

CITY OF HOGANSVILLE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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AUDITED BASIC FINANCIAL STATEMENTS
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Independent Auditor's Report

**To the Honorable Mayor and Members of the City Council
City of Hogansville, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hogansville, Georgia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Hogansville, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hogansville, Georgia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, the Schedule of Changes in the Net Pension Liability and Related Ratios on page 57, and the Schedule of Contributions on Page 58 be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hogansville, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, budget and actual schedules, and Schedules of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds are presented for purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budget and actual schedules, Schedules of Projects Constructed with Local Option Sales Tax Proceeds, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budget and actual schedules, Schedules of Projects Constructed with Local Option Sales Tax Proceeds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022, on our consideration of the City of Hogansville, Georgia's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering City of Hogansville, Georgia's internal control over financial reporting and compliance.

Wilcox & Birings, P.C.

Suwanee, Georgia
April 20, 2022

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Management of the City of Hogansville, Georgia (the "City") provides this Management Discussion and Analysis. This narrative overview and analysis of the City's primary government financial activities is for the fiscal year ending June 30, 2021. Please consider this information in conjunction with the City's primary government financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$21,557,246 (presented as "net position"). Of this amount, \$(1,349,471) was reported as a deficit "unrestricted net position". \$20,721,717 of net position consisted of net investment in capital assets. The remainder of net position consisted of amounts restricted by state law or debt agreements, and totaled \$2,185,000.
- The City's total net position increased by \$1,978,110 in fiscal year 2021.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,433,085. Unassigned fund balance was a \$214,671.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$214,671 or 5.4% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad view of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's primary government assets, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods, such as uncollected property taxes.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues ("governmental activities") from functions that are intended to recover all or a significant portion of their costs through user fees and charges ("business-type activities"). The governmental activities of the City include general government and administration, public safety, and public services. The business-type activities of the City include the City's gas, electric, water and sewer system operations, and sanitation services.

The government-wide financial statements can be found on pages 10 and 11 of this report.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories – governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Confiscated Asset, Hotel/Motel Tax, Capital Grants, SPLOST IV, and SPLOST V funds. The General, SPLOST V, and Capital Grants Funds are the only major funds.

The basic governmental fund financial statements can be found on pages 12 to 16 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its gas, electric, water and sewer system, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions of a government. The City uses an internal service fund to account for medical insurance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the utility system Enterprise fund and for the medical insurance internal service fund. The utility system Enterprise fund is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 17 to 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 56 of this report.

Other Information

In addition to the primary government financial statements and accompanying notes, this report also presents certain required and other supplementary information. Required and other supplementary information can be found on pages 57 to 63 of this report.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City's primary government financial statements, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,557,246 as of June 30, 2021.

The largest portion of the City's net position reflects its investments in capital assets (such as land, buildings and improvements, furniture, fixtures, and equipment, infrastructure, and vehicles); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF HOGANSVILLE, GEORGIA'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets \$	2,806,205	\$ 2,886,838	\$ 4,095,429	\$ 4,713,684	\$ 6,901,634	\$ 7,600,522
Capital assets	<u>8,864,523</u>	<u>7,133,940</u>	<u>24,389,146</u>	<u>23,507,983</u>	<u>33,253,669</u>	<u>30,641,923</u>
Total assets	<u>11,670,728</u>	<u>10,020,778</u>	<u>28,484,575</u>	<u>28,221,667</u>	<u>40,155,303</u>	<u>38,242,445</u>
Deferred outflows of resources	<u>132,169</u>	<u>122,928</u>	<u>65,985</u>	<u>61,372</u>	<u>198,154</u>	<u>184,300</u>
Long-term liabilities	409,085	417,356	13,905,268	14,427,392	14,314,353	14,844,748
Other liabilities	<u>1,109,389</u>	<u>245,811</u>	<u>1,187,049</u>	<u>1,469,542</u>	<u>2,296,438</u>	<u>1,715,353</u>
Total liabilities	<u>1,518,474</u>	<u>663,167</u>	<u>15,092,317</u>	<u>15,896,934</u>	<u>16,610,791</u>	<u>16,560,101</u>
Deferred inflows of resources	<u>32,622</u>	<u>26,530</u>	<u>2,152,798</u>	<u>2,260,978</u>	<u>2,185,420</u>	<u>2,287,508</u>
Net position:						
Net investment in capital assets	8,813,100	7,053,962	11,908,617	10,254,943	20,721,717	17,308,905
Restricted	1,142,512	1,874,115	1,042,488	854,504	2,185,000	2,728,619
Unrestricted	<u>296,189</u>	<u>525,932</u>	<u>(1,645,660)</u>	<u>(984,320)</u>	<u>(1,349,471)</u>	<u>(458,388)</u>
Total net position	\$ <u>10,251,801</u>	\$ <u>9,454,009</u>	\$ <u>11,305,445</u>	\$ <u>10,125,127</u>	\$ <u>21,557,246</u>	\$ <u>19,579,136</u>

An additional portion of the City's net position (10.1%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$(1,349,471).

As of June 30, 2021 and 2020, the City was able to report positive balances in two out of three categories of net position for the government as a whole. As of June 30, 2021 and 2020, the City was able to report positive balances in all three categories of net position for its governmental activities. The City was able to report positive balances in two out of three categories of net position for its business-type activities at June 30, 2021 and 2020 as it had negative unrestricted net position balances of \$(1,645,660) and \$(984,320).

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Analysis of the City's Operations

The following table provides a summary of the City's operations for the years ended June 30, 2021 and 2020. Governmental activities increased the City's net position by \$797,792 and \$868,253 for the years ended June 30, 2021 and 2020. Business-type activities increased the City's net position by \$1,180,318 and \$2,175,104 for the years ended June 30, 2021 and 2020.

CITY OF HOGANSVILLE, GEORGIA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 573,276	\$ 411,029	\$ 6,646,430	\$ 6,560,099	\$ 7,219,706	\$ 6,971,128
Operating grants and Contributions	1,361	5,050	-	-	1,361	5,050
Capital grants and Contributions	2,225,107	1,246,086	339,818	2,160,182	2,564,925	3,406,268
General revenues:						
Taxes	2,109,229	1,925,021	-	-	2,109,229	1,925,021
Investment revenue	3,224	2,525	51,592	57,929	54,816	60,454
Gain on sale of assets	69,421	40,424	-	-	69,421	40,424
Other	<u>63,195</u>	<u>23,065</u>	<u>-</u>	<u>-</u>	<u>63,195</u>	<u>23,065</u>
Total revenues	<u>5,044,813</u>	<u>3,653,200</u>	<u>7,037,840</u>	<u>8,778,210</u>	<u>12,082,653</u>	<u>12,431,410</u>
Expenses:						
Program expenses:						
General government	1,042,976	716,586	-	-	1,042,976	716,586
Public safety	1,840,133	1,661,364	-	-	1,840,133	1,661,364
Public services	920,178	831,978	-	-	920,178	831,978
Tourism	18,753	18,821	-	-	18,753	18,821
Interest	4,123	6,022	-	-	4,123	6,022
Utility system	<u>-</u>	<u>-</u>	<u>6,278,380</u>	<u>6,153,282</u>	<u>6,278,380</u>	<u>6,153,282</u>
Total expenses	<u>3,826,163</u>	<u>3,234,771</u>	<u>6,278,380</u>	<u>6,153,282</u>	<u>10,104,543</u>	<u>9,388,053</u>
Excess (deficiency) in net assets before transfers	1,218,650	418,429	759,460	2,624,928	1,978,110	3,043,357
Transfers	(420,858)	449,824	420,858	(449,824)	-	-
Change in net position	797,792	868,253	1,180,318	2,175,104	1,978,110	3,043,357
Net position July 1,	<u>9,454,009</u>	<u>8,585,756</u>	<u>10,125,127</u>	<u>7,950,023</u>	<u>19,579,136</u>	<u>16,535,779</u>
Net position June 30,	\$ <u>10,251,801</u>	\$ <u>9,454,009</u>	\$ <u>11,305,445</u>	\$ <u>10,125,127</u>	\$ <u>21,557,246</u>	\$ <u>19,579,136</u>

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

Governmental funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,433,085. \$214,671 of the combined fund balance constitutes unassigned fund balance. The remainder of the fund balance is classified as either restricted, committed, or nonspendable. Restricted fund balance consisted of amounts restricted to pay for capital projects of \$1,139,467, general government of \$2,500, and public safety of \$545. \$21,450 of fund balance was committed for public safety, and \$22,784 was committed for public services. \$31,668 of fund balance was nonspendable because it has been used for prepaid items.

The General Fund is the chief fund of the City. At the end of the current fiscal year, unassigned fund balance was \$214,671 and total fund balance of the General Fund was \$293,073. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the fund's total operational expenditures. Unassigned fund balance represents 5.4% of total expenditures, while total fund balance represents 7.4% of that same amount.

The General Fund's fund balance decreased by \$196,470 during the current fiscal year. Key factors in this increase are as follows:

- Total revenues increased by \$430,168 for a percentage increase of 17.6%. This increase was mainly due to increases in taxes of \$194,328, contribution revenues of \$128,155, and licenses and permits of \$94,629.
- Total expenditures increased by \$1,092,443 for a percentage increase of 37.8%. This increase was mainly due to increases in general government expenditures of \$648,622, public safety expenditures of \$181,265, and public services of \$176,209.
- Net transfers in increased by \$241,409. This increase was due to the increase of transfers in from the Enterprise Fund in order to fund General Fund operations.

The SPLOST V Fund's fund balance decreased by \$705,157. This decrease was due to an increase in capital projects expenditures over intergovernmental revenues during the current year.

The Capital Grants Fund had no change in fund balance for the year.

Other governmental funds fund balances decreased \$26,446 during the current fiscal year. This decrease was due to expenditures exceeding revenues by \$26,446 in the SPLOST IV Fund during the current fiscal year.

Proprietary funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise fund was a deficit of \$(1,645,660). The fund had a net position increase for the fiscal year of \$1,180,318. Operating revenues increased by \$86,331, operating expenses increased by \$163,238, intergovernmental grant revenue decreased by \$1,820,364, capital contributions increased by \$999,049, and net transfers to other funds increased by \$128,367.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the City Council. Overall, these revisions resulted in increases in budgeted revenues of \$293,260, budgeted expenditures of \$550,559, and other financing sources of \$38,463. Material revisions to budgeted appropriations were for increases in general government appropriations of \$514,913 and public safety appropriations of \$172,850.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 and 2020 amounted to \$33,253,669 and \$30,641,923, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, fixtures and equipment, utility system infrastructure, infrastructure assets, and vehicles.

Major capital asset events during the current fiscal year included the following:

- The City expended \$722,988 for general government infrastructure construction in progress.
- The City expended/transferred from construction in progress \$120,258 for general government infrastructure improvements.
- The City expended \$553,415 for buildings and improvements.
- The City expended \$738,851 for general government infrastructure.
- The City expended \$233,491 for furniture, fixtures & equipment.
- The City expended \$145,427 for vehicles
- The City expended/transferred \$8,871,971 from construction in progress for utility system construction in progress mainly for its water pollution control plant addition.
- The City expended \$10,679,719 for utility system infrastructure improvements.

**CAPITAL ASSETS AT YEAR-END
NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 432,175	\$ 432,175	\$ 380,784	\$ 380,784	\$ 812,959	\$ 812,959
Construction in progress	881,416	278,686	10,981	8,871,971	892,397	9,150,657
Buildings and improvements	2,748,497	2,195,082	-	-	2,748,497	2,195,082
Utility system infrastructure	-	-	35,785,652	25,142,092	35,785,652	25,142,092
Furniture, fixtures and equipment	398,162	198,086	345,700	347,663	743,862	545,749
Infrastructure	7,587,769	6,848,918	-	-	7,587,769	6,848,918
Vehicles	544,678	552,112	-	-	544,678	552,112
Accumulated depreciation	(3,728,174)	(3,371,119)	(12,133,971)	(11,234,527)	(15,862,145)	(14,605,646)
Total	\$ 8,864,523	\$ 7,133,940	\$ 24,389,146	\$ 23,507,983	\$ 33,253,669	\$ 30,641,923

Additional information on the City's capital assets can be found in note 5 of this report.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$13,031,932 in long-term debt consisting of revenue bonds, capital leases, notes payable, and net pension liability. All of the debt was secured by capital assets or specific revenue sources.

