Current	1% Increase
Discount rate	6.25%	7.25%	8.25%
School District's proportionate share of the net pension liability	\$ 12,147,767	\$ 4,509,637	\$ (1,749,284)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial report which is publicly available at [www.trsga.com/publications](http://www.trsga.com/publications) and [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

**(15) POST-EMPLOYMENT BENEFITS - COMPONENT UNIT**

**Plan Description**

Certified teachers and non-certified public-school employees of the School District are defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the school OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare action plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

**Benefits Provided**

The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public-school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement Systems (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public-School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

**Contributions**

As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$221,604 for the year ended June 30, 2022. Active employees are not required to contribute to the School OPEB Fund.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(15) POST-EMPLOYMENT BENEFITS - COMPONENT UNIT (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the School District reported a liability of \$6,571,604 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as June 30, 2020. An expected total OPEB liability as of June 30, 2021, was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 0.060675%, which was an increase of 0.001640% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of (\$79,360). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,000,574
Changes of assumptions	1,203,362	536,239
Net difference between projected and actual earnings on OPEB plan investments	-	10,420
Changes in proportion and differences between School District contributions and proportionate share of contributions	219,218	265,492
School District contributions subsequent to the measurement date	221,604	-
	\$ 1,644,184	\$ 3,812,725

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	OPEB
2023	\$ (646,621)
2024	(600,413)
2025	(436,438)
2026	(272,351)
2027	(334,614)
Thereafter	(99,708)
	\$ (2,390,145)

**CITY OF CHICKAMAUGA, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**(15) POST-EMPLOYMENT BENEFITS - COMPONENT UNIT (continued)**

**Actuarial Assumptions**

The total OPEB liability as of June 30, 2021, was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases	3.00% - 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the Pub-2010 Mortality Table for Males or Females, as appropriate, as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

**CITY OF CHICKAMAUGA, GEORGIA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**(15) POST-EMPLOYMENT BENEFITS - COMPONENT UNIT (continued)**

**Actuarial Assumptions (continued)**

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, and with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018, valuation.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020, valuation were based on a review of recent plan experience done concurrently with the June 30, 2020, valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.14%
Equity	70.00%	9.20%
	100.00%	

\*Net of inflation.

**Discount rate**

In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(15) POST-EMPLOYMENT BENEFITS - COMPONENT UNIT (continued)**

**Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents the collective net OPEB liability of the participating employers calculated using the discount rate of 2.20%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount rate	1.20%	2.20%	3.20%
Net OPEB liability	\$ 7,512,818	\$ 6,571,604	\$ 5,783,720

**Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates**

The following presents the collective net OPEB liability of the participating employers, as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 5,576,261	\$ 6,571,604	\$ 7,815,862

**OPEB plan fiduciary net position**

Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report (ACFR) which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

**(16) RISK MANAGEMENT**

The City is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The liability of the fund to the employees of any employer (City) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

The City pays an annual premium to the fund for general liability, employee health and accident and worker's compensation insurance coverage. The agreement between the members of the risk pool provides that members may be required to pay additional assessments as shall be established by the governing board of the pool. However, no additional assessments have been required of the members since the City joined the pool.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(16) RISK MANAGEMENT (continued)**

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The fund is to pay all costs assessed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the City's insurance coverage during the past three years.

**(17) COMMITMENTS AND CONTINGENCIES**

**Contractual commitments**

The City has a contract commitment totaling \$146,935 for software. As of December 31, 2022, \$64,339 is remaining on this contract.

**Grant contingencies**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

**Litigation**

The City is subject to claims and suits arising principally in the normal course of operations. In the opinion of the City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

**(18) HOTEL/MOTEL LODGING TAX**

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 5%. Revenues were \$8,482 for the year ended December 31, 2022. Of this amount 100% was expended. Expenditures of the tax were used to promote tourism as required by O.C.G.A. 48-13-51.

**(19) JOINT VENTURE**

The City is a member of the Northwest Georgia Regional Commission (RC). The RC was created under the laws of the State of Georgia. Cities and counties in the area served by the RC are required to be members under the Official Code of Georgia Annotated Section 36-70-4. The City has no equity interest in the RC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RC ceases operation, the members can be assessed for any debt or obligation of the RC. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P.O. Box 1798, Rome, Georgia 30162.

