

CITY OF HOGANSVILLE, GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

CITY OF HOGANSVILLE, GEORGIA
FINANCIAL STATEMENTS
AS OF JUNE 30, 2024
AND INDEPENDENT AUDITOR'S REPORT

CITY OF HOGANSVILLE, GEORGIA

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March 4, 2025

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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund - 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 46-47, the schedule of City contributions on page 48, and the notes to the required supplementary information on page 49 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 is 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 March 4, 2025, 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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	\$ 1,151,858	\$ 4,200,168	\$ 5,352,026	\$ 23,280
Receivables (Net of Allowance)				
Taxes	64,020	-	64,020	-
Accounts	4,664	564,628	569,292	-
Due from Other Governments	595,829	-	595,829	-
Prepays Items	-	6,521	6,521	-
Internal Balances	3,072,373	(3,072,373)	-	-
Restricted Assets				
Cash and Cash Equivalents	-	581,842	581,842	-
Capital Assets				
Nondepreciable Assets	3,830,578	7,402,443	11,233,021	-
Depreciable Assets, Net	7,899,833	22,669,413	30,569,246	-
Total Assets	16,619,155	32,352,642	48,971,797	23,280
Deferred Outflows of Resources				
Deferred Outflows of Resources				
Related to Pensions	160,614	65,772	226,386	-
Total Deferred Outflows of Resources	160,614	65,772	226,386	-

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

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2024
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Accounts Payable	767,709	539,407	1,307,116	-
Retainage Payable	281,258	127,920	409,178	-
Accrued Liabilities	64,995	15,900	80,895	-
Accrued Interest	-	65,809	65,809	-
Unearned Revenue	2,279,551	-	2,279,551	-
Customer Deposits	-	324,035	324,035	-
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	43,243	20,627	63,870	-
Finance Purchase Option	33,002	-	33,002	-
Subscription Liabilities	49,049	-	49,049	-
Revenue Bonds Payable	-	248,621	248,621	-
Compensated Absences	94,993	22,336	117,329	-
Due in More Than One Year				
Notes Payable	238,353	1,792,323	2,030,676	-
Finance Purchase Option	237,073	-	237,073	-
Subscription Liabilities	155,351	-	155,351	-
Revenue Bonds Payable	-	13,250,232	13,250,232	-
Net Pension Liability	446,931	183,019	629,950	-
Total Liabilities	4,691,508	16,590,229	21,281,737	-
Deferred Inflows of Resources				
Deferred Inflows of Resources				
Other	8,676	-	8,676	-
Gain on Advance Refunding	-	2,170,151	2,170,151	-
Related to Pensions	26,438	10,827	37,265	-
Total Deferred Inflows of Resources	35,114	2,180,978	2,216,092	-
Net Position				
Net Investment in Capital Assets	10,704,385	12,175,966	22,880,351	-
Restricted for				
Capital Outlay	974,065	-	974,065	-
Public Safety	2,206	-	2,206	-
Unrestricted	372,491	1,471,241	1,843,732	23,280
Total Net Position	\$ 12,053,147	\$ 13,647,207	\$ 25,700,354	\$ 23,280

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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 1,576,089	\$ 1,606,975	\$ -	\$ -
Public Safety	2,659,526	-	53,045	52,908
Public Works	2,079,830	-	113,237	1,169,355
Culture and Recreation	193,038	-	-	1,545,894
Tourism	34,524	-	-	-
Interest	5,682	-	-	-
Total Governmental Activities	6,548,689	1,606,975	166,282	2,768,157
Business-Type Activities				
Utility System Fund	8,168,385	7,774,866	-	1,260,483
Total Business-Type Activities	8,168,385	7,774,866	-	1,260,483
Total Primary Government	\$ 14,717,074	\$ 9,381,841	\$ 166,282	\$ 4,028,640
Component Unit				
Downtown Development Authority	\$ 4,909	\$ -	\$ 1,594	\$ -

General Revenues
Property Taxes
Sales Taxes
Insurance Premium Tax
Franchise Tax
Other Taxes
Investment Earnings
Gain on Sale of Asset
Miscellaneous

Total General Revenues

Transfers

Change in Net Position

Net Position - Beginning of Year

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, 2024
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ 30,886	\$ -	\$ 30,886	\$ -
(2,553,573)	-	(2,553,573)	-
(797,238)	-	(797,238)	-
1,352,856	-	1,352,856	-
(34,524)	-	(34,524)	-
(5,682)	-	(5,682)	-
(2,007,275)	-	(2,007,275)	-
-	866,964	866,964	-
-	866,964	866,964	-
(2,007,275)	866,964	(1,140,311)	-
			(3,315)
860,252	-	860,252	-
963,709	-	963,709	-
289,523	-	289,523	-
345,356	-	345,356	-
357,176	-	357,176	-
3,367	161,525	164,892	-
80,245	-	80,245	-
225,677	37,549	263,226	-
3,125,305	199,074	3,324,379	-
395,667	(395,667)	-	-
1,513,697	670,371	2,184,068	(3,315)
10,539,450	12,976,836	23,516,286	26,595
\$ 12,053,147	\$ 13,647,207	\$ 25,700,354	\$ 23,280

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

CITY OF HOGANSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	American Rescue Plan Fund	<i>Formerly Nonmajor Fund</i> SPLOST IV Fund	SPLOST V Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 178,960	\$ 2,001	\$ 288,593	\$ 592,181	\$ 14,494	\$ 1,076,229
Receivables, Net of Allowance						
Taxes	64,020	-	-	-	-	64,020
Accounts	-	-	-	-	4,664	4,664
Due from Other Governments	200,739	-	229,607	165,483	-	595,829
Due From Other Funds	693,185	2,278,261	31,076	110,024	-	3,112,546
Total Assets	\$ 1,136,904	\$ 2,280,262	\$ 549,276	\$ 867,688	\$ 19,158	\$ 4,853,288
Liabilities						
Accounts Payable	\$ 578,159	\$ -	\$ 47,754	\$ 113,887	\$ 1,280	\$ 741,080
Retainage Payable	-	-	215,021	66,237	-	281,258
Accrued Liabilities	64,995	-	-	-	-	64,995
Unearned Revenue	-	2,279,551	-	-	-	2,279,551
Due to Other Funds	-	-	-	-	6,996	6,996
Total Liabilities	643,154	2,279,551	262,775	180,124	8,276	3,373,880
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	12,126	-	-	-	-	12,126
Deferred Revenue - Other	-	-	-	-	8,676	8,676
Total Deferred Inflows of Resources	12,126	-	-	-	8,676	20,802
Fund Balances						
Restricted	-	-	286,501	687,564	2,206	976,271
Unassigned	481,624	711	-	-	-	482,335
Total Fund Balances	481,624	711	286,501	687,564	2,206	1,458,606
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,136,904	\$ 2,280,262	\$ 549,276	\$ 867,688	\$ 19,158	\$ 4,853,288

