

CITY OF HOGANSVILLE, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2023

PREPARED BY:

Finance Department

CITY OF HOGANSVILLE, GEORGIA
FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
AND INDEPENDENT AUDITOR'S REPORT

CITY OF HOGANSVILLE, GEORGIA

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CITY OF HOGANSVILLE, GEORGIA

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January 26, 2024

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Hogansville, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Hogansville, Georgia** (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 of disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the City's net pension liability and related ratios on pages 45-46, the schedule of City contributions on page 47, and the notes to the required supplementary information on page 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, budgetary comparison schedules, schedules of projects constructed with special sales tax proceeds, schedule of public facility community development block grant expenditures, the Downtown Development Authority's financial statements, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, budgetary comparison schedules, schedules of projects constructed with special sales tax proceeds, schedule of public facility community development block grant expenditures, the Downtown Development Authority's financial statements, 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 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 January 26, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC
MCNAIR, MCLEMORE, MIDDLEBROOKS & CO., LLC

FINANCIAL STATEMENTS

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	\$ 2,104,504	\$ 1,595,075	\$ 3,699,579	\$ 26,595
Receivables (Net of Allowance)				
Taxes	68,935	-	68,935	-
Accounts	4,011	458,733	462,744	-
Due from Other Governments	289,746	-	289,746	-
Prepays Items	27,862	21,475	49,337	-
Internal Balances	(65,138)	65,138	-	-
Restricted Assets				
Cash and Cash Equivalents	-	707,501	707,501	-
Capital Assets				
Nondepreciable Assets	1,229,641	4,699,532	5,929,173	-
Depreciable Assets, Net	7,919,375	23,464,451	31,383,826	-
Total Assets	11,578,936	31,011,905	42,590,841	26,595
Deferred Outflows of Resources				
Related to Pensions	300,854	169,230	470,084	-
Deferred Loss on Advanced Refunding	-	13,193	13,193	-
Total Deferred Outflows of Resources	300,854	182,423	483,277	-

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2023
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
	Liabilities			
Accounts Payable	271,966	1,219,370	1,491,336	-
Retainage Payable	42,102	36,475	78,577	-
Accrued Liabilities	55,453	12,289	67,742	-
Accrued Interest	-	66,190	66,190	-
Unearned Revenue	28,915	-	28,915	-
Customer Deposits	-	317,732	317,732	-
Noncurrent Liabilities				
Due Within One Year				
Revenue Bonds Payable	-	245,274	245,274	-
Notes Payable	42,321	19,885	62,206	-
Compensated Absences	71,728	26,305	98,033	-
Due in More Than One Year				
Notes Payable	286,985	174,085	461,070	-
Revenue Bonds Payable	-	13,498,853	13,498,853	-
Net Pension Liability	503,000	282,938	785,938	-
Total Liabilities	1,302,470	15,899,396	17,201,866	-
Deferred Inflows of Resources				
Deferred Inflows of Resources				
Other	8,676	-	8,676	-
Gain on Advance Refunding Related to Pensions	-	2,301,675	2,301,675	-
	29,194	16,421	45,615	-
Total Deferred Inflows of Resources	37,870	2,318,096	2,355,966	-
Net Position				
Net Investment in Capital Assets	8,687,781	10,994,328	19,682,109	-
Restricted for				
Capital Outlay	1,039,782	-	1,039,782	-
Debt Service	4,065	18,273	22,338	-
Public Safety	822,620	-	822,620	-
Unrestricted (Deficit)	(14,798)	1,964,235	1,949,437	26,595
Total Net Position	\$ 10,539,450	\$ 12,976,836	\$ 23,516,286	\$ 26,595

See accompanying notes which are an integral part of these financial statements.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General Government	\$ 785,608	\$ 629,227	\$ 13,462	\$ -
Public Safety	2,035,700	-	-	-
Public Works	3,068,058	-	49,855	3,130,255
Culture and Recreation	838,666	-	-	-
Tourism	28,784	-	-	-
Interest	9,232	-	-	-
Total Governmental Activities	6,766,048	629,227	63,317	3,130,255
Business-Type Activities				
Utility System Fund	7,588,724	7,059,303	845	2,120,018
Total Business-Type Activities	7,588,724	7,059,303	845	2,120,018
Total Primary Government	\$ 14,354,772	\$ 7,688,530	\$ 64,162	\$ 5,250,273
Component Unit				
Downtown Development Authority	\$ 10,882	\$ -	\$ 9,700	\$ -

General Revenues
Property Taxes
Sales Taxes
Insurance Premium Tax
Franchise Tax
Other Taxes
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Change in Net Position

Net Position - Beginning of Year - Restated

Net Position - End of Year

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (142,919)	\$ -	\$ (142,919)	\$ -
(2,035,700)	-	(2,035,700)	-
112,052	-	112,052	-
(838,666)	-	(838,666)	-
(28,784)	-	(28,784)	-
(9,232)	-	(9,232)	-
(2,943,249)	-	(2,943,249)	-
-	1,591,442	1,591,442	-
-	1,591,442	1,591,442	-
(2,943,249)	1,591,442	(1,351,807)	-
			(1,182)
851,078	-	851,078	-
893,773	-	893,773	-
262,954	-	262,954	-
325,898	-	325,898	-
247,769	-	247,769	-
2,014	104,760	106,774	-
146,031	166,509	312,540	-
2,729,517	271,269	3,000,786	-
491,753	(491,753)	-	-
278,021	1,370,958	1,648,979	(1,182)
10,261,429	11,605,878	21,867,307	27,777
\$ 10,539,450	\$ 12,976,836	\$ 23,516,286	\$ 26,595

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 71,025	\$ 2,457	\$ 973,767	\$ 943,771	\$ 1,991,020
Receivables, Net of Allowance					
Taxes	68,935	-	-	-	68,935
Accounts	-	-	-	4,011	4,011
Due from Other Governments	164,104	-	93,521	32,121	289,746
Prepaid Items	11,968	-	-	-	11,968
Due From Other Funds	21,983	26,469	-	11,303	59,755
Total Assets	\$ 338,015	\$ 28,926	\$ 1,067,288	\$ 991,206	\$ 2,425,435
Liabilities					
Accounts Payable	\$ 115,829	\$ -	\$ 11,840	\$ 111,491	\$ 239,160
Retainage Payable	-	-	-	42,102	42,102
Accrued Liabilities	55,453	-	-	-	55,453
Unearned Revenue	-	28,915	-	-	28,915
Due to Other Funds	111,994	-	15,666	6,317	133,977
Total Liabilities	283,276	28,915	27,506	159,910	499,607
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	9,620	-	-	-	9,620
Deferred Revenue - Other	-	-	-	8,676	8,676
Total Deferred Inflows of Resources	9,620	-	-	8,676	18,296
Fund Balances					
Nonspendable	11,968	-	-	-	11,968
Restricted	4,065	-	1,039,782	822,620	1,866,467
Unassigned	29,086	11	-	-	29,097
Total Fund Balances	45,119	11	1,039,782	822,620	1,907,532
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 338,015	\$ 28,926	\$ 1,067,288	\$ 991,206	\$ 2,425,435

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Fund Balances - Governmental Funds \$ 1,907,532

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

Capital Assets

Capital assets used in governmental activities are not financed resources and, therefore, are not reported in the funds.

Cost of Assets	14,070,806
Accumulated Depreciation	(4,921,790)

Deferred Outflows of Resources

Related to Pensions	300,854
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Long-Term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:

Notes Payable	(329,306)
Compensated Absences	(71,728)
Net Pension Liability	(503,000)

Deferred Inflows of Resources

Related to Pensions	(29,194)
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Revenues

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	9,620
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Internal Service Fund	<u>105,656</u>
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Total Net Position of Governmental Activities	<u><u>\$ 10,539,450</u></u>
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See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	American Rescue Plan Fund	SPLOST V Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 2,536,962	\$ -	\$ -	\$ 46,054	\$ 2,583,016
Intergovernmental	63,317	1,024,694	1,056,194	1,017,518	3,161,723
Fines and Forfeitures	400,542	-	-	10	400,552
Licenses and Permits	111,617	-	-	-	111,617
Charges for Services	117,058	-	-	-	117,058
Contributions and Other	138,202	-	-	-	138,202
Investment Earnings	1,925	11	11,980	19,875	33,791
Total Revenues	3,369,623	1,024,705	1,068,174	1,083,457	6,545,959
Expenditures					
Current					
General Government	1,130,274	-	-	3,819	1,134,093
Public Safety	2,168,288	-	-	-	2,168,288
Public Works	393,034	-	27,574	-	420,608
Culture and Recreation	226,253	-	21,862	-	248,115
Tourism	-	-	-	28,784	28,784
Debt Service					
Principal	227,894	-	22,638	-	250,532
Interest	17,321	-	519	-	17,840
Capital Outlay	-	1,024,694	647,975	1,207,233	2,879,902
Total Expenditures	4,163,064	1,024,694	720,568	1,239,836	7,148,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	(793,441)	11	347,606	(156,379)	(602,203)
Other Financing Sources (Uses)					
Insurance Proceeds	7,327	-	-	-	7,327
Transfers In	497,081	-	64,346	302,084	863,511
Transfers Out	(4,485)	-	-	(267,273)	(271,758)
Total Other Financing Sources and (Uses)	499,923	-	64,346	34,811	599,080
Net Change in Fund Balances	(293,518)	11	411,952	(121,568)	(3,123)
Fund Balance - Beginning	338,637	-	627,830	944,188	1,910,655
Fund Balance - Ending	\$ 45,119	\$ 11	\$ 1,039,782	\$ 822,620	\$ 1,907,532

See accompanying notes which are an integral part of these financial statements.