CITY OF HOGANSVILLE, GEORGIA'S OUTSTANDING DEBT – PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital leases payable	\$ 51,423	\$ 79,978	\$ 5,577,528	\$ 5,666,770	\$ 5,628,951	\$ 5,746,748
Notes payable	-	-	220,936	255,617	220,936	255,617
Revenue bonds payable	-	-	6,682,065	7,330,653	6,682,065	7,330,653
Net pension liability	<u>333,489</u>	<u>322,672</u>	<u>166,494</u>	<u>161,094</u>	<u>499,983</u>	<u>483,766</u>
Total	\$ <u>384,912</u>	\$ <u>402,650</u>	\$ <u>12,647,023</u>	\$ <u>13,414,134</u>	\$ <u>13,031,935</u>	\$ <u>13,816,784</u>

The City's total debt decreased \$784,852 during the current fiscal year. This was mainly attributable to the City repaying debt. The City had long-term interest payable related to capital leases of \$1,773,765 and \$1,465,313 at June 30, 2021 and 2020. Additional information on the City's long-term debt can be found in note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2021-2022 Budget, General Fund revenues are budgeted to increase by 37.8% from the 2020-2021 budget year with taxes making up about 62.5% of general fund budgeted revenues. The 2021-2022 General Fund Budget includes budgeted revenue of \$505,000 for local option sales tax, \$585,936 in property tax, and \$502,500 in fines and forfeitures and other public safety revenues. The City has also budgeted expenditures of \$1,267,927 for general government and \$1,691,736 for public safety.

The City has budgeted \$7,654,589 in charges for services revenues for its business-type activities for the 2021-2022 Budget. This is an increase of 5.2% from the 2020-2021 budget year. The City has budgeted \$3,901,256 in electric revenue, \$1,109,000 in gas revenue, \$1,310,446 in sewer revenue, \$1,031,219 in water revenue, and \$302,668 in sanitation revenue. The City's business-type activities have also budgeted electric department expenses of \$3,566,041, water department expenses of \$945,717, gas department expenses of \$1,133,056, sewer department expenses of \$1,198,854, and sanitation department expenses of \$280,451.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with general overview of the City's primary government finances. If you have questions about this report or need any additional information, contact the Assistant City Manager/City Clerk at 111 High Street, Hogansville, Georgia 30230.

BASIC FINANCIAL STATEMENTS

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 1,864,321	\$ 1,469,121	\$ 3,333,442	\$ 28,016
Receivables, net	436,408	867,708	1,304,116	-
Prepaid expenses	31,668	6,075	37,743	-
Internal balances	398,507	(398,507)	-	-
Restricted cash and cash equivalents	75,301	1,868,650	1,943,951	-
Long term receivables	-	282,382	282,382	-
Nondepreciable capital assets	1,313,591	391,765	1,705,356	-
Depreciable capital assets	<u>7,550,932</u>	<u>23,997,381</u>	<u>31,548,313</u>	-
Total assets	<u>11,670,728</u>	<u>28,484,575</u>	<u>40,155,303</u>	<u>28,016</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	<u>132,169</u>	<u>65,985</u>	<u>198,154</u>	-
Total deferred outflows of resources	<u>132,169</u>	<u>65,985</u>	<u>198,154</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	793,400	207,769	1,001,169	-
Accrued expenses	47,204	54,857	102,061	-
Good faith deposits	-	89,900	89,900	-
Line of credit payable	240,000	-	240,000	-
Capital leases	28,785	105,443	134,228	-
Notes payable	-	16,797	16,797	-
Revenue bonds payable	<u>-</u>	<u>712,283</u>	<u>712,283</u>	-
Total current liabilities	<u>1,109,389</u>	<u>1,187,049</u>	<u>2,296,438</u>	<u>-</u>
Noncurrent liabilities:				
Customer deposits	-	297,087	297,087	-
Compensated absences	52,958	21,916	74,874	-
Accrued liabilities	-	1,773,765	1,773,765	-
Capital leases	22,638	5,472,085	5,494,723	-
Notes payable	-	204,139	204,139	-
Revenue bonds payable	-	5,969,782	5,969,782	-
Net pension liability	<u>333,489</u>	<u>166,494</u>	<u>499,983</u>	-
Total noncurrent liabilities	<u>409,085</u>	<u>13,905,268</u>	<u>14,314,353</u>	<u>-</u>
Total liabilities	<u>1,518,474</u>	<u>15,092,317</u>	<u>16,610,791</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fines & forfeitures	9,724	-	9,724	-
Deferred gain on sale-leaseback	-	2,141,366	2,141,366	-
Pension	<u>22,898</u>	<u>11,432</u>	<u>34,330</u>	-
Total deferred inflows of resources	<u>32,622</u>	<u>2,152,798</u>	<u>2,185,420</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,813,100	11,908,617	20,721,717	-
Restricted for:				
Debt service	-	1,042,488	1,042,488	-
Capital projects	1,139,467	-	1,139,467	-
General government	2,500	-	2,500	-
Public safety	545	-	545	-
Unrestricted	<u>296,189</u>	<u>(1,645,660)</u>	<u>(1,349,471)</u>	<u>28,016</u>
Total net position	<u>\$ 10,251,801</u>	<u>\$ 11,305,445</u>	<u>\$ 21,557,246</u>	<u>\$ 28,016</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues	
			Charges for Services	Operating Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 1,102,976	\$(60,000)	\$ 169,740	\$ -
Public safety	1,840,133	-	314,044	1,361
Public services	920,178	-	89,492	-
Tourism	18,753	-	-	-
Interest	<u>4,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>3,886,163</u>	<u>(60,000)</u>	<u>573,276</u>	<u>1,361</u>
Business-type activities				
Utility system	<u>6,218,380</u>	<u>60,000</u>	<u>6,646,430</u>	<u>-</u>
Total business-type activities	<u>6,218,380</u>	<u>60,000</u>	<u>6,646,430</u>	<u>-</u>
Total primary government	\$ <u>10,104,543</u>	\$ <u>-</u>	\$ <u>7,219,706</u>	\$ <u>1,361</u>
Component Unit				
Downtown Development Authority	\$ <u>9,618</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:

Taxes:

 Local option sales

 Property

 Franchise

 Insurance premium

 Beer and wine

 Motor vehicle

 Other

Investment return

Gain on sale of assets

Other

Transfers

Total general revenues and transfers

Change in net position

Net position – beginning

Net position – ending

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit Downtown Development Authority
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
\$ 2,225,107	\$ 1,351,871	\$ -	\$ 1,351,871	\$ -
-	(1,524,728)	-	(1,524,728)	-
-	(830,686)	-	(830,686)	-
-	(18,753)	-	(18,753)	-
-	(4,123)	-	(4,123)	-
2,225,107	(1,026,419)	-	(1,026,419)	-
339,818	-	707,868	707,868	-
339,818	-	707,868	707,868	-
\$ 2,564,925	\$ (1,026,419)	\$ 707,868	\$ (318,551)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (9,618)
	\$ 729,349	\$ -	\$ 729,349	\$ -
	542,191	-	542,191	-
	313,657	-	313,657	-
	244,629	-	244,629	-
	91,617	-	91,617	-
	88,454	-	88,454	-
	99,332	-	99,332	-
	3,224	51,592	54,816	26
	69,421	-	69,421	-
	63,195	-	63,195	205
	(420,858)	420,858	-	-
	1,824,211	472,450	2,296,661	231
	797,792	1,180,318	1,978,110	(9,387)
	9,454,009	10,125,127	19,579,136	37,403
\$ 10,251,801	\$ 11,305,445	\$ 21,557,246	\$ 28,016	

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>SPLOST V</u>	<u>Capital Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 470,449	\$ 390,534	\$ -	\$ 710,045	\$ 1,571,028
Property taxes receivable	66,476	-	-	-	66,476
Sales and other taxes receivable	145,213	-	-	3,195	148,408
Intergovernmental receivable	-	218,336	-	-	218,336
Other receivables	3,188	-	-	-	3,188
Prepaid expenses	31,668	-	-	-	31,668
Due from other funds	419,564	-	185,466	-	605,030
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>64,534</u>	<u>10,767</u>	<u>75,301</u>
Total assets	\$ <u>1,136,558</u>	\$ <u>608,870</u>	\$ <u>250,000</u>	\$ <u>724,007</u>	\$ <u>2,719,435</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 362,417	\$ 404,002	\$ -	\$ -	\$ 766,419
Accrued expenses	47,204	-	-	-	47,204
Line of credit payable	240,000	-	-	-	240,000
Due to other funds	<u>185,466</u>	<u>9,556</u>	<u>-</u>	<u>7,451</u>	<u>202,473</u>
Total liabilities	<u>835,087</u>	<u>413,558</u>	<u>-</u>	<u>7,451</u>	<u>1,256,096</u>
Deferred inflows of resources:					
Unavailable revenue –					
Property taxes	8,398	-	-	-	8,398
Fines & forfeitures	-	-	-	9,724	9,724
Intergovernmental	<u>-</u>	<u>12,132</u>	<u>-</u>	<u>-</u>	<u>12,132</u>
Total deferred inflows of resources	<u>8,398</u>	<u>12,132</u>	<u>-</u>	<u>9,724</u>	<u>30,254</u>
Fund balances:					
Nonspendable	31,668	-	-	-	31,668
Restricted	2,500	183,180	250,000	706,832	1,142,512
Committed	44,234	-	-	-	44,234
Unassigned	<u>214,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,671</u>
Total fund balances	<u>293,073</u>	<u>183,180</u>	<u>250,000</u>	<u>706,832</u>	<u>1,433,085</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>1,136,558</u>	\$ <u>608,870</u>	\$ <u>250,000</u>	\$ <u>724,007</u>	\$ <u>2,719,435</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021**

Total Governmental Fund Balances	\$ 1,433,085
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$3,728,174.	8,864,523
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds:	
Property taxes receivable	8,398
Intergovernmental revenue receivable	12,132
The internal service fund is used by the City to charge costs to other funds. The assets and liabilities are included in the governmental activities	262,262
Deferred outflows of resources are not due and payable in the current period, and therefore, are not reported in the funds:	
Pension related experience differences, assumption changes, differences between projected and actual earnings on pension plan investments, and contributions	132,169
Deferred inflows of resources are not available to pay for current-period expenditures and therefore, are not reported in the funds:	
Pension related differences between expected and actual experience	(22,898)
Debt and other long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:	
Compensated absences	(52,958)
Capital leases payable	(51,423)
Net Pension liability	(<u>333,489</u>)
Net Position of Governmental Activities	\$ <u>10,251,801</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>SPLOST V</u>	<u>Capital Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 2,083,235	\$ -	\$ -	\$ 30,005	\$ 2,113,240
Fines and forfeitures	314,044	-	-	-	314,044
Intergovernmental	56,284	915,783	1,088,750	-	2,060,817
Licenses and permits	169,740	-	-	-	169,740
Charges for services	89,492	-	-	-	89,492
Contributions	133,205	-	19,000	-	152,205
Other	29,340	-	-	-	29,340
Investment return	<u>2,888</u>	<u>719</u>	<u>65</u>	<u>595</u>	<u>4,267</u>
Total revenues	<u>2,878,228</u>	<u>916,502</u>	<u>1,107,815</u>	<u>30,600</u>	<u>4,933,145</u>
EXPENDITURES					
Current operating					
General government	1,380,650	-	-	-	1,380,650
Public safety	1,857,074	-	-	-	1,857,074
Public services	738,215	-	-	-	738,215
Tourism	-	-	-	18,753	18,753
Capital outlay	-	1,653,512	1,087,527	27,041	2,768,080
Debt Service	<u>4,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,329</u>
Total expenditures	<u>3,980,268</u>	<u>1,653,512</u>	<u>1,087,527</u>	<u>45,794</u>	<u>6,767,101</u>
Excess (deficiency) of revenues					
Over (under) expenditures	(<u>1,102,040</u>)	(<u>737,010</u>)	<u>20,288</u>	(<u>15,194</u>)	(<u>1,833,956</u>)
OTHER FINANCING SOURCES (USES)					
Sales of surplus property	71,966	-	-	-	71,966
Compensation for loss on capital assets	2,002	31,853	-	-	33,855
Transfers in	831,602	-	61,095	-	892,697
Transfers out	<u>-</u>	<u>-</u>	(<u>81,383</u>)	(<u>11,252</u>)	(<u>92,635</u>)
Net other financing sources (uses)	<u>905,570</u>	<u>31,853</u>	(<u>20,288</u>)	(<u>11,252</u>)	<u>905,883</u>
Net changes in fund balance	(196,470)	(705,157)	-	(26,446)	(928,073)
Fund balance (deficit) – beginning of year	<u>489,543</u>	<u>888,337</u>	<u>250,000</u>	<u>733,278</u>	<u>2,361,158</u>
Fund balance (deficit) – end of year	\$ <u>293,073</u>	\$ <u>183,180</u>	\$ <u>250,000</u>	\$ <u>706,832</u>	\$ <u>1,433,085</u>

