

CITY OF HOGANSVILLE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

**CITY OF HOGANSVILLE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Independent Auditor's Report	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	11
Statement of Activities	12
Balance Sheet - Governmental Funds	13
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Changes in the Net Pension Liability and Related Ratios	58
Schedule of Contributions	59
Notes to Required Supplementary Information	60
OTHER CONTENTS OF THE FINANCIAL SECTION:	
Combining Balance Sheet - Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Confiscated Assets Fund	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Hotel/Motel Tax Fund	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - ARPA Fund	65

**CITY OF HOGANSVILLE, GEORGIA
AUDITED BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2022**

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS:

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 <i>Government Auditing Standards</i>	66
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SCHEDULES REQUIRED BY THE STATE OF GEORGIA:

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds - SPLOST IV	68
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds - SPLOST V	69

WILCOX & BIVINGS, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**4485 Tench Road, Suite 1320
Suwanee, GA 30024
Phone: 770-904-5295
Email: srwcpa@bellsouth.net**

Independent Auditor's Report

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

Opinions

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 (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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, 2022, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of July 1, 2021. This standard significantly changed the accounting for the City's lease activities. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Hogansville, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hogansville, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, and the City of Hogansville Retirement Plan on pages 58-60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the City of Hogansville, Georgia's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedules of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and Schedules of Projects Constructed and Expenditures Incurred with Special Sales Tax Proceeds are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2023, on our consideration of the City of Hogansville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hogansville, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hogansville, Georgia's internal control over financial reporting and compliance.

Wilcox & Bivings, P.C.

Suwanee, Georgia
April 12, 2023

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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 \$21,859,100 (presented as "net position"). Of this amount, \$2,270,014 was reported as "unrestricted net position". \$17,995,447 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 \$1,593,639.
- The City's total net position increased by \$301,854 in fiscal year 2022.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,910,655. Unassigned fund balance was a \$252,279.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$252,279 or 6.5% 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 11 and 12 of this report.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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 seven 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, ARPA, Capital Grants, SPLOST IV, and SPLOST V funds. The General and SPLOST V Funds are the only major funds.

The basic governmental fund financial statements can be found on pages 13 to 17 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 18 to 21 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 22 to 57 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 58 to 65 of this report.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$21,859,100 as of June 30, 2022.

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	
	2022	2021	2022	2021	2022	2021
Current and other assets \$	3,245,195	\$ 2,806,205	\$ 4,527,043	\$ 4,095,429	\$ 7,772,238	\$ 6,901,634
Capital assets	<u>9,195,198</u>	<u>8,864,523</u>	<u>24,472,608</u>	<u>24,389,146</u>	<u>33,667,806</u>	<u>33,253,669</u>
Total assets	<u>12,440,393</u>	<u>11,670,728</u>	<u>28,999,651</u>	<u>28,484,575</u>	<u>41,440,044</u>	<u>40,155,303</u>
Deferred outflows of resources	<u>131,079</u>	<u>132,169</u>	<u>140,244</u>	<u>65,985</u>	<u>271,323</u>	<u>198,154</u>
Long-term liabilities	836,983	409,085	14,386,684	13,905,268	15,223,667	14,314,353
Other liabilities	<u>1,252,043</u>	<u>1,109,389</u>	<u>593,849</u>	<u>1,187,049</u>	<u>1,845,892</u>	<u>2,296,438</u>
Total liabilities	<u>2,089,026</u>	<u>1,518,474</u>	<u>14,980,533</u>	<u>15,092,317</u>	<u>17,069,559</u>	<u>16,610,791</u>
Deferred inflows of resources	<u>226,229</u>	<u>32,622</u>	<u>2,556,479</u>	<u>2,152,798</u>	<u>2,782,708</u>	<u>2,185,420</u>
Net position:						
Net investment in capital assets	8,370,347	8,813,100	9,625,100	11,908,617	17,995,447	20,721,717
Restricted	1,576,083	1,142,512	17,556	1,042,488	1,593,639	2,185,000
Unrestricted	<u>309,787</u>	<u>296,189</u>	<u>1,960,227</u>	<u>(1,645,660)</u>	<u>2,270,014</u>	<u>(1,349,471)</u>
Total net position	\$ <u>10,256,217</u>	\$ <u>10,251,801</u>	\$ <u>11,602,883</u>	\$ <u>11,305,445</u>	\$ <u>21,859,100</u>	\$ <u>21,557,246</u>

An additional portion of the City's net position (7.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was \$2,270,014.

As of June 30, 2022, the City was able to report positive balances in all three categories of net position for the government as a whole, and was able to report positive balances in two of the three categories of net position for the government as a whole at June 30, 2021. As of June 30, 2022 and 2021, 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 all three of the categories of net position for its business-type activities at June 30, 2022 and in two of the three categories at June 30, 2021 as it had negative unrestricted net position balances of \$(1,645,660).

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Analysis of the City's Operations

The following table provides a summary of the City's operations for the years ended June 30, 2022 and 2021. Governmental activities increased the City's net position by \$4,416 and \$797,792 for the years ended June 30, 2022 and 2021. Business-type activities increased the City's net position by \$297,366 and \$1,180,318 for the years ended June 30, 2022 and 2021.

CITY OF HOGANSVILLE, GEORGIA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 852,256	\$ 573,276	\$ 7,461,686	\$ 6,646,430	\$ 8,313,942	\$ 7,219,706
Operating grants and Contributions	48,041	1,361	-	-	48,041	1,361
Capital grants and Contributions	1,279,556	2,225,107	9,000	339,818	1,288,556	2,564,925
General revenues:						
Taxes	2,265,758	2,109,229	-	-	2,265,758	2,109,229
Investment revenue	3,388	3,224	7,470	51,592	10,858	54,816
Gain on sale of assets	-	69,421	-	-	-	69,421
Other	32,712	63,195	-	-	32,712	63,195
Total revenues	<u>4,481,711</u>	<u>5,044,813</u>	<u>7,478,156</u>	<u>7,037,840</u>	<u>11,959,867</u>	<u>12,082,653</u>
Expenses:						
Program expenses:						
General government	1,394,113	1,042,976	-	-	1,394,113	1,042,976
Public safety	1,900,436	1,840,133	-	-	1,900,436	1,840,133
Public services	981,447	920,178	-	-	981,447	920,178
Tourism	29,608	18,753	-	-	29,608	18,753
Interest	30,856	4,123	-	-	30,856	4,123
Utility system	-	-	7,321,553	6,278,380	7,321,553	6,278,380
Total expenses	<u>4,336,460</u>	<u>3,826,163</u>	<u>7,321,553</u>	<u>6,278,380</u>	<u>11,658,013</u>	<u>10,104,543</u>
Excess (deficiency) in net assets before transfers	145,251	1,218,650	156,603	759,460	301,854	1,978,110
Transfers	(140,835)	(420,858)	140,835	420,858	-	-
Change in net position	4,416	797,792	297,438	1,180,318	301,854	1,978,110
Net position July 1,	<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>
Net position June 30,	\$ <u>10,256,217</u>	\$ <u>10,251,801</u>	\$ <u>11,602,883</u>	\$ <u>11,305,445</u>	\$ <u>21,859,100</u>	\$ <u>21,557,246</u>

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$1,910,655. \$252,279 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 \$1,568,293, debt service of \$4,065, and public safety of \$3,725. \$34,451 of fund balance was committed for public safety, and \$18,400 was committed for public services. \$29,442 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 \$252,279 and total fund balance of the General Fund was \$338,637. 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 6.5% of total expenditures, while total fund balance represents 8.7% of that same amount.