**CITY OF HOGANSVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (3,123)

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

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Total Capital Outlays	822,153
Total Depreciation	(628,534)

Deferred Outflows of Resources Related to Pensions is not Available During the Current Period and Therefore is not Reported in the Funds.

Change in Deferred Outflows of Resources Related to Pensions	169,775
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Long-Term Liabilities

Under the modified accrual basis of accounting used in 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. The adjustments for these items are as follows:

Notes Payable	227,894
Finance Purchase Payable	22,638
Accrued interest	8,607
Compensated Absences	(17,912)
Net Pension Liability	(409,397)

Deferred Inflows of Resources Related to Pensions is not Available During the Current Period and Therefore is not Reported in the Funds.

Change in Deferred Inflows of Resources Related to Pensions	188,359
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Revenues

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,543)
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Internal Service Fund	<u>(100,897)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 278,021</u></u>
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See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,464,734	\$ 2,536,962	\$ 2,536,962	\$ -
Intergovernmental	-	63,317	63,317	-
Fines and Forfeitures	458,000	400,542	400,542	-
Licenses and Permits	363,589	111,617	111,617	-
Charges for Services	207,500	117,058	117,058	-
Contributions and Other	88,020	138,202	138,202	-
Investment Earnings	750	1,925	1,925	-
Total Revenues	3,582,593	3,369,623	3,369,623	-
Expenditures				
Current				
General Government	1,025,085	1,130,274	1,130,274	-
Public Safety	2,252,201	2,168,288	2,168,288	-
Public Works	591,885	393,034	393,034	-
Culture and Recreation	80,103	226,253	226,253	-
Debt Service				
Principal	227,894	227,894	227,894	-
Interest	17,321	17,321	17,321	-
Total Expenditures	4,194,489	4,163,064	4,163,064	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(611,896)	(793,441)	(793,441)	-
Other Financing Sources (Uses)				
Insurance Proceeds	-	7,327	7,327	-
Transfers In	383,027	497,081	497,081	-
Transfers Out	-	(4,485)	(4,485)	-
Total Other Financing Sources and (Uses)	383,027	499,923	499,923	-
Net Change in Fund Balances	(228,869)	(293,518)	(293,518)	-
Fund Balance - Beginning	338,637	338,637	338,637	-
Fund Balance - Ending	\$ 109,768	\$ 45,119	\$ 45,119	\$ -

See accompanying notes which are an integral part of these financial statements.

**CITY OF HOGANSVILLE, GEORGIA
 AMERICAN RESCUE PLAN ACT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023
 (CONTINUED)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 1,024,694	\$ 1,024,694	\$ -
Investment Earnings	-	11	11	-
Total Revenues	<u>-</u>	<u>1,024,705</u>	<u>1,024,705</u>	<u>-</u>
Expenditures				
Capital Outlay	-	1,024,694	1,024,694	-
Total Expenditures	<u>-</u>	<u>1,024,694</u>	<u>1,024,694</u>	<u>-</u>
Net Change in Fund Balance	-	11	11	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities Enterprise Fund	Governmental Activities
	Utility System Fund	Internal Service Fund
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,595,075	\$ 113,484
Restricted Cash and Cash Equivalents	707,501	-
Accounts Receivable (Net of Allowance for Uncollectibles)	458,733	-
Due from Other Funds	100,691	9,084
Prepaid items	21,475	15,894
Total Current Assets	2,883,475	138,462
Noncurrent Assets		
Capital Assets		
Nondepreciable Assets	4,699,532	-
Depreciable Assets, Net	23,464,451	-
Total Capital Assets	28,163,983	-
Total Noncurrent Assets	28,163,983	-
Total Assets	31,047,458	138,462
Deferred Outflows of Resources		
Related to Pensions	169,230	-
Deferred Loss on Advanced Refunding	13,193	-
Total Deferred Outflows of Resources	182,423	-

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023
(CONTINUED)

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>	<u>Governmental</u> <u>Activities</u>
	<u>Utility System</u> <u>Fund</u>	<u>Internal Service</u> <u>Fund</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 1,219,370	\$ 32,806
Retainage Payable	36,475	-
Accrued Liabilities	12,289	-
Accrued Interest	66,190	-
Customer Deposits Payable	317,732	-
Compensated Absences	26,305	-
Due to Other Funds	35,553	-
Notes Payable	19,885	-
Revenue Bonds Payable	245,274	-
Total Current Liabilities	<u>1,979,073</u>	<u>32,806</u>
Noncurrent Liabilities		
Notes Payable	174,085	-
Revenue Bonds Payable	13,498,853	-
Net Pension Liability	282,938	-
Total Noncurrent Liabilities	<u>13,955,876</u>	<u>-</u>
Total Liabilities	<u>15,934,949</u>	<u>32,806</u>
Deferred Inflows of Resources		
Related to Pensions	16,421	-
Deferred Gain on Advance Refunding	2,301,675	-
Total Deferred Inflows of Resources	<u>2,318,096</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	10,994,328	-
Restricted for Debt Service	18,273	-
Unrestricted	1,964,235	105,656
Total Net Position	<u>\$ 12,976,836</u>	<u>\$ 105,656</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities <u>Enterprise Fund</u> <u>Utility System Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues		
Charges for Services	\$ 7,059,303	\$ 504,000
Miscellaneous	166,509	496
Total Operating Revenues	7,225,812	504,496
Operating Expenses		
Salaries and Benefits	1,053,887	-
Cost of Sales	3,419,808	-
Repairs, Maintenance, and Supplies	520,144	-
Premiums	-	232,556
Claims	-	272,913
Utilities	209,471	-
Depreciation	1,107,065	-
Contracted Services	995,187	-
Total Operating Expenses	7,305,562	505,469
Operating Income (Loss)	(79,750)	(973)
Non-Operating Revenues (Expenses)		
Interest Revenue	104,760	76
Intergovernmental Revenue	845	-
Interest Expense	(283,162)	-
Total Non-Operating Revenues (Expenses)	(177,557)	76
Net Income (Loss) Before Contributions and Transfers	(257,307)	(897)
Capital Contributions	2,120,018	-
Transfers out	(491,753)	(100,000)
Change In Net Position	1,370,958	(100,897)
Net Position - Beginning - Restated	11,605,878	206,553
Net Position - Ending	\$ 12,976,836	\$ 105,656

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities Enterprise Fund Utility System Fund	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 7,333,153	\$ 663,781
Cash Paid to Suppliers for Good and Services	(5,378,977)	-
Cash Paid for Benefits and Claims	-	(527,226)
Cash Paid to Employees	(1,085,971)	-
Net Cash Provided by (Used for) Operating Activities	<u>868,205</u>	<u>136,555</u>
Cash Flows from Noncapital Financing Activities		
Other Revenues	845	-
Transfer to Other Funds	(491,753)	(100,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(490,908)</u>	<u>(100,000)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Assets	(2,784,594)	-
Principal Paid on Revenue Bonds	(238,765)	-
Principal Paid on Notes	(19,169)	-
Interest Paid on Capital Debt	(361,913)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,404,441)</u>	<u>-</u>
Cash Flows from Investing Activities		
Interest Received	104,760	76
Net Cash Provided by (Used for) Investing Activities	<u>104,760</u>	<u>76</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,922,384)	36,631
Cash and Cash Equivalents - Beginning	<u>5,224,960</u>	<u>76,853</u>
Cash and Cash Equivalents - Ending	<u>\$ 2,302,576</u>	<u>\$ 113,484</u>
Reconciliation of Cash and Cash Equivalents		
Cash	\$ 1,595,075	\$ 113,484
Restricted Cash	707,501	-
Total Cash and Cash Equivalents	<u>\$ 2,302,576</u>	<u>\$ 113,484</u>

See accompanying notes which are an integral part of these financial statements.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Utility System Fund</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ (79,750)	\$ (973)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)		
Operating Activities		
Depreciation	1,107,065	-
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	85,917	-
(Increase) Decrease in Due from Other Funds	(100,691)	159,285
(Increase) Decrease in Prepaids	14,181	3,666
(Increase) Decrease in Deferred Outflows - Pensions	(94,952)	-
Increase (Decrease) in Accounts Payable	992,148	(25,423)
Increase (Decrease) in Retainage Payable	36,475	-
Increase (Decrease) in Accrued Liabilities	(62,211)	-
Increase (Decrease) in Accrued Interest Payable	66,190	-
Increase (Decrease) in Customer Water Deposits	21,424	-
Increase (Decrease) in Due to Other Funds	(1,242,670)	-
Increase (Decrease) in Compensated Absences	2,040	-
Increase (Decrease) in Net Pension Liability	229,897	-
Increase (Decrease) in Deferred Inflows - Pensions	(106,858)	-
Total Adjustments	<u>947,955</u>	<u>137,528</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 868,205</u>	<u>\$ 136,555</u>
Noncash Capital Financing Activities		
Contributions of Capital Assets from Government	<u>\$ 2,120,018</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF HOGANSVILLE, GEORGIA

NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The City of Hogansville, Georgia (“the City”) was chartered as a municipality by the State of Georgia in 1870. The City operates under a Manager-Council form of government. The City provides a full range of municipal services as authorized by its charter including public safety, highways and streets, public services, utility services, and general administrative services.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

These financial statements are prepared in accordance with GASB issued Statement No. 34, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments. This Statement established financial reporting requirements for state and local governments throughout the United States. As part of the implementation of GASB Statement No. 34, the City has prepared required supplementary information titled Management’s Discussion and Analysis, which precedes the primary government financial statements.