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, 2024

Total Fund Balances - Governmental Funds \$ 1,458,606

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	17,322,630
Accumulated Depreciation	(5,592,219)

Deferred Outflows of Resources

Related to Pensions	160,614
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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	(281,596)
Finance Purchase Option	(270,075)
Subscription Liabilities	(204,400)
Compensated Absences	(94,993)
Net Pension Liability	(446,931)

Deferred Inflows of Resources

Related to Pensions	(26,438)
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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.	12,126
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Internal Service Fund

15,823

Total Net Position of Governmental Activities	<u><u>\$ 12,053,147</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, 2024

	General Fund	American Rescue Plan Fund	<i>Formerly Nonmajor Fund</i> SPLOST IV Fund	SPLOST V Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 2,758,272	\$ -	\$ -	\$ -	\$ 55,238	\$ 2,813,510
Intergovernmental	159,826	59,364	1,545,894	1,002,683	107,582	2,875,349
Fines and Forfeitures	612,981	-	-	-	7,658	620,639
Licenses and Permits	517,184	-	-	-	-	517,184
Charges for Services	469,152	-	-	-	-	469,152
Contributions and Other	68,272	-	125,300	-	-	193,572
Investment Earnings	2,558	700	18,908	40,182	17	62,365
Total Revenues	4,588,245	60,064	1,690,102	1,042,865	170,495	7,551,771
Expenditures						
Current						
General Government	1,355,632	-	-	175	-	1,355,807
Public Safety	2,669,589	-	-	-	9,195	2,678,784
Public Works	505,252	-	-	1,107,800	-	1,613,052
Culture and Recreation	441,183	-	-	213,720	-	654,903
Tourism	-	-	-	-	34,524	34,524
Debt Service						
Principal	30,564	-	-	71,790	-	102,354
Interest	4,084	-	-	1,598	-	5,682
Capital Outlay	-	59,364	2,222,483	259,045	139,709	2,680,601
Total Expenditures	5,006,304	59,364	2,222,483	1,654,128	183,428	9,125,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(418,059)	700	(532,381)	(611,263)	(12,933)	(1,573,936)
Other Financing Sources (Uses)						
Proceeds From Sale of Assets	80,245	-	-	-	-	80,245
Insurance Proceeds	19,978	-	-	-	-	19,978
Proceeds From Issuance of Debt	270,075	-	-	259,045	-	529,120
Transfers In	484,266	-	-	-	32,127	516,393
Transfers Out	-	-	-	-	(20,726)	(20,726)
Total Other Financing Sources and (Uses)	854,564	-	-	259,045	11,401	1,125,010
Net Change in Fund Balances	436,505	700	(532,381)	(352,218)	(1,532)	(448,926)
Fund Balances, 06/30/23, as Previously Presented	45,119	11	-	1,039,782	822,620	1,907,532
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	818,882	-	(818,882)	-
Fund Balance, 06/30/23, as Adjusted	45,119	11	818,882	1,039,782	3,738	1,907,532
Fund Balance - Ending	\$ 481,624	\$ 711	\$ 286,501	\$ 687,564	\$ 2,206	\$ 1,458,606

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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (448,926)

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	3,274,824
Total Depreciation	(693,429)

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	(140,240)
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Long-Term Liabilities

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

Finance Purchase Option	(270,075)
Subscription Liabilities	(259,045)

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	47,710
Subscription Liabilities	54,645
Compensated Absences	(23,265)
Net Pension Liability	56,069

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	2,755
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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.	2,506
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Internal Service Fund	(89,832)
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Change in Net Position of Governmental Activities	\$ 1,513,697
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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, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 2,926,962	\$ 2,758,272	\$ 2,758,272	\$ -
Intergovernmental	-	159,826	159,826	-
Fines and Forfeitures	469,681	612,981	612,981	-
Licenses and Permits	251,449	517,184	517,184	-
Charges for Services	284,945	469,152	469,152	-
Contributions and Other	92,668	68,272	68,272	-
Investment Earnings	750	2,558	2,558	-
Total Revenues	4,026,455	4,588,245	4,588,245	-
Expenditures				
Current				
General Government	1,409,407	1,355,632	1,355,632	-
Public Safety	2,330,423	2,669,589	2,669,589	-
Public Works	527,029	505,252	505,252	-
Culture and Recreation	466,537	441,183	441,183	-
Debt Service				
Principal	43,258	30,564	30,564	-
Interest	4,084	4,084	4,084	-
Total Expenditures	4,780,738	5,006,304	5,006,304	-
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(754,283)	(418,059)	(418,059)	-
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	-	80,245	80,245	-
Insurance Proceeds	35,000	19,978	19,978	-
Proceeds from Issuance of Debt	-	270,075	270,075	-
Transfers In	126,875	484,266	484,266	-
Total Other Financing Sources				
and (Uses)	161,875	854,564	854,564	-
Net Change in Fund Balance	(592,408)	436,505	436,505	-
Fund Balance - Beginning	45,119	45,119	45,119	-
Fund Balance - Ending	\$ (547,289)	\$ 481,624	\$ 481,624	\$ -

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, 2024
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	\$ -	\$ 59,364	\$ 59,364	\$ -
Investment Earnings	-	700	700	-
Total Revenues	-	60,064	60,064	-
Expenditures				
Current				
Public Works	-	-	-	-
Capital Outlay	-	59,364	59,364	-
Total Expenditures	-	59,364	59,364	-
Net Change in Fund Balance	-	700	700	-
Fund Balance - Beginning	11	11	11	-
Fund Balance - Ending	<u>\$ 11</u>	<u>\$ 711</u>	<u>\$ 711</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, 2024

	Business-Type Activities Enterprise Fund	Governmental Activities
	Utility System Fund	Internal Service Fund
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 4,200,168	\$ 75,629
Restricted Cash and Cash Equivalents	581,842	-
Accounts Receivable (Net of Allowance for Uncollectibles)	564,628	-
Prepaid items	6,521	-
Total Current Assets	<u>5,353,159</u>	<u>75,629</u>
Noncurrent Assets		
Capital Assets		
Nondepreciable Assets	7,402,443	-
Depreciable Assets, Net	22,669,413	-
Total Capital Assets	<u>30,071,856</u>	<u>-</u>
Total Noncurrent Assets	<u>30,071,856</u>	<u>-</u>
Total Assets	<u>35,425,015</u>	<u>75,629</u>
Deferred Outflows of Resources		
Related to Pensions	65,772	-
Total Deferred Outflows of Resources	<u>65,772</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, 2024
(CONTINUED)