The General Fund's fund balance increased by \$45,564 during the current fiscal year. Key factors in this increase are as follows:

- Total revenues increased by \$372,827 for a percentage increase of 13.0%. This increase was mainly due to increases in taxes of \$132,385 and licenses and permits of \$222,961.
- Total expenditures decreased by \$95,841 for a percentage decrease of 2.4%. This decrease was mainly due to a decrease in general government expenditures of \$115,469.
- Net transfers in decreased by \$531,614. This decrease was due to the decrease of transfers in from the Enterprise Fund in order to fund General Fund operations.

The SPLOST V Fund's fund balance increased by \$444,650. This increase was due to an increase in intergovernmental revenues exceeding capital projects expenditures, and an increase in other financing sources for the issuance of notes payable during the current year.

Other governmental funds fund balances decreased \$12,644 during the current fiscal year. This decrease was due to expenditures exceeding revenues by \$15,824 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 \$1,960,227. The fund had a net position increase for the fiscal year of \$297,438. Operating revenues increased by \$815,256, operating expenses increased by \$586,562, intergovernmental grant revenue decreased by \$330,818, capital contributions decreased by \$906,575, and net transfers to other funds decreased by \$626,552.

**CITY OF HOGANSVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$329,675 and budgeted expenditures of \$132,971, and a decrease in other financing sources of \$602,835. Material revisions to budgeted appropriations were for an increase in public safety appropriations of \$265,013, and a decrease in public services appropriations of \$133,146.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022 and 2021 amounted to \$33,667,806 and \$33,496,569, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture, fixtures and equipment, utility system infrastructure, infrastructure assets, vehicles, and right-to-use lease assets.

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

- The City expended \$34,703 for general government infrastructure construction in progress.
- The City expended/transferred from construction in progress \$727,988 for general government infrastructure improvements.
- The City expended \$1,280,814 for general government infrastructure.
- The City expended \$193,318 for furniture, fixtures & equipment.
- The City expended \$247,546 for utility system construction in progress.
- The City expended \$647,100 for utility system infrastructure improvements.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Land	\$ 484,675	\$ 432,175	\$ 380,784	\$ 380,784	\$ 865,459	\$ 812,959
Construction in progress	188,131	881,416	258,527	10,981	446,658	892,397
Buildings and improvements	2,748,497	2,748,497	-	-	2,748,497	2,748,497
Utility system infrastructure	-	-	36,331,390	35,785,652	36,331,390	35,785,652
Furniture, fixtures and equipment	443,216	398,162	299,586	345,700	742,802	743,862
Infrastructure	8,868,583	7,587,769	-	-	8,868,583	7,587,769
Vehicles	515,551	544,678	-	-	515,551	544,678
Accumulated depreciation	(4,293,256)	(3,728,174)	(12,903,852)	(12,133,971)	(17,197,108)	(15,862,145)
Total capital assets excluding lease assets	<u>8,955,397</u>	<u>8,864,523</u>	<u>24,366,435</u>	<u>24,389,146</u>	<u>33,321,832</u>	<u>33,253,669</u>
Lease assets:						
Vehicles	308,480	185,325	138,865	57,575	447,345	242,900
Accumulated amortization	(68,679)	(-)	(32,692)	(-)	(101,371)	(-)
Total lease assets	<u>239,801</u>	<u>185,325</u>	<u>106,173</u>	<u>57,575</u>	<u>345,974</u>	<u>242,900</u>
Total capital assets	<u>\$ 9,195,198</u>	<u>\$ 9,049,848</u>	<u>\$ 24,472,608</u>	<u>\$ 24,446,721</u>	<u>\$ 33,667,806</u>	<u>\$ 33,496,569</u>

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, 2022**

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had \$15,276,693 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	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Finance leases payable	\$ 22,638	\$ 51,423	\$ -	\$ 5,577,528	\$ 22,638	\$ 5,628,951
Notes payable	557,200	-	213,139	220,936	770,339	220,936
Revenue bonds payable	-	-	13,982,891	6,682,065	13,982,891	6,682,065
Lease liabilities	245,013	185,325	109,168	57,575	354,181	242,900
Net pension liability	<u>93,603</u>	<u>333,489</u>	<u>53,041</u>	<u>166,494</u>	<u>146,644</u>	<u>499,983</u>
Total	\$ <u>918,454</u>	\$ <u>570,237</u>	\$ <u>14,358,239</u>	\$ <u>12,704,598</u>	\$ <u>15,276,693</u>	\$ <u>13,274,835</u>

The City has restated 2021 outstanding debt due to the adoption of GASB No. 87, *Leases*, which required the City to recognize debt for lease liabilities that had formerly been classified as operating leases. The City's total debt increased \$2,001,858 during the current fiscal year. This was mainly attributable to the City issuing Series 2021A and 2021B Revenue Bonds that were issued to pay for the costs and construction of improvements to the City's water storage and distribution system, and to advance refund its Series 1993 Revenue Bonds and finance lease with the Municipal Electric Authority of Georgia. Additional information on the City's long-term debt can be found in note 8.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In the 2022-2023 Budget, General Fund revenues are budgeted to increase by 12.6% from the 2021-2022 budget year with taxes making up 60.4% of general fund budgeted revenues. The 2022-2023 General Fund Budget includes budgeted revenue of \$766,631 for local option sales tax, \$791,287 in property tax, and \$704,644 in fines and forfeitures and other public safety revenues. The City has also budgeted expenditures of \$1,281,700 for general government and \$2,444,944 for public safety.

The City has budgeted \$8,529,041 in charges for services revenues for its business-type activities for the 2022-2023 Budget. This is an increase of 11.4% from the 2021-2022 budget year. The City has budgeted \$4,278,325 in electric revenue, \$1,207,012 in gas revenue, \$1,606,268 in sewer revenue, \$1,146,222 in water revenue, and \$291,214 in sanitation revenue. The City's business-type activities have also budgeted electric department expenses of \$3,999,831, water department expenses of \$1,328,404, gas department expenses of \$1,112,203, sewer department expenses of \$1,538,709, and sanitation department expenses of \$291,214.

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 Finance Director at 111 High Street, Hogansville, Georgia 30230.