Reporting Entity

The City for financial reporting purposes includes all of the funds relevant to the operations of the City of Hogansville. The Government Accounting Standards Board has set forth criteria to determine if legally separate organizations are considered to be component units in which the City is considered to be financially accountable or other organizations whose nature and significant relationship with the City is such that exclusion would cause the City’s financial statements to be incomplete or misleading. These criteria include appointing a voting majority of an organization’s governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City’s operations, and accordingly, data from these units are combined with data of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The component unit discussed below should be included in the City’s reporting entity because of its operational or financial relationship with the City.

The component unit discussed below is included in the City’s reporting entity because of the significance of its operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34*, the City’s relationships with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Downtown Development Authority, as of June 30, 2023. The financial information for the component unit is reported in columns separate from the City’s financial information to emphasize that it is legally separate from the City.

(1) Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Downtown Development Authority

Hogansville Downtown Development Authority - The Hogansville Downtown Development Authority (“DDA”) is governed by a board appointed by the City Council and Mayor. The DDA was created for the purpose of administering activities with regard to the revitalization and promotion of downtown Hogansville. The DDA provides community promotions, streetscape maintenance, downtown beautification, and building oversight. The DDA is required to submit a budget to the City Council for approval. The DDA is a discretely presented component unit of the City. The DDA did not issue separate financial statements for the year ended June 30, 2023.

Joint Venture

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

Under Georgia law, the City, in conjunction with other cities and counties in the west central Georgia area, is a member of the Three Rivers Regional Commission (the “RC”) and is required to pay annual dues thereto. Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.

Separate financial statements may be obtained from:

Three Rivers Regional Commission
120 North Hill Street
Griffin, Georgia 30224

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

The government reports the following major governmental funds:

General Fund – The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

American Rescue Plan Fund – The American Rescue Plan fund is a special revenue fund. It is used to account for all activities and proceeds related to the American Rescue Plan Act.

SPLOST V Fund – The SPLOST V Fund is a capital project fund. It is used to account for all activities related to the Special Purpose Local Option Sales Tax (SPLOST) as restricted by law. SPLOST is the primary revenue of the fund, and capital outlay expenditures for City infrastructure improvements are the primary expenditures of the fund.

The government reports the following major proprietary fund:

Utility System Fund – The Utility System Fund is used to account for the provision of utility services to the residents of the City. Activities of the fund include administration, operations and maintenance of the utility system and billing and collection activities. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for utility system debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the funds.

The City also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds – Capital project funds account for capital projects for City infrastructure improvements that are funded from SPLOST or capital grants as restricted by law or grant agreement.

Internal Service Fund – Internal service funds account for operations that provide services to other departments or agencies of the City on a cost reimbursement basis. The City’s internal service fund is used to charge the cost of medical insurance to the various City departments.

Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Receivables

Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

(1) Summary of Significant Accounting Policies (Continued)

Receivables (Continued)

Activity between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to / from other funds” or “advances to / from other funds.” All other outstanding balances between funds are reported as “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based on historical experience rates.

Restricted Assets

Certain assets of the enterprise funds are classified as restricted assets because their use is restricted by bond covenants, grantors, or the funds are held as deposits for utility customer deposits.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to January 1, 2004) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Utility System	5-50 years
Furniture, Fixtures, and Equipment	5-10 years
Other Infrastructure	5-40 years
Vehicles	5-10 years

(1) Summary of Significant Accounting Policies (Continued)

Compensated Absences

City employees are entitled to receive, upon termination of or retirement from employment, all accumulated annual leave up to a maximum of 240 hours. The estimated portion of the liability for accumulated leave attributable to the City's governmental activities and business-type activities are recorded as noncurrent liabilities in the government-wide statement of net position. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund. Estimated liabilities of required salary related payments are not recognized due to their immaterial nature.

Long-Term Obligations

Long-term debt is recorded on the statement of net position in the government-wide and proprietary fund financial statements, and any related interest expense is recorded on the statement of activities in the government-wide financial statements and the statement of revenues, expenses, and changes in net position in the proprietary fund financial statements.

Long-term liabilities expected to be financed from governmental fund types are not recorded in the governmental fund financial statements. Payments of principal and interest are recorded as expenditures on the statement of revenues, expenditures, and changes in fund balance in the governmental fund financial statements.

Management Estimates

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

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. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The amounts that qualify for reporting in this category are related to deferred loss on advance refunding of bonds and pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The amounts that qualify for reporting in this category are related to deferred revenue for fines and forfeitures, deferred gain on advance refunding of a finance agreement, and pensions. The governmental funds balance sheet reports unavailable revenue related to property tax, fines and forfeitures, and intergovernmental revenue as amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The intent is expressed by the City Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for 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

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of June 30, 2023:

	General Fund	ARP Fund	SPLOST V Fund	Nonmajor Governmental Funds	Total
Fund Balances					
Nonspendable					
Prepays	\$ 11,968	\$ -	\$ -	\$ -	\$ 11,968
Restricted					
Capital Outlay	-	-	1,039,782	818,882	1,858,664
Public Safety	-	-	-	3,738	3,738
Debt Service	4,065	-	-	-	4,065
Unassigned	29,086	11	-	-	29,097
Total Fund Balances	\$ 45,119	\$ 11	\$ 1,039,782	\$ 822,620	\$ 1,907,532

Risk Management

The City is exposed to various risks of loss related to torts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three years.

There have been no significant reductions in insurance coverage in the current year. Commercial insurance premiums totaled \$121,775 during the current year.

(1) Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

The City has obtained commercial insurance for workers' compensation claims. The limits of the coverage are \$1,000,000 for each employee claim. Commercial insurance premiums for workers compensation insurance totaled \$79,875 during the current year. Settled claims in the past three years have not exceeded the coverage.

Allocation of Indirect Cost

The City allocates indirect costs for general government services, such as finance, personnel, technology, management, etc., to its business-type activities. Allocations are charged to programs based on use of general government services determined by various allocation methodologies.

(2) Budgets and Budgetary Accounting

Annual budgets are adopted for the General, Special Revenue, and Proprietary (Enterprise) Funds. The budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Proprietary (Enterprise) Fund is adopted on a GAAP basis, except that depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the Mayor and City Council. Some individual revisions were material in relation to the original appropriations.

A legally authorized, non-appropriated budget is prepared for the Capital Grants, SPLOST IV, and SPLOST V Capital Project Funds. Expenditures for these funds are controlled on a project basis and are carried forward each year until the project is completed.

Budgeting Policy

- In accordance with the City Code of Ordinances, the City Manager submits to the Mayor and the Council a proposed operating budget for the General, Special Revenue, and the Enterprise Funds for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.
- Public meetings are held to obtain taxpayer comments.
- The Mayor and Council legally enact the budget through passage of an ordinance.
- Management may not make any budget revisions without the prior approval of the City Council. Budget revisions that alter the total expenditures of any department or line item within a department must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, and the Enterprise Funds.
- The budgets for the General and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the Proprietary Fund is on a GAAP basis, except that depreciation expense is not budgeted. Budget amounts are as originally adopted, or as amended by the City Council. Some individual amendments were material in relation to the original appropriations.

All appropriations lapse at the end of the fiscal year.

(3) Deposits and Investments

Credit Risk

State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law (Georgia Fund I); repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The investments in Georgia Fund 1 are rated AA Af by Fitch Ratings. The investments in First American Treasury Obligations Class Y, First American Government Obligations Class Y, Allspring Government Money Market Fund Institutional, and Fidelity Institutional Money Market Treasury Portfolio Class III are rated AA Am by Standard and Poor's.