SEE NOTES TO 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 YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances – total governmental funds	\$(928,073)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	2,273,913
Depreciation expense	(508,931)
Loss on disposal of capital assets	(34,399)
Revenues in the statement of activities that do not provide current financial resources Are not reported as revenue in the funds:	
Property taxes	(4,011)
Intergovernmental revenue	12,132
Contributions to the pension plan in the current fiscal year are not included in the statement of activities	(3,910)
Long-term compensated absences were reported in the statement of activities, but they did not require the use of current financial resources. Therefore, long-term compensated absences were not reported as expenditures in governmental funds	(9,697)
The internal service fund is used by management to charge the costs of medical insurance to individual funds. The net expense of the internal service fund is reported with governmental activities	(27,787)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Capital leases payable	<u>28,555</u>
Change in Net Position of Governmental Activities	\$ <u>797,792</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund			Variance with
	Original	Final		Final budget
	Budget	Budget	Actual	Over
				(Under)
REVENUES				
Taxes	\$ 1,852,914	\$ 2,083,235	\$ 2,083,235	\$ -
Fines and forfeitures	305,000	314,044	314,044	-
Intergovernmental	143,000	56,284	56,284	-
Licenses and permits	89,100	169,740	169,740	-
Charges for services	68,000	89,492	89,492	-
Contributions	500	133,205	133,205	-
Other	125,670	29,340	29,340	-
Investment return	<u>784</u>	<u>2,888</u>	<u>2,888</u>	<u>-</u>
Total revenues	<u>2,584,968</u>	<u>2,878,228</u>	<u>2,878,228</u>	<u>-</u>
EXPENDITURES				
Current operating				
General government	865,737	1,380,650	1,380,650	-
Public safety	1,684,224	1,857,074	1,857,074	-
Public services	876,238	738,215	738,215	-
Debt service	<u>3,510</u>	<u>4,329</u>	<u>4,329</u>	<u>-</u>
Total expenditures	<u>3,429,709</u>	<u>3,980,268</u>	<u>3,980,268</u>	<u>-</u>
Excess (deficiency) of revenues over				
(under) expenditures	(<u>844,741</u>)	(<u>1,102,040</u>)	(<u>1,102,040</u>)	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Sales of surplus property	54,000	71,966	71,966	-
Compensation for loss of capital assets	-	2,002	2,002	-
Transfers in	<u>813,107</u>	<u>831,602</u>	<u>831,602</u>	<u>-</u>
Net other financing sources (uses)	<u>867,107</u>	<u>905,570</u>	<u>905,570</u>	<u>-</u>
Net change in fund balance	22,366	(196,470)	(196,470)	-
Fund balance - beginning of year	<u>489,543</u>	<u>489,543</u>	<u>489,543</u>	<u>-</u>
Fund balance - end of year	\$ <u>511,909</u>	\$ <u>293,073</u>	\$ <u>293,073</u>	\$ <u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,469,121	\$ 293,293
Accounts receivable, net	505,046	-
Intergovernmental receivable	79,364	-
Installment sale receivable	283,298	-
Prepaid expenses	<u>6,075</u>	<u>-</u>
Total current assets	<u>2,342,904</u>	<u>293,293</u>
Noncurrent assets:		
Restricted cash and cash equivalents	1,868,650	-
Installment sale receivable	282,382	-
Net capital assets	<u>24,389,146</u>	<u>-</u>
Total noncurrent assets	<u>26,540,178</u>	<u>-</u>
Total assets	<u>28,883,082</u>	<u>293,293</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	<u>65,985</u>	<u>-</u>
Total deferred outflows of resources	<u>65,985</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	207,769	26,981
Accrued expenses	54,857	-
Good faith deposits	89,900	-
Interfund payables	398,507	4,050
Capital leases payable	105,443	-
Notes payable	16,797	-
Revenue bonds payable	<u>712,283</u>	<u>-</u>
Total current liabilities	<u>1,585,556</u>	<u>31,031</u>
Noncurrent liabilities:		
Customer deposits	297,087	-
Compensated absences	21,916	-
Accrued liabilities	1,773,765	-
Capital leases payable	5,472,085	-
Notes payable	204,139	-
Revenue bonds payable	5,969,782	-
Net Pension liability	<u>166,494</u>	<u>-</u>
Total noncurrent liabilities	<u>13,905,268</u>	<u>-</u>
Total liabilities	<u>15,490,824</u>	<u>31,031</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on sale-leaseback	2,141,366	-
Pension	<u>11,432</u>	<u>-</u>
Total deferred inflows of resources	<u>2,152,798</u>	<u>-</u>
FUND NET POSITION		
Net investment in capital assets	11,908,617	-
Restricted for debt service	1,042,488	-
Unrestricted	<u>(1,645,660)</u>	<u>262,262</u>
Total fund net position	<u>\$ 11,305,445</u>	<u>\$ 262,262</u>

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
OPERATING REVENUES		
Charges for services	\$ 6,423,204	\$ 504,000
Other	<u>223,226</u>	<u>-</u>
Total operating revenues	<u>6,646,430</u>	<u>504,000</u>
OPERATING EXPENSES		
Personal services	869,124	-
Contractual services	925,882	-
Utilities purchased for resale	2,799,583	-
Utilities	172,518	-
Repairs and maintenance	119,517	-
Materials and supplies	214,236	-
Claims	-	243,878
Premiums	-	188,180
Depreciation	<u>834,970</u>	<u>-</u>
Total operating expenses	<u>5,935,830</u>	<u>432,058</u>
Operating income (loss)	<u>710,600</u>	<u>71,942</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental grant revenue	339,818	-
Interest and investment earnings	51,592	271
Interest expense	(335,019)	-
Amortization	(1,734)	-
Bond administrative fees	<u>(5,797)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>48,860</u>	<u>271</u>
Income (loss) before contributions and transfers	759,460	72,213
CAPITAL CONTRIBUTIONS	1,120,920	-
TRANSFERS	<u>(700,062)</u>	<u>(100,000)</u>
Change net position	1,180,318	(27,787)
Net position – beginning	<u>10,125,127</u>	<u>290,049</u>
Net position – ending	\$ <u>11,305,445</u>	\$ <u>262,262</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Receipts from customers and users	\$ 6,711,079	\$ 492,789
Receipts from interfund services provided	63,150	-
Payments to suppliers	(4,049,357)	-
Payments for benefits and claims	-	(438,233)
Payments for personal services	(891,580)	-
Net cash provided (used) by operating activities	<u>1,833,292</u>	<u>54,556</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i>		
Transfers to other funds	(700,062)	(100,000)
Net cash provided (used) by noncapital financing activities	(700,062)	(100,000)
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>		
Receipts from installment sale receivable	505,000	-
Receipts from intergovernmental capital grants	532,852	-
Purchases of capital assets	(704,559)	-
Principal paid on capital debt	(774,245)	-
Interest paid on capital debt	(248,244)	-
Administrative fees on bonds payable	(5,797)	-
Net cash provided (used) by capital and related financing activities	(694,993)	-
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
(Purchases) Proceeds from sales of investments	920,848	-
Interest and dividends	<u>51,592</u>	<u>271</u>
Net cash provided (used) by investing activities	<u>972,440</u>	<u>271</u>
Increase (decrease) in cash and cash equivalents	1,410,677	(45,173)
Cash and cash equivalents – beginning of year	<u>1,927,094</u>	<u>338,466</u>
Cash and cash equivalents – end of year	\$ <u>3,337,771</u>	\$ <u>293,293</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
<i>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</i>		
Operating income (loss)	\$ 710,600	\$ 71,942
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Cash flows reported in other categories:		
Depreciation expense	834,970	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	130,206	-
Prepaid expenses	16,135	-
Deferred outflows of pension items	(4,613)	-
Accounts payable	(343,906)	(6,175)
Accrued expenses	(90,585)	-
Good faith deposits	89,900	-
Internal balances	485,386	(11,211)
Customer deposits	(2,407)	-
Compensated absences	1,040	-
Net pension liability	5,400	-
Deferred inflows of pension items	<u>1,166</u>	<u>-</u>
Net cash provided by operating activities	\$ <u>1,833,292</u>	\$ <u>54,556</u>
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</i>		
Cash and cash equivalents	\$ 1,469,121	\$ 293,293
Restricted cash and cash equivalents	<u>1,868,650</u>	<u>-</u>
Total cash and cash equivalents, end of year	\$ <u>3,337,771</u>	\$ <u>293,293</u>
<i>SUPPLEMENTAL DISCLOSURES</i>		
Noncash capital and related financing activities:		
Property acquired through capital contributions	\$ <u>1,120,920</u>	\$ <u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

REPORTING ENTITY

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

Discretely Presented Component Unit

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 component unit of the City.

The DDA did not issue separate financial statements for the year ended June 30, 2021.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION

Government-wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of Interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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.

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

The City applies all GASB pronouncements, including all NCGA Statements and Interpretations currently in effect.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General 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.

Capital Grants Fund - The Capital Grants Fund is a capital project fund. It is used to account for all activities related to the City's capital grant projects that are not accounted for in another fund. Intergovernmental grant revenues are the primary revenues of the fund, and capital outlay expenditures for City infrastructure improvements are the primary expenditures of the funds.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary funds

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. The City has presented the following major proprietary fund:

Enterprise Fund – The Enterprise 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 as restricted by law.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. The City considers property taxes, sales taxes, intergovernmental revenue, and other taxes as available if they are collected within 60 days after year-end. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other Governmental Fund revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as, expenditures related to compensated absences are recorded only when payment is due.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Encumbrances

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General, Special Revenue or Proprietary Funds. Encumbrances outstanding at year-end are commitments of fund balances since they do not constitute expenditures or liabilities. The City of Hogansville has no recorded encumbrances at June 30, 2021.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. For purposes of the statement of cash flows of the Proprietary Fund, the City considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments are reported at fair value based on the last reported sales price as of the balance sheet date.

ACCOUNTS RECEIVABLE AND DEFERRED REVENUE

Accounts receivable are recorded in the General and Proprietary Funds. Receivables are stated at their net realizable value (face value less the allowance for uncollectible accounts). Delinquent taxes receivable are deferred as revenue until payment is received. Utility receivables are recognized only when billed. No accrual of earned, but unbilled receivables is made at year-end. The Enterprise Fund grants credit to utility customers, all of whom are located within the City. Allowances for doubtful accounts totaled \$0 for the General Fund and \$219,510 for the Enterprise Fund.

PREPAID EXPENSES

Payments made for services that will benefit periods beyond June 30, 2021 are recorded as prepaid expenses.

RESTRICTED CASH AND INVESTMENTS

The Confiscated Assets, Capital Grants, and Enterprise Funds hold certain funds in accounts restricted for public safety, capital projects, and debt service. These funds are held in cash and/or investments as allowed by State law and the requirements of the related debt agreements. The investments are stated at fair market value and the City records all investment revenue earned on these investments in the appropriate fund.

INVENTORIES

There are no inventories of supplies and materials recorded at June 30, 2021, as amounts stored for supplies and materials were not of a material nature at that date.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

CAPITAL ASSETS

Capital assets which include land, buildings and improvements, furniture, fixtures and equipment, infrastructure assets, utility systems infrastructure, and vehicles. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life of 5 years or more. Capital assets are recorded at historical cost, appraised value, or estimated historical cost or replacement cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Repairs and maintenance are recorded as expenditures; renewal and betterments are capitalized. Depreciation on all assets is provided on the straight-line basis 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

The City has elected not to capitalize collections and works of art. Collections such as works of art and historical artifacts meet the definition of a capital asset. The requirement for capitalization is waived, however, for collections that meet the following conditions:

- The collection is held for reasons other than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

The sale or disposal of capital assets is recorded by removing the cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

The City capitalizes interest costs as part of the cost of construction of various construction projects when material.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements.

BOND DISCOUNTS

Enterprise Fund bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable.

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 position 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 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 position 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, gain on sale-leaseback, and pensions. The governmental funds balance sheet reports unavailable revenue related to property tax, fines and forfeitures, and intergovernmental revenue as amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 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 long-term liabilities in the government-wide statement of net position. Current amounts due are not recorded in the governmental-wide statement of net position due to their immaterial nature. 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 DEBT

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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GOVERNMENTAL FUND BALANCES

In accordance with GASB Statement No. 54 Fund *Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form (such as prepaid items that are not expected to be converted to cash) or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal voting action of the highest level of decision-making authority, the Mayor and City Council, and does not lapse at year end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The Mayor and City Council have authorized the City Manager to assign fund balance. Additionally, the Mayor and City Council may assign fund balance.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

The City's governmental fund balances follow:

	<u>General</u>	<u>SPLOST V</u>	<u>Capital Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 31,668	\$ -	\$ -	\$ -	\$ 31,668
Restricted for:					
Capital projects	-	183,180	250,000	706,287	1,139,467
General government	2,500	-	-	-	2,500
Public safety	-	-	-	545	545
Committed for:					
Public safety	21,450	-	-	-	21,450
Public services	22,784	-	-	-	22,784
Unassigned	<u>214,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,671</u>
Total fund balances	\$ <u>293,073</u>	\$ <u>183,180</u>	\$ <u>250,000</u>	\$ <u>706,832</u>	\$ <u>1,433,085</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

INTERFUND RECEIVABLES AND PAYABLES

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

TRANSACTIONS BETWEEN FUNDS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both the Governmental and Proprietary Funds.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

USE OF RESTRICTED/UNRESTRICTED NET POSITION

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

REVENUE RECOGNITION

Property Taxes - Troup County bills and collects real and personal property taxes for the City. Ad valorem tax on motor vehicles and mobile homes is collected by the Troup County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables. Receivables outstanding more than 60 days after year-end are recorded as deferred revenue. Property taxes are normally levied on October 1 of each year on the assessed valuation of property as of the preceding January 1 and are payable on December 20. Liens may attach to property for unpaid taxes on January 1. The assessed valuation for 2020 was \$66,607,574.