BASIC FINANCIAL STATEMENTS

CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 1,496,612	\$ 2,425,978	\$ 3,922,590	\$ 27,777
Receivables, net	406,902	544,650	951,552	-
Prepaid expenses	49,002	35,656	84,658	-
Internal balances	1,278,223	(1,278,223)	-	-
Restricted cash and cash equivalents	14,456	2,798,982	2,813,438	-
Nondepreciable capital assets	672,806	639,311	1,312,117	-
Depreciable capital assets	<u>8,522,392</u>	<u>23,833,297</u>	<u>32,355,689</u>	<u>-</u>
Total assets	<u>12,440,393</u>	<u>28,999,651</u>	<u>41,440,044</u>	<u>27,777</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on advance refunding Pension	-	65,966	65,966	-
	<u>131,079</u>	<u>74,278</u>	<u>205,357</u>	<u>-</u>
Total deferred outflows of resources	<u>131,079</u>	<u>140,244</u>	<u>271,323</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Bank overdrafts	16,842	-	16,842	-
Accounts payable	587,228	208,897	796,125	-
Accrued expenses	43,131	92,824	135,955	-
Unearned revenue	469,555	-	469,555	-
Lease liabilities	73,268	34,196	107,464	-
Finance lease payable	22,638	-	22,638	-
Notes payable	39,381	19,169	58,550	-
Revenue bonds payable	<u>-</u>	<u>238,763</u>	<u>238,763</u>	<u>-</u>
Total current liabilities	<u>1,252,043</u>	<u>593,849</u>	<u>1,845,892</u>	<u>-</u>
Noncurrent liabilities:				
Customer deposits	-	296,308	296,308	-
Compensated absences	53,816	24,265	78,081	-
Lease liabilities	171,745	74,972	246,717	-
Notes payable	517,819	193,970	711,789	-
Revenue bonds payable	-	13,744,128	13,744,128	-
Net pension liability	<u>93,603</u>	<u>53,041</u>	<u>146,644</u>	<u>-</u>
Total noncurrent liabilities	<u>836,983</u>	<u>14,386,684</u>	<u>15,223,667</u>	<u>-</u>
Total liabilities	<u>2,089,026</u>	<u>14,980,533</u>	<u>17,069,559</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fines & forfeitures Pension	8,676	-	8,676	-
	217,553	123,279	340,832	-
Deferred gain on advance refunding	<u>-</u>	<u>2,433,200</u>	<u>2,433,200</u>	<u>-</u>
Total deferred inflows of resources	<u>226,229</u>	<u>2,556,479</u>	<u>2,782,708</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	8,370,347	9,625,100	17,995,447	-
Restricted for:				
Capital projects	1,568,293	-	1,568,293	-
Debt service	4,065	17,556	21,621	-
Public safety	3,725	-	3,725	-
Unrestricted	<u>309,787</u>	<u>1,960,227</u>	<u>2,270,014</u>	<u>27,777</u>
Total net position	<u>\$ 10,256,217</u>	<u>\$ 11,602,883</u>	<u>\$ 21,859,100</u>	<u>\$ 27,777</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues	
			Charges for Services	Operating Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 1,454,113	\$(60,000)	\$ 392,701	\$ 47,540
Public safety	1,900,436	-	400,968	501
Public services	981,447	-	58,587	-
Tourism	29,608	-	-	-
Interest	<u>30,856</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>4,396,460</u>	<u>(60,000)</u>	<u>852,256</u>	<u>48,041</u>
Business-type activities				
Utility system	<u>7,261,553</u>	<u>60,000</u>	<u>7,461,686</u>	<u>-</u>
Total business-type activities	<u>7,261,553</u>	<u>60,000</u>	<u>7,461,686</u>	<u>-</u>
Total primary government	<u>\$ 11,658,013</u>	<u>\$ -</u>	<u>\$ 8,313,942</u>	<u>\$ 48,041</u>
Component Unit				
Downtown Development Authority	<u>\$ 11,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

 Local option sales

 Property

 Franchise

 Insurance premium

 Motor vehicle

 Beer & wine

 Other

 Investment return

 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	
\$ 1,279,556	\$ 325,684	\$ -	\$ 325,684	\$ -
-	(1,498,967)	-	(1,498,967)	-
-	(922,860)	-	(922,860)	-
-	(29,608)	-	(29,608)	-
-	(30,856)	-	(30,856)	-
1,279,556	(2,156,607)	-	(2,156,607)	-
9,000	-	149,133	149,133	-
9,000	-	149,133	149,133	-
\$ 1,288,556	\$(2,156,607)	\$ 149,133	\$(2,007,474)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (11,329)
	\$ 803,674	\$ -	\$ 803,674	\$ -
	558,379	-	558,379	-
	335,449	-	335,449	-
	255,541	-	255,541	-
	88,677	-	88,677	-
	85,377	-	85,377	-
	138,661	-	138,661	-
	3,388	7,470	10,858	15
	32,712	-	32,712	11,075
	(140,835)	140,835	-	-
	2,161,023	148,305	2,309,328	11,090
	4,416	297,438	301,854	(239)
	10,251,801	11,305,445	21,557,246	28,016
\$ 10,256,217	\$ 11,602,883	\$ 21,859,100	\$ 27,777	

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>SPLOST V</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 199,139	\$ 515,987	\$ 704,633	\$ 1,419,759
Property taxes receivable	59,438	-	-	59,438
Sales and other taxes receivable	163,818	-	3,199	167,017
Intergovernmental receivable	-	180,447	-	180,447
Prepaid expenses	29,442	-	-	29,442
Due from other funds	478,327	-	713,068	1,191,395
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>	<u>14,456</u>	<u>14,456</u>
Total assets	\$ <u>930,164</u>	\$ <u>696,434</u>	\$ <u>1,435,356</u>	\$ <u>3,061,954</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Bank overdrafts	\$ 16,842	\$ -	\$ -	\$ 16,842
Accounts payable	520,391	-	-	520,391
Accrued expenses	43,131	-	-	43,131
Due to other funds	-	68,604	12,937	81,541
Unearned revenue	<u>-</u>	<u>-</u>	<u>469,555</u>	<u>469,555</u>
Total liabilities	<u>580,364</u>	<u>68,604</u>	<u>482,492</u>	<u>1,131,460</u>
Deferred inflows of resources:				
Unavailable revenue –				
Property taxes	11,163	-	-	11,163
Fines & forfeitures	<u>-</u>	<u>-</u>	<u>8,676</u>	<u>8,676</u>
Total deferred inflows of resources	<u>11,163</u>	<u>-</u>	<u>8,676</u>	<u>19,839</u>
Fund balances:				
Nonspendable	29,442	-	-	29,442
Restricted	4,065	627,830	944,188	1,576,083
Committed	52,851	-	-	52,851
Unassigned	<u>252,279</u>	<u>-</u>	<u>-</u>	<u>252,279</u>
Total fund balances	<u>338,637</u>	<u>627,830</u>	<u>944,188</u>	<u>1,910,655</u>
Total liabilities, deferred inflows of resources And fund balances	\$ <u>930,164</u>	\$ <u>696,434</u>	\$ <u>1,435,356</u>	\$ <u>3,061,954</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022**

Total Governmental Fund Balances	\$ 1,910,655
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 and amortization of \$4,361,935.	9,195,198
Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds: Property taxes receivable	11,163
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	206,553
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	131,079
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	(217,553)
Debt and other long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds: Accrued interest payable Compensated absences Lease liabilities Finance lease payable Notes payable Net Pension liability	(8,608) (53,816) (245,013) (22,638) (557,200) (<u>93,603</u>)
Net Position of Governmental Activities	\$ <u>10,256,217</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, 2022

	<u>General</u>	<u>SPLOST V</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,215,620	\$ -	\$ 47,373	\$ 2,262,993
Intergovernmental	48,912	972,330	155,659	1,176,901
Fines and forfeitures	397,229	-	3,739	400,968
Licenses and permits	392,701	-	-	392,701
Contributions	108,041	-	-	108,041
Charges for services	58,587	-	-	58,587
Other	26,744	-	20	26,764
Investment return	<u>3,221</u>	<u>762</u>	<u>1,561</u>	<u>5,544</u>
Total revenues	<u>3,251,055</u>	<u>973,092</u>	<u>208,352</u>	<u>4,432,499</u>
EXPENDITURES				
Current operating				
General government	1,265,181	-	-	1,265,181
Public safety	1,831,749	-	583	1,832,332
Public services	783,647	-	-	783,647
Tourism	-	-	29,608	29,608
Capital outlay	-	682,642	94,327	776,969
Debt Service	<u>3,850</u>	<u>-</u>	<u>-</u>	<u>3,850</u>
Total expenditures	<u>3,884,427</u>	<u>682,642</u>	<u>124,518</u>	<u>4,691,587</u>
Excess (deficiency) of revenues				
Over (under) expenditures	(<u>633,372</u>)	<u>290,450</u>	<u>83,834</u>	(<u>259,088</u>)
OTHER FINANCING SOURCES (USES)				
Compensation for loss on capital assets	5,948	-	-	5,948
Issuance of notes payable	373,000	154,200	30,000	557,200
Transfers in	299,988	-	73,510	373,498
Transfers out	<u>-</u>	<u>-</u>	(<u>199,988</u>)	(<u>199,988</u>)
Net other financing sources (uses)	<u>678,936</u>	<u>154,200</u>	(<u>96,478</u>)	<u>736,658</u>
Net changes in fund balance	45,564	444,650	(12,644)	477,570
Fund balance (deficit) – beginning of year	<u>293,073</u>	<u>183,180</u>	<u>956,832</u>	<u>1,433,085</u>
Fund balance (deficit) – end of year	\$ <u>338,637</u>	\$ <u>627,830</u>	\$ <u>944,188</u>	\$ <u>1,910,655</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, 2022**