At June 30, 2023, the City's investments were as follows:

Investment	Maturity	Fair Value	Rating	Weighted Average Maturity (WAM)
Primary Government				
<i>Governmental Activities</i>				
Georgia Fund 1	Less than 1 year	<u>\$ 1,000,040</u>	AA Af	28 Days
Total Governmental Activities		<u><u>\$ 1,000,040</u></u>		
<i>Business-Type Activities</i>				
Georgia Fund I	Less than 1 year	\$ 1,345,001	AA Af	28 Days
First American Treasury Obligations Class Y Money Market Fund	Less than 1 year	38,880	AA Am	13 Days
First American Government Obligations Class Y Money Market Fund	Less than 1 year	358,867	AA Am	20 Days
Allspring Government Money Market Fund - Institutional	Less than 1 year	30,376	AA Am	25 Days
Fidelity Institutional Money Market Treasury Portfolio Class III	Less than 1 year	<u>9,396</u>	AA Am	30 Days
Total Business-Type Activities		<u><u>\$ 1,782,520</u></u>		

Interest Rate Risk

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

(3) Deposits and Investments (Continued)

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of June 30, 2023, are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in First American Treasury Obligations Class Y, First American Government Obligations Class Y, Allspring Government Money Market Fund Institutional, and Fidelity Institutional Money Market Treasury Portfolio Class III are investments in money market funds. An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in the funds. Fund shares are not guaranteed by the US Government. The funds are managed portfolios, and their holdings are subject to change. The fund's shares are held in investment accounts in the City's name. Custodial Credit Risk is not required for external investment pools; therefore, the Georgia Fund 1 is exempt from this requirement. The City has no policy on custodial credit risk.

(4) Receivables

Receivables at June 30, 2023 consist of the following:

	General Fund	Utility System Fund	Nonmajor Governmental Funds	Total
Receivables				
Taxes	\$ 68,935	\$ -	\$ -	\$ 68,935
Accounts	-	851,589	4,011	855,600
Gross Receivables	68,935	851,589	4,011	924,535
Less Allowances for Uncollectibles	-	(392,856)	-	(392,856)
Net Receivables	\$ 68,935	\$ 458,733	\$ 4,011	\$ 531,679

(5) Due from Other Governments

Amounts due from other governments at June 30, 2023, are as follows:

Fund	State	Other	Total
General Fund	\$ 164,104	\$ -	\$ 164,104
SPLOST V Fund	93,521	-	93,521
Nonmajor Governmental Funds	-	32,121	32,121
Total	\$ 257,625	\$ 32,121	\$ 289,746

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, was as follows:

Due to / from Other Funds		Amount
Receivable Fund	Payable Fund	
General Fund	SPLOST V Fund	\$ 15,666
	Nonmajor Governmental Funds	6,317
ARPA Fund	Utility System Fund	26,469
Utility System Fund	General Fund	100,691
Internal Service Fund	Utility System Fund	9,084
Nonmajor Governmental Funds	General Fund	11,303
Total		\$ 169,530

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Transfer Out	Transfers In			Total
	General Fund	SPLOST V Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 4,485	\$ 4,485
Utility System Fund	379,808	64,346	47,599	491,753
Internal Service Fund	100,000	-	-	100,000
Nonmajor Governmental Funds	17,273	-	250,000	267,273
Total	\$ 497,081	\$ 64,346	\$ 302,084	\$ 863,511

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

(7) Capital Assets

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

Primary Government

	<i>Restated - See Note 18</i>			
	Beginning			Ending
	Balance	Additions	Deductions	Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 484,675	\$ -	\$ -	\$ 484,675
Construction in Progress	188,131	556,835	-	744,966
Total Capital Assets, Not Being Depreciated	<u>672,806</u>	<u>556,835</u>	<u>-</u>	<u>1,229,641</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	2,748,497	29,401	-	2,777,898
Infrastructure	8,868,583	-	-	8,868,583
Furniture, Fixtures, and Equipment	443,216	235,917	-	679,133
Vehicles	515,551	-	-	515,551
Total Capital Assets, Being Depreciated	<u>12,575,847</u>	<u>265,318</u>	<u>-</u>	<u>12,841,165</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(1,283,895)	(88,014)	-	(1,371,909)
Infrastructure	(2,553,185)	(404,166)	-	(2,957,351)
Furniture, Fixtures, and Equipment	(156,577)	(63,104)	-	(219,681)
Vehicles	(299,599)	(73,250)	-	(372,849)
Total Accumulated Depreciation	<u>(4,293,256)</u>	<u>(628,534)</u>	<u>-</u>	<u>(4,921,790)</u>
Total Capital Assets Being Depreciated, Net	<u>8,282,591</u>	<u>(363,216)</u>	<u>-</u>	<u>7,919,375</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,955,397</u>	<u>\$ 193,619</u>	<u>\$ -</u>	<u>\$ 9,149,016</u>
Less: Related Long-Term Debt Outstanding				(329,306)
Less: Other (Non-Debt) Related Liabilities				<u>(131,929)</u>
Net Investment In Capital Assets				<u>\$ 8,687,781</u>

(7) Capital Assets (Continued)

Primary Government (Continued)

	<i>Restated - See Note 18</i>			
	Beginning			Ending
	Balance	Additions	Deductions	Balance
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 380,784	\$ -	\$ -	\$ 380,784
Construction in Progress	258,527	4,060,221	-	4,318,748
Total Capital Assets, Not Being Depreciated	<u>639,311</u>	<u>4,060,221</u>	<u>-</u>	<u>4,699,532</u>
Capital Assets, Being Depreciated				
Utility System	36,331,390	726,116	-	37,057,506
Furniture, Fixtures, and Equipment	299,586	118,275	-	417,861
Total Capital Assets, Being Depreciated	<u>36,630,976</u>	<u>844,391</u>	<u>-</u>	<u>37,475,367</u>
Less Accumulated Depreciation for				
Utility System	(12,791,992)	(1,073,969)	-	(13,865,961)
Furniture, Fixtures, and Equipment	(111,860)	(33,095)	-	(144,955)
Total Accumulated Depreciation	<u>(12,903,852)</u>	<u>(1,107,064)</u>	<u>-</u>	<u>(14,010,916)</u>
Total Capital Assets Being Depreciated, Net	<u>23,727,124</u>	<u>(262,673)</u>	<u>-</u>	<u>23,464,451</u>
Business-Type Activities Capital Assets, Net	<u>\$ 24,366,435</u>	<u>\$ 3,797,548</u>	<u>\$ -</u>	<u>28,163,983</u>
				Less: Capital Related Outstanding Debt (13,938,097)
				Add: Deferred Loss on Advanced Refunding 13,193
				Less: Deferred Gain on Advanced Refunding (2,301,675)
				Less: Other (Non-Debt) Related Liabilities (943,076)
				<u>Net Investment in Capital Assets \$ 10,994,328</u>

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

Governmental Activities	
General Government	\$ 190,263
Public Safety	103,329
Public Works	330,627
Culture & Recreation	4,315
Total	<u>\$ 628,534</u>
Business-Type Activities	
Utility System Fund	\$ 1,107,064
Total	<u>\$ 1,107,064</u>

(8) Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<i>Restated - See Note 18</i>				
	Beginning			Ending	Due Within
	Balance	Additions	Subtractions	Balance	One Year
Governmental Activities					
Finance Purchases Payable	\$ 22,638	\$ -	\$ (22,638)	\$ -	\$ -
Notes Payable	557,200	-	(227,894)	329,306	42,321
Net Pension Liability	93,603	409,397	-	503,000	-
Compensated Absences	53,816	17,912	-	71,728	71,728
Governmental Activities Long-term Liabilities	\$ 727,257	\$ 427,309	\$ (250,532)	\$ 904,034	\$ 114,049
Business-Type Activities					
2004 Series Bonds	\$ 405,000	\$ -	\$ (130,000)	\$ 275,000	\$ 135,000
2019 Series Bonds	4,466,590	-	(85,575)	4,381,015	87,085
2021 Series Bonds	8,905,000	-	(15,000)	8,890,000	15,000
2021 Bonds Original Issue Net Premium	206,302	-	(8,190)	198,112	8,189
Notes Payable	213,139	-	(19,169)	193,970	19,885
Net Pension Liability	53,041	229,897	-	282,938	-
Compensated Absences	24,265	2,040	-	26,305	26,305
Business-Type Activities Long-Term Liabilities	\$ 14,273,337	\$ 231,937	\$ (257,934)	\$ 14,247,340	\$ 291,464

For the governmental activities, compensated absences and net pension liability are generally liquidated by the general fund and for the business-type activities, compensated absences and net pension liability are liquidated by the Utility System Fund.

Governmental Activities

As of June 30, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

Finance Purchases Payable

The City financed vehicles under a finance purchase agreement. The finance purchase payable and the related assets have been recorded at the present value of the future minimum purchase payments at the inception of the agreement, which was \$135,475 for vehicles. The finance purchases payables were paid off in fiscal year 2023.