Sales Taxes - Sales tax is considered to be measurable when they have been collected by the State and are recognized as revenue at that time.

Licenses and Permits, Charges for Services, Fines and Forfeitures and Miscellaneous Revenues (Except Investment Earnings) - are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

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. These charges are separately reported in the statement of activities.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

PENSIONS

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

NOTE 2 - CASH AND INVESTMENTS

The City's primary government cash and investments are classified as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Primary Government</u>			
<u>Cash and cash equivalents</u>			
Deposits with financial institutions	\$ 930,200	\$ 851,103	\$ 1,781,303
Investments classified as cash and cash equivalents	<u>1,009,422</u>	<u>2,486,668</u>	<u>3,496,090</u>
Total cash and cash equivalents	\$ <u>1,939,622</u>	\$ <u>3,337,771</u>	\$ <u>5,277,393</u>
<u>Cash and cash equivalents reported on the statement of net position</u>			
Cash and cash equivalents	\$ 1,864,321	\$ 1,469,121	\$ 3,333,442
Restricted cash and cash equivalents	<u>75,301</u>	<u>1,868,650</u>	<u>1,943,951</u>
Total cash and cash equivalents on the statement of net position	\$ <u>1,939,622</u>	\$ <u>3,337,771</u>	\$ <u>5,277,393</u>
<u>Primary Government</u>			
<u>Investments</u>			
Total investments	\$ 1,009,422	\$ 2,486,668	\$ 3,496,090
Investments classified as cash and cash equivalents	<u>(1,009,422)</u>	<u>(2,486,668)</u>	<u>(3,496,090)</u>
Total investments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Investments reported on the statement of net position</u>			
Investments	\$ -	\$ -	\$ -
Restricted investments	<u>-</u>	<u>-</u>	<u>-</u>
Total investments on the statement of net position	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Cash - Deposits

Custodial credit risk - Deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than Federal or State government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2021, the City's bank balances were properly collateralized as defined by State Statutes. The City has not adopted a formal deposit policy.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 - CASH AND INVESTMENTS – Continued

Investments

State statutes authorize the City to invest and reinvest any money subject to its control and jurisdiction in, obligations of the state of Georgia or of other states, obligations issued by the United States government, obligations fully insured or guaranteed by the United States government or a United States government agency, obligations of any corporation of the United States government, prime bankers' acceptances, the local government investment pool established by Georgia Code Section 36-83-8, repurchase agreements, and obligations of other political subdivision of the state of Georgia. The City has not adopted a formal investment policy.

As of June 30, 2021, the City had the following investments:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
<u>Primary Government</u>			
<u>Governmental activities</u>			
Georgia Fund 1	AAAf	36 day WAM	\$ <u>1,009,422</u>
Total governmental activities			\$ <u>1,009,422</u>
<u>Primary Government</u>			
<u>Business-type activities</u>			
Certificate of Deposit	Not Rated	730 day	\$ 103,826
Georgia Fund 1	AAAf	36 day WAM	772,940
First American Treasury Obligations Class Y Money Market Fund	AAAm	28 day WAM	1,571,563
Wells Fargo Advantage Government Money Market Fund – Institutional	AAAm	33 day WAM	29,266
Fidelity Institutional Money Market Treasury Portfolio Class III	AAAm	34 day WAM	<u>9,073</u>
Total business-type activities			\$ <u>2,486,668</u>

Georgia Fund 1, First American Treasury Obligations Class Y Money Market Fund, Wells Fargo Advantage Government Money Market Fund – Institutional, and Fidelity Institutional Money Market Treasury Portfolio Class III are all reported as cash equivalents at June 30, 2021.

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The Office of Treasury and Fiscal Services manages the Fund. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Credit Risk. The City has no policy regarding credit risk. The investments in Georgia Fund 1 are rated AAAf by Standard and Poor's. The investments in First American Treasury Obligations Class Y, Wells Fargo Advantage Government Money Market Fund Institutional, and Fidelity Institutional Money Market Treasury Portfolio Class III are rated AAAM by Standard and Poor's.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - CASH AND INVESTMENTS - Continued

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in First American Treasury Obligations Class Y, Wells Fargo Advantage 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.

Concentration of Credit Risk. The City places no limit on the amount that the City may invest in any one issuer. More than 5% of the City's investments are in the First American Treasury Obligations Class Y Money Market Fund. This investment represents 63.2% of the City's total investments. External investment pools are excluded from the concentration of credit risk requirement; therefore, the Georgia Fund 1 is exempt from this requirement.

Foreign Currency Risk. The City has no foreign currency risk as all investments are in U.S. dollar-denominated assets.

Fair Value Measurements

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

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
First American Treasury Obligations Class Y Money Market Fund	\$ 1,571,563	\$ -	\$ -	\$ 1,571,563
Wells Fargo Advantage Government Money Market Fund – Institutional	29,266	-	-	29,266
Fidelity Institutional Money Market Treasury Portfolio Class III	<u>9,073</u>	<u>-</u>	<u>-</u>	<u>9,073</u>
Total investments measured at fair value	\$ <u>1,609,902</u>	\$ <u>-</u>	\$ <u>-</u>	\$ 1,609,902
Investments recorded at cost:				
Certificates of deposit				103,826
Georgia Fund 1 – governmental activities				1,009,422
Georgia Fund 1 – business-type activities				<u>772,940</u>
Total investments				\$ <u>3,496,090</u>

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 in within the fair value hierarchy.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - RECEIVABLES

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current receivables:			
Property taxes	\$ 66,476	\$ -	\$ 66,476
Sales and other taxes	148,408	-	148,408
Intergovernmental	218,336	79,364	297,700
Accounts	-	724,556	724,556
Other	3,188	-	3,188
Installment sale	<u>-</u>	<u>283,298</u>	<u>283,298</u>
Total gross receivables	436,408	1,087,218	1,523,626
Less: allowance for uncollectibles	<u>-</u>	<u>219,510</u>	<u>219,510</u>
Total current receivables:	\$ <u>436,408</u>	\$ <u>867,708</u>	\$ <u>1,304,116</u>
Long term receivables:			
Installment sale	\$ <u>-</u>	\$ <u>282,382</u>	\$ <u>282,382</u>
Total long-term receivables	\$ <u>-</u>	\$ <u>282,382</u>	\$ <u>282,382</u>

The installment sale receivable consists of the following at June 30, 2021:

Installment sale made to MEAG Power for the City's Electric System. Original amount of the note was \$5,980,000. Payments to be received semi-annually at varying amounts, discounted at 5.95% interest. Collateralized by Electric System Facilities.	\$ 1,100,000
Less: Discount	(<u>534,320</u>)
Total Installment sale receivable, net	565,680
Less: current portion	(<u>283,298</u>)
Long term portion	\$ <u>282,382</u>

At June 30, 2021, scheduled maturities of the installment sale receivable as discounted were the following:

2022	\$ 283,298
2023	<u>282,382</u>
Total maturities of installment sale receivable	\$ <u>565,680</u>

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - INTERFUND BALANCES

Interfund balances are a result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made. All interfund balances are expected to be repaid with one year from the date of the financial statements.

Interfund receivables and payables consisted of the following at June 30, 2021:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
Due from Enterprise Fund	\$ 398,507	\$ -
Due from SPLOST V Fund	9,556	-
Due to Capital Grants Fund	-	185,466
Due from Other Governmental Funds	7,451	-
Due from Internal Service Fund	<u>4,050</u>	<u>-</u>
Total General Fund	\$ <u>419,564</u>	\$ <u>185,466</u>
SPLOST V Fund		
Due to General Fund	\$ <u>-</u>	\$ <u>9,556</u>
Total SPLOST IV Fund	\$ <u>-</u>	\$ <u>9,556</u>
Capital Grants Fund		
Due from General Fund	\$ <u>185,466</u>	\$ <u>-</u>
Total Capital Grants Fund	\$ <u>185,466</u>	\$ <u>-</u>
Other Governmental Funds		
Due to General Fund	\$ <u>-</u>	\$ <u>7,451</u>
Total Other Governmental Funds	\$ <u>-</u>	\$ <u>7,451</u>
Enterprise Fund		
Due to General Fund	\$ <u>-</u>	\$ <u>398,507</u>
Total Enterprise Fund	\$ <u>-</u>	\$ <u>398,507</u>
Internal Service Fund		
Due to General Fund	\$ <u>-</u>	\$ <u>4,050</u>
Total Internal Service Fund	\$ <u>-</u>	\$ <u>4,050</u>

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

Following is a summary of changes in the capital assets of governmental activities:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 432,175	\$ -	\$ -	\$ 432,175
Construction in progress	<u>278,686</u>	<u>722,988</u>	<u>(120,258)</u>	<u>881,416</u>
Subtotal	<u>710,861</u>	<u>722,988</u>	<u>(120,258)</u>	<u>1,313,591</u>
Other capital assets:				
Buildings and improvements	2,195,082	553,415	-	2,748,497
Infrastructure	6,848,918	738,851	-	7,587,769
Furniture, fixtures and equipment	198,086	233,491	(33,415)	398,162
Vehicles	<u>552,112</u>	<u>145,426</u>	<u>(152,860)</u>	<u>544,678</u>
Subtotal	<u>9,794,198</u>	<u>1,671,183</u>	<u>(186,275)</u>	<u>11,279,106</u>
Accumulated depreciation:				
Buildings and improvements	(1,129,660)	(66,954)	-	(1,196,614)
Infrastructure	(1,847,058)	(329,335)	-	(2,176,393)
Furniture, fixtures and equipment	(112,403)	(29,038)	33,415	(108,026)
Vehicles	<u>(281,998)</u>	<u>(83,604)</u>	<u>118,461</u>	<u>(247,141)</u>
Subtotal	<u>(3,371,119)</u>	<u>(508,931)</u>	<u>151,876</u>	<u>(3,728,174)</u>
Net other capital assets	<u>6,423,079</u>	<u>1,162,252</u>	<u>(34,399)</u>	<u>7,550,932</u>
Total governmental activities capital assets	\$ <u>7,133,940</u>	\$ <u>1,885,240</u>	\$ <u>(154,657)</u>	\$ <u>8,864,523</u>
Depreciation was charged to functions as follows:				
Governmental activities:				
General government		\$ 127,567		
Public safety		97,775		
Public services		<u>283,589</u>		
Total governmental activities depreciation expense		\$ <u>508,931</u>		

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 - CAPITAL ASSETS – Continued

Following is a summary of changes in the capital assets of business-type activities:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
BUSINESS-TYPE ACTIVITIES:				
Not being depreciated:				
Land	\$ 380,784	\$ -	\$ -	\$ 380,784
Construction in progress	<u>8,871,971</u>	<u>10,981</u>	<u>(8,871,971)</u>	<u>10,981</u>
Subtotal	<u>9,252,755</u>	<u>10,981</u>	<u>(8,871,971)</u>	<u>391,765</u>
Other capital assets:				
Utility system	25,142,092	10,679,719	(36,159)	35,785,652
Furniture, fixtures and equipment	<u>347,663</u>	<u>6,750</u>	<u>(8,713)</u>	<u>345,700</u>
Subtotal	<u>25,489,755</u>	<u>10,686,469</u>	<u>(44,872)</u>	<u>36,131,352</u>
Accumulated depreciation:				
Utility system	(10,974,097)	(916,566)	36,159	(11,854,504)
Furniture, fixtures and equipment	<u>(260,430)</u>	<u>(27,750)</u>	<u>8,713</u>	<u>(279,467)</u>
Subtotal	<u>(11,234,527)</u>	<u>(944,316)</u>	<u>44,872</u>	<u>(12,133,971)</u>
Net other capital assets	<u>14,255,228</u>	<u>9,742,153</u>	<u>-</u>	<u>23,997,381</u>
Net business-type activities capital assets	\$ <u>23,507,983</u>	\$ <u>9,753,134</u>	\$ <u>(8,871,971)</u>	\$ <u>24,389,146</u>