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**(20) RELATED PARTY TRANSACTIONS**

The Chickamauga Auto Center is a related party with the City's management. During the year ended December 31, 2022, the City paid the Chickamauga Auto Center \$11,054 for various auto and equipment repairs.

An individual that is a related party with City's management performs professional services for the City's rental homes. During the year ended December 31, 2022, the City paid the individual \$1,000. In addition, individuals related to members of the City Council perform professional services for the City's rental homes. During the year ended December 31, 2022, the City paid the individuals \$1,250.

**(21) EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceed appropriations in the following fund and departments:

General fund		
Recreation	\$	173
Debt service		
Principal retirement	\$	11,350
Interest and fiscal charges	\$	583

**(22) SUBSEQUENT EVENTS**

The City issued general obligation sales tax school bonds, Series 2023, for \$2,420,000 on May 1, 2023, to provide funds to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School District. The bonds bear interest at 5.00%, payable semi-annually. Starting October 1, 2024 and continuing the first day of October thereafter, varying principal payments of \$590,000 to \$620,000 are due through October 1, 2027. The School District and the City have pledged receipts and credits received from the Education Special Local Option Sales Tax (ESPLOST) for the payment of bonds.

Management has evaluated subsequent events through September 12, 2023, the date which these financial statements were available for issue.



**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CHICKAMAUGA, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Taxes	\$ 1,035,400	\$ 1,135,800	\$ 1,123,829	\$ (11,971)
Intergovernmental	90,000	87,200	91,762	4,562
Licenses and permits	47,000	47,000	42,214	(4,786)
Charges for services	422,150	396,330	391,120	(5,210)
Fines and forfeitures	52,800	16,800	17,022	222
Investment earnings	12,000	400	2,511	2,111
Miscellaneous	108,555	103,805	103,766	(39)
	<u>1,767,905</u>	<u>1,787,335</u>	<u>1,772,224</u>	<u>(15,111)</u>
Total revenues				
<b>EXPENDITURES</b>				
Current				
General government	348,005	479,222	413,816	(65,406)
Judicial	40,800	30,570	28,224	(2,346)
Public safety	497,030	505,365	484,525	(20,840)
Highways and streets	602,900	689,833	674,090	(15,743)
Sanitation	154,800	185,600	184,860	(740)
Health and welfare	17,300	19,350	19,182	(168)
Recreation	97,070	101,105	101,278	173
Housing and development	27,750	29,700	29,450	(250)
Debt service				
Principal retirement	-	15,845	27,195	11,350
Interest and fiscal charges	-	1,000	1,583	583
	<u>-</u>	<u>1,000</u>	<u>1,583</u>	<u>583</u>
Total expenditures	<u>1,785,655</u>	<u>2,057,590</u>	<u>1,964,203</u>	<u>(93,387)</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	<u>(17,750)</u>	<u>(270,255)</u>	<u>(191,979)</u>	<u>78,276</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,500	3,300	1,807	(1,493)
Transfers out	-	-	(61,578)	(61,578)
	<u>-</u>	<u>-</u>	<u>(61,578)</u>	<u>(61,578)</u>
Total other financing sources (uses)	<u>4,500</u>	<u>3,300</u>	<u>(59,771)</u>	<u>(63,071)</u>
<b>NET CHANGE IN FUND BALANCES</b>				
	<u>\$ (13,250)</u>	<u>\$ (266,955)</u>	<u>(251,750)</u>	<u>\$ 15,205</u>
<b>FUND BALANCES</b>				
Beginning			<u>1,754,384</u>	
Ending			<u>\$ 1,502,634</u>	

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

**(1) BUDGETARY BASIS OF ACCOUNTING**

The City adopted a budget on the modified accrual basis of accounting, which is the same basis of accounting as that used to reflect actual revenues and expenditures in the fund financial statements.