(8) Long-Term Debt (Continued)

Governmental Activities (Continued)

Notes Payable

	<u>June 30, 2023</u>
Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$87,700, interest rate of 2.25%, secured by 3 police vehicles, payable in annual installments of \$18,743, including interest, through July 7, 2026. This note, along with a grant, was used by the City to purchase the 3 police vehicles.	\$ 70,933
Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$66,500, interest rate of 2.125%, secured by a John Deere backhoe, payable in annual installments of \$14,160, including interest, through October 21, 2026. This note, along with a grant, was used by the City to purchase a backhoe.	53,752
Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$373,000, interest rate of 2.125%, secured by a property located at 111 High St, Hogansville, GA, payable in monthly installments of \$1,125, including interest, through October 21, 2061. This note was used by the City to renovate the City Hall building.	180,371
Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$30,000, interest rate of 2.125%, secured by assignment of pledged revenue and City Hall furniture, payable in annual installments of \$6,388, including interest, through March 25, 2027. This note, along with a grant, was used by the City to purchase furniture and equipment for City Hall.	24,250
Total Notes Payable	<u>\$ 329,306</u>

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for notes payable as of June 30, 2023, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 42,321	\$ 11,070	\$ 53,391
2025	43,244	10,147	53,391
2026	44,188	9,203	53,391
2027	45,152	8,239	53,391
2028	6,846	7,254	14,100
2029-2033	36,508	33,992	70,500
2034-2038	40,616	29,884	70,500
2039-2043	45,187	25,313	70,500
2044-2047	25,244	10,882	36,126
	<u>\$ 329,306</u>	<u>\$ 145,984</u>	<u>\$ 475,290</u>

(8) Long-Term Debt (Continued)

Proprietary Funds

As of June 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds Payable 2004 Series

On August 31, 2004, the Hogansville Development Authority (“the Authority”) issued Hogansville Development Authority Revenue Bonds (Gas System Project), Series 2004A, 2004B, 2004C, and 2004D in the total amount of \$1,845,000 in a direct placement. The City has entered into an intergovernmental contract with the Authority dated August 2, 2004, in which the City is responsible for the debt service on the bonds, and the bonds were to be issued to finance improvements to the City’s gas system. The bonds bear interest at 4.75%, payable semi-annually on April 1 and October 1.

Junior Lien Revenue Bonds Payable 2019 Series

On October 21, 2019, the City issued, City of Hogansville Junior Lien Combined Utility System Revenue Bonds, Series 2019A and 2019B in the total amount of \$4,606,000 in a direct placement. The bonds bear interest at 1.75%, with the initial payment being an interest only payment on October 21, 2020, with monthly beginning on November 21, 2020, thereafter until maturity on November 21, 2059. The bonds are secured by the net revenues derived from the City’s utility system as a second and subordinate pledge to the City’s Series 1993 Combined Public Utility System Refunding Revenue Bonds, which were advance refunded by the issuance of the City’s Series 2021B Hogansville Development Authority (Georgia) Taxable Refunding Revenue Bonds (City of Hogansville Projects).

Revenue Bonds Payable 2021 Series

On July 20, 2021, the Hogansville Development Authority (“the Authority”) issued Hogansville Development Authority (Georgia) Revenue Bonds (City of Hogansville Projects), Series 2021A, and Taxable Refunding Revenue Bonds (City of Hogansville Projects), Series 2021B in the total amount of \$8,920,000. The City has entered into an intergovernmental contract with the Authority that was approved June 17, 2021, in which the City is responsible for the debt service on the bonds, and the City has pledged its full faith, credit and taxing power as security for the bonds. The Series 2021A bonds were issued to finance improvements to the City’s water storage and distribution system and certain bond issuance costs. The Series 2021B bonds were issued to advance refund the City’s previously issued City of Hogansville Combined Public Utility System Refunding Revenue Bonds, Series 1993 and the previous lease that was part of a sale-leaseback agreement between the City and the Municipal Electric Authority of Georgia and certain bond issuance costs. The bonds bear interest ranging from 2.125% to 3.00%, payable semi-annually on April 1 and October 1.

(8) Long-Term Debt (Continued)

Proprietary Funds (Continued)

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for each of the City’s revenue bonds payable as of June 30, 2023, are as follows:

Year Ending	<u>2004 Bonds</u>		<u>2019 Bonds</u>		<u>2021 Bonds</u>		<u>Total</u> Principal	<u>Total</u> Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
June 30,								
2024	\$ 135,000	\$ 9,558	\$ 87,085	\$ 75,971	\$ 15,000	\$ 240,791	\$ 237,085	\$ 326,320
2025	140,000	3,327	88,621	74,435	20,000	240,266	248,621	318,028
2026	-	-	90,184	72,872	255,000	236,141	345,184	309,013
2027	-	-	91,775	71,281	260,000	228,416	351,775	299,697
2028	-	-	93,394	69,662	270,000	168,023	363,394	237,685
2029-2033	-	-	492,273	323,007	1,420,000	719,014	1,912,273	1,042,021
2034-2038	-	-	537,253	278,027	1,540,000	542,695	2,077,253	820,722
2039-2043	-	-	586,344	228,936	1,750,000	323,875	2,336,344	552,811
2044-2048	-	-	639,920	175,360	2,025,000	155,441	2,664,920	330,801
2049-2053	-	-	698,391	116,889	1,335,000	59,363	2,033,391	176,252
2054-2058	-	-	762,205	53,075	-	-	762,205	53,075
2059-2060	-	-	213,569	2,645	-	-	213,569	2,645
Total	\$ 275,000	\$ 12,885	\$ 4,381,014	\$ 1,542,160	\$ 8,890,000	\$ 2,914,025	\$ 13,546,014	\$ 4,469,070

Notes Payable

Note payable from direct borrowing to Georgia Environmental Facilities Authority in the original amount of \$348,475, interest rate of 3.81%, secured by utility system improvements, payable in monthly installments of \$2,077, including interest, through April 1, 2032. This note was used for improvements to the City’s utility system.

<u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>
----------------------	----------------------------------

\$ 186,690 \$ 18,125

Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$9,000, interest rate of 2.25%, secured by utility system improvements, payable in annual installments of \$1,924, including interest, through July 7, 2026. This note, along with a grant, was used to purchase 300 reconditioned gas meters for City’s utility system.

7,280 1,760

Total Notes Payable

\$ 193,970 \$ 19,885

(8) Long-Term Debt (Continued)

Proprietary Funds (Continued)

Annual Debt Service Requirements (Continued)

The annual debt service requirements to maturity, including principal and interest, for notes payable as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 19,885	\$ 6,963	\$ 26,848
2025	20,627	6,221	26,848
2026	21,398	5,450	26,848
2027	22,197	4,651	26,848
2028	21,104	3,820	24,924
2029-2032	88,759	6,776	95,535
	<u>\$ 193,970</u>	<u>\$ 33,881</u>	<u>\$ 227,851</u>

Restricted Assets

The balance of the restricted asset accounts in the Utility System enterprise fund as of June 30, 2023, is \$707,501.

(9) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plan is not available to employees until termination, retirement, death, or unforeseeable emergencies.

In accordance with Section 457 of the Internal Revenue Code, plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and liabilities of the deferred compensation plans are not included in the accompanying primary government financial statements.

(10) Employee Retirement Plans

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Hogansville Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Hogansville. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

(10) Employee Retirement Plans (Continued)

Georgia Municipal Employees Benefit System (Continued)

Plan Membership

As of January 1, 2023, the date of the most recent actuarial valuation report, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	40
Terminated Vested Participants	21
Current Active Employees Vested	<u>44</u>
Total Membership in the Plan	<u><u>105</u></u>

Funding Policy

HRP members are not required and do not contribute to HRP. HRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund HRP at an actuarially determined rate; the current rate is 7.94% of expected payroll. The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

HRP is subject to minimum funding standards of the Georgia Public Retirement Systems Standards Law. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution is developed under the actuarial funding policy each year and meets applicable state funding standards. These contributions are determined under the entry age normal actuarial cost method and the asset valuation method for developing the actuarial value of assets. The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for other changes to plan provisions, and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base. These amortization periods, if applicable, are closed for this plan year.

Investment Data

The market value of assets is based on current values as of the three months preceding the valuation date (September 30, 2022) and is assumed to be current through that date. All asset data that was used in the actuarial valuation has been supplied by GMEBS. Net investment return is estimated at 7.375% on an on-going basis, based on long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. An inflation rate of 2.25% has been assumed. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

(10) Employee Retirement Plans (Continued)

Investment Data (Continued)

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

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

At June 30, 2023, the City reported a net pension liability. The net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2023. An expected total pension liability as of June 30, 2023, was determined using standard roll-forward techniques.

For the year ended June 30, 2023, the City recognized pension expense relative to GMEBS in the amount of \$200,549. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 36,728	\$ 45,615
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	312,157	-
Employer Contributions Subsequent to the Measurement Date	121,199	-
	<u>\$ 470,084</u>	<u>\$ 45,615</u>

City contributions subsequent to the measurement date of September 30, 2022, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<u>Year Ended June 30</u>
2024	\$ 89,239
2025	30,771
2026	41,390
2027	141,870

(10) Employee Retirement Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions: The total pension liability as of June 30, 2023, was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increase	2.25%, plus service-based merit increase
Cost of Living Adjustments	2.25% for participants terminated on or after September 1, 1980; N/A otherwise
Investment Rate of Return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality Rates:

- Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

Net Pension Liability

Changes in the Net Pension Liability

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2021	\$ 3,193,538	\$ 3,046,894	\$ 146,644
Changes for the Year			
Service Cost	64,161	-	64,161
Interest	233,122	-	233,122
Difference Between Expected and Actual Experience	(60,820)	-	(60,820)
Contributions - Employer	-	99,847	(99,847)
Net Investment Income	-	(488,612)	488,612
Benefit Payments	(193,437)	(193,437)	-
Administrative Expense	-	(14,066)	14,066
Other	-	-	-
Net Changes	43,026	(596,268)	639,294
Balance at September 30, 2022	\$ 3,236,564	\$ 2,450,626	\$ 785,938

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of \$503,000 for governmental activities and \$282,938 for business-type activities.