	Business-Type Activities Enterprise Fund	Governmental Activities
	Utility System Fund	Internal Service Fund
Liabilities		
Current Liabilities		
Accounts Payable	\$ 539,407	\$ 26,629
Retainage Payable	127,920	-
Accrued Liabilities	15,900	-
Accrued Interest	65,809	-
Customer Deposits Payable	324,035	-
Compensated Absences	22,336	-
Due to Other Funds	3,072,373	33,177
Notes Payable	20,627	-
Revenue Bonds Payable	248,621	-
Total Current Liabilities	<u>4,437,028</u>	<u>59,806</u>
Noncurrent Liabilities		
Notes Payable	1,792,323	-
Revenue Bonds Payable	13,250,232	-
Net Pension Liability	183,019	-
Total Noncurrent Liabilities	<u>15,225,574</u>	<u>-</u>
Total Liabilities	<u>19,662,602</u>	<u>59,806</u>
Deferred Inflows of Resources		
Related to Pensions	10,827	-
Deferred Gain on Advance Refunding	2,170,151	-
Total Deferred Inflows of Resources	<u>2,180,978</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	12,175,966	-
Unrestricted	1,471,241	15,823
Total Net Position	<u>\$ 13,647,207</u>	<u>\$ 15,823</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, 2024

	Business-Type Activities Enterprise Fund Utility System Fund	Governmental Activities Internal Service Fund
Operating Revenues		
Charges for Services	\$ 7,774,866	\$ 504,000
Miscellaneous	37,549	12,126
Total Operating Revenues	<u>7,812,415</u>	<u>516,126</u>
Operating Expenses		
Salaries and Benefits	1,095,220	-
Cost of Sales	3,684,610	-
Repairs, Maintenance, and Supplies	649,063	-
Premiums	-	258,111
Claims	-	247,940
Utilities	212,768	-
Depreciation	1,150,506	-
Contracted Services	1,159,590	-
Total Operating Expenses	<u>7,951,757</u>	<u>506,051</u>
Operating Income (Loss)	<u>(139,342)</u>	<u>10,075</u>
Non-Operating Revenues (Expenses)		
Interest Revenue	161,525	92
Intergovernmental Revenue	514,423	-
Interest Expense	(216,628)	-
Total Non-Operating Revenues (Expenses)	<u>459,320</u>	<u>92</u>
Net Income (Loss) Before Contributions and Transfers	<u>319,978</u>	<u>10,167</u>
Capital Contributions	746,060	-
Transfers Out	(395,667)	(100,000)
Change In Net Position	670,371	(89,833)
Net Position - Beginning	<u>12,976,836</u>	<u>105,656</u>
Net Position - Ending	<u><u>\$ 13,647,207</u></u>	<u><u>\$ 15,823</u></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, 2024

	Business-Type Activities Enterprise Fund	Governmental Activities
	Utility System Fund	Internal Service Fund
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 7,712,823	\$ 525,210
Cash Paid to Suppliers for Good and Services	(3,142,465)	-
Cash Paid for Benefits and Claims	-	(463,157)
Cash Paid to Employees	(1,097,633)	-
Net Cash Provided by (Used for) Operating Activities	3,472,725	62,053
Cash Flows from Noncapital Financing Activities		
Other Revenues	514,423	-
Transfer to Other Funds	(395,667)	(100,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	118,756	(100,000)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Assets	(2,312,319)	-
Proceeds from GEFA Loan	2,152,436	-
Principal Paid on Revenue Bonds	(245,275)	-
Principal Paid on Notes	(533,455)	-
Interest Paid on Capital Debt	(334,959)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,273,572)	-
Cash Flows from Investing Activities		
Interest Received	161,525	92
Net Cash Provided by (Used for) Investing Activities	161,525	92
Net Increase (Decrease) in Cash and Cash Equivalents	2,479,434	(37,855)
Cash and Cash Equivalents - Beginning	2,302,576	113,484
Cash and Cash Equivalents - Ending	\$ 4,782,010	\$ 75,629
Reconciliation of Cash and Cash Equivalents		
Cash	\$ 4,200,168	\$ 75,629
Restricted Cash	581,842	-
Total Cash and Cash Equivalents	\$ 4,782,010	\$ 75,629

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, 2024
(CONTINUED)

	Business-Type Activities Enterprise Fund	Governmental Activities
	Utility System Fund	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ (139,342)	\$ 10,075
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	1,150,506	-
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivables	(105,895)	-
(Increase) Decrease in Due from Other Funds	100,691	9,084
(Increase) Decrease in Prepays	14,954	15,894
(Increase) Decrease in Deferred Outflows - Pensions	103,458	-
Increase (Decrease) in Accounts Payable	(679,963)	(6,177)
Increase (Decrease) in Retainage Payable	91,445	-
Increase (Decrease) in Accrued Liabilities	3,611	-
Increase (Decrease) in Accrued Interest Payable	(381)	-
Increase (Decrease) in Customer Water Deposits	6,303	-
Increase (Decrease) in Due to Other Funds	3,036,820	33,177
Increase (Decrease) in Compensated Absences	(3,969)	-
Increase (Decrease) in Net Pension Liability	(99,919)	-
Increase (Decrease) in Deferred Inflows - Pensions	(5,594)	-
Total Adjustments	3,612,067	51,978
Net Cash Provided by (Used for) Operating Activities	\$ 3,472,725	\$ 62,053
Noncash Capital Financing Activities		
Contributions of Capital Assets from Government	\$ 746,060	\$ -

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 governmental 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 Governmental 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, 2024. 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, 2024.

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 IV Fund – The SPLOST IV 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.

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, and fines and forfeitures 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, 2024:

	General Fund	ARPA Fund	SPLOST IV Fund	SPLOST V Fund	Nonmajor Governmental Funds	Total
Fund Balances						
Restricted						
Capital Outlay	\$ -	\$ 711	\$ 286,501	\$ 687,564	\$ -	\$ 974,776
Public Safety	-	-	-	-	2,206	2,206
Unassigned	481,624	-	-	-	-	481,624
Total Fund Balances	\$ 481,624	\$ 711	\$ 286,501	\$ 687,564	\$ 2,206	\$ 1,458,606

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 \$187,457 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 \$74,114 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.