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

Net change in fund balances – total governmental funds	\$ 477,570
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	641,040
Depreciation expense	(602,666)
Leased assets	123,156
Amortization of leased assets	(68,679)
Revenues in the statement of activities that do not provide current financial resources Are not reported as revenue in the funds:	
Contribution of capital assets	52,500
Property taxes	2,765
Intergovernmental revenue	(12,132)
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	(858)
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	(55,709)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the government-wide statement of activities:	
Leased assets	(123,156)
Notes payable	(557,200)
Principal payments on leased assets	63,467
Principal payments on finance leases payable	28,785
Some expenses reported in the government-wide statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds:	
Accrued interest	(8,608)
Pension cost	<u>44,141</u>
Change in Net Position of Governmental Activities	\$ <u>4,416</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, 2022

	General Fund			Variance with
	Original	Final		Final budget
	Budget	Budget	Actual	Over
				(Under)
REVENUES				
Taxes	\$ 1,922,816	\$ 2,215,620	\$ 2,215,620	\$ -
Fines and forfeitures	335,000	397,229	397,229	-
Licenses and permits	310,400	392,701	392,701	-
Contributions	100,500	108,041	108,041	-
Charges for services	97,700	58,587	58,587	-
Intergovernmental	130,480	48,912	48,912	-
Other	23,700	26,744	26,744	-
Investment return	784	3,221	3,221	-
Total revenues	<u>2,921,380</u>	<u>3,251,055</u>	<u>3,251,055</u>	<u>-</u>
EXPENDITURES				
Current operating				
General government	1,267,927	1,265,181	1,265,181	-
Public safety	1,566,736	1,831,749	1,831,749	-
Public services	916,793	783,647	783,647	-
Debt service	-	3,850	3,850	-
Total expenditures	<u>3,751,456</u>	<u>3,884,427</u>	<u>3,884,427</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(830,076)</u>	<u>(633,372)</u>	<u>(633,372)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Compensation for loss of capital assets	-	5,948	5,948	-
Issuance of note payable	-	373,000	373,000	-
Transfers in	<u>1,281,771</u>	<u>299,988</u>	<u>299,988</u>	<u>-</u>
Net other financing sources (uses)	<u>1,281,771</u>	<u>678,936</u>	<u>678,936</u>	<u>-</u>
Net change in fund balance	451,695	45,564	45,564	-
Fund balance - beginning of year	<u>293,073</u>	<u>293,073</u>	<u>293,073</u>	<u>-</u>
Fund balance - end of year	\$ <u>744,768</u>	\$ <u>338,637</u>	\$ <u>338,637</u>	\$ <u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,425,978	\$ 76,853
Accounts receivable, net	544,650	-
Prepaid expenses	35,656	19,560
Interfund receivables	<u>-</u>	<u>168,369</u>
Total current assets	<u>3,006,284</u>	<u>264,782</u>
Noncurrent assets:		
Restricted cash and cash equivalents	2,798,982	-
Net capital assets	<u>24,472,608</u>	<u>-</u>
Total noncurrent assets	<u>27,271,590</u>	<u>-</u>
Total assets	<u>30,277,874</u>	<u>264,782</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on advance refunding	65,966	-
Pension	<u>74,278</u>	<u>-</u>
Total deferred outflows of resources	<u>140,244</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	208,897	58,229
Accrued expenses	92,824	-
Interfund payables	1,278,223	-
Lease liabilities	34,196	-
Notes payable	19,169	-
Revenue bonds payable	<u>238,763</u>	<u>-</u>
Total current liabilities	<u>1,872,072</u>	<u>58,229</u>
Noncurrent liabilities:		
Customer deposits	296,308	-
Compensated absences	24,265	-
Lease liabilities	74,972	-
Notes payable	193,970	-
Revenue bonds payable	13,744,128	-
Net pension liability	<u>53,041</u>	<u>-</u>
Total noncurrent liabilities	<u>14,386,684</u>	<u>-</u>
Total liabilities	<u>16,258,756</u>	<u>58,229</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	123,279	-
Deferred gain on advance refunding	<u>2,433,200</u>	<u>-</u>
Total deferred inflows of resources	<u>2,556,479</u>	<u>-</u>
FUND NET POSITION		
Net investment in capital assets	9,625,100	-
Restricted for debt service	17,556	-
Unrestricted	<u>1,960,227</u>	<u>206,553</u>
Total fund net position	<u>\$ 11,602,883</u>	<u>\$ 206,553</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, 2022

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
OPERATING REVENUES		
Charges for services	\$ 7,245,672	\$ 504,000
Other	<u>216,014</u>	<u>2,508</u>
Total operating revenues	<u>7,461,686</u>	<u>506,508</u>
OPERATING EXPENSES		
Utilities purchased for resale	3,033,805	-
Depreciation	1,051,172	-
Personal services	905,034	-
Contractual services	877,890	-
Materials and supplies	242,038	-
Premiums	-	234,420
Claims	-	227,928
Utilities	201,363	-
Repairs and maintenance	178,398	-
Amortization	<u>32,692</u>	<u>-</u>
Total operating expenses	<u>6,522,392</u>	<u>462,348</u>
Operating income (loss)	<u>939,294</u>	<u>44,160</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental grant revenue	9,000	-
Interest and investment earnings	7,470	131
Debt issuance costs	(525,792)	-
Interest expense	(270,873)	-
Bond administrative fees	<u>(2,496)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(782,691)</u>	<u>131</u>
Income (loss) before contributions and transfers	156,603	44,291
CAPITAL CONTRIBUTIONS	214,345	-
TRANSFERS	<u>(73,510)</u>	<u>(100,000)</u>
Change net position	297,438	(55,709)
Net position – beginning	<u>11,305,445</u>	<u>262,262</u>
Net position – ending	\$ <u>11,602,883</u>	\$ <u>206,553</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<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	\$ 7,356,105	\$ 334,089
Receipts from interfund services provided	65,198	-
Payments to suppliers	(3,716,112)	-
Payments for benefits and claims	-	(450,660)
Payments for personal services	(901,211)	-
Net cash provided (used) by operating activities	<u>2,803,980</u>	<u>(116,571)</u>
<i>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</i>		
Transfers to other funds	(73,510)	(100,000)
Net cash provided (used) by noncapital financing activities	<u>(73,510)</u>	<u>(100,000)</u>
<i>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i>		
Receipts from note payable	9,000	-
Receipts from issuance of revenue bonds payable	9,134,491	-
Receipts from intergovernmental capital grants	88,364	-
Purchases of capital assets	(820,109)	-
Payment to refund revenue bonds payable	(1,749,551)	-
Payment to refund finance lease	(6,363,135)	-
Principal paid on capital debt	(270,582)	-
Interest paid on capital debt	(350,941)	-
Capital debt issuance costs	(525,792)	-
Administrative fees on bonds payable	(2,496)	-
Net cash provided (used) by capital and related financing activities	<u>(850,751)</u>	<u>-</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>		
Interest and dividends	<u>7,470</u>	<u>131</u>
Net cash provided (used) by investing activities	<u>7,470</u>	<u>131</u>
Increase (decrease) in cash and cash equivalents	1,887,189	(216,440)
Cash and cash equivalents – beginning of year	<u>3,337,771</u>	<u>293,293</u>
Cash and cash equivalents – end of year	\$ <u>5,224,960</u>	\$ <u>76,853</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<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)	\$ 939,294	\$ 44,160
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Cash flows reported in other categories:		
Depreciation expense	1,051,172	-
Amortization expense	32,692	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	(39,604)	-
Prepaid expenses	(29,581)	(19,560)
Deferred outflows of pension items	(8,293)	-
Accounts payable	1,128	31,248
Accrued expenses	67,392	-
Good faith deposits	(89,900)	-
Internal balances	879,716	(172,419)
Customer deposits	(779)	-
Compensated absences	2,349	-
Net pension liability	(113,453)	-
Deferred inflows of pension items	<u>111,847</u>	<u>-</u>
Net cash provided by operating activities	\$ <u>2,803,980</u>	\$(<u>116,571</u>)
<i>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</i>		
Cash and cash equivalents	\$ 2,425,978	\$ 76,853
Restricted cash and cash equivalents	<u>2,798,982</u>	<u>-</u>
Total cash and cash equivalents, end of year	\$ <u>5,224,960</u>	\$ <u>76,853</u>
<i>SUPPLEMENTAL DISCLOSURES</i>		
Noncash capital and related financing activities:		
Property acquired through capital contributions	\$ <u>214,345</u>	\$ <u>-</u>
Property acquired through lease liabilities	\$ <u>81,290</u>	\$ <u>-</u>