**(2) EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Expenditures exceed appropriations in the following fund and departments:

General fund		
Recreation	\$	173
Debt service		
Principal retirement	\$	13,317
Interest and fiscal charges	\$	1,072

**CITY OF CHICKAMAUGA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND**  
**RELATED RATIOS**  
**LAST 10 YEARS\***

	2022	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>								
Service cost	\$ 55,424	\$ 50,256	\$ 53,876	\$ 43,245	\$ 41,459	\$ 46,011	\$ 49,668	\$ 51,255
Interest on total pension liability	244,434	235,745	212,255	190,146	145,602	173,803	162,201	157,716
Difference between expected and actual experience	87,409	31,949	124,873	73,764	571,376	(420,965)	72,104	(13,337)
Changes in assumptions	-	-	167,063	-	33,840	-	-	(14,611)
Changes in benefit terms	-	-	-	153,170	-	-	-	-
Benefit payments	(211,928)	(198,673)	(177,255)	(175,085)	(182,882)	(142,573)	(125,969)	(120,333)
Net change in total pension liability	175,339	119,277	380,812	285,240	609,395	(343,724)	158,004	60,690
<b>PENSION LIABILITY</b>								
Beginning	3,364,901	3,245,624	2,864,812	2,579,572	1,970,177	2,313,901	2,155,897	2,095,207
Ending (a)	\$ 3,540,240	\$ 3,364,901	\$ 3,245,624	\$ 2,864,812	\$ 2,579,572	\$ 1,970,177	\$ 2,313,901	\$ 2,155,897
<b>PLAN FIDUCIARY NET PENSION</b>								
Contributions - employer	\$ 176,891	\$ 146,345	\$ 104,429	\$ 71,993	\$ 75,005	\$ 77,761	\$ 81,279	\$ 87,760
Net investment income (loss)	156,108	811,097	(134,456)	72,331	238,795	223,243	4,996	166,162
Benefit payments	(211,928)	(198,673)	(177,255)	(175,085)	(182,882)	(142,573)	(125,969)	(120,333)
Administrative expenses	(10,723)	(10,571)	(13,832)	(13,704)	(11,344)	(11,717)	(8,322)	(7,730)
Net change in plan fiduciary net position	110,348	748,198	(221,114)	(44,465)	119,574	146,714	(48,016)	125,859
<b>PLAN FIDUCIARY NET POSITION</b>								
Beginning	2,558,127	1,809,929	2,031,043	2,075,508	1,955,934	1,809,220	1,857,236	1,731,377
Ending (b)	\$ 2,668,475	\$ 2,558,127	\$ 1,809,929	\$ 2,031,043	\$ 2,075,508	\$ 1,955,934	\$ 1,809,220	\$ 1,857,236
<b>Net pension liability - ending (a)-(b)</b>	\$ 871,765	\$ 806,774	\$ 1,435,695	\$ 833,769	\$ 504,064	\$ 14,243	\$ 504,681	\$ 298,661
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	75.38%	76.02%	55.77%	70.90%	80.46%	99.28%	78.19%	86.15%
<b>Covered-employee payroll</b>	\$ 1,130,419	\$ 1,068,628	\$ 975,457	\$ 1,082,165	\$ 980,316	\$ 933,828	\$ 940,565	\$ 891,340
<b>Net pension liability as a percentage of covered-employee payroll</b>	77.12%	75.50%	147.18%	77.05%	51.42%	1.53%	53.66%	33.51%

\*The schedule will present 10 years of information once it is accumulated.

**CITY OF CHICKAMAUGA, GEORGIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 YEARS\***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 183,414	\$ 174,717	\$ 136,887	\$ 90,943	\$ 62,476
Contributions in relation to the actuarially determined contribution	<u>183,414</u>	<u>174,717</u>	<u>136,887</u>	<u>92,943</u>	<u>64,876</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,000)</u>	<u>\$ (2,400)</u>
Covered employee payroll	\$ 1,130,419	\$ 1,068,628	\$ 975,457	\$ 1,082,165	\$ 980,316
Contributions as a percentage of covered-employee payroll	16.23%	16.35%	14.03%	8.59%	6.62%

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 79,182	\$ 77,287	\$ 82,609
Contributions in relation to the actuarially determined contribution	<u>79,182</u>	<u>77,287</u>	<u>82,609</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 933,828	\$ 940,565	\$ 891,340
Contributions as a percentage of covered-employee payroll	8.48%	8.22%	9.27%

\*The schedule will present 10 years of information once it is accumulated.