Impact of New Accounting Standard Adopted

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The objective of this statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

As a result of adopting this pronouncement as of July 1, 2023, the City recognized intangible right-to-use assets and subscription liabilities related to its subscription arrangements, as described in Note 8. The subscription liabilities were recorded in the statement of net position based on the present value of future payments. Within the statement of activities, the intangible right-to-use assets are amortized on a straight-line basis as amortization expense over the life of the subscription. The interest portion of cash payments is recognized as interest expense based on the incremental borrowing rate.

(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 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. All of the City's investments have a maturity of less than 90 days, therefore, they are considered cash and cash equivalents.

At June 30, 2024, 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>\$ 858,706</u>	AA Af	33 Days
Total Governmental Activities		<u><u>\$ 858,706</u></u>		
<i>Business-Type Activities</i>				
Georgia Fund I	Less than 1 year	\$ 4,246,585	AA Af	33 Days
First American Government Obligations Class Y Money Market Fund	Less than 1 year	279,091	AA Am	44 Days
Allspring Government Money Market Fund - Institutional	Less than 1 year	31,991	AA Am	25 Days
Fidelity Institutional Money Market Treasury Portfolio Class III	Less than 1 year	<u>9,872</u>	AA Am	60 Days
Total Business-Type Activities		<u><u>\$ 4,567,539</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, 2024, 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 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, 2024 consist of the following:

	General Fund	Utility System Fund	Nonmajor Governmental Funds	Total
Receivables				
Taxes	\$ 64,020	\$ -	\$ -	\$ 64,020
Accounts	-	1,039,868	4,664	1,044,532
Gross Receivables	64,020	1,039,868	4,664	1,108,552
Less Allowances for Uncollectibles	-	(475,240)	-	(475,240)
Net Receivables	\$ 64,020	\$ 564,628	\$ 4,664	\$ 633,312

(5) Due from Other Governments

Amounts due from other governments at June 30, 2024, are as follows:

Fund	Federal	State	Total
General Fund	\$ 34,445	\$ 166,294	\$ 200,739
SPLOST IV Fund	229,607	-	229,607
SPLOST V Fund	-	165,483	165,483
Total	\$ 264,052	\$ 331,777	\$ 595,829

(6) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2024, was as follows:

Due to / from Other Funds		
Receivable Fund	Payable Fund	Amount
General Fund	Utility System Fund	\$ 653,012
	Internal Service Fund	33,177
	Nonmajor Governmental Funds	6,996
SPLOST IV Fund	Utility System Fund	31,076
SPLOST V Fund	Utility System Fund	110,024
ARPA Fund	Utility System Fund	2,278,261
Total		\$ 3,112,546

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

	Transfers In		
	Nonmajor		
Transfer Out	General Fund	Governmental Funds	Total
Utility System Fund	\$ 363,540	\$ 32,127	\$ 395,667
Internal Service Fund	100,000	-	100,000
Nonmajor Governmental Funds	20,726	-	20,726
Total	\$ 484,266	\$ 32,127	\$ 516,393

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, 2024, was as follows:

Primary Government

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 484,675	\$ -	\$ -	\$ 484,675
Construction in Progress	744,966	2,600,937	-	3,345,903
Total Capital Assets, Not Being Depreciated	1,229,641	2,600,937	-	3,830,578
Capital Assets, Being Depreciated				
Buildings and Improvements	2,777,898	200,882	-	2,978,780
Infrastructure	8,868,583	-	-	8,868,583
Furniture, Fixtures, and Equipment	679,133	206,310	-	885,443
Vehicles	515,551	7,650	(23,000)	500,201
Intangible Right-To-Use Assets (SBITAs)	-	259,045	-	259,045
Total Capital Assets, Being Depreciated	12,841,165	673,887	(23,000)	13,492,052
Less Accumulated Depreciation for				
Buildings and Improvements	(1,371,909)	(92,842)	-	(1,464,751)
Infrastructure	(2,957,351)	(403,957)	-	(3,361,308)
Furniture, Fixtures, and Equipment	(219,681)	(91,000)	-	(310,681)
Vehicles	(372,849)	(53,821)	23,000	(403,670)
Intangible Right-To-Use Assets (SBITAs)	-	(51,809)	-	(51,809)
Total Accumulated Depreciation	(4,921,790)	(693,429)	23,000	(5,592,219)
Total Capital Assets Being Depreciated, Net	7,919,375	(19,542)	-	7,899,833
Governmental Activities Capital Assets, Net	<u>\$ 9,149,016</u>	<u>\$ 2,581,395</u>	<u>\$ -</u>	<u>11,730,411</u>
Less: Related Long-Term Debt Outstanding				(756,070)
Less: Other (Non-Debt) Related Liabilities				<u>(269,956)</u>
Net Investment In Capital Assets				<u>\$ 10,704,385</u>

Primary Government (Continued)

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

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(8) Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Governmental Activities					
Finance Purchases Option	\$ -	\$ 270,075	\$ -	\$ 270,075	\$ 33,002
Notes Payable	329,306	-	(47,710)	281,596	43,243
Subscription Liabilities	-	259,045	(54,645)	204,400	49,049
Net Pension Liability	503,000	-	(56,069)	446,931	-
Compensated Absences	71,728	23,265	-	94,993	94,993
Governmental Activities Long-term Liabilities	\$ 904,034	\$ 552,385	\$ (158,424)	\$ 1,297,995	\$ 220,287
Business-Type Activities					
2004 Series Bonds	\$ 275,000	\$ -	\$ (135,000)	\$ 140,000	\$ 140,000
2019 Series Bonds	4,381,015	-	(87,085)	4,293,930	88,621
2021 Series Bonds	8,890,000	-	(15,000)	8,875,000	20,000
2021 Bonds Original Issue Net Premium	198,112	-	(8,190)	189,922	-
Notes Payable	193,970	2,152,436	(533,455)	1,812,951	20,627
Net Pension Liability	282,938	-	(99,919)	183,019	-
Compensated Absences	26,305	-	(3,969)	22,336	22,336
Business-Type Activities Long-Term Liabilities	\$ 14,247,340	\$ 2,152,436	\$ (882,618)	\$ 15,517,158	\$ 291,584

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

Finance Purchase Option

The City financed equipment under a finance purchase agreement. The finance purchase option 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 \$270,075 for equipment. The finance purchase option is for 84 months, with an interest rate of 5.07 percent, payable in annual installments of \$46,812.