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

The City also reports the following fund types:

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

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

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

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, 2022**

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, 2022.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 \$328,391 for the Enterprise Fund.

PREPAID EXPENSES

Payments made for services that will benefit periods beyond June 30, 2022 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, 2022, 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, 2022

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
Right-to-use leased vehicles and equipment	4 – 5 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 PREMIUMS

Enterprise Fund bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an increase 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 deferred loss on advance refunding of bonds and pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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, deferred gain on advance refunding of a finance lease, 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, 2022**

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.

LEASES

Lessee

The City is a lessee for noncancelable vehicle leases. The City recognizes a lease liability and an intangible right-to-use lease asset in the government wide financial statements. The City recognizes lease liabilities with an initial individual value of \$15,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City either calculates the discount rate based on the present value of the leased asset, the monthly lease payment amount, and the lease term, or the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 29,442	\$ -	\$ -	\$ 29,442
Restricted for:				
Capital projects	-	627,830	940,463	1,568,293
Debt service	4,065	-	-	4,065
Public safety	-	-	3,725	3,725
Committed for:				
Public safety	34,451	-	-	34,451
Public services	18,400	-	-	18,400
Unassigned	<u>252,279</u>	<u>-</u>	<u>-</u>	<u>252,279</u>
Total fund balances	\$ <u>338,637</u>	\$ <u>627,830</u>	\$ <u>944,188</u>	\$ <u>1,910,655</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 2021 was \$69,175,094.

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, 2022**

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.

ADOPTION OF ACCOUNTING STANDARD

The City has adopted GASB Statement No. 87, *Leases*, effective for the current fiscal year. The requirements for this statement are effective for periods beginning after June 15, 2021. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single use model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. There were no restatements to net position at July 1, 2021 as a result of the adoption of GASB 87, however, restatements were made to lease asset and lease liabilities amounts at July 1, 2021, as noted in Notes 6 and 8.

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	\$ 530,891	\$ 529,250	\$ 1,060,141
Investments classified as cash and cash equivalents	<u>980,177</u>	<u>4,695,710</u>	<u>5,675,887</u>
Total cash and cash equivalents	\$ <u>1,511,068</u>	\$ <u>5,224,960</u>	\$ <u>6,736,028</u>
<u>Cash and cash equivalents reported on the statement of net position</u>			
Cash and cash equivalents	\$ 1,496,612	\$ 2,425,978	\$ 3,922,590
Restricted cash and cash equivalents	<u>14,456</u>	<u>2,798,982</u>	<u>2,813,438</u>
Total cash and cash equivalents on the statement of net position	\$ <u>1,511,068</u>	\$ <u>5,224,960</u>	\$ <u>6,736,028</u>
<u>Primary Government</u>			
<u>Investments</u>			
Total investments	\$ 980,177	\$ 4,695,710	\$ 5,675,887
Investments classified as cash and cash equivalents	<u>(980,177)</u>	<u>(4,695,710)</u>	<u>(5,675,887)</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>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 - CASH AND INVESTMENTS – Continued

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, 2022, the City's bank balances were properly collateralized as defined by State Statutes. The City has not adopted a formal deposit policy.

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, 2022, the City had the following investments:

Investment	Rating	Maturity	Fair Value
<u>Primary Government</u>			
<u>Governmental activities</u>			
Georgia Fund 1	AAAf	43 day WAM	\$ <u>980,177</u>
Total governmental activities			\$ <u>980,177</u>
<u>Primary Government</u>			
<u>Business-type activities</u>			
Georgia Fund 1	AAAf	43 day WAM	\$ 2,590,857
First American Treasury Obligations Class Y Money Market Fund	AAAm	23 day WAM	2,066,462
Allspring Government Money Market Fund – Institutional	AAAm	9 day WAM	29,309
Fidelity Institutional Money Market Treasury Portfolio Class III	AAAm	13 day WAM	<u>9,082</u>
Total business-type activities			\$ <u>4,695,710</u>

Georgia Fund 1, First American Treasury Obligations Class Y Money Market Fund, Allspring Government Money Market Fund – Institutional, and Fidelity Institutional Money Market Treasury Portfolio Class III are all reported as cash equivalents at June 30, 2022.

Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Fitch Ratings' criteria for AAAf rated money market funds, and shares can be redeemed at any time. 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.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - CASH AND INVESTMENTS - Continued

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

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

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 36.4% 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	\$ 2,066,462	\$ -	\$ -	\$ 2,066,462
Allspring Government Money Market Fund – Institutional	29,309	-	-	29,309
Fidelity Institutional Money Market Treasury Portfolio Class III	<u>9,082</u>	<u>-</u>	<u>-</u>	<u>9,082</u>
Total investments measured at fair value	<u>\$ 2,104,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104,853</u>
Georgia Fund 1 – governmental activities				980,177
Georgia Fund 1 – business-type activities				<u>2,590,857</u>
Total investments				<u>\$ 5,675,887</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, 2022

NOTE 3 - RECEIVABLES

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current receivables:			
Property taxes	\$ 59,438	\$ -	\$ 59,438
Sales and other taxes	167,017	-	167,017
Intergovernmental	180,447	-	180,447
Accounts	<u>-</u>	<u>873,041</u>	<u>873,041</u>
Total gross receivables	406,902	873,041	1,279,943
Less: allowance for uncollectibles	<u>-</u>	<u>328,391</u>	<u>328,391</u>
Total current receivables:	\$ <u>406,902</u>	\$ <u>544,650</u>	\$ <u>951,552</u>

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, 2022:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund		
Due from Enterprise Fund	\$ 396,786	\$ -
Due from SPLOST V Fund	68,604	-
Due from Other Governmental Funds	<u>12,937</u>	<u>-</u>
Total General Fund	\$ <u>478,327</u>	\$ <u>-</u>
SPLOST V Fund		
Due to General Fund	\$ <u>-</u>	\$ <u>68,604</u>
Total SPLOST IV Fund	\$ <u>-</u>	\$ <u>68,604</u>
Other Governmental Funds		
Due to General Fund	\$ -	\$ 12,937
Due from Enterprise Fund	<u>713,068</u>	<u>-</u>
Total Other Governmental Funds	\$ <u>713,068</u>	\$ <u>12,937</u>
Enterprise Fund		
Due to General Fund	\$ -	\$ 396,786
Due to Other Governmental Funds	-	713,068
Due to Internal Service Fund	<u>-</u>	<u>168,369</u>
Total Enterprise Fund	\$ <u>-</u>	\$ <u>1,278,223</u>
Internal Service Fund		
Due from Enterprise Fund	\$ <u>168,369</u>	\$ <u>-</u>
Total Internal Service Fund	\$ <u>168,369</u>	\$ <u>-</u>