Depreciation was charged to functions as follows:

Business-type activities:	
Utility System Enterprise Fund	
Depreciation	\$ 944,316
Deferred gain recognized from sale-leaseback transactions against depreciation	<u>(109,346)</u>
Total business-type activities depreciation expense	\$ <u>834,970</u>

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - SHORT TERM DEBT

<u>Type of Debt</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>
Governmental activities:				
Line of credit payable	\$ <u> - </u>	\$ <u> 240,000 </u>	\$ <u>(-)</u>	\$ <u> 240,000 </u>
Total governmental activities	\$ <u> - </u>	\$ <u> 240,000 </u>	\$ <u>(-)</u>	\$ <u> 240,000 </u>

LINE OF CREDIT PAYABLE

In January of 2021, the City entered into a line of credit agreement with a local bank for \$300,000. The line of credit was collateralized by property tax receipts, and was entered into to assist the City with funding its operations. The City was required to repay all funds borrowed on the line of credit prior to December 31, 2021. The City repaid the line of credit balance in full in October 2021.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

<u>Type of Debt</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due within One Year</u>
Governmental activities:					
Capital leases payable	\$ <u> 79,978 </u>	\$ <u> - </u>	\$ <u>(28,555)</u>	\$ <u> 51,423 </u>	\$ <u> 28,785 </u>
Net pension liability	<u> 322,672 </u>	<u> 10,817 </u>	<u> - </u>	<u> 333,489 </u>	<u> - </u>
Compensated absences	<u> 43,261 </u>	<u> 9,697 </u>	<u> - </u>	<u> 52,958 </u>	<u> - </u>
Total governmental activities					
Long-term liabilities	\$ <u> 445,911 </u>	\$ <u> 20,514 </u>	\$ <u>(28,555)</u>	\$ <u> 437,870 </u>	\$ <u> 28,785 </u>
Business-type activities:					
Revenue bonds payable					
direct placement	\$ <u>5,256,000</u>	\$ <u> - </u>	\$ <u>(175,322)</u>	\$ <u>5,080,678</u>	\$ <u> 209,017 </u>
Revenue bonds payable	<u> 2,080,000 </u>	<u> - </u>	<u>(475,000)</u>	<u> 1,605,000 </u>	<u> 505,000 </u>
Less: unamortized discounts	<u>(5,347)</u>	<u> 1,734 </u>	<u> - </u>	<u>(3,613)</u>	<u>(1,734)</u>
Revenue bonds payable, net	<u> 7,330,653 </u>	<u> 1,734 </u>	<u>(650,322)</u>	<u> 6,682,065 </u>	<u> 712,283 </u>
Capital leases payable	<u> 5,666,770 </u>	<u> - </u>	<u>(89,242)</u>	<u> 5,577,528 </u>	<u> 105,443 </u>
Notes payable from					
direct borrowings	<u> 255,617 </u>	<u> - </u>	<u>(34,681)</u>	<u> 220,936 </u>	<u> 16,797 </u>
Net pension liability	<u> 161,094 </u>	<u> 5,400 </u>	<u> - </u>	<u> 166,494 </u>	<u> - </u>
Compensated absences	<u> 20,876 </u>	<u> 1,040 </u>	<u> - </u>	<u> 21,916 </u>	<u> - </u>
Total business-type activities					
Long-term liabilities	\$ <u>13,435,010</u>	\$ <u> 8,174 </u>	\$ <u>(774,245)</u>	\$ <u>12,668,939</u>	\$ <u> 772,425 </u>

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

For the governmental activities, net pension liability and compensated absences are liquidated by the General Fund.

For business-type activities, the net pension liability and compensated absences are liquidated by the enterprise fund.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 - LONG-TERM DEBT - Continued

GOVERNMENTAL ACTIVITIES:

As of June 30, 2021, the governmental long-term debt of the financial reporting entity consisted of the following:

CAPITAL LEASE OBLIGATIONS

The City has financed vehicles under a capital lease agreement. In accordance with Financial Accounting Standards Board (FASB) Statement No. 23, the capital lease payable and the related assets have been recorded at the present value of the future minimum lease payments at the inception of the lease, which in this case was \$135,475 for vehicles. The following is a schedule of future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2021:

June 30, 2022	\$ 30,875
June 30, 2023	<u>23,157</u>
Total minimum lease payments	54,032
Amount representing interest	<u>(2,609)</u>
Present value of lease obligations for governmental activities	51,423
Less: current maturities	<u>28,785</u>
Long-term maturities	\$ <u>22,638</u>

Leased assets under capital leases in capital assets at June 30, 2021, include the following:

Vehicles	\$ 135,475
Less: accumulated depreciation	<u>(88,059)</u>
Total	\$ <u>47,416</u>

Total depreciation expense on the equipment and vehicles for the year ended June 30, 2021, was \$27,095. This depreciation is included in the total depreciation expense shown in Note 5.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES:

As of June 30, 2021, the long-term debt payable from proprietary fund resources consisted of the following:

CAPITAL LEASE OBLIGATIONS

The City financed the sale-leaseback of certain assets of its electric utility system and improvements to its electric utility system under a capital lease agreement. In accordance with Financial Accounting Standards Board (FASB) Statement No. 23, the capital lease payable and the related assets will be recorded at the present value of the future minimum lease payments at the inception of the lease, which in this case was \$5,980,000 for the sale-leaseback assets and capital improvements. The following is a schedule of future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2021:

June 30, 2022	\$ 146,331
June 30, 2023	179,683
June 30, 2024	459,268
June 30, 2025	737,338
June 30, 2026	736,845
June 30, 2027-2031	3,675,719
June 30, 2032-2036	3,658,129
June 30, 2037-2041	<u>3,634,645</u>
Total minimum lease payments	13,227,958
Amount representing interest	(<u>7,650,430</u>)
Present value of lease obligations for business-type activities	5,577,528
Less: current maturities	<u>105,443</u>
Long-term maturities	\$ <u>5,472,085</u>

Leased assets under the capital lease at June 30, 2021 include the following:

Electric system	\$ 5,220,000
Less: accumulated depreciation	(<u>1,812,500</u>)
Total	\$ <u>3,407,500</u>

Total depreciation expense on the utility system improvements and equipment for the year ended June 30, 2021, was \$174,000. This depreciation is included in the total depreciation expense shown in Note 5.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

REVENUE BONDS PAYABLE 1993 Series

On July 15, 1993, the City issued the 1993 Combined Public Utility System Refunding Revenue Bonds in the amount of \$8,525,000. The bonds bear interest at an average interest rate of 5.61%, payable semi-annually on April 1 and October 1. The bonds are secured by the revenues of the City's utility system.

The proceeds of the 1993 Refunding Revenue Bonds were used as follows:

- \$6,793,734 of the proceeds was used to advance refund \$5,430,000 of outstanding 1990 Combined Public Utility System Revenue Bonds, which had an interest rate of 9%. The money was used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 1990 series bonds. As a result, the 1990 series bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet of the Enterprise Fund.
- \$1,037,088 of the proceeds was used to pay, in full, three Georgia Environmental Facilities Authority (GEFA) loans with interest rates of 6.0%, 5.3%, and 6.2%.
- \$120,000 of the proceeds was used for the completion of the sewer treatment plant, which was a component of the project financed from the series 1990 bonds.
- \$38,233 of the proceeds was combined with the assets in the series 1990 Debt Service Account and deposited into the series 1993 Debt Service Account.
- The remaining \$535,945 was used to pay issuance and other related costs.

The ordinance authorizing the 1993 Combined Public Utility System Refunding Revenue Bonds requires that a Revenue Bond Sinking Fund be established in amounts sufficient to pay principal and interest on the bonds as they become due. As of June 30, 2021, the City had made the required transfers to the sinking fund.

The ordinance also calls for the establishment of two Debt Service Reserve Accounts. The first one must maintain a balance equal to the maximum amount required in any sinking fund year to pay principal and interest as they become due in the then current or any succeeding sinking fund year. At June 30, 2021, the City was in compliance with this requirement. The other Debt Service Reserve Account must maintain a balance equal to the aggregate of one month's operating expenses for the Utility System based upon the City's last audited financial statements and such amount as determined as appropriate to maintain the System. At June 30, 2021, the City was in compliance with this debt service requirement.

Also, as part of the bond ordinance, the City has placed into effect a schedule of rates for the Utility System and will revise them as necessary to provide net revenues (excluding bond interest expense, depreciation, amortization, capital contributions, and transfers) equal to at least 130% of the required Sinking Fund payments and 100% of the debt service requirements of subordinated debt coming due. At June 30, 2021, the net revenues (excluding bond interest expense, depreciation, amortization, capital contributions, and transfers) of the Enterprise Fund were in compliance with this requirement.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

REVENUE BONDS PAYABLE 1993 Series – Continued:

The City of Hogansville, Georgia Combined Public Utility System Refunding Revenue Bonds series 1993 are dated July 15, 1993. Interest is payable semi-monthly on April 1 and October 1 at varying rates.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue	\$ 8,525,000
Amount redeemed	(<u>6,920,000</u>)
Amount outstanding, June 30, 2021	1,605,000
Less: unamortized discount	(<u>3,613</u>)
Net amount outstanding, June 30, 2021	1,601,387
Less: current maturities	<u>503,266</u>
Long-term maturities	\$ <u>1,098,121</u>

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Debt Service Requirements</u>
2022	\$ 505,000	\$ 81,150	\$ 586,150
2023	535,000	49,950	584,950
2024	<u>565,000</u>	<u>16,950</u>	<u>581,950</u>
Totals	\$ <u>1,605,000</u>	\$ <u>148,050</u>	\$ <u>1,753,050</u>

The City of Hogansville, Georgia Combined Public Utility System Refunding Revenue Bonds series 1993 were advance refunded subsequent to year end using funds available in the City's Debt Service and Debt Service Reserve accounts and partially through the issuance of the Hogansville Development Authority Taxable Refunding Revenue Bonds Series 2021B issued on July 20, 2021.

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.

The proceeds of the 2004 Hogansville Development Authority Revenue Bonds were used as follows:

- \$1,692,745 of the proceeds was used to pay for the costs and installation of gas lines for the City's gas system.
- \$103,565 of the proceeds has been used to pay capitalized interest during the gas line installation phase.
- \$37,630 of the proceeds were used to pay issuance and other related costs.

The intergovernmental agreement between the Authority and the City requires the City to levy an annual tax on all taxable property located within the City boundaries as may be necessary to make the payments to the Authority for debt service of the bonds as it comes due as contract security for the bonds. As of June 30, 2021, all required transfers have been made to the Bond Fund for the debt service on the bonds.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

REVENUE BONDS PAYABLE 2004 Series - Continued:

The Hogansville Development Authority Revenue Bonds (Gas System Project), Series 2004A, 2004B, 2004C, and 2004D are dated August 31, 2004. Interest is payable semi-monthly on April 1 and October 1 at 4.75%.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue	\$ 1,845,000
Amount redeemed	(<u>1,315,000</u>)
Amount outstanding, June 30, 2021	530,000
Less: current maturities	<u>125,000</u>
Long-term maturities	\$ <u><u>405,000</u></u>

Year Ending June 30,	Principal	Interest	Total Debt Service Requirements
2022	\$ 125,000	\$ 22,206	\$ 147,206
2023	130,000	16,150	146,150
2024	135,000	9,856	144,856
2025	<u>140,000</u>	<u>3,325</u>	<u>143,325</u>
Totals	\$ <u><u>530,000</u></u>	\$ <u><u>51,537</u></u>	\$ <u><u>581,537</u></u>

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.

The proceeds of the bonds were used as follows:

- \$4,310,760 of the proceeds was used to repay the interim financing note for construction and related issuance costs for the City's water pollution control plant addition.
- \$250,414 of the proceeds were used to pay construction costs for the City's water pollution control plant addition.
- \$44,826 of the proceeds were used to pay issuance and other related costs.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

JUNIOR LIEN REVENUE BONDS PAYABLE 2019 Series - Continued

City of Hogansville Junior Lien Combined Utility System Revenue Bonds, Series 2019A and 2019B dated October 21, 2019. Payable in monthly installments of principal and interest on the 21st of each month at 1.75% interest.