The following is an analysis of the annual requirements of principal and interest for the subscription liability as of June 30, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 33,002	\$ 13,810	\$ 46,812
2026	34,792	12,020	46,812
2027	36,556	10,256	46,812
2028	38,410	8,402	46,812
2029	40,357	6,455	46,812
2030-2034	86,958	6,669	93,627
	\$ 270,075	\$ 57,612	\$ 327,687

(8) Long-Term Debt (Continued)

Governmental Activities (Continued)

Notes Payable

As of June 30, 2024, the notes payable consisted of the following:

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. \$ 53,788

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. 40,736

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. 168,696

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. 18,376

Total Notes Payable \$ 281,596

Annual Debt Service Requirements

The annual debt service requirements to maturity, including principal and interest, for notes payable as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 43,243	\$ 10,147	\$ 53,390
2026	44,188	9,203	53,391
2027	45,152	8,239	53,391
2028	6,846	7,254	14,100
2029	6,993	7,107	14,100
2030-2034	37,295	33,205	70,500
2035-2039	41,492	29,008	70,500
2040-2044	46,162	24,338	70,500
2045-2047	10,225	6,412	16,637
	<u>\$ 281,596</u>	<u>\$ 134,913</u>	<u>\$ 416,509</u>

(8) Long-Term Debt (Continued)

Governmental Activities (Continued)

Subscription Liabilities

The City has entered into a subscription liability agreement for the financing of accounting software. The subscription liability agreement has been recorded at the present value of the future minimum subscription payments as of the date of its inception.

The following is an analysis of the annual requirements of principal and interest for the subscription liability as of :

Year Ending June 30,	Principal	Interest	Total
2025	\$ 49,049	\$ 5,596	\$ 54,645
2026	50,391	4,254	54,645
2027	51,771	2,874	54,645
2028	53,189	1,456	54,645
	<u>\$ 204,400</u>	<u>\$ 14,180</u>	<u>\$ 218,580</u>

Proprietary Funds

As of June 30, 2024, 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, 2024, are as follows:

Year Ending	<u>2004 Bonds</u>		<u>2019 Bonds</u>		<u>2021 Bonds</u>		<u>Total</u>	<u>Total</u>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30,								
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	220,446	363,394	290,108
2029	-	-	95,042	68,014	275,000	212,291	370,042	280,305
2030-2034	-	-	500,957	314,323	1,440,000	944,521	1,940,957	1,258,844
2035-2039	-	-	546,731	268,549	1,575,000	765,890	2,121,731	1,034,439
2040-2044	-	-	596,687	218,593	1,805,000	534,906	2,401,687	753,499
2045-2049	-	-	651,208	164,072	2,070,000	259,391	2,721,208	423,463
2050-2054	-	-	710,711	116,889	905,000	27,375	1,615,711	144,264
2055-2059	-	-	775,651	39,629	-	-	775,651	39,629
2060	-	-	52,969	191	-	-	52,969	191
Total	\$ 140,000	\$ 3,327	\$ 4,293,930	\$ 1,478,510	\$ 8,875,000	\$ 3,669,643	\$ 13,308,930	\$ 5,151,480

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.

Balance as of	Current
June 30, 2024	Portion

\$ 168,565	\$ 18,828
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Note payable from direct borrowing to Georgia Environmental Facilities Authority in the original amount of \$2,934,000. This loan is still in the draw down phase as June 30, 2024.

1,638,866	-
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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.

5,520	1,799
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Total Notes Payable

<u>\$ 1,812,951</u>	<u>\$ 20,627</u>
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(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, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	21,922	3,002	24,924
2030-2032	66,837	3,778	70,615
	<u>\$ 174,085</u>	<u>\$ 26,922</u>	<u>\$ 201,007</u>

Restricted Assets

The balance of the restricted asset accounts in the Utility System enterprise fund as of June 30, 2024, is \$581,842.

(9) Short-Term Debt

Short-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Governmental Activities				
Line of Credit	\$ -	\$ 370,057	\$ (370,057)	\$ -
Governmental Activities				
Short-term Liabilities	\$ -	\$ 370,057	\$ (370,057)	\$ -

On January 5, 2024, the City entered into a line of credit agreement with Community Bank & Trust – West Georgia. The agreement allowed the City to borrow up to \$300,000 at one time. The additions column above shows greater than \$300,000 due to payments made by the City throughout the fiscal year and subsequent draws on the line of credit. The line of credit agreement had an interest rate of 9.50 percent with a maturity date of January 5, 2025. The line of credit was paid in full as of June 30, 2024. The City paid \$2,881 in interest during fiscal year June 30, 2024.

(10) 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.

(11) 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.

Plan Membership

As of January 1, 2024, the date of the most recent actuarial valuation report, pension plan membership consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	37
Terminated Vested Participants	21
Current Active Employees Vested	<u>23</u>
Total Membership in the Plan	<u><u>81</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 percent of the amount necessary to fund HRP at an actuarially determined rate; the current rate is 7.06 percent 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.

(11) Employee Retirement Plans (Continued)

Investment Data

The market value of assets is based on current values as of the three months preceding the valuation date (September 30, 2023) 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 percent 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 percent 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, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.91%
International Equity	20%	7.21%
Real Estate	10%	3.61%
Global Fixed Income	5%	1.67%
Domestic Fixed Income	20%	1.61%
Total	100%	

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

At June 30, 2024, the City reported a net pension liability. The net pension liability was measured as of September 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2024. An expected total pension liability as of June 30, 2024, was determined using standard roll-forward techniques.

For the year ended June 30, 2024, the City recognized pension expense relative to GMEBS in the amount of \$218,042. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 37,265
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	122,589	-
Employer Contributions Subsequent to the Measurement Date	103,797	-
	<u>\$ 226,386</u>	<u>\$ 37,265</u>

(11) Employee Retirement Plans (Continued)

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

City contributions subsequent to the measurement date of September 30, 2023, 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, 2025. 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:

Year Ended June 30	
2025	\$ (1,977)
2026	8,642
2027	109,122
2028	(30,463)

Actuarial Assumptions: The total pension liability as of June 30, 2024, was determined by an actuarial valuation as of September 30, 2023, 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.