**CITY OF CHICKAMAUGA, GEORGIA  
 DEFINED BENEFIT PENSION PLAN  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 DECEMBER 31, 2022**

**(1) VALUATION DATE**

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

**(2) METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remining amortization period varies for the bases, with a net effective amortization period of 14 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.
 <b>Actuarial Assumptions</b>	
Investment rate of return	7.375%
Projected salary increases	2.25% plus service-based merit increases
Cost of living adjustments	N/A

**(3) BENEFIT CHANGES**

All benefits remain unchanged.

**(4) CHANGES OF ASSUMPTIONS**

There were no changes in methods or assumptions since the last valuation.

## **SUPPLEMENTARY INFORMATION**

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

	<b>Special Revenue</b>		<b>Permanent</b>	<b>Total</b>
	<b>Campaign Heritage Trail</b>	<b>Hotel/ Motel Tax</b>	<b>Cemetery</b>	<b>Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,345	\$ 30,653	\$ -	\$ 32,998
Investments	<u>-</u>	<u>-</u>	<u>361,020</u>	<u>361,020</u>
Total assets	<u>\$ 2,345</u>	<u>\$ 30,653</u>	<u>\$ 361,020</u>	<u>\$ 394,018</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>FUND BALANCES</b>				
Nonspendable				
Cemetery	-	-	361,020	361,020
Restricted for				
Housing and development	-	30,653	-	30,653
Committed for				
Recreation	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>2,345</u>
Total fund balances	<u>2,345</u>	<u>30,653</u>	<u>361,020</u>	<u>394,018</u>
Total liabilities and fund balances	<u>\$ 2,345</u>	<u>\$ 30,653</u>	<u>\$ 361,020</u>	<u>\$ 394,018</u>



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

	<u>Special Revenue</u>		<u>Permanent</u>	<u>Total</u>
	<u>Campaign</u>	<u>Hotel/</u>		<u>Nonmajor</u>
	<u>Heritage</u>	<u>Motel Tax</u>	<u>Cemetery</u>	<u>Governmental</u>
	<u>Trail</u>			<u>Funds</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ 8,482	\$ -	\$ 8,482
Investment earnings (loss)	-	-	(21,173)	(21,173)
	<u>-</u>	<u>-</u>	<u>(21,173)</u>	<u>(21,173)</u>
Total revenues	<u>-</u>	<u>8,482</u>	<u>(21,173)</u>	<u>(12,691)</u>
<b>EXPENDITURES</b>				
Current				
General government	-	-	4,348	4,348
Recreation	375	-	-	375
Housing and development	-	13,747	-	13,747
	<u>-</u>	<u>13,747</u>	<u>-</u>	<u>13,747</u>
Total expenditures	<u>375</u>	<u>13,747</u>	<u>4,348</u>	<u>18,470</u>
<b>DEFICIT OF REVENUES OVER EXPENDITURES</b>	<u>(375)</u>	<u>(5,265)</u>	<u>(25,521)</u>	<u>(31,161)</u>
<b>OTHER FINANCING USES</b>				
Transfer out	-	-	(1,807)	(1,807)
	<u>-</u>	<u>-</u>	<u>(1,807)</u>	<u>(1,807)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(1,807)</u>	<u>(1,807)</u>
<b>DECREASE IN FUND BALANCES</b>	<u>(375)</u>	<u>(5,265)</u>	<u>(27,328)</u>	<u>(32,968)</u>
<b>FUND BALANCES</b>				
Beginning	<u>2,720</u>	<u>35,918</u>	<u>388,348</u>	<u>426,986</u>
Ending	<u>\$ 2,345</u>	<u>\$ 30,653</u>	<u>\$ 361,020</u>	<u>\$ 394,018</u>

**CITY OF CHICKAMAUGA, GEORGIA  
CEMETERY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings (loss)	\$ 10,000	\$ 10,800	\$ (21,173)	\$ (31,973)
Total revenues	10,000	10,800	(21,173)	(31,973)
<b>EXPENDITURES</b>				
Current				
General government	5,500	6,000	4,348	(1,652)
Total expenditures	5,500	6,000	4,348	(1,652)
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>				
	4,500	4,800	(25,521)	(30,321)
<b>OTHER FINANCING USES</b>				
Transfer out	(4,500)	(4,800)	(1,807)	2,993
<b>NET CHANGE IN FUND BALANCES</b>				
	\$ -	\$ -	(27,328)	\$ (27,328)
<b>FUND BALANCE</b>				
Beginning			388,348	
Ending			\$ 361,020	