The following is a summary of the maturity of the bonds and interest thereon:

Amount of original issue	\$ 4,606,000
Amount redeemed	(<u>55,322</u>)
Amount outstanding, June 30, 2021	4,550,678
Less: current maturities	<u>84,017</u>
Long-term maturities	\$ <u>4,466,661</u>

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service Requirements</u>
2022	\$ 84,017	\$ 79,039	\$ 163,056
2023	85,574	77,482	163,056
2024	87,083	75,973	163,056
2025	88,619	74,437	163,056
2026	90,183	72,873	163,056
2027-2031	475,347	339,933	815,280
2032-2036	518,780	296,500	815,280
2037-2041	566,183	249,097	815,280
2042-2046	617,916	197,364	815,280
2047-2051	674,377	140,903	815,280
2052-2056	735,997	79,283	815,280
2057-2059	<u>526,602</u>	<u>16,918</u>	<u>543,520</u>
Totals	\$ <u>4,550,678</u>	\$ <u>1,699,802</u>	\$ <u>6,250,480</u>

NOTES PAYABLE DIRECT BORROWINGS

<ul style="list-style-type: none"> Note payable from direct borrowing to Georgia Environmental Facilities Authority in the original amount of \$348,475, interest rate of 3.81%, secured by utility system improvements, payable in monthly installments of \$2,077, including interest, through April 1, 2032. This note was used for improvements to the City's utility system. 	\$ <u>220,936</u>
Total notes payable, June 30, 2021	220,936
Less: current maturities	<u>16,797</u>
Long-term maturities	\$ <u>204,139</u>

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM DEBT - Continued

ANNUAL DEBT SERVICE REQUIREMENTS

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2021, are as follows:

CAPITAL LEASES PAYABLE

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 28,785	\$ 2,091	\$ 105,443	\$ 40,888	\$ 177,207
2023	22,638	518	123,313	56,370	202,839
2024	-	-	297,156	162,112	459,268
2025	-	-	457,276	280,062	737,338
2026	-	-	431,095	305,750	736,845
2027-2031	-	-	1,812,062	1,863,657	3,675,719
2032-2036	-	-	1,348,479	2,309,650	3,658,129
2037-2041	-	-	1,002,704	2,631,941	3,634,645
Total	\$ <u>51,423</u>	\$ <u>2,609</u>	\$ <u>5,577,528</u>	\$ <u>7,650,430</u>	\$ <u>13,281,990</u>

NOTES PAYABLE FROM DIRECT BORROWINGS

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	\$ 16,797	\$ 8,127	\$ 24,924
2023	17,449	7,475	24,924
2024	18,125	6,799	24,924
2025	18,828	6,096	24,924
2026	19,558	5,366	24,924
2027-2031	109,769	14,849	124,618
2032	20,410	357	20,767
Total	\$ <u>220,936</u>	\$ <u>49,069</u>	\$ <u>270,005</u>

REVENUE BONDS PAYABLE

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>				
	<u>Direct Placement Revenue Bonds</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>			
2022	\$ 209,017	\$ 101,245	\$ 505,000	\$ 81,150	\$ 896,412
2023	215,574	93,632	535,000	49,950	894,156
2024	222,083	85,829	565,000	16,950	889,862
2025	228,619	77,762	-	-	306,381
2026	90,183	72,873	-	-	163,056
2027-2031	475,347	339,933	-	-	815,280
2032-2036	518,780	296,500	-	-	815,280
2037-2041	566,183	249,097	-	-	815,280
2042-2046	617,916	197,364	-	-	815,280
2047-2051	674,377	140,903	-	-	815,280
2052-2056	735,997	79,283	-	-	815,280
2057-2059	<u>526,602</u>	<u>16,918</u>	<u>-</u>	<u>-</u>	<u>543,520</u>
Total	\$ <u>5,080,678</u>	\$ <u>1,751,339</u>	\$ <u>1,605,000</u>	\$ <u>148,050</u>	\$ <u>8,585,067</u>

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - SALE-LEASEBACK TRANSACTION

In a prior year, the City entered into a sale-leaseback transaction with the Municipal Electric Authority of Georgia ("MEAG") for the sale-leaseback of the City's electric utility system infrastructure and equipment ("electric system"). The sale-leaseback included all assets belonging to the City's electric system other than the electric rebuild that the City financed through MEAG in 2005. Therefore, the City is leasing the electric system back from MEAG. The City is responsible for maintaining and collecting charges for electrical distribution services sufficient to enable the City to pay to MEAG all amounts under the lease and to pay for operating and maintaining the electric utility system. At the lease inception, title to the electric utility system infrastructure was transferred to MEAG. The purpose of the sale-leaseback transaction was to facilitate financing to assist the City in repaying its 1993 Revenue Bonds. The sale-leaseback is for a total of \$5,980,000, of which \$760,000 was transferred to the City to finance capital improvements, leaving the remaining \$5,220,000 as the purchase price of the electric system. MEAG's purchase of the electric system is being paid through an installment note that has been discounted at an interest rate of 5.95%, and is referred to in Note 3. Note 3 contains information about the terms and related maturities of the installment sale. The City's leaseback of the electric system is for a total of \$5,980,000 at an interest rate of 5.95%, and is referred to in Note 7 under Business Type Activities, Capital Lease Obligations. Note 7 contains the terms of the lease and related maturities. The sale-leaseback was subsequently paid off by the City through the issuance of Hogansville Development Authority (City of Hogansville Projects) Taxable Refunding Revenue Bonds Series 2021B issued on July 20, 2021.

NOTE 9 - INTERFUND TRANSACTIONS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Enterprise Fund	\$ 638,967	\$ -
Capital Grants Fund	81,383	-
Internal Service Fund	100,000	-
Other Governmental Funds	<u>11,252</u>	<u>-</u>
Total General Fund	<u>831,602</u>	<u>-</u>
Capital Grants Fund:		
General Fund	-	81,383
Enterprise Fund	<u>61,095</u>	<u>-</u>
Total Capital Grants Fund	<u>61,095</u>	<u>81,383</u>
Other Governmental Funds:		
General Fund	<u>-</u>	<u>11,252</u>
Total Other Governmental Funds	<u>-</u>	<u>11,252</u>
Enterprise Fund:		
General Fund	-	638,967
Other Governmental Funds	<u>-</u>	<u>61,095</u>
Total Enterprise Fund	<u>-</u>	<u>700,062</u>
Internal Service Fund:		
Internal Service Fund	<u>-</u>	<u>100,000</u>
Total Internal Service Fund	<u>-</u>	<u>100,000</u>
Totals	<u>\$ 892,697</u>	<u>\$ 892,697</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 - INTERFUND TRANSACTIONS - Continued

Transfers are primarily used to move funds from:

- The Enterprise Fund to the General Fund for support of operations and administration.
- The General Fund and Enterprise Fund to/from the Capital Grants Fund for grant projects.
- Other Governmental Funds to the General Fund for the promotion of tourism.
- The Internal Service Fund to the General Fund for excess funds in the Internal Service Fund

During the year ended June 30, 2021, the City made transfers of \$638,967 from the Enterprise Fund to the General Fund for assistance with General Fund operations and administration. The City also made transfers of \$61,095 from the Enterprise Fund to the Capital Grants Fund for grant matching support, and transfers of \$81,383 from the Capital Grants Fund for administrative support. The City made transfers of \$11,252 from Other Governmental Funds to the General Fund for administrative support, and transfers of \$100,000 from the Internal Service Fund to the General Fund for excess funds in the Internal Service Fund.

NOTE 10 - LIABILITIES AND DEFERRED INFLOWS OF RESOURCES PAYABLE FROM GOVERNMENT-WIDE RESTRICTED ASSETS:

Governmental activities

Liabilities payable from restricted assets are composed of the following at June 30, 2021:

Due to other funds	\$ <u>498</u>
Total	\$ <u>498</u>

Deferred inflows of resources payable from restricted assets are composed of the following at June 30, 2021:

Unavailable revenue – fines & forfeitures	\$ <u>9,724</u>
Total	\$ <u>9,724</u>

Business-type activities

Liabilities payable from restricted assets are composed of the following at June 30, 2021:

Current portion of 1993 Revenue Bonds payable	\$ 505,000
Customer deposits	297,087
Accrued interest payable on 1993 Revenue Bonds	<u>24,075</u>
Total	\$ <u>826,162</u>

NOTE 11 - RESTRICTED NET POSITION

Governmental Activities

Restricted net position is comprised of the following at June 30, 2021:

Restricted for:	
Capital projects	\$ 1,139,467
General government	2,500
Public safety	<u>545</u>
Total net position restricted for governmental activities	\$ <u>1,142,512</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 - RESTRICTED NET POSITION - Continued

Business-type Activities

Restricted net position is comprised of the following at June 30, 2021:

Restricted for:	
Debt service	\$ <u>1,042,488</u>
Total net position restricted for business-type activities	\$ <u>1,042,488</u>

NOTE 12 - OPERATING LEASES

The City has entered into a master lease agreement in which it is leasing multiple vehicles under operating leases. The lease terms range from 48 to 60 months. Lease and maintenance expense under these leases totaled \$45,463 for the year ending June 30, 2021. Approximate future minimum lease payments at June 30 are as follows:

2022	\$ 102,833
2023	102,833
2024	102,833
2025	70,912
2026	<u>9,713</u>
Total	\$ <u>389,124</u>

NOTE 13 - CONFISCATED ASSETS SPECIAL REVENUE FUND

A Special revenue fund has been established to account for certain monies that are restricted in their use, as follows:

Confiscated Assets is property that has been confiscated by law enforcement during actions against illegal activities. The money can only be used by and for the Hogansville Police Department within Federal and State laws regarding expenditures of Federal and State seized/forfeited property distributions.

A summary of the Special Revenue Fund follows:

	<u>Confiscated Assets</u>
Balance July 1, 2020	\$ <u>545</u>
Revenues	
Forfeitures	<u>-</u>
Total revenues	<u>-</u>
Expenditures	
Public safety	<u>-</u>
Total expenditures	<u>-</u>
Balance June 30, 2021	\$ <u>545</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 - 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.

NOTE 15 - PENSION PLAN

Plan Description

The City's defined benefit pension plan, City of Hogansville Retirement Plan ("HRP"), provides retirement and death benefits to plan members and beneficiaries. HRP plan is affiliated with the Georgia Municipal Employees Benefit System ("GMEBS"), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Georgia Municipal Association assigns the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for HRP, that authority rests with the City of Hogansville. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by written request to Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Membership of the plan

Retirees and beneficiaries receiving benefits	47
Terminated vested participants	13
Active plan members	<u>46</u>
Total	<u>106</u>

Funding Policy

HRP members are not required and do not contribute to HRP. HRP is a noncontributory plan. The City is required to contribute 100% of the amount necessary to fund HRP at an actuarially determined rate; the current rate is 7.70% 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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 - PENSION PLAN - Continued

Investment Data

The market value of assets is based on current values as of the three months preceding the valuation date (September 30, 2020) and is assumed to be current through that date. All asset data that was used in the actuarial valuation has been supplied by GMEBS. Net investment return is estimated at 7.375% on an on-going basis, based on long-term expected rate of return on pension plan investments. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. An inflation rate of 2.25% has been assumed. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	7.05%
Domestic fixed income	20%	1.15%
Real estate	10%	4.50%
Global fixed income	5%	1.25%
Cash	<u>0%</u>	
Total	<u>100%</u>	

NET PENSION LIABILITY

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with these standards.

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2020.

Net pension liability is calculated as follows:

Total pension liability	\$ 3,004,733
Fiduciary net position	<u>(2,504,750)</u>
Net pension liability	\$ <u>499,983</u>
 Fiduciary net position as a percentage of total pension liability	 83.36%

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2021 are used to measure total pension liability as of September 30, 2020. The balances as of September 30, 2020 constitute measurements of the net pension liability for the fiscal year ending June 30, 2021.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 - PENSION PLAN - Continued

NET PENSION LIABILITY - Continued

The mortality and economic actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. Mortality rates were based on the sex-distinct Pri-2012 head count rated Healthy Mortality Table with rates multiplied by 1.25.

Assumptions on which the cost of HRP is calculated include investment return, mortality rates, retirement rates, disability rates, withdrawal rates and salary increase rates.

Total pension liability, fiduciary net position, and net pension liability are based on a September 30, 2020 measurement date which would make them applicable to the fiscal year beginning July 1, 2020 and ending June 30, 2021.

Benefit Terms

The eligibility requirement is immediate for employees, officials and MLO's. Employees are vested after 10 years and officials, MLO's, and City manager are vested immediately. The type of benefit payment is a life annuity. Death benefits are actuarial reserve for full-time employees only. The benefit formula is 1.00%-1.75% (table breakpoint). There are no automatic postemployment benefit changes due to COLAs. The Georgia Municipal Association has assigned the authority to the City to establish and amend the benefit provisions of the plan.

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was based on the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial assumptions included the following:

- | | |
|--------------------------------|---|
| • Rate of return on investment | 7.375% per year |
| • Projected salary increases | 2.25% per year plus service based merit increases |
| • Inflation rate assumption | 2.25% |
| • Cost of living adjustments | 0.0% |

Changes in Assumptions

There were no changes in assumptions for the current fiscal year.