(11) Employee Retirement Plans (Continued)***Net Pension Liability***

Changes in the Net Pension Liability	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2022	\$ 3,236,564	\$ 2,450,626	\$ 785,938
Changes for the Year			
Service Cost	88,097	-	88,097
Interest	238,221	-	238,221
Difference Between Expected and Actual Experience	(9,138)	-	(9,138)
Contributions - Employer	-	155,798	(155,798)
Net Investment Income	-	331,306	(331,306)
Benefit Payments	(189,090)	(189,090)	-
Administrative Expense	-	(13,936)	13,936
Net Changes	128,090	284,078	(155,988)
Balance at September 30, 2023	\$ 3,364,654	\$ 2,734,704	\$ 629,950

The City's net pension liability is recorded in the Government-Wide Statement of Net Position in the amounts of \$446,931 for governmental activities and \$183,019 for business-type activities.

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that 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 percent, 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	\$ 1,032,455	\$ 629,950	\$ 293,581

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.

(12) Hotel / Motel Tax

The City has levied an 8 percent 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, 2024, follows:

	2024
Hotel / Motel Tax Revenue	\$ 55,238
Required Expenditures	34,524
Actual Allowable Expenditures	34,524

(13) 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.

(14) 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 \$24,277,996 of MEAG's principal bonds outstanding in the event of default by MEAG at June 30, 2024.

(14) Commitments and Contingencies (Continued)

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 \$204,412 of MGAG’s principal bonds outstanding in the event of default by MGAG at June 30, 2024.

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.

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.

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, 2024.

(15) 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.

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:

	June 30, 2024	June 30, 2023
Unpaid Claims - Beginning of Fiscal Year	\$ 32,806	\$ 58,229
Claims Incurred	247,940	272,913
Claims Paid	(254,117)	(298,336)
Unpaid Claims - End of Fiscal Year	<u>\$ 26,629</u>	<u>\$ 32,806</u>

(16) 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 \$25,235 in lieu of taxes from the Housing Authority for the year ended June 30, 2024.

(17) 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.

(18) 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 percent, 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.

(19) Adjustments and Restatements to Beginning Balances

Change Within the Reporting Entity

During the fiscal year ended June 30, 2024, the City re-evaluated its fund classifications and determined that a fund previously reported as a nonmajor fund should be reported as a major fund. The City determined that the SPLOST IV Fund previously reported as a nonmajor fund should be reported as a major fund. This reclassification was made to better reflect the financial activities and significance of these funds in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

	Reporting Units Affected by Adjustments to and Restatement of Beginning Balances		
	Fund Statements		Government-Wide
	SPLOST IV Fund	Nonmajor Governmental	Governmental Activities
06/30/23, As Previously Reported	\$ -	\$ 822,620	\$ 10,539,450
Change From Nonmajor Fund to Major	818,882	(818,882)	-
06/30/23, As Restated	\$ 818,882	\$ 3,738	\$ 10,539,450

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOGANSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS

	2024	2023	2022
Total Pension Liability			
Service Cost	\$ 88,097	\$ 64,161	\$ 65,083
Interest on Total Pension Liability	238,221	233,122	219,703
Difference Between Expected and Actual Experience	(9,138)	(60,820)	85,605
Changes of Assumptions	-	-	-
Change of Benefit Terms	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(189,090)	(193,437)	(181,586)
Net Change in Total Pension Liability	128,090	43,026	188,805
Total Pension Liability - Beginning	3,236,564	3,193,538	3,004,733
Total Pension Liability - Ending	\$ 3,364,654	\$ 3,236,564	\$ 3,193,538
Plan Fiduciary Net Position			
Contributions - Employer	\$ 155,798	\$ 99,847	\$ 129,370
Net Investment Income	331,306	(488,612)	608,647
Benefit Payments, Including Refunds of Member Contributions	(189,090)	(193,437)	(181,586)
Administrative Expenses	(13,936)	(14,066)	(14,287)
Net Change in Plan Fiduciary Net Position	284,078	(596,268)	542,144
Plan Fiduciary Net Position - Beginning	2,450,626	3,046,894	2,504,750
Plan Fiduciary Net Position - Ending	\$ 2,734,704	\$ 2,450,626	\$ 3,046,894
City's Net Pension Liability (Asset) - Ending	\$ 629,950	\$ 785,938	\$ 146,644
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.28%	75.72%	95.41%
Covered-Employee Payroll	\$ 2,242,828	\$ 1,939,454	\$ 1,509,484
Net Pension Liability As a Percentage of Covered-Employee Payroll	28.09%	40.52%	9.71%

CITY OF HOGANSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
(CONTINUED)

2021	2020	2019	2018	2017	2016	2015
\$ 74,477	\$ 76,123	\$ 69,716	\$ 71,675	\$ 70,624	\$ 74,004	\$ 61,891
210,112	199,352	195,705	187,938	184,956	171,241	164,297
32,773	94,301	(17,204)	(6,487)	(34,518)	115,297	(3,369)
-	33,917	-	31,799	-	-	32,416
-	-	(479)	-	-	-	-
(174,263)	(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
143,099	155,769	84,623	107,542	33,275	181,186	103,324
2,861,634	2,705,865	2,621,242	2,513,700	2,480,425	2,299,239	2,195,915
<u>\$ 3,004,733</u>	<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>
\$ 90,140	\$ 100,249	\$ 93,464	\$ 88,212	\$ 94,802	\$ 57,300	\$ 89,216
224,851	70,417	228,026	310,577	218,280	28,495	221,621
(174,263)	(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
(13,846)	(13,838)	(15,202)	(16,225)	(9,587)	(10,608)	(8,844)
126,882	(91,096)	143,173	205,181	115,708	(104,169)	150,082
2,377,868	2,468,964	2,325,791	2,120,610	2,004,902	2,109,071	1,958,989
<u>\$ 2,504,750</u>	<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>
\$ 499,983	\$ 483,766	\$ 236,901	\$ 295,451	\$ 393,090	\$ 475,523	\$ 190,168
83.36%	83.09%	91.24%	88.73%	84.36%	80.83%	91.73%
\$ 1,537,883	\$ 1,584,544	\$ 1,327,140	\$ 1,320,707	\$ 1,352,157	\$ 1,242,111	\$ 1,282,094
32.51%	30.53%	17.85%	22.37%	29.07%	38.28%	14.83%

CITY OF HOGANSVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
SCHEDULE OF CITY CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions	*	\$ 121,199	\$ 119,750	\$ 119,418	\$ 106,918	\$ 98,026	\$ 82,749	\$ 80,996	\$ 78,907	\$ 70,647
Contributions in Relation to the Actuarially Determined Contribution	*	121,199	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	\$ 1,939,454	\$ 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	6.25%	7.93%	7.77%	6.75%	7.39%	6.78%	6.95%	6.07%	5.80%

* 2024 information will be determined after fiscal year end and will be included in the 2025 audit report.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024, 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, 2025.
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 12 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.