(10) Employee Retirement Plans (Continued)

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 employer contributions will be made at the actuarially determined contribution rates. 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 periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 1,159,746	\$ 785,938	\$ 472,337

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at www.gmanet.com.

(11) Hotel / Motel Tax

The City has levied an 8% hotel / motel lodging tax. The amount of total tax collected in excess of a rate of three percent is required to be expended for the promotion of tourism, conventions, and trade shows in accordance with O.C.G.A. 48-13-51. A summary of the transactions for the year ending June 30, 2023, follows:

	2023
Hotel / Motel Tax Revenue	\$ 46,054
Required Expenditures	28,784
Actual Allowable Expenditures	28,784

(12) Litigation

During the course of normal operations of the City, various claims and lawsuits arise. Management has advised that there are no potential liabilities that will impair the City’s financial position as of the date of this audit report.

(13) Commitments and Contingencies

The City has Potential Liability under MEAG and MGAG Contracts as follows:

Electrical System

The City has entered into Power Sales Contracts with the Municipal Electric Authority of Georgia (“MEAG”) pursuant to which the City purchases electric power and energy for resale to its customers. MEAG was created by the State of Georgia for the purpose of owning and operating electric generation and transmission facilities to supply bulk electric power to political subdivisions of Georgia, which owned and operated electric distribution systems as of March 18, 1975.

Under the terms of its Power Sales Contracts with MEAG, the City is obligated to take from MEAG, and MEAG is obligated to provide, all electric power and energy required by the City in excess of the amount received by the City as an allotment from federally owned projects through the Southeastern Power Administration (“SEPA”). Such allotment of SEPA power has been assigned by the City to MEAG and is transmitted to the City by MEAG through Georgia’s Integrated Transmission System for a separate charge. Under its Power Sales Contracts with MEAG, the City has the right to receive additional power as needed from the Integrated Transmission System.

The price paid by the City to MEAG under its Power Sales Contracts is intended to cover the City’s share of all the costs of MEAG, including debt service on MEAG’s long-term debt. The amounts required to be paid to MEAG under the Power Sales Contracts are payable first from revenues of the City’s electrical system. To the extent the required payments are not made from revenues of the City’s electric system or other funds, the City is required to include in its general revenue or appropriation measure, or annual tax levy amounts sufficient to make such payments. Payments by the City are required to be made by the City whether MEAG’s facilities or any part thereof are operating or operable or the output there from is interrupted, interfered with, curtailed, or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants’ default. The City was contingently liable for \$24,597,245 of MEAG’s principal bonds outstanding in the event of default by MEAG at June 30, 2023.

Gas System

The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Gas Authority (“MGAG”) under which the City buys natural gas for resale to its customers. Under such contracts with the Gas Authority, the City is obligated to take from the Gas Authority, and the Gas Authority is obligated to provide, all of the City’s natural gas requirements. The price paid by the City to the Gas Authority under its contracts is intended to cover the City’s share of all the costs of the Gas Authority, including scheduled debt service of the Gas Authority. Such payments are required to be made by the City whether the Gas Authority’s facilities or natural gas properties or any part thereof are operating or operable or the output therefrom is interrupted, interfered with, curtailed, or terminated in whole or in part, or whether any of its natural gas suppliers or transporters defaults in its obligations under its gas supply or transportation contracts with the Gas Authority. To the extent the required payments are not made from the revenues of the System or other funds, the City is required to include in its general revenue or appropriation measure, or annual tax levy amounts sufficient to make such payments. The City was contingently liable for \$265,070 of MGAG’s principal bonds outstanding in the event of default by MGAG at June 30, 2023.

Intergovernmental Natural Gas Sales Agreement

The City has an intergovernmental natural gas sales agreement with Meriwether County for an initial term of 25 years, in which the City has agreed to sell natural gas to Meriwether County.

Intergovernmental Water Sales Agreement

The City has an intergovernmental water sales agreement with Meriwether County for an initial term of 30 years, beginning February 1, 2008, in which the City has agreed to sell a maximum of 250,000 gallons of potable water per day to Meriwether County.

(13) Commitments and Contingencies (Continued)

Intergovernmental Water Sales Agreement

The City has an intergovernmental water sales agreement with the City of LaGrange, in which the City has agreed to purchase a minimum of 200,000 gallons of potable water per day, not exceeding 350,000 gallons per day.

Intergovernmental Water Sales Agreement

The City has an intergovernmental water sales agreement with Coweta County, in which the City has agreed to purchase a minimum of 150,000 gallons of potable water per day, not exceeding 1,000,000 gallons per day.

Community Development Block Grant 2021

The City has been awarded a Community Development Block Grant in the amount of \$750,000 through the Georgia Department of Community Affairs for improvements to its Water System. The total project cost is estimated to be \$1,138,200 with the City to provide \$388,200 in matching funds and leverage. The City was awarded the grant in October 2021. At June 30, 2023, the City had expended \$132,090 in matching funds and \$642,418 in Federal funds on the project.

Water System Storage and Distribution Projects

The City has been approved for a GEFA loan for water improvements in the amount of \$2,934,000 and was also awarded a \$2,100,000 grant from the Georgia State Fiscal Recovery Fund to assist in providing improvements to the City's water storage and distribution system. The combination of these funds and the Series 2021A Bonds will be used to for these projects. The estimated total costs of these system improvements were \$7,033,700 as of June 30, 2023.

(14) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses in all these areas except for injuries to employees are all covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City has joined together with other municipalities in the state as part of the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pool currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers the risk pool.

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

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

(14) Risk Management (Continued)

The City's medical insurance policy is a shared returns minimum premium policy. Under the policy, the City is responsible for making minimum premium payments set to cover the costs for the plan administration, commissions, and insurance protection. Additionally, the City is responsible for any claims which are filed each month up to a certain maximum or cap based on the specific plan terms. The monthly cap varies each month based on number of covered employees and the selected coverage. The plan is administered by Group Administrators, Ltd. and the claims are paid through an internal service fund bank account which is funded by the City. The changes in the medical claim's liability for the last two years are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Unpaid Claims - Beginning of Fiscal Year	\$ 58,229	\$ 26,981
Claims Incurred	272,913	227,928
Claims Paid	<u>(298,336)</u>	<u>(196,680)</u>
Unpaid Claims - End of Fiscal Year	<u>\$ 32,806</u>	<u>\$ 58,229</u>

(15) Related Parties

The City of Hogansville Housing Authority is a related organization of the City. The Housing Authority provides safe and sanitary dwelling accommodations for persons of low income. The City appoints a voting majority of the Housing Authority's board but is not financially accountable for the Authority. The City has no significant influence over the management, budget, or policies of the Housing Authority. The Authority reports independently. The City received \$22,959 in lieu of taxes from the Housing Authority for the year ended June 30, 2023.

(16) Grants

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

(17) Landfill Closure and Post Closure Care

The Hogansville solid waste landfill was closed prior to 1980 and is therefore, not subject to the current closure and post closure requirements and regulations. Corrective action by the City taken at the closed landfill site, included:

- Three hundred-fifty loads of topsoil were hauled to the site and spread.
- One hundred pounds of grass seed was used.
- Fifty bales of hay were used.
- A new gate was installed at the site.

All work was completed by April 30, 1997.

There is no recognition of a liability for closure and post closure care costs based on landfill capacity used to date. The percentage of landfill capacity used to date is 100%, and it has an estimated remaining landfill life of zero years. There is no reported liability for closure and post closure care at the balance sheet date. There is no estimated total current cost of closure and post closure care remaining to be recognized. The City maintains the landfill as a grassed area to discourage erosion. There are no assets restricted for payment of closure and post closure care costs. Per City officials, the EPA has recommended that the City leave the landfill as is, and the City is not aware of any proposed changes in the legislation or regulations.

(18) Restatement

The City determined that Lease Assets and Lease Liabilities previously reported under GASB 87 were cancellable at any time by either party and not subject to GASB 87. Therefore, a restatement was required for the City's Governmental Activities and Business-Type Activities as of June 30, 2022, as follows:

Governmental Activities

Lease Assets, Net, June 30, 2022, as Previously Reported	\$ 239,801
Prior Period Adjustment	(239,801)
Lease Liabilities, June 30, 2022, as Previously Reported	(245,013)
Prior Period Adjustment	<u>245,013</u>
Net Prior Period Adjustment	5,212
Net Position, June 30, 2022, as Previously Report	<u>10,256,217</u>
Net Position, June 30, 2022, Restated	<u><u>\$ 10,261,429</u></u>