Benefit Changes

There were no changes in benefits for the current fiscal year

Discount Rate

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

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 - PENSION PLAN - Continued

NET PENSION LIABILITY - Continued

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2021, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Beginning balance	\$ 2,861,634	\$ 2,377,868	\$ 483,766
Changes for the year:			
Service cost	74,477	-	74,477
Interest	210,112	-	210,112
Differences between expected and actual experience	32,773	-	32,773
Contributions – employer	-	90,140	(90,140)
Contributions – employee	-	-	-
Net investment income	-	224,851	(224,851)
Benefit payments, including refunds of employee contributions	(174,263)	(174,263)	-
Administrative expense	-	(13,846)	13,846
Other changes	-	-	-
Ending balance	\$ <u>3,004,733</u>	\$ <u>2,504,750</u>	\$ <u>499,983</u>

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

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, 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%)
\$ <u>832,231</u>	\$ <u>499,983</u>	\$ <u>220,672</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2020 and the current sharing pattern of costs between employer and employee.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 - PENSION PLAN - Continued

PENSION EXPENSE AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

Pension expense for the year ended June 30, 2021 is \$125,282.

Deferred outflows/inflows of resource related to pensions:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 71,729	\$(4,301)
Changes in assumptions	16,958	-
Changes in benefit terms	-	-
Net difference between projected and actual earnings on pension plan		
Investments	-	(30,029)
City contributions subsequent to the measurement date	<u>109,467</u>	<u>-</u>
Total	\$ <u>198,154</u>	\$(<u>34,330</u>)

Employer contributions made subsequent to the measurement date of the net pension liability of \$109,467 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/(inflows):

<u>Year Ended</u>	<u>Recognition</u>
June 30, 2022	\$ 5,649
June 30, 2023	40,013
June 30, 2024	19,314
June 30, 2025	(10,619)
June 30, 2026	-
Thereafter	<u>-</u>
Total	\$ <u>54,357</u>

NOTE 16 - HOTEL/MOTEL LODGING TAX

The City has levied an 8% hotel/motel lodging tax. The amount of total tax collected in excess of a rate of 3%, 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, 2021 follows:

Total hotel/motel tax receipts	\$ 30,005
Less: hotel/motel tax collected at a rate of 3%	<u>11,252</u>
Hotel/motel tax collected to be expended for the promotion of tourism, conventions and trade shows	18,753
Expenses for promotion of tourism, conventions and trade shows	<u>18,753</u>
Balance of hotel/motel tax funds at June 30, 2021	\$ <u>-</u>

NOTE 17 - DEFICIT FUND BALANCES/NET POSITION

The City had no deficit fund balances/net position at June 30, 2021.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 18 - LITIGATION

The City is not a defendant in any currently pending case. The City has received several written notices of claim in which the City attorney has been made aware to wit. As of the audit report date, it is not possible to state the ultimate liability, if any, in these matters. Therefore, no provisions for losses have been recorded. The City's attorney has no knowledge of any unasserted claims and assessments, and has not devoted substantive attention in the form of legal consultation or representation regarding any unasserted claims and assessments.

NOTE 19 - 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 or not MEAG's facilities or any part thereof are operating or operable or the output therefrom 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 \$21,839,239 of MEAG's principal bonds outstanding in the event of default by MEAG at June 30, 2021.

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 or not 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 or not 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 \$465,610 of MGAG's principal bonds outstanding in the event of default by MGAG at June 30, 2021.

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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 19 - COMMITMENTS AND CONTINGENCIES - Continued

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.

Community Development Block Grant 2021

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

Worldwide Coronavirus Pandemic

As a result of the worldwide coronavirus pandemic, the City is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. The City's financial position has remained stable throughout the pandemic as increases in periodic cases have occurred. As of the date of the issuance of these financial statements, the future impact to the City's financial position is not known.

NOTE 20 - 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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 20 - RISK MANAGEMENT - Continued

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

	Fiscal Year Ended June 30, <u>2021</u>	Fiscal Year Ended June 30, <u>2020</u>
Unpaid claims, beginning of fiscal year	\$ 33,156	\$ 6,134
Claims incurred	243,878	165,826
Claims paid	(250,053)	(138,804)
Unpaid claims, end of year	\$ <u>26,981</u>	\$ <u>33,156</u>

NOTE 21 - RELATED ORGANIZATION

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 \$18,053 in lieu of taxes from the Housing Authority for the year ended June 30, 2021.

NOTE 22 - JOINT VENTURE

Under Georgia law, the City is a member of the Three Rivers Regional Commission ("TRRC"). The City paid \$3,128 in dues to the TRRC for the year ended June 30, 2021. Membership in a Regional Commission ("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. 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, P.O. Box 818 Griffin, GA 30224.

NOTE 23 - 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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 24 - LANDFILL CLOSURE AND POSTCLOSURE CARE

The Hogansville solid waste landfill was closed prior to 1980 and is therefore, not subject to the current closure and postclosure 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 postclosure care costs based on landfill capacity used to date. The percentage of landfill capacity used to date is 100%, and it has an estimated remaining landfill life of zero years. There is no reported liability for closure and postclosure care at the balance sheet date. There is no estimated total current cost of closure and postclosure care remaining to be recognized. The City is and will maintain the landfill as a grassed area to discourage erosion. There are no assets restricted for payment of closure and postclosure 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.

NOTE 25 - SUBSEQUENT EVENTS

In July 2021, the Hogansville Development Authority issued Revenue Bonds (City of Hogansville Projects), Series 2021A in the amount of \$2,145,000, and Taxable Refunding Revenue Bonds (City of Hogansville Projects), Series 2021B in the amount of \$6,875,000. The Series 2021A Bonds were issued to provide funds to pay for certain additions and improvements to the City's water storage and distribution system, and certain costs of issuing the Series 2021A Bonds. The Series 2021B Bonds were issued to pay for advance refunding of all of the outstanding City of Hogansville Combined Utility System Refunding Revenue Bonds, Series 1993, refunding and repaying in full the City's obligations under the lease agreement dated January 1, 2011 with the Municipal Electric Authority of Georgia (MEAG), and certain costs of issuing the Series 2021B Taxable Bonds. As a result of the repayment of the City's obligations to the MEAG, the City has repurchased its electric utility distribution system from MEAG, and the former sale-leaseback transaction agreement referred to in Note 8 has been repaid.

The City was subsequently approved for a GEFA loan for water improvements in the amount of \$2,934,000, and was also subsequently awarded a \$2,100,000 grant from the Georgia State Fiscal Recovery Fund to assist in providing improvements to the City's water distribution system. The combination of these funds and the Series 2021A Bonds will be used to for these projects.

In July 2021, the City received \$584,055 of Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan.

REQUIRED AND OTHER SUPPLEMENTARY INFORMATION

CITY OF HOGANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	CITY OF HOGANSVILLE RETIREMENT PLAN						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability							
Service cost	\$ 74,477	\$ 76,123	\$ 69,716	\$ 71,675	\$ 70,624	\$ 74,004	\$ 61,891
Interest	210,112	199,352	195,705	187,938	184,956	171,241	164,297
Differences between Expected and actual Experience	32,773	94,301	(17,204)	(6,487)	(34,518)	115,297	(3,369)
Changes in assumptions	-	33,917	-	31,799	-	-	32,416
Changes of benefit terms	-	-	(479)	-	-	-	-
Benefit payments, including Refunds of employee Contributions	(174,263)	(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
Net change in total pension Liability	143,099	155,769	84,623	107,542	33,275	181,186	103,324
Total pension liability – Beginning	<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>	<u>2,195,915</u>
Total pension liability – Ending (a)	\$ <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>
Plan Fiduciary Net Position							
Contributions – employer	\$ 90,140	\$ 100,249	\$ 93,464	\$ 88,212	\$ 94,802	\$ 57,300	\$ 89,216
Contributions – employee	-	-	-	-	-	-	-
Net Investment income	224,851	70,417	228,026	310,577	218,280	28,495	221,621
Benefit payments, including Refunds of employee Contributions	(174,263)	(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
Administrative expense	(13,846)	(13,838)	(15,202)	(16,225)	(9,587)	(10,608)	(8,844)
Other	-	-	-	-	-	-	-
Net change in fiduciary Net position	126,882	(91,096)	143,173	205,181	115,708	(104,169)	150,082
Plan fiduciary net position – Beginning	<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>	<u>1,958,989</u>
Plan fiduciary net position – Ending (b)	\$ <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>
Net Position Liability							
Net pension liability – Ending (a) – (b)	\$ <u>499,983</u>	\$ <u>483,766</u>	\$ <u>236,901</u>	\$ <u>295,451</u>	\$ <u>393,090</u>	\$ <u>475,523</u>	\$ <u>190,168</u>
Plan's fiduciary net position As a percentage of the Total pension liability	83.36%	83.09%	91.24%	88.73%	84.36%	80.83%	91.73%
Covered-employee payroll	\$ 1,537,883	\$ 1,584,544	\$ 1,327,140	\$ 1,320,707	\$ 1,352,157	\$ 1,242,111	\$ 1,282,094
Net pension liability as a Percentage of covered- Employee payroll	32.51%	30.53%	17.85%	22.37%	29.07%	38.28%	14.83%

**CITY OF HOGANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		CITY OF HOGANSVILLE RETIREMENT PLAN					
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	*	\$ 106,918	\$ 98,026	\$ 82,749	\$ 80,996	\$ 78,907	\$ 70,647
Contributions in relation to The actuarially determined Contribution	*	106,918	98,026	89,499	93,973	75,387	74,366
Contribution deficiency (excess)	*	-	-	(6,750)	(12,977)	3,520	(3,719)
Covered-employee payroll	*	\$ 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	*	6.75%	7.39%	6.78%	6.95%	6.07%	5.80%

* 2021 information will be determined after fiscal year end and will be included in the 2022 audit report.

**CITY OF HOGANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 - RECOMMENDED CONTRIBUTION

The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the HRP. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

NOTE 2 – VALUATION DATE

The actuarially determined contribution rate was determined as of January 1, 2021, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2022.

NOTE 3 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES:

Actuarial Cost Method – Entry Age Normal

Amortization Method – Closed level dollar for remaining unfunded liability

Remaining Amortization Period – Remaining amortization period varies for the bases, with a net effective amortization period of 16 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 year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

- Rate of return on investment 7.375% per year
- Projected salary increases 2.25% per year plus service based merit increases
- Cost of living adjustments 0.0%

Retirement Age – Employees, Officials, and MLO's 65

The mortality and economic actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019. Mortality rates were based on the Pri-2012 head-count weighted Healthy Mortality Table with rates multiplied by 1.25.

NOTE 4 - CHANGES OF ASSUMPTIONS

There were no changes in assumptions for the current fiscal year.

NOTE 5 - BENEFIT CHANGES

There were no changes in benefits for the current fiscal year.

OTHER CONTENTS OF THE FINANCIAL SECTION

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds are funds in which total fund assets, liabilities, revenues or expenditures are less than 10% of total governmental funds, and total fund assets, liabilities, revenues or expenditures are less than 5% of total governmental and business-type funds. These funds are made up of funds used to account for resources, which are required legally or by sound financial management to be accounted for in a fund other than the General Fund.

**CITY OF HOGANSVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Confiscated Assets</u>	<u>Hotel/ Motel Tax</u>	<u>SPLOST IV</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 710,045	\$ 710,045
Sales and other taxes receivable	-	3,195	-	3,195
Restricted cash and cash equivalents	<u>10,767</u>	<u>-</u>	<u>-</u>	<u>10,767</u>
Total assets	\$ <u>10,767</u>	\$ <u>3,195</u>	\$ <u>710,045</u>	\$ <u>724,007</u>
LIABILITIES				
Due to other funds	\$ <u>498</u>	\$ <u>3,195</u>	\$ <u>3,758</u>	\$ <u>7,451</u>
Total liabilities	<u>498</u>	<u>3,195</u>	<u>3,758</u>	<u>7,451</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue – Fines & forfeitures	<u>9,724</u>	<u>-</u>	<u>-</u>	<u>9,724</u>
Total deferred inflows of Resources	<u>9,724</u>	<u>-</u>	<u>-</u>	<u>9,724</u>
FUND BALANCES				
Restricted for:				
Capital projects	-	-	706,287	706,287
Public safety	<u>545</u>	<u>-</u>	<u>-</u>	<u>545</u>
Total fund balance	<u>545</u>	<u>-</u>	<u>706,287</u>	<u>706,832</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>10,767</u>	\$ <u>3,195</u>	\$ <u>710,045</u>	\$ <u>724,007</u>

SEE INDEPENDENT AUDITORS' REPORT.