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, 2024

	Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel / Motel Fund	Formerly Nonmajor Fund		Capital Grants Fund	
			SPLOST IV Fund			
Assets						
Cash and Cash Equivalents	\$ 14,494	\$ -	\$ -	\$ -	\$ -	14,494
Accounts Receivable	-	4,664	-	-	-	4,664
Total Assets	\$ 14,494	\$ 4,664	\$ -	\$ -	\$ -	19,158
Liabilities						
Accounts Payable	\$ 765	\$ 515	\$ -	\$ -	\$ -	1,280
Due to Other Funds	2,847	4,149	-	-	-	6,996
Total Liabilities	3,612	4,664	-	-	-	8,276
Deferred Inflows of Resources						
Unavailable Revenue - Other	8,676	-	-	-	-	8,676
Total Deferred Inflows of Resources	8,676	-	-	-	-	8,676
Fund Balances						
Restricted	2,206	-	-	-	-	2,206
Total Fund Balances	2,206	-	-	-	-	2,206
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,494	\$ 4,664	\$ -	\$ -	\$ -	19,158

CITY OF HOGANSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
	Confiscated Assets Fund	Hotel / Motel Fund	Formerly Nonmajor Fund		Capital Grants Fund	
			SPLOST IV Fund			
Revenues						
Taxes	\$ -	\$ 55,238	\$ -	\$ -	-	\$ 55,238
Intergovernmental	-	-	-	-	107,582	107,582
Fines and Forfeitures	7,658	-	-	-	-	7,658
Investment Earnings	5	-	-	-	12	17
Total Revenues	7,663	55,238	-	-	107,594	170,495
Expenditures						
Current						
Public Safety	9,195	-	-	-	-	9,195
Tourism	-	34,524	-	-	-	34,524
Capital Outlay	-	-	-	-	139,709	139,709
Total Expenditures	9,195	34,524	-	-	139,709	183,428
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,532)	20,714	-	-	(32,115)	(12,933)
Other Financing Sources (Uses)						
Transfer From Other Funds	-	-	-	-	32,127	32,127
Transfer to Other Funds	-	(20,714)	-	-	(12)	(20,726)
Total Other Financing Sources (Uses)	-	(20,714)	-	-	32,115	11,401
Net Change in Fund Balances	(1,532)	-	-	-	-	(1,532)
Fund Balances, 06/30/23, as Previously Presented	3,738	-	818,882	-	-	822,620
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	(818,882)	-	-	(818,882)
Fund Balances, 06/30/23, as Adjusted	3,738	-	-	-	-	3,738
Fund Balances - Ending	\$ 2,206	\$ -	\$ -	\$ -	-	\$ 2,206

**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, 2024**

	Final Budget	Actual	Variance with Final Budget
Revenues			
Fines and Forfeitures	\$ 7,658	\$ 7,658	\$ -
Investment Earnings	5	5	-
Total Revenues	7,663	7,663	-
Expenditures			
Current			
Public Safety	9,195	9,195	-
Total Expenditures	9,195	9,195	-
Net Change in Fund Balance	(1,532)	(1,532)	-
Fund Balance - Beginning	3,738	3,738	-
Fund Balance - Ending	\$ 2,206	\$ 2,206	\$ -

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, 2024

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 55,238	\$ 55,238	\$ -
Total Revenues	<u>55,238</u>	<u>55,238</u>	<u>-</u>
Expenditures			
Current			
Tourism	34,524	34,524	-
Total Expenditures	<u>34,524</u>	<u>34,524</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>20,714</u>	<u>20,714</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfer to Other Funds	(16,125)	(20,714)	(4,589)
Total Other Financing Sources (Uses)	<u>(16,125)</u>	<u>(20,714)</u>	<u>(4,589)</u>
Net Change in Fund Balance	4,589	-	(4,589)
Fund Balance - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,589</u>	<u>\$ -</u>	<u>\$ (4,589)</u>

**CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2024**

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	2,566,693	718,388	2,222,483	2,940,871	114.58%
Amphitheater Improvements - Priority One	250,000	314,388	314,388	-	314,388	100.00%
Total SPLOST IV	\$ 3,500,000	\$ 4,936,830	\$ 3,088,525	\$ 2,222,483	\$ 5,311,008	

Note: The City has received additional outside funding for the renovation of the Royal Theatre.

**CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2024
(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	\$ 970,602	\$ 724,622	\$ 1,695,224	141.27%
Roads, Sidewalks, and Equipment	1,200,000	1,200,000	632,123	80,691	712,814	59.40%
Recreation, Parks, and Trails	1,500,000	1,500,000	1,105,310	277,978	1,383,288	92.22%
City Equipment	350,000	598,185	569,462	516,192	1,085,654	181.49%
Total SPLOST V	<u>\$ 4,250,000</u>	<u>\$ 4,498,185</u>	<u>\$ 3,277,497</u>	<u>\$ 1,599,483</u>	<u>\$ 4,876,980</u>	

The following is a reconciliation of SPLOST V expenditures:

Subscription Liability Principal	<u>\$ 54,645</u>
	<u>\$ 1,654,128</u>

CITY OF HOGANSVILLE, GEORGIA
PUBLIC FACILITY COMMUNITY DEVELOPMENT BLOCK GRANT
21p-x-141-2-6219
FOR THE YEAR ENDED JUNE 30, 2024

Program Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Year	Total
Contingencies	P-001-01	\$ 6,400	\$ -	\$ 6,400	\$ 6,400
Public Facility Improvement	P-03J-01	743,600	642,418	101,182	743,600
Total		<u>\$ 750,000</u>	<u>\$ 642,418</u>	107,582	<u>\$ 750,000</u>

Non-CDBG Grant Funds Expended in Capital Grants Fund 32,139

Total Capital Grants Fund Expenditures and Transfers Out \$ 139,721

** 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, 2024
(CUMULATIVE)**

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

CITY OF HOGANSVILLE, GEORGIA
BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2024

Assets

Cash and Cash Equivalents	\$ 23,280
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Total Assets	<u>\$ 23,280</u>
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Liabilities

Accounts Payable	\$ -
------------------	------

Total Liabilities	<u>-</u>
--------------------------	----------

Fund Balance

Unassigned	23,280
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Total Fund Balance	<u>23,280</u>
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Total Liabilities and Fund Balance	<u>\$ 23,280</u>
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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, 2024