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
GOVERNMENTAL ACTIVITIES:				
Not being depreciated:				
Land	\$ 432,175	\$ 52,500	\$ -	\$ 484,675
Construction in progress	<u>881,416</u>	<u>34,703</u>	<u>(727,988)</u>	<u>188,131</u>
Subtotal	<u>1,313,591</u>	<u>87,203</u>	<u>(727,988)</u>	<u>672,806</u>
Other capital assets:				
Buildings and improvements	2,748,497	-	-	2,748,497
Infrastructure	7,587,769	1,280,814	-	8,868,583
Furniture, fixtures and equipment	398,162	53,511	(8,457)	443,216
Vehicles	<u>544,678</u>	<u>-</u>	<u>(29,127)</u>	<u>515,551</u>
Subtotal	<u>11,279,106</u>	<u>1,334,325</u>	<u>(37,584)</u>	<u>12,575,847</u>
Accumulated depreciation:				
Buildings and improvements	(1,196,614)	(87,281)	-	(1,283,895)
Infrastructure	(2,176,393)	(376,792)	-	(2,553,185)
Furniture, fixtures and equipment	(108,026)	(57,008)	8,457	(156,577)
Vehicles	<u>(247,141)</u>	<u>(81,585)</u>	<u>29,127</u>	<u>(299,599)</u>
Subtotal	<u>(3,728,174)</u>	<u>(602,666)</u>	<u>37,584</u>	<u>(4,293,256)</u>
Net other capital assets	<u>7,550,932</u>	<u>731,659</u>	<u>-</u>	<u>8,282,591</u>
Total governmental activities capital assets, excluding lease assets	\$ <u>8,864,523</u>	\$ <u>818,862</u>	\$(<u>727,988)</u>	\$ <u>8,955,397</u>
Lease assets - Note 6				<u>239,801</u>
Total governmental activities capital assets, as reported in the statement of net position				\$ <u>9,195,198</u>
Depreciation was charged to functions as follows:				
Governmental activities:				
General government		\$ 178,082		
Public safety		105,168		
Public services		<u>319,416</u>		
Total governmental activities depreciation expense		\$ <u>602,666</u>		

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS – Continued

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

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
BUSINESS-TYPE ACTIVITIES:				
Not being depreciated:				
Land	\$ 380,784	\$ -	\$ -	\$ 380,784
Construction in progress	<u>10,981</u>	<u>247,546</u>	<u>-</u>	<u>258,527</u>
Subtotal	<u>391,765</u>	<u>247,546</u>	<u>-</u>	<u>639,311</u>
Other capital assets:				
Utility system	35,785,652	647,100	(101,362)	36,331,390
Furniture, fixtures and equipment	<u>345,700</u>	<u>139,807</u>	<u>(185,921)</u>	<u>299,586</u>
Subtotal	<u>36,131,352</u>	<u>786,907</u>	<u>(287,283)</u>	<u>36,630,976</u>
Accumulated depreciation:				
Utility system	(11,854,504)	(1,038,850)	101,362	(12,791,992)
Furniture, fixtures and equipment	<u>(279,467)</u>	<u>(18,314)</u>	<u>185,921</u>	<u>(111,860)</u>
Subtotal	<u>(12,133,971)</u>	<u>(1,057,164)</u>	<u>287,283</u>	<u>(12,903,852)</u>
Net other capital assets	<u>23,997,381</u>	<u>(270,257)</u>	<u>-</u>	<u>23,727,124</u>
Total business-type activities capital assets, excluding lease assets	\$ <u>24,389,146</u>	\$(<u>22,711</u>)	\$ <u>-</u>	\$ <u>24,366,435</u>
Lease assets - Note 6				<u>106,173</u>
Total business-type activities capital assets, As reported in the statement of net position				\$ <u>24,472,608</u>

Depreciation was charged to functions as follows:

Business-type activities:	
Utility System Enterprise Fund	
Depreciation	\$ 1,057,164
Deferred gain recognized from sale-leaseback transactions against depreciation	<u>(5,992)</u>
Total business-type activities depreciation expense	\$ <u>1,051,172</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 - LEASE ASSETS

	<u>Restated Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
GOVERNMENTAL ACTIVITIES:				
Vehicles	\$ <u>185,325</u>	\$ <u>123,155</u>	\$ <u>-</u>	\$ <u>308,480</u>
Total	<u>185,325</u>	<u>123,155</u>	<u>-</u>	<u>308,480</u>
Less: accumulated amortization: Vehicles	<u>-</u>	(<u>68,679</u>)	<u>-</u>	(<u>68,679</u>)
Total	<u>-</u>	(<u>68,679</u>)	<u>-</u>	(<u>68,679</u>)
Total governmental activities net lease assets	\$ <u>185,325</u>	\$ <u>54,476</u>	\$ <u>-</u>	\$ <u>239,801</u>
BUSINESS-TYPE ACTIVITIES:				
Vehicles	\$ <u>57,575</u>	\$ <u>81,290</u>	\$ <u>-</u>	\$ <u>138,865</u>
Total	<u>57,575</u>	<u>81,290</u>	<u>-</u>	<u>138,865</u>
Less: accumulated amortization: Vehicles	<u>-</u>	(<u>32,692</u>)	<u>-</u>	(<u>32,692</u>)
Total	<u>-</u>	(<u>32,692</u>)	<u>-</u>	(<u>32,692</u>)
Total business-type activities net lease assets	\$ <u>57,575</u>	\$ <u>48,598</u>	\$ <u>-</u>	\$ <u>106,173</u>

NOTE 7 - SHORT TERM DEBT

<u>Type of Debt</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
Governmental activities:				
Line of credit payable	\$ <u>240,000</u>	\$ <u>-</u>	\$(<u>240,000</u>)	\$ <u>-</u>
Total governmental activities	\$ <u>240,000</u>	\$ <u>-</u>	\$(<u>240,000</u>)	\$ <u>-</u>

LINE OF CREDIT PAYABLE

In the prior year, 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.

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

Type of Debt	Restated Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due within One Year
Governmental activities:					
Finance leases payable	\$ 51,423	\$ -	\$(28,785)	\$ 22,638	\$ 22,638
Notes payable from direct borrowings	-	557,200	-	557,200	39,381
Lease liabilities	185,325	123,155	(63,467)	245,013	73,268
Net pension liability	333,489	-	(239,886)	93,603	-
Compensated absences	<u>52,958</u>	<u>858</u>	<u>-</u>	<u>53,816</u>	<u>-</u>
Total governmental activities					
Long-term liabilities	<u>\$ 623,195</u>	<u>\$ 681,213</u>	<u>\$(332,138)</u>	<u>\$ 972,270</u>	<u>\$ 135,287</u>
Business-type activities:					
Revenue bonds payable direct placement	\$ 5,080,678	\$ -	\$(209,089)	\$ 4,871,589	\$ 215,574
Revenue bonds payable	1,605,000	8,920,000	(1,620,000)	8,905,000	15,000
Original issue net premium	-	214,491	(8,189)	206,302	8,189
Less: unamortized discounts	<u>(3,613)</u>	<u>3,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue bonds payable, net	6,682,065	9,138,104	(1,837,278)	13,982,891	238,763
Finance leases payable	5,577,528	-	(5,577,528)	-	-
Notes payable from direct borrowings	220,936	9,000	(16,797)	213,139	19,169
Lease liabilities	57,575	81,290	(29,697)	109,168	34,196
Net pension liability	166,494	-	(113,453)	53,041	-
Compensated absences	<u>21,916</u>	<u>2,349</u>	<u>-</u>	<u>24,265</u>	<u>-</u>
Total business-type activities					
Long-term liabilities	<u>\$ 12,726,514</u>	<u>\$ 9,230,743</u>	<u>\$(7,574,753)</u>	<u>\$ 14,382,504</u>	<u>\$ 292,128</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, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

GOVERNMENTAL ACTIVITIES:

As of June 30, 2022, the governmental long-term debt of the financial reporting entity consisted of the following:

FINANCE LEASE OBLIGATION

The City has financed vehicles under a finance lease agreement. The finance 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 finance lease, and the present value of the net minimum lease payments at June 30, 2022:

June 30, 2023	\$ <u>23,157</u>
Total minimum lease payments	23,157
Amount representing interest	(<u>519</u>)
Present value of lease obligations for governmental activities	22,638
Less: current maturities	<u>22,638</u>
Long-term maturities	\$ <u>-</u>

Leased assets under finance leases in capital assets at June 30, 2022, include the following:

Vehicles	\$ 135,475
Less: accumulated depreciation	(<u>115,154</u>)
Total	\$ <u>20,321</u>

Total depreciation expense on the equipment and vehicles for the year ended June 30, 2022, was \$27,095. This depreciation is included in the total depreciation expense shown in Note 5.