**CITY OF CHICKAMAUGA, GEORGIA  
 CAMPAIGN HERITAGE TRAIL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
Recreation	<u>800</u>	<u>800</u>	<u>375</u>	<u>(425)</u>
Total expenditures	<u>800</u>	<u>800</u>	<u>375</u>	<u>(425)</u>
<b>DEFICIT OF REVENUES UNDER EXPENDITURES</b>	<u>\$ (800)</u>	<u>\$ (800)</u>	(375)	<u>\$ 425</u>
<b>FUND BALANCE</b>				
Beginning			<u>2,720</u>	
Ending			<u>\$ 2,345</u>	

**CITY OF CHICKAMAUGA, GEORGIA**  
**HOTEL/MOTEL TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 20,000	\$ 8,500	\$ 8,482	\$ (18)
Total revenues	<u>20,000</u>	<u>8,500</u>	<u>8,482</u>	<u>(18)</u>
<b>EXPENDITURES</b>				
Current				
Housing and development	<u>29,060</u>	<u>14,650</u>	<u>13,747</u>	<u>(903)</u>
Total expenditures	<u>29,060</u>	<u>14,650</u>	<u>13,747</u>	<u>(903)</u>
<b>DEFICIT OF REVENUES OVER EXPENDITURES</b>	<u>\$ (9,060)</u>	<u>\$ (6,150)</u>	(5,265)	<u>\$ 885</u>
<b>FUND BALANCE</b>				
Beginning			<u>35,918</u>	
Ending			<u>\$ 30,653</u>	

**CITY OF CHICKAMAUGA, GEORGIA**  
**MAJOR DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 706,400	\$ 708,700	\$ 708,700	\$ -
Total revenues	<u>706,400</u>	<u>708,700</u>	<u>708,700</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	590,000	610,000	610,000	-
Interest and fiscal charges	<u>116,400</u>	<u>98,700</u>	<u>98,700</u>	<u>-</u>
Total expenditures	<u>706,400</u>	<u>708,700</u>	<u>708,700</u>	<u>-</u>
<b>DEFICIT OF REVENUES UNDER</b>				
<b>EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning			<u>-</u>	
Ending			<u>\$ -</u>	

**CITY OF CHICKAMAUGA, GEORGIA**  
**WATER AND SEWERAGE FUND**  
**SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

**OPERATIONS AND MAINTENANCE EXPENSES**

Salaries	\$ 326,060
Payroll taxes	23,571
Employee benefits	169,521
Purchased water	1,841
Water treatment charges	129,802
Truck expenses	37,549
Operating supplies	51,298
Maintenance and repairs	81,451
Utilities	88,745
Professional services	44,224
Insurance	26,952
Office supplies	39,815
Telephone	8,010
Travel	1,106
Uniforms	4,210
Education	890
Miscellaneous	<u>47,424</u>
 Total operations and maintenance expenses	 <u>\$ 1,082,469</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**ELECTRIC SYSTEM FUND**  
**SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

**OPERATIONS AND MAINTENANCE EXPENSES**

Salaries	\$ 55,075
Payroll taxes	22,518
Employee benefits	88,171
Distribution	222,960
Maintenance and repairs	108,233
Professional services	23,991
Insurance	17,680
Office supplies	55,614
Customer assistance	42,165
Customer accounts	43,688
Rent	18,000
Tax equivalents	10,000
Miscellaneous	<u>57,660</u>
Total operations and maintenance expenses	<u>\$ 765,755</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**LEE AND GORDON MILL FUND**  
**SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

**OPERATIONS AND MAINTENANCE EXPENSES**

Operating supplies	\$ 113
Maintenance and repairs	16,346
Utilities	9,466
Office supplies	162
Telephone	1,380
Termite treatment	1,370
Dues	998
Miscellaneous	<u>37,996</u>
 Total operations and maintenance expenses	 <u>\$ 67,831</u>



**INTERNAL CONTROL AND COMPLIANCE SECTION**

**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Contract Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Commerce</b>			
Public Works and Economic Development Cluster			
Investments for Public Works and Economic Development Facilities	11.300	04-01-07256	\$ 1,017,106
<b>U.S. Environmental Protection Agency</b>			
Passed through Georgia Environmental Finance Authority			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW2017010	41,622
<b>U.S. Department of the Treasury</b>			
Pass-through the Georgia Governor's Office of Planning and Budget			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	GA-0004845	60,196
COVID-19 Public Safety Officials and First Responder Supplement	21.027		<u>5,380</u>
Total U.S. Department of the Treasury			<u>65,576</u>
Total federal awards			<u>\$ 1,124,304</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2022**

**(1) BASIS OF PRESENTATION**

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

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.