Revenues	
Intergovernmental	\$ 1,594
Total Revenues	<u>1,594</u>
Expenditures	
Current	
Housing and Development	<u>4,909</u>
Total Expenditures	<u>4,909</u>
Net Change in Fund Balance	(3,315)
Fund Balance - Beginning	<u>26,595</u>
Fund Balance - Ending	<u><u>\$ 23,280</u></u>

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COMPLIANCE SECTION

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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		\$ -	\$ 59,364
American Rescue Plan Act Public Safety and Community Violence Reduction Grant Program	21.027		-	52,908
Total Direct Programs			-	112,272
Total U.S. Department of Treasury			-	112,272
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	-	107,582
Total Pass-Through Programs			-	107,582
Total U.S. Department of Housing and Urban Development			-	107,582
U.S. Department of Commerce				
Passed through Economic Development Administration				
Economic Adjustments Program - Economic Development Cluster	11.307	04-79-07695	-	1,545,894
Total Pass-Through Programs			-	1,545,894
Total U.S. Department of Commerce			-	1,545,894
U.S. Department of Natural Resources				
Passed through the Georgia Environmental Finance Authority				
Drinking Water State Revolving Fund	66.468	DW2020028	-	2,566,373
Total Pass-Through Programs			-	2,566,373
Total U.S. Department of Natural Resources			-	2,566,373
Total Expenditures of Federal Awards			\$ -	\$ 4,332,121

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, 2024**

(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, 2024. 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.

(4) Loan Programs

The Drinking Water State Revolving Loan Programs DW2020028 is administered by the City of Hogansville, Georgia and the balances and transactions relating to these programs are included in the City of Hogansville, Georgia's basic financial statements. The loan outstanding at the beginning of the year and the loan made during the year are included in the federal expenditures presented in the Schedule. The balance of the loan outstanding at June 30, 2024 consists of:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2024
66.468	Drinking Water State Revolving Fund - DW2020028	\$ 1,638,866

March 4, 2025

**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** (the "City"), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 4, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2024-003.

City of Hogansville's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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'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

March 4, 2025

**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** (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2024.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the City'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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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, 2024**

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?	Yes

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>
11.307	Economic Adjustments Program
66.468	Drinking Water State Revolving Fund

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*:

2024-001 *Grant Revenue and Grant Receivables*

Criteria

Under a modified accrual basis of accounting, amounts are recognized as revenue when earned, only as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period.

Condition

A material audit adjustment of \$229,607 was required in the SPLOST IV Fund to record grant revenue and grant receivable at year-end.

Effect

The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

Cause

Internal controls were not implemented to ensure proper recording of grant revenue and grant receivables.

Recommendation

We recommend that the City establish controls to ensure that grant revenues are recognized when earned.

Views of Responsible Officials and Planned Corrective Actions

Management concurs with the finding and will begin quarterly review of grant revenue posted accordingly.

Section II - Financial Statement Findings (Continued)

2024-002 *Utility System Fund*

Criteria

In accordance with generally accepted accounting principles (GAAP), capital assets must be reported on accrual basis financial statements in proprietary funds. Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the City, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

Condition

Utility System Fund capital asset additions were not recorded using the accrual basis of accounting and capital asset additions purchased in other funds were not recorded as capital contributions in the Utility System Fund. Also, the City did not properly record forgiveness of long-term debt during fiscal year 2024.

During the course of our audit, material adjustments were required in the Utility System Fund as follows:

- \$513,571 to properly record GEFA loan forgiveness and principal loan balance at year-end
- \$2,312,320 to properly record asset additions purchased by the Utility System Fund
- \$746,060 to properly record capital contributions for asset additions purchased by other City funds

Effect

The City's accounting records for the Utility System Fund contained material errors and omissions which were identified and adjusted during the annual audit process.

Cause

The City does not have adequate accounting procedures to ensure the proper recording of Utility System Fund capital asset activity and long-term debt activity.

Recommendation

We recommend that the City establish controls to ensure the proper recording and review of Utility System Fund capital asset activity and long-term debt activity.

Views of Responsible Officials and Planned Corrective Actions

Management concurs with the finding and will establish a regular schedule of review with consulting CPA to ensure these items are properly recorded.

Section II - Compliance Findings

2024-003 Violation of Georgia Law – SPLOST Funds

Criteria

The Official Code of Georgia (O.C.G.A) Section 48-8-121(a)(1) requires that SPLOST proceeds be used exclusively for the purposes specified in the SPLOST resolution.

Condition

At June 30, 2024, the SPLOST IV Fund and SPLOST V Fund had a receivable due from other funds.

Effect

The City is in violation of O.C.G.A Section 48-8-121(a)(1).

Cause

The City's internal controls did not prevent violation of O.C.G.A Section 48-8-121(a)(1).

Recommendation

We recommend that the City enhance controls to ensure that SPLOST proceeds are held in the SPLOST bank account and only used for approved SPLOST projects.

Views of Responsible Officials and Planned Corrective Actions

Management concurs with the finding and will begin monthly review with management and accounting.

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, 2024**

FINANCIAL STATEMENT FINDINGS

2023-001 Prior Period Adjustment – Leases

Status: Corrective action was taken during FY 24.

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

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

March 4, 2025

**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

City of Hogansville, Georgia respectfully submits the following corrective action plan for the fiscal year ended June 30, 2024.

FINANCIAL STATEMENT FINDINGS

2024-001 Grant Revenue and Grant Receivables

Name of Contact Person: Lisa Kelly, City Manager

Recommendation: We recommend that the City establish controls to ensure that grant revenues are recognized when earned.

Corrective Action: Management concurs with the finding and will begin quarterly review of grant revenue posted accordingly.

Anticipated Completion Date: March 31, 2025

2024-002 Utility System Fund

Name of Contact Person: Lisa Kelly, City Manager

Recommendation: We recommend that the City establish controls to ensure the proper recording of Utility System Fund capital asset activity and long-term debt activity.

Corrective Action: Management concurs with the finding and will establish a regular schedule of review with consulting CPA to ensure these items are properly recorded.

Anticipated Completion Date: March 31, 2025

COMPLIANCE FINDING

2024-003 Violation of Georgia Law – SPLOST Fund

Name of Contact Person: Lisa Kelly, City Manager

Recommendation: We recommend that the City enhance controls to ensure that SPLOST proceeds are held in the SPLOST bank account and only used for approved SPLOST projects.

Corrective Action: Management concurs with the finding and will begin monthly review with management and accounting.

Anticipated Completion Date: March 31, 2025

FEDERAL AWARDS FINDINGS

None Reported

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