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the finance lease payable as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ <u>22,638</u>	\$ <u>519</u>	\$ <u>23,157</u>
Total	\$ <u>22,638</u>	\$ <u>519</u>	\$ <u>23,157</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

GOVERNMENTAL ACTIVITIES - Continued:

NOTES PAYABLE DIRECT BORROWINGS

• Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$87,700, interest rate of 2.25%, secured by 3 police vehicles, payable in annual installments of \$18,743, including interest, through July 7, 2026. This note, along with a grant, was used reimburse the City for the purchase of the 3 police vehicles.	\$ 87,700
• Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$66,500, interest rate of 2.125%, secured by a John Deere backhoe, payable in annual installments of \$14,160, including interest, through October 21, 2026. This note, along with a grant, was used to reimburse the City for the purchase of the backhoe.	66,500
• Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$373,000, interest rate of 2.125%, secured by a property located at 111 High St, Hogansville, GA, payable in monthly installments of \$1,125, including interest, through October 21, 2061. This note was used to reimburse the City for the renovation of the City Hall building.	373,000
• Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$30,000, interest rate of 2.125%, secured by assignment of pledged revenue and City Hall furniture, payable in annual installments of \$6,388, including interest, through March 25, 2027. This note, along with a grant, was used to reimburse the City for the purchase of furniture and equipment for City Hall.	<u>30,000</u>
Total notes payable, June 30, 2022	557,200
Less: current maturities	<u>39,381</u>
Long-term maturities	\$ <u>517,819</u>

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for notes payable as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 39,381	\$ 9,310	\$ 48,691
2024	42,321	11,070	53,391
2025	43,244	10,147	53,391
2026	44,188	9,203	53,391
2027	45,152	8,239	53,391
2028-2032	35,737	34,763	70,500
2033-2037	39,759	30,741	70,500
2038-2042	44,234	26,266	70,500
2043-2047	49,212	21,288	70,500
2048-2052	54,751	15,749	70,500
2053-2057	60,913	9,587	70,500
2058-2062	<u>58,308</u>	<u>2,792</u>	<u>61,100</u>
Total	\$ <u>557,200</u>	\$ <u>189,155</u>	\$ <u>746,355</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

GOVERNMENTAL ACTIVITIES - Continued:

LEASE LIABILITIES

The City has entered into agreements with a third party to lease vehicles for various departmental use and terminating at various dates through August 31, 2026. As the leases do not contain a specified interest rate, the City has calculated imputed discount rates for the leases ranging from 5.52% to 11.28%. Aggregate monthly payments range from \$1,501 to \$7,343 over the various terms of the individual leases. At the end of the lease term for each vehicle, the City is required to pay the lessor the excess, if any, in which the book value exceeds the wholesale value of the vehicle, or twenty percent of the delivered price of the vehicle as additional rent. At June 30, 2022, the outstanding balance on the City's lease liabilities for vehicles was \$245,013.

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the lease liabilities as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 73,268	\$ 14,845	\$ 88,113
2024	78,660	9,453	88,113
2025	60,207	4,098	64,305
2026	29,899	1,163	31,062
2027	<u>2,979</u>	<u>22</u>	<u>3,001</u>
Total	\$ <u>245,013</u>	\$ <u>29,581</u>	\$ <u>274,594</u>

BUSINESS-TYPE ACTIVITIES:

As of June 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

REVENUE BONDS PAYABLE 2004 Series

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

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, 2022, 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, 2022**

NOTE 8 - 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 thereon:

Amount of original issue	\$ 1,845,000
Amount redeemed	(<u>1,440,000</u>)
Amount outstanding, June 30, 2022	405,000
Less: current maturities	<u>130,000</u>
Long-term maturities	\$ <u>275,000</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, which were advance refunded by the issuance of the City's Series 2021B Hogansville Development Authority (Georgia) Taxable Refunding Revenue Bonds (City of Hogansville Projects).

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 Junior Lien Combined Utility System Revenue Bonds, Series 2019A and 2019B are 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 thereon:

Amount of original issue	\$ 4,606,000
Amount redeemed	(<u>139,411</u>)
Amount outstanding, June 30, 2022	4,466,589
Less: current maturities	<u>85,574</u>
Long-term maturities	\$ <u>4,381,015</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

REVENUE BONDS PAYABLE 2021 Series

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

The proceeds of the bonds were used as follows:

- \$2,010,905 of the proceeds were deposited into a construction account to be used to pay for the costs and construction of improvements to the City's water storage and distribution system.
- \$1,749,551 of the proceeds were used to advance refund the City of Hogansville Combined Public Utility System Refunding Revenue Bonds, Series 1993.
- \$6,363,136 of the proceeds were used to advance refund the City's lease that was part of the sale-leaseback agreement between the City and the Municipal Electric Authority of Georgia.
- \$538,596 of the proceeds were deposited into a cost of issuance account to be used to pay issuance and other related costs.

\$2,124,435 of the Series 2021A bonds plus original issue net premium were payable at June 30, 2022. Of that amount, only \$299,511 of the bond proceeds had been expended for capital purposes. All of the Series 2021B bonds plus original issue net premium payable of \$6,986,867 had been expended for capital purposes at June 30, 2022.

The intergovernmental agreement between the Authority and the City requires the City make payments to the Authority for the debt service of the bonds along with any fees or charges in connection to the bonds as it comes due, and that the City will use its power of taxation to the extent necessary to pay the amounts due on the bonds as contract security for the bonds. As of June 30, 2022, all required transfers have been made to the Bond Sinking Fund for the debt service on the bonds.

The Hogansville Development Authority Revenue Bonds (City of Hogansville Projects), Series 2021A and Taxable Refunding Revenue Bonds (City of Hogansville Projects), Series 2021B were delivered on July 20, 2021. Interest is payable semi-monthly on April 1 and October 1 at rates ranging from 2.125% to 3.00%.