**INDEPENDENT AUDITORS' 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 Mayor and Council  
City of Chickamauga, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chickamauga, Georgia, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Chickamauga, Georgia's basic financial statements and have issued our report thereon dated September 12, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Chickamauga Board of Education, as described in our report on the City of Chickamauga, Georgia'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 the City of Chickamauga, Georgia'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 of Chickamauga, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Chickamauga, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2011-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

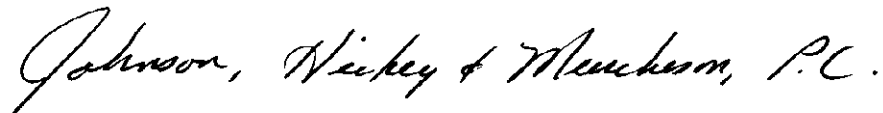
As a part of obtaining reasonable assurance about whether the City of Chickamauga, Georgia’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 Chickamauga, Georgia’s Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the City of Chickamauga, Georgia’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Chickamauga, Georgia’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.



Chattanooga, Tennessee  
September 12, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Mayor and Council  
City of Chickamauga, Georgia**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Chickamauga, Georgia's 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 of Chickamauga, Georgia's major federal programs for the year ended December 31, 2022. The City of Chickamauga, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Chickamauga, 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Chickamauga, Georgia 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 of Chickamauga, Georgia'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 of Chickamauga, Georgia's federal programs.

### ***Auditors' 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 of Chickamauga, Georgia'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 of Chickamauga, Georgia'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 of Chickamauga, Georgia'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 of Chickamauga, Georgia'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 of Chickamauga, Georgia'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 Auditors' 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.

*Johnson, Wickey & Menckman, P.C.*

Chattanooga, Tennessee  
September 12, 2023



**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**

**A. SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of the City of Chickamauga, Georgia were prepared in accordance with GAAP.
2. A significant deficiency and a material weakness were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Chickamauga, Georgia which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were reported and no material weaknesses were identified during the audit of the major federal award program.
5. The auditors' report on the major federal awards program for the City of Chickamauga, Georgia expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The program tested as the major program was:
  - U.S. Department of Commerce
  - Investments for Public Works and Economic Development Facilities - Assistance Listing 11.300
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City of Chickamauga, Georgia was not determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Current Year Findings**

None

**Prior Year Findings - Corrected**

**2021-001 SPLOST**

**Condition**

The City used SPLOST funding to apply for a grant to use in conjunction with SPLOST for a SPLOST approved project. The City paid for these grant application fees with SPLOST funding yet didn't receive the grant, resulting in a due from the water and sewer fund in the SPLOST fund. This has been resolved during the current year and the finding is closed as of December 31, 2022.

**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)**

**Prior Year Findings - Corrected (continued)**

**2021-002 Inventory**

**Condition**

The City does not perform regular inventory counts and the fiscal year 2021 inventory count was not completed until several weeks after the year end. This has been resolved during the current year and the finding is closed as of December 31, 2022.

**Prior Year Findings - Uncorrected**

**2007-003 Reconciliations**

**Condition**

Some material balance sheet accounts were not reconciled to supporting documentation at year end. In these instances, the ending balances were identified and supporting worksheets were prepared.

**Criteria**

Accounting tasks such as monthly and annual reconciliations play a key role in providing the accuracy of accounting data and information included in the financial statements.

**Effect**

Failure to appropriately monitor balance sheet reconciliations could result in undetected material misstatements in the financial statements. The failure to ensure appropriate account reconciliations could allow errors to go undetected in the financial statements that management uses as part of its decision-making process. Conversely, appropriate account reconciliations should provide management with more confidence in the financial statements.

**Recommendation**

A reconciliation of all balance sheet accounts should be prepared to determine that all transactions have been recorded and to discover any potential errors. These reconciliations will ensure meaningful and accurate financial statements.