Business-Type Activities

Lease Assets, Net, June 30, 2022, as Previously Reported	\$ 106,173
Prior Period Adjustment	(106,173)
Lease Liabilities, June 30, 2022, as Previously Reported	(109,168)
Prior Period Adjustment	<u>109,168</u>
Net Prior Period Adjustment	2,995
Net Position, June 30, 2022, as Previously Report	<u>11,602,883</u>
Net Position, June 30, 2022, Restated	<u><u>\$ 11,605,878</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOGANSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total Pension Liability			
Service Cost	\$ 64,161	\$ 65,083	\$ 74,477
Interest on Total Pension Liability	233,122	219,703	210,112
Difference Between Expected and Actual Experience	(60,820)	85,605	32,773
Changes of Assumptions	-	-	-
Change of Benefit Terms	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(193,437)	(181,586)	(174,263)
Net Change in Total Pension Liability	<u>43,026</u>	<u>188,805</u>	<u>143,099</u>
Total Pension Liability - Beginning	<u>3,193,538</u>	<u>3,004,733</u>	<u>2,861,634</u>
Total Pension Liability - Ending	<u>\$ 3,236,564</u>	<u>\$ 3,193,538</u>	<u>\$ 3,004,733</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 99,847	\$ 129,370	\$ 90,140
Net Investment Income	(488,612)	608,647	224,851
Benefit Payments, Including Refunds of Member Contributions	(193,437)	(181,586)	(174,263)
Administrative Expenses	(14,066)	(14,287)	(13,846)
Net Change in Plan Fiduciary Net Position	<u>(596,268)</u>	<u>542,144</u>	<u>126,882</u>
Plan Fiduciary Net Position - Beginning	<u>3,046,894</u>	<u>2,504,750</u>	<u>2,377,868</u>
Plan Fiduciary Net Position - Ending	<u>\$ 2,450,626</u>	<u>\$ 3,046,894</u>	<u>\$ 2,504,750</u>
City's Net Pension Liability (Asset) - Ending	<u>\$ 785,938</u>	<u>\$ 146,644</u>	<u>\$ 499,983</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.72%	95.41%	83.36%
Covered-Employee Payroll	\$ 1,939,454	\$ 1,509,484	\$ 1,537,883
Net Pension Liability As a Percentage of Covered-Employee Payroll	40.52%	9.71%	32.51%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF HOGANSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
(CONTINUED)

2020	2019	2018	2017	2016	2015
\$ 76,123	\$ 69,716	\$ 71,675	\$ 70,624	\$ 74,004	\$ 61,891
199,352	195,705	187,938	184,956	171,241	164,297
94,301	(17,204)	(6,487)	(34,518)	115,297	(3,369)
33,917	-	31,799	-	-	32,416
-	(479)	-	-	-	-
(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
155,769	84,623	107,542	33,275	181,186	103,324
2,705,865	2,621,242	2,513,700	2,480,425	2,299,239	2,195,915
<u>\$ 2,861,634</u>	<u>\$ 2,705,865</u>	<u>\$ 2,621,242</u>	<u>\$ 2,513,700</u>	<u>\$ 2,480,425</u>	<u>\$ 2,299,239</u>
\$ 100,249	\$ 93,464	\$ 88,212	\$ 94,802	\$ 57,300	\$ 89,216
70,417	228,026	310,577	218,280	28,495	221,621
(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
(13,838)	(15,202)	(16,225)	(9,587)	(10,608)	(8,844)
(91,096)	143,173	205,181	115,708	(104,169)	150,082
2,468,964	2,325,791	2,120,610	2,004,902	2,109,071	1,958,989
<u>\$ 2,377,868</u>	<u>\$ 2,468,964</u>	<u>\$ 2,325,791</u>	<u>\$ 2,120,610</u>	<u>\$ 2,004,902</u>	<u>\$ 2,109,071</u>
\$ 483,766	\$ 236,901	\$ 295,451	\$ 393,090	\$ 475,523	\$ 190,168
83.09%	91.24%	88.73%	84.36%	80.83%	91.73%
\$ 1,584,544	\$ 1,327,140	\$ 1,320,707	\$ 1,352,157	\$ 1,242,111	\$ 1,282,094
30.53%	17.85%	22.37%	29.07%	38.28%	14.83%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**CITY OF HOGANSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
SCHEDULE OF CITY CONTRIBUTIONS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	*	\$ 119,750	\$ 119,418	\$ 106,918	\$ 98,026	\$ 82,749	\$ 80,996	\$ 78,907	\$ 70,647
Contributions in Relation to the Actuarially Determined Contribution	*	119,750	119,418	106,918	98,026	89,499	93,973	75,387	74,366
Contribution Deficiency (Excess)	*	\$ -	\$ -	\$ -	\$ -	\$ (6,750)	\$ (12,977)	\$ 3,520	\$ (3,719)
City's Covered-Employee Payroll	N/A	\$ 1,509,484	\$ 1,537,883	\$ 1,584,544	\$ 1,327,140	\$ 1,320,707	\$ 1,352,157	\$ 1,242,311	\$ 1,282,094
Contributions as a Percentage of Covered-Employee Payroll	N/A	7.93%	7.77%	6.75%	7.39%	6.78%	6.95%	6.07%	5.80%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

* 2023 information will be determined after fiscal year end and will be included in the 2024 audit report.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes of Assumptions

There were no changes in plan provisions in the valuation and there were no changes in methods or assumptions in the valuation.

Methods and Assumptions Used to Determine Contribution Rates

Valuation date	The actuarially determined contribution rate was determined as of January 1, 2023, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending June 30, 2024.
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for the remaining unfunded liability
Remaining amortization period	Remaining 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 the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	N/A
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, age 65 rate of 50%, ages 66-71 rate of 25% and age 72 and over rate of 100%
Mortality	<p>Healthy retirees and beneficiaries – Sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25</p> <p>Disabled participants – Sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25</p> <p>Active participants, terminated vested participants, and deferred beneficiaries – Sex-distinct Pri-2012 head-count weighted Employee Mortality Table</p> <p>Plan termination basis (all lives) – 1994 Group Annuity Reserving Unisex Table</p> <p>The mortality tables (other than the one used for the plan termination basis) are projected generationally from 2012 to future years using 60% sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.</p>

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Confiscated Assets Fund - This fund accounts for condemned funds received and disbursed for Law Enforcement expenditures.

Hotel / Motel Fund - This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

SPLOST IV Fund - The SPLOST IV Fund is used to account for the proceeds and various projects associated with a special one percent sales tax.

Capital Grants Fund - This fund is used to account for various grant programs and the restricted expenditures of those programs.

**CITY OF HOGANSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel / Motel Fund	SPLOST IV Fund	Capital Grants Fund	
Assets					
Cash and Cash Equivalents	\$ 14,469	\$ -	\$ 922,952	\$ 6,350	\$ 943,771
Accounts Receivable	-	4,011	-	-	4,011
Due from Other Funds	-	5,456	-	5,847	11,303
Due from Other Governments	-	-	-	32,121	32,121
Total Assets	\$ 14,469	\$ 9,467	\$ 922,952	\$ 44,318	\$ 991,206
Liabilities					
Accounts Payable	\$ -	\$ 9,467	\$ 89,827	\$ 12,197	\$ 111,491
Retainage Payable	-	-	9,981	32,121	42,102
Due to Other Funds	2,055	-	4,262	-	6,317
Total Liabilities	2,055	9,467	104,070	44,318	159,910
Deferred Inflows of Resources					
Unavailable Revenue - Other	8,676	-	-	-	8,676
Total Deferred Inflows of Resources	8,676	-	-	-	8,676
Fund Balance					
Restricted	3,738	-	818,882	-	822,620
Total Fund Balances	3,738	-	818,882	-	822,620
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,469	\$ 9,467	\$ 922,952	\$ 44,318	\$ 991,206

CITY OF HOGANSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel / Motel Fund	SPLOST IV Fund	Capital Grants Fund	
Revenues					
Taxes	\$ -	\$ 46,054	\$ -	\$ -	\$ 46,054
Intergovernmental	-	-	375,100	642,418	1,017,518
Fines and Forfeitures	10	-	-	-	10
Investment Earnings	3	-	19,869	3	19,875
Total Revenues	13	46,054	394,969	642,421	1,083,457
Expenditures					
Current					
General Government	-	-	-	3,819	3,819
Tourism	-	28,784	-	-	28,784
Capital Outlay	-	-	521,035	686,198	1,207,233
Total Expenditures	-	28,784	521,035	690,017	1,239,836
Excess (Deficiency) of Revenues Over (Under) Expenditures	13	17,270	(126,066)	(47,596)	(156,379)
Other Financing Sources (Uses)					
Transfer From Other Funds	-	-	254,485	47,599	302,084
Transfer to Other Funds	-	(17,270)	-	(250,003)	(267,273)
Total Other Financing Sources (Uses)	-	(17,270)	254,485	(202,404)	34,811
Net Change in Fund Balance	13	-	128,419	(250,000)	(121,568)
Fund Balances - Beginning	3,725	-	690,463	250,000	944,188
Fund Balances - Ending	\$ 3,738	\$ -	\$ 818,882	\$ -	\$ 822,620

**CITY OF HOGANSVILLE, GEORGIA
CONFISCATED ASSETS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 10	\$ 10	\$ -
Investment Earnings	3	3	-
Total Revenues	<u>13</u>	<u>13</u>	<u>-</u>
Expenditures			
Current			
Public Safety	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	13	13	-
Fund Balance - Beginning	<u>3,725</u>	<u>3,725</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,738</u>	<u>\$ 3,738</u>	<u>\$ -</u>