CITY OF HOGANSVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>SPLOST IV</u>	<u>Totals</u>
REVENUES				
Taxes	\$ -	\$ 30,005	\$ -	\$ 30,005
Fines and forfeitures	-	-	-	-
Investment return	-	-	595	595
Total Revenues	<u>-</u>	<u>30,005</u>	<u>595</u>	<u>30,600</u>
EXPENDITURES				
Current operating				
Public safety	-	-	-	-
Tourism	-	18,753	-	18,753
Capital outlay	-	-	27,041	27,041
Total Expenditures	<u>-</u>	<u>18,753</u>	<u>27,041</u>	<u>45,794</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>-</u>	<u>11,252</u>	(26,446)	(15,194)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(11,252)	-	(11,252)
Net other financing sources (uses)	<u>-</u>	<u>(11,252)</u>	<u>-</u>	<u>(11,252)</u>
Net changes in fund balances	-	-	(26,446)	(26,446)
Fund balance - beginning of year	<u>545</u>	<u>-</u>	<u>732,733</u>	<u>733,278</u>
Fund balance - end of year	\$ <u><u>545</u></u>	\$ <u><u>-</u></u>	\$ <u><u>706,287</u></u>	\$ <u><u>706,832</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – CONFISCATED ASSETS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Confiscated Assets Fund			Variance with Final budget Over (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and forfeitures	\$ <u>7,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Total revenues	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current operating				
Public safety	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning of year	<u>545</u>	<u>545</u>	<u>545</u>	<u>-</u>
Fund balance - end of year	\$ <u><u>545</u></u>	\$ <u><u>545</u></u>	\$ <u><u>545</u></u>	\$ <u><u>-</u></u>

NOTE: The budgetary basis of accounting used is modified accrual.

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Hotel/Motel Tax Fund			Variance with Final budget Over (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ <u>30,000</u>	\$ <u>30,005</u>	\$ <u>30,005</u>	\$ <u>-</u>
Total revenues	<u>30,000</u>	<u>30,005</u>	<u>30,005</u>	<u>-</u>
EXPENDITURES				
Current operating Tourism	<u>18,750</u>	<u>18,753</u>	<u>18,753</u>	<u>-</u>
Total expenditures	<u>18,750</u>	<u>18,753</u>	<u>18,753</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,250</u>	<u>11,252</u>	<u>11,252</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(<u>11,250</u>)	(<u>11,252</u>)	(<u>11,252</u>)	<u>-</u>
Net other financing sources (uses)	(<u>11,250</u>)	(<u>11,252</u>)	(<u>11,252</u>)	<u>-</u>
Net changes in fund balance	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTE: The budgetary basis of accounting used is modified accrual.

SINGLE AUDIT SECTION

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320

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Phone: 770-904-5295

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

**To the Honorable Mayor
and Members of the City Council
City of Hogansville, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hogansville, Georgia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Hogansville, Georgia's basic financial statements and have issued our report thereon dated April 20, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Hogansville, Georgia's Response to Findings

The City of Hogansville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Hogansville, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

Purpose of this Report

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

Wilcox & Bivings, P.C.

Suwanee, Georgia

April 20, 2022

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320
Suwanee, GA 30024
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Hogansville, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Hogansville, Georgia's major federal programs for the year ended June 30, 2021. The City of Hogansville, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Hogansville, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Hogansville, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Hogansville, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Hogansville, Georgia complied, in all materials respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

Report on Internal Control over Compliance

Management of the City of Hogansville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Hogansville, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hogansville, Georgia's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and 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.

Wilcox & Bivings, P.C.

Suwanee, Georgia
April 20, 2022

**CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Program or Cluster Title/Pass-through Grantor	Federal CFDA Number	Agency or Pass-through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Water and Waste Disposal Systems for Rural Communities/ Rural Utilities Service Project Grants for Water and Waste Disposal Systems	10.760	92/05	\$ 339,818
Community Facilities Loans and Grants/ USDA, Rural Development Loan	10.766	Loan #13	373,000
USDA, Rural Development Loan and Grant	10.766	Loan #11 and Grant #12	78,632
USDA, Rural Development Loan and Grant	10.766	Loan #14 and Grant #15	60,000
Total U.S. Department of Agriculture			851,450
<u>U.S. Department of Housing and Urban Development:</u>			
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii/ Georgia Community Development Block Grant Program/ Georgia Department of Community Affairs	14.228	19p-x-141-2-6068	716,700
Total U.S. Department of Housing and Urban Development			716,700
<u>U.S. Department of Transportation:</u>			
Highway Planning and Construction Cluster/ Recreational Trails Program – Georgia Recreational Trails Program/ State of Georgia Department of Natural Resources	20.219	NRT-18(12)	184,205
Total U.S. Department of Transportation			184,205
<u>U.S. Department of the Treasury</u>			
COVID-19 Coronavirus Relief Fund/ State of Georgia Office of the Governor	21.019	N/A	55,416
Total U.S. Department of the Treasury			55,416
<u>U.S. Department of Homeland Security:</u>			
Federal Emergency Management Agency/ Disaster Grants – Public Assistance (Presidentially Declared Disasters)/ Georgia Emergency Management Homeland Security Agency	97.036	PA-04-GA-4259-PW-00147	53,383
Georgia Emergency Management Homeland Security Agency	97.036	PA-04-GA-4259-PW-00171	19,195
Georgia Emergency Management Homeland Security Agency	97.036	PA-04-GA-4259-PW-00224	1,946
Total U.S. Department of Homeland Security			74,524
Total Expenditures of Federal Awards			\$ 1,882,295

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A - 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 ending June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (The Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of, the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - *DE MINIMIS* INDIRECT COST RATE

The 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance does not apply to the City's federal awards.

NOTE D - SUBRECIPIENTS

The City has no subrecipients under its federal awards.

NOTE E – LOAN/LOAN GUARANTEE OUTSTANDING BALANCES

Community Facilities Loans and Grants CFDA No. 10.766 – Loan #13 - The total loan balance at the end of the audit period was \$0, as the City expended the funds prior to year-end, but was not reimbursed by USDA Rural Development until October 21, 2021 which was subsequent to year-end.

Community Facilities Loans and Grants CFDA No. 10.766 – Loan #11 - The total loan balance at the end of the audit period was \$0, as the City expended the funds prior to year-end, but was not reimbursed by USDA Rural Development until October 21, 2021 which was subsequent to year-end.

Community Facilities Loans and Grants CFDA No. 10.766 – Loan #14 – The total loan balance at the end of the audit period was \$0, as the City expended the funds prior to year-end, but was not reimbursed by USDA Rural Development until March 25, 2022 which was subsequent to year-end.

NOTE F - U.S. DEPT OF HOMELAND SECURITY - FEMA DISASTER GRANTS

Disaster Grants – Public Assistance (Presidentially Declared Disasters) CFDA No. 97.036 – The following project worksheet cost overruns were approved by FEMA in the fiscal year ended June 30, 2021, however, the expenditures were actually incurred in a prior year. Per the Compliance Supplement, the expenditures are recognized as federal expenditures in the fiscal year in which the project worksheet cost overruns were approved by FEMA and are included in the SEFA:

PA-04-GA-4259-PW-00147	\$ 53,383
PA-04-GA-4259-PW-00171	\$ 19,195
PA-04-GA-4259-PW-00224	\$ 1,946

**CITY OF HOGANSVILLE, GEORGIA
AUDITOR'S SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued – unmodified opinion on primary government.

Internal control over financial reporting:

- **No material weaknesses identified.**
- **Significant deficiency identified. See finding 2021-001.**
- **No noncompliance material to the financial statements identified.**

Federal Awards

Type of auditor's report issued on compliance for major programs – unmodified opinion.

Internal control over major programs:

- **No material weaknesses identified.**
- **No significant deficiencies identified.**

Audit findings:

No audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a).

Identification of major programs:

- **CFDA #14.228 - United States Department of Housing and Urban Development/ Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii/ Georgia Community Development Block Grant Program/ Georgia Department of Community Affairs**

Dollar threshold used to distinguish between Type A and Type B programs - \$750,000

Auditee qualifies as a low-risk auditee.

**CITY OF HOGANSVILLE, GEORGIA
AUDITOR'S SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2021-001

Criteria: The City did not have all credit card charge receipts attached to credit card statements before paying monthly credit card bills.

Condition: The City compiled credit card charge receipts and attached them to the credit card statements before paying the monthly credit card bills. However, when testing a sample of credit card charge receipts and statements, not all credit card charge receipts were attached to the credit card statements. No missing charge receipts noted were material, however, and no explanation as to why any of the charge receipts were missing was included with the credit card statements.

Cause: The City did not have procedures in place to account for all credit card charge receipts before paying monthly credit card bills.

Effect: The City did not have appropriate documentation for expenditures that did not have a credit card charge receipt attached to the credit card statements.

Recommendation: It is recommended that the City implement procedures to ensure that all credit card charge receipts are obtained, and if a receipt is lost, a written statement documenting the purpose of the credit card charge, and why the charge receipt is missing before credit card statements are paid.

Auditee Response: The City concurs with this finding and recommendation. The City will implement controls to improve accountability for transactions originated by employees who use City issued credit cards.

**CITY OF HOGANSVILLE, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS

Finding 2020-001

Criteria: The City is required to comply with its bond debt covenants related to its 1993 Combined Utility System Revenue Bonds.

Condition: The City was not in compliance with one bond debt covenant relating to its 1993 Combined Utility System Revenue Bonds.

Cause: The City did not have sufficient funds in its debt service reserve #2 investment account to comply with the debt service reserve #2 bond covenant relating to its 1993 Combined Utility System Revenue Bonds.

Effect: The City was not in compliance with one bond covenant.

Recommendation: It is recommended that the City transfer sufficient funds into the debt service reserve #2 investment account in order to comply with the bond covenant.

Auditee Response: The City concurs with this finding and recommendation. The City transferred sufficient funds into the debt service reserve #2 investment account in December 2020.

Update: The City has resolved this audit finding.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.

**CITY OF HOGANSVILLE, GEORGIA
400 E. MAIN ST.
HOGANSVILLE, GA 30230
706-637-8629**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS

Finding 2021-001

The City did not have all credit card charge receipts attached to credit card statements before paying monthly credit card bills.

Recommendation

It is recommended that the City implement controls to ensure that all credit card charge receipts are obtained, and if a receipt is lost, a written statement documenting the purpose of the credit card charge, and why the charge receipt is missing before credit card statements are paid.

Statement of Concurrence

The City concurs with this finding and recommendation.

Action

The City will implement procedures to ensure that all credit card charge receipts are obtained, or at a minimum a statement documenting why the charge receipt is missing before credit card statements are paid.

SCHEDULES REQUIRED BY THE STATE OF GEORGIA

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
SPLOST IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Estimate Amount</u>	<u>Current Estimate Amount</u>	<u>Amount Expended In Prior Years</u>	<u>Amount Expended In Current Year</u>	<u>Total</u>	<u>Estimated Percentage of Completion</u>
<i>PROJECTS</i>						
Water and Sewer System Improvements - Priority One	\$ 600,000	\$ 822,713	\$ 632,664	\$ -	\$ 632,664	76.9%
Neighborhood Stabilization: Purchase and Redevelopment of Abandoned or Foreclosed Homes or Other Residential Properties – Priority One	600,000	92,497	92,497	-	92,497	100.0%
Sidewalks & Paving – Priority One	600,000	562,439	535,398	27,041	562,439	100.0%
Hogansville Lake: Road System, Parking Lot, Restrooms, Picnic Area, and Security – Priority One	500,000	766,100	766,100	-	766,100	100.0%
Renovate Library for use as City Hall – Priority One	250,000	2,049	2,049	-	2,049	100.0%
Renovate Royal Theatre for use as Community Center – Priority One	700,000	700,000	180,004	-	180,004	25.7%
Amphitheater Improvements - Priority One	<u>250,000</u>	<u>314,388</u>	<u>314,388</u>	<u>-</u>	<u>314,388</u>	100.0%
Totals	<u>\$ 3,500,000</u>	<u>\$ 3,260,186</u>	<u>\$ 2,523,100</u>	<u>\$ 27,041</u>	<u>\$ 2,550,141</u>	

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
SPLOST V
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Estimate Amount</u>	<u>Current Estimate Amount</u>	<u>Amount Expended In Prior Years</u>	<u>Amount Expended In Current Year</u>	<u>Total</u>	<u>Estimated Percentage of Completion</u>
<i>PROJECTS</i>						
Water, Sewer and Equipment	\$ 1,200,000	\$ 1,200,000	\$ 18,381	\$ 343,124	\$ 361,505	30.1%
Roads, Sidewalks and Equipment	1,200,000	1,200,000	3,775	460,517	464,292	38.7%
Recreation, Parks and Trails	1,500,000	1,500,000	125	679,824	679,949	45.3%
City Equipment	<u>350,000</u>	<u>431,853</u>	<u>198,494</u>	<u>170,047</u>	<u>368,541</u>	85.3%
Totals	<u>\$ 4,250,000</u>	<u>\$ 4,331,853</u>	<u>\$ 220,775</u>	<u>\$ 1,653,512</u>	<u>\$ 1,874,287</u>	