**Views of Responsible Officials**

The officials concur with the finding.

**Planned Corrective Action**

Management's response is located on page 86.

**2011-002 Segregation of Duties**

**Condition**

*Government Auditing Standards* (Yellow Book) states that "absence of appropriate segregation of duties" is a deficiency in internal controls.

**Criteria**

Because the City has a limited number of office employees, there is not a proper segregation of duties as to cash collection, cash disbursements, payroll, general ledger adjustments, and access to other accounting records.

**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2022**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)**

**Prior Year Findings - Uncorrected (continued)**

**2011-002 Segregation of Duties (continued)**

**Criteria (continued)**

A proper division of duties should provide a system of checks and balances so that no one person has control over a complete transaction from beginning to end.

**Effect**

Lack of segregation of duties could allow an employee to commit and conceal fraud that may result in financial loss or misstatement to the City.

**Recommendation**

To guard against undetected errors, additional employees would be needed to divide duties. However, the benefit of the additional controls is not justified to the City.

**Views of Responsible Officials**

Due to the additional expenses involved, we cannot add additional financial personnel at this time. However, we will attempt to involve other staff, when possible, to reduce the risk.

**Planned Corrective Action**

Management's response is located on page 86.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**Current Year Findings**

None

**Prior Year Findings**

None

**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE**  
**LOCAL OPTION SALES TAX PROCEEDS**  
**YEAR ENDED DECEMBER 31, 2022**

PROJECT	Original Estimated Cost	Expenditures			Estimated Percentage of Completion	Cumulative Other Funding
		Prior Years	Current Years	Total		
<b>2008 SPLOST</b>						
Garbage and trash equipment	\$ 300,000	\$ 308,159	\$ -	\$ 308,159	100%	\$ -
Gordon Lee Mansion building renovations	100,000	74,912	-	74,912	75%	-
Recreation improvements	100,000	78,665	-	78,665	79%	-
Downtown streetscape construction	100,000	47,139	-	47,139	47%	-
Vehicles and equipment	150,000	108,633	-	108,633	72%	-
Library improvements	50,000	19,299	-	19,299	39%	-
Municipal parking lot	100,000	80,281	-	80,281	80%	-
Street improvements	100,000	109,801	-	109,801	100%	-
City Hall renovations	50,000	47,526	-	47,526	95%	-
Water-sewer improvements	382,600	194,109	-	194,109	51%	-
	<u>\$ 1,432,600</u>	<u>\$ 1,068,524</u>	<u>\$ -</u>	<u>\$ 1,068,524</u>		<u>\$ -</u>
<b>2013 SPLOST</b>						
Resurface City Hall parking lot	\$ 25,000	\$ 2,954	\$ -	\$ 2,954	12%	\$ -
City Hall awning	12,000	12,165	-	12,165	100%	-
City Hall signs	25,000	17,139	-	17,139	69%	-
City Hall renovations/equipment	25,000	28,008	-	28,008	100%	-
Renovations to American Legion building	87,000	652,447	-	652,447	100%	491,000
City park development	65,250	63,170	-	63,170	97%	-
Ball field improvements	87,000	73,202	-	73,202	84%	-
Police car	30,500	29,961	-	29,961	98%	-
Utility service truck	30,500	9,696	-	9,696	32%	-
Automated garbage truck	200,000	199,663	-	199,663	100%	-
Library computers	30,000	16,944	-	16,944	56%	-
Library furniture	2,500	6,014	-	6,014	100%	-
Library building improvements	7,500	12,869	-	12,869	100%	-
Library books and materials	3,500	-	-	-	0%	-
Street improvements	326,250	533,522	-	533,522	87%	250,561
Utility system upgrades	143,000	82,777	-	82,777	58%	-
	<u>\$ 1,100,000</u>	<u>\$ 1,740,531</u>	<u>\$ -</u>	<u>\$ 1,740,531</u>		<u>\$ 741,561</u>

**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE**  
**LOCAL OPTION SALES TAX PROCEEDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