CITY OF HOGANSVILLE, GEORGIA
HOTEL / MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Taxes	\$ 46,054	\$ 46,054	\$ -
Total Revenues	<u>46,054</u>	<u>46,054</u>	<u>-</u>
Expenditures			
Current			
Tourism	28,784	28,784	-
Total Expenditures	<u>28,784</u>	<u>28,784</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>17,270</u>	<u>17,270</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfer to Other Funds	(17,270)	(17,270)	-
Total Other Financing Sources (Uses)	<u>(17,270)</u>	<u>(17,270)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023**

SPLOST IV	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
Water and Sewer System Improvements - Priority One	\$ 600,000	\$ 632,664	\$ 632,664	\$ -	\$ 632,664	100.00%
Neighborhood Stabilization: Purchase and Redevelopment of Abandoned or Foreclosed Homes or Other Residential Properties - Priority One	600,000	92,497	92,497	-	92,497	100.00%
Sidewalks & Paving - Priority One	600,000	562,439	562,439	-	562,439	100.00%
Hogansville Lake: Road System, Parking Lot, Restrooms, Picnic Area, and Security - Priority One	500,000	766,100	766,100	-	766,100	100.00%
Renovate Library for use as City Hall - Priority One	250,000	2,049	2,049	-	2,049	100.00%
Renovate Royal Theatre for use as Community Center - Priority One	700,000	895,499	197,353	521,035	718,388	80.22%
Amphitheater Improvements - Priority One	250,000	314,388	314,388	-	314,388	100.00%
Total SPLOST IV	\$ 3,500,000	\$ 3,265,636	\$ 2,567,490	\$ 521,035	\$ 3,088,525	

**CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

	Original Estimated Cost	Amended Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
SPLOST V						
Water, Sewer, and Equipment	\$ 1,200,000	\$ 1,200,000	\$ 496,813	\$ 473,789	\$ 970,602	80.88%
Roads, Sidewalks, and Equipment	1,200,000	1,200,000	632,123	-	632,123	52.68%
Recreation, Parks, and Trails	1,500,000	1,500,000	1,018,247	87,063	1,105,310	73.69%
City Equipment	350,000	598,185	409,746	159,716	569,462	95.20%
Total SPLOST V	\$ 4,250,000	\$ 4,498,185	\$ 2,556,929	\$ 720,568	\$ 3,277,497	

CITY OF HOGANSVILLE, GEORGIA
PUBLIC FACILITY COMMUNITY DEVELOPMENT BLOCK GRANT
21p-x-141-2-6219
FOR THE YEAR ENDED JUNE 30, 2023

Program Activity	Activity Number	Budget	Expenditures		Total
			Prior Years	Current Year	
Contingencies	P-001-01	\$ 6,400	\$ -	\$ -	\$ -
Public Facility Improvement	P-03J-01	743,600	-	642,418	642,418
Total		<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 642,418</u>	<u>\$ 642,418</u>

Non-CDBG Grant Funds Expended in Capital Grants Fund 297,602

Total Capital Grants Fund Expenditures and Transfers Out \$ 940,020

** CDBG activity is reported in the Capital Grants Fund.*

**CITY OF HOGANSVILLE, GEORGIA
SOURCE AND APPLICATION OF FUNDS SCHEDULE
PUBLIC FACILITY
COMMUNITY DEVELOPMENT BLOCK GRANT**

21p-x-141-2-6219

**FOR THE YEAR ENDED JUNE 30, 2023
(CUMULATIVE)**

I. Total Fiscal Year 2023 CDBG Funds Awarded to Recipient:	\$ 750,000
II. Total Amount of Fiscal Year 2023 Drawdown by Recipient from DCA:	642,418
III. Less CDBG Funds Expended in Fiscal Year 2023 by Recipient:	<u>(642,418)</u>
IV. Amount of Fiscal Year 2023 CDBG Funds Held by Recipient:	<u><u>\$ -</u></u>

CITY OF HOGANSVILLE, GEORGIA
BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2023

Assets	
Cash and Cash Equivalents	\$ 26,595
Total Assets	<u>\$ 26,595</u>
Liabilities	
Accounts Payable	\$ -
Total Liabilities	<u>-</u>
Fund Balances	
Unassigned	26,595
Total Fund Balance	<u>26,595</u>
Total Liabilities and Fund Balance	<u>\$ 26,595</u>

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenues		
Intergovernmental	\$	9,700
Total Revenues		9,700
Expenditures		
Current		
Housing and Development		10,882
Total Expenditures		10,882
Net Change in Fund Balances		(1,182)
Fund Balance - Beginning		27,777
Fund Balance - Ending	\$	26,595

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COMPLIANCE SECTION

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Treasury				
Direct Programs				
Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ -	\$ 1,024,694
Total Direct Programs			-	1,024,694
Total U.S. Department of Treasury			-	1,024,694
U.S. Department of Housing and Urban Development				
Passed through the Georgia Department of Community Affairs				
Community Development Block Grant - Entitlement Grants Cluster	14.218	21p-x-141-2-6219	-	642,418
Total Pass-Through Programs			-	642,418
Total U.S. Department of Housing and Urban Development			-	642,418
U.S. Department of Agriculture (USDA)				
Direct Programs				
Rural Business Development Grant (RBDG)	10.351		-	200,000
Total Direct Programs			-	200,000
Total U.S. Department of Agriculture			-	200,000
Total Expenditures of Federal Awards			\$ -	\$ 1,867,112

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HOGANSVILLE, GEORGIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Hogansville, Georgia under programs of the federal government for the fiscal year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Hogansville, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Hogansville, Georgia.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

City of Hogansville, Georgia has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

January 26, 2024

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members
City Council of Hogansville, Georgia
Hogansville, Georgia

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Hogansville, Georgia**, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hogansville, Georgia's basic financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Hogansville, 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 Hogansville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hogansville, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hogansville, 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 Hogansville's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Hogansville, Georgia's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Hogansville, 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 City of Hogansville, Georgia'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 City of Hogansville, Georgia's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

January 26, 2024

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor and Members
City Council of Hogansville, Georgia
Hogansville, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **City of Hogansville, 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 Hogansville, Georgia's major federal programs for the year ended June 30, 2023. City of Hogansville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Hogansville, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Hogansville, 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 GAAS, *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 City of Hogansville, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 City of Hogansville, 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 City of Hogansville, 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 City of Hogansville, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

McNair, McLemore, Middlebrooks & Co., LLC
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

CITY OF HOGANSVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B program?	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2023-001 *Prior Period Adjustment - Leases*

Criteria

Right-To-Use Assets and Lease Liabilities should only be recorded for transactions that meet the requirements of Governmental Accounting Standards Board Statement No. 87 (GASB 87). GASB 87 states that periods for which both the lessee and the lessor have an option to terminate the lease without permission from the other party are cancellable periods and are excluded from the lease term.

Condition

The City recorded Right-To-Use Assets and Lease Liabilities for leases that had at-will termination clauses for either party.

Context

The following adjustments were required as of June 30, 2022:

Governmental Activities

- Right-To-Use Lease Assets, Net of Accumulated Amortization were overstated by \$239,801.
- Lease Liabilities were overstated by \$245,013.
- Net Position was understated by \$5,212.

Utility System Fund/Business-Type Activities

- Right-To-Use Lease Assets, Net of Accumulated Amortization were overstated by \$106,173.
- Lease Liabilities were overstated by \$109,168.
- Net Position was understated by \$2,995.

Effect

A prior period adjustment was required to remove Right-To-Use Assets and Lease Liabilities associated with leases that had at-will termination clauses for either party.

Cause

Internal controls were not implemented to ensure the review of the financial statements would detect such a misstatement.

Recommendation

We recommend that the City establish controls to ensure that only leases that meet the requirements of GASB 87 are reported as such in the City's financial statements.

Views of Responsible Officials and Planned Corrective Actions

Management concurs with the finding. The City will establish policies to ensure that only leases that meet the requirements of GASB 87 are reported as such in the City's financial statements.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Mayor Jake Ayers
Michael Taylor, Jr., Post 1
Matthew Morgan, Post 2
Mandy Neese, Post 3
Mark Ayers, Post 4
Kandis Strickland, Post 5



Lisa Kelly, City Manager
Niles Ford, Assistant City Manager
Alex Dixon, City Attorney

111 High St
Hogansville GA 30230-1196
706-637-8629 | cityofhogansville.org

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FINANCIAL STATEMENT FINDINGS

None Reported

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Reported

Mayor Jake Ayers
Michael Taylor, Jr., Post 1
Matthew Morgan, Post 2
Mandy Neese, Post 3
Mark Ayers, Post 4
Kandis Strickland, Post 5



Lisa Kelly, City Manager
Niles Ford, Assistant City Manager
Alex Dixon, City Attorney

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January 26, 2024

**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

City of Hogansville, Georgia respectfully submits the following corrective action plan for the fiscal year ended June 30, 2023.

FINANCIAL STATEMENT FINDINGS

2023-001 Prior Period Adjustment - Leases

Name of Contact Person: Lisa Kelly, City Manager

Recommendation: We recommend that the City establish controls to ensure that only leases that meet the requirements of GASB 87 are reported as such in the City's financial statements.

Corrective Action: Management concurs with the finding. The City will establish policies to ensure that only leases that meet the requirements of GASB 87 are reported as such in the City's financial statements.

Anticipated Completion Date: January 31, 2024

FEDERAL AWARDS FINDINGS

None Reported