PROJECT	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Years	Total	
<b>2020 SPLOST</b>					
Computer, technology and equipment	\$ 60,000	\$ 313	\$ 26,482	\$ 26,795	45%
Train depot and building(s) renovations and improvements	300,000	3,474	-	3,474	1%
Playground equipment	25,000	-	-	-	0%
Playset renovations and upgrades	50,000	-	4,631	4,631	9%
Picnic pavilion	20,000	-	-	-	0%
Holland-Watson Veterans Memorial Park fencing	25,000	10,595	-	10,595	42%
Walking trail development	50,000	2,363	1,900	4,263	9%
Recreation ball field lights/parking lot renovation	120,000	64,112	49,297	113,409	95%
Recreation playing fields improvements	20,000	-	26,591	26,591	100%
Emergency and utility communications and technology equipment	80,000	1,348	78,562	79,910	100%
Government vehicles	90,080	-	29,561	29,561	33%
Garbage truck	230,000	180,500	-	180,500	78%
Library equipment improvements	20,000	5,527	825	6,352	32%
Library furniture	10,000	-	-	-	0%
Library building improvement and renovation projects	34,800	-	41,085	41,085	100%
Sidewalk and storm water runoff projects	50,000	1,750	30,095	31,845	64%
New sidewalk construction and or repairs	50,000	1,760	5,014	6,774	14%
Decorative poles and street signs	12,200	-	-	-	0%
Chickamauga Gate Way and way finding signs	50,000	-	-	-	0%
Utility meter replacement	225,000	-	-	-	0%
Utility software PC and software upgrade	155,000	610	57,060	57,670	37%
Electric charging stations downtown	9,800	-	-	-	0%
Chickamauga business districts economic development and improvement projects	<u>1,760,000</u>	<u>25,632</u>	<u>250</u>	<u>25,882</u>	1%
	<u>\$ 3,446,880</u>	<u>\$ 297,984</u>	<u>\$ 351,353</u>	<u>\$ 649,337</u>	

Reconciliation of SPLOST expenditures per  
financial statements to schedule of projects:  
SPLOST expenditures per financial statements  
Less debt service  
Principal  
Interest and fees

\$ 786,157  
410,000  
24,804

SPLOST 2020 expenditures per  
schedule of projects

\$ 351,353

**CITY OF CHICKAMAUGA, GEORGIA**  
**SCHEDULE OF PROJECTS CONSTRUCTED WITH TRANSPORTATION**  
**SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS**  
**YEAR ENDED DECEMBER 31, 2022**

<b>PROJECT</b>	<b>Original</b>	<b>Expenditures</b>			<b>Estimated Percentage of Completion</b>
	<b>Estimated Cost</b>	<b>Prior Years</b>	<b>Current Years</b>	<b>Total</b>	
<b>2018 T-SPLOST</b>					
Roads, sidewalks, right of ways, walkways, storm water upgrades, repairs, resurfacing and maintenance	<u>\$ 942,500</u>	<u>\$ 627,747</u>	<u>\$ 1,635</u>	<u>\$ 629,382</u>	67%
	<u><u>\$ 942,500</u></u>	<u><u>\$ 627,747</u></u>	<u><u>\$ 1,635</u></u>	<u><u>\$ 629,382</u></u>	



# City of Chickamauga

103 Crittenden Avenue • Chickamauga, Georgia 30707

706 375-3177

## CORRECTIVE ACTION PLAN

September 12, 2023

Georgia Department of Audits and Accounts  
Local Government Audit Section  
270 Washington Street, S.W., Room 1-156  
Atlanta, Georgia 30334-8400

The City of Chickamauga, Georgia submits the following corrective action plan regarding reportable findings associated with our internal controls and compliance for the year ended December 31, 2022.

The "Independent Auditors' 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*" issued by JHM Certified Public Accountants, on September 12, 2023, referenced a material weakness and a significant deficiency. The corrective action taken on these items is as follows:

### **Finding 2007-003 Reconciliations**

#### Corrective Action Plan/Management Response

We concur with this recommendation. The City's staff is going to keep all balance sheet accounts balanced to the best of her knowledge.

### **Finding 2011-002 Segregation of Duties**

#### Corrective Action Plan/Management Response

We concur with the recommendation. The City Manager will try to involve other staff where possible to reduce risk as much as possible.

### **Departmental Expenditures Over Budget**

#### Corrective Action Plan/Management Response

The City Manager will review the allocation of actual expenditures between departments in the same manner as the budget allocation.

If you have any questions, please contact Micheal Haney at (706) 375-3177.

Sincerely yours,

Micheal Haney  
Utilities and City Manager