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

Amount of original issue	\$ 8,920,000
Amount redeemed	(<u>15,000</u>)
Amount outstanding, June 30, 2022	8,905,000
Less: current maturities	<u>15,000</u>
Long-term maturities	\$ <u>8,890,000</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

REVENUE BONDS PAYABLE - Continued:

REVENUE BONDS PAYABLE 2021 Series - Continued:

The Series 2021B bonds were issued in order to reduce the debt service payments on City's Series 1993 bonds, and to repay the City's sale-leaseback obligation to MEAG. The Series 2021B bonds will result in a decrease in total scheduled debt service payments of \$3,650,934 and an economic benefit (difference between the present value of the debt service payments on the old and new debt) of \$3,298,653. The proceeds of the Series 2021B bonds issue resulted in a loss on advance refunding for the City's Series 1993 bonds and a gain on advance refunding on the sale-leaseback obligation to MEAG as follows:

Net carrying amount of City of Hogansville Refunding Revenue Bonds Series 1993 refunded:

Principal balance	\$ 1,605,000
Unamortized bond discount	(3,613)
Accrued interest payable	<u>29,425</u>

City of Hogansville Refunding Revenue Bonds Series 1993 refunded \$ 1,630,812

Reacquisition price of City of Hogansville Refunding Revenue Bonds Series 1993 1,749,551

Loss on advance refunding City of Hogansville Refunding Revenue Bonds Series 1993 \$(118,739)

Net carrying amount of MEAG lease payable refunded:

Principal balance	\$ 5,577,528
Accrued interest	1,794,429
Installment sale receivable	(1,100,000)
Discount on installment sale receivable	520,528
Deferred gain on MEAG lease payable	<u>2,135,375</u>

MEAG lease payable refunded \$ 8,927,860

Reacquisition price of MEAG lease payable 6,363,136

Gain on advance refunding MEAG lease payable \$ 2,564,724

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

REVENUE BONDS PAYABLE - Continued:

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for all of the City's revenue bonds payable as of June 30, 2022, are as follows:

<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>			
2023	\$ 215,574	\$ 93,632	\$ 15,000	\$ 241,241	\$ 565,447
2024	222,083	85,829	15,000	240,791	563,703
2025	228,619	77,762	20,000	240,266	566,647
2026	90,183	72,873	255,000	236,141	654,197
2027	91,774	71,282	260,000	228,416	651,472
2028-2032	483,732	331,548	1,405,000	1,019,737	3,240,017
2033-2037	527,932	287,348	1,500,000	841,477	3,156,757
2038-2042	576,171	239,109	1,705,000	634,800	3,155,080
2043-2047	628,817	186,463	1,970,000	368,125	3,153,405
2048-2052	686,274	129,006	1,760,000	100,703	2,675,983
2053-2057	748,981	66,299	-	-	815,280
2058-2060	<u>371,449</u>	<u>9,015</u>	<u>-</u>	<u>-</u>	<u>380,464</u>
Total	\$ <u>4,871,589</u>	\$ <u>1,650,166</u>	\$ <u>8,905,000</u>	\$ <u>4,151,697</u>	\$ <u>19,578,452</u>

NOTES PAYABLE DIRECT BORROWINGS

• 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.	\$ 204,139
• Note payable from direct borrowing to United States Department of Agriculture in the original amount of \$9,000, interest rate of 2.25%, secured by utility system improvements, payable in annual installments of \$1,924, including interest, through July 7, 2026. This note, along with a grant, was used to purchase 300 reconditioned gas meters for City's utility system.	<u>9,000</u>
Total notes payable, June 30, 2022	213,139
Less: current maturities	<u>19,169</u>
Long-term maturities	\$ <u>193,970</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - LONG-TERM DEBT - Continued

BUSINESS-TYPE ACTIVITIES - Continued:

NOTES PAYABLE DIRECT BORROWINGS - Continued:

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for notes payable as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 19,169	\$ 7,679	\$ 26,848
2024	19,885	6,963	26,848
2025	20,627	6,221	26,848
2026	21,398	5,450	26,848
2027	22,197	4,651	26,848
2028-2032	<u>109,863</u>	<u>10,599</u>	<u>120,462</u>
Total	\$ <u>213,139</u>	\$ <u>41,563</u>	\$ <u>254,702</u>

LEASE LIABILITIES

The City has entered into agreements with a third party to lease vehicles for various departmental use and terminating at various dates through September 30, 2025. As the leases do not contain a specified interest rate, the City has calculated imputed discount rates for the leases ranging from 5.03% to 10.30%. Aggregate monthly payments range from \$1,164 to \$3,490 over the various terms of the individual leases. At the end of the lease term for each vehicle, the City is required to pay the lessor the excess, if any, in which the book value exceeds the wholesale value of the vehicle, or twenty percent of the delivered price of the vehicle as additional rent. At June 30, 2022, the outstanding balance on the City's lease liabilities for vehicles was \$109,169.

Annual debt service requirements

The annual debt service requirements to maturity, including principal and interest, for the lease liabilities as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 34,196	\$ 7,681	\$ 41,877
2024	37,122	4,755	41,877
2025	33,077	1,781	34,858
2026	<u>4,773</u>	<u>50</u>	<u>4,823</u>
Total	\$ <u>109,168</u>	\$ <u>14,267</u>	\$ <u>123,435</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 - INTERFUND TRANSACTIONS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Internal Service Fund	\$ 100,000	\$ -
Other Governmental Funds	<u>199,988</u>	<u>-</u>
Total General Fund	<u>299,988</u>	<u>-</u>
Other Governmental Funds:		
General Fund	-	199,988
Enterprise Fund	<u>73,510</u>	<u>-</u>
Total Other Governmental Funds	<u>73,510</u>	<u>199,988</u>
Enterprise Fund:		
General Fund	-	-
Other Governmental Funds	<u>-</u>	<u>73,510</u>
Total Enterprise Fund	<u>-</u>	<u>73,510</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>\$ 373,498</u>	<u>\$ 373,498</u>

Transfers are primarily used to move funds from:

- The General Fund and Enterprise Fund to/from Other Governmental Funds 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, 2022, the City made transfers of \$73,510 from the Enterprise Fund to Other Governmental Funds for grant matching support. The City also made transfers of \$199,988 from Other Governmental Funds to the General Fund for administrative support, and reimbursement of grant expenditures made by the General Fund. The City made transfers of \$100,000 from the Internal Service Fund to the General Fund for excess funds in the Internal Service Fund.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

Due to other funds	\$ <u>2,055</u>
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Total	\$ <u>2,055</u>
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Deferred inflows of resources payable from restricted assets are composed of the following at June 30, 2022:

Unavailable revenue – fines & forfeitures	\$ <u>8,676</u>
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Total	\$ <u>8,676</u>
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Business-type activities

Liabilities payable from restricted assets are composed of the following at June 30, 2022:

Portion of 2021A Revenue Bonds payable to be used for improvements to the City's Water distribution system	\$ 2,011,498
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Customer deposits	296,308
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Interfund balance - ARPA monies held for ARPA Fund	469,555
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Interfund balance - USDA debt covenant funds being held in USDA Debt Covenants bank account held for General Fund	<u>4,065</u>
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Total	\$ <u>2,781,426</u>
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NOTE 11 - RESTRICTED NET POSITION

Governmental Activities

Restricted net position is comprised of the following at June 30, 2022:

Restricted for:	
Capital projects	\$ 1,568,293
Debt service	4,065
Public safety	<u>3,725</u>

Total net position restricted for governmental activities	\$ <u>1,576,083</u>
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Business-type Activities

Restricted net position is comprised of the following at June 30, 2022:

Restricted for:	
Debt service	\$ <u>17,556</u>

Total net position restricted for business-type activities	\$ <u>17,556</u>
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**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - 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, 2021	\$ <u>545</u>
Revenues	
Forfeitures	3,739
Other	20
Investment return	<u>4</u>
Total revenues	<u>3,763</u>
Expenditures	
Public safety	<u>583</u>
Total expenditures	<u>583</u>
Balance June 30, 2022	\$ <u><u>3,725</u></u>

NOTE 13 - 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 14 - 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	51
Terminated vested participants	23
Active plan members	<u>41</u>
Total	<u>115</u>

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 - PENSION PLAN - Continued

Funding Policy

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

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

Investment Data

The market value of assets is based on current values as of the three months preceding the valuation date (September 30, 2021) 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, 2021 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%	6.55%
International equity	20%	7.30%
Domestic fixed income	20%	0.40%
Real estate	10%	3.65%
Global fixed income	5%	0.50%
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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 - PENSION PLAN - Continued

NET PENSION LIABILITY - Continued

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2021.

Net pension liability is calculated as follows:

Total pension liability	\$ 3,193,538
Fiduciary net position	(<u>3,046,894</u>)
Net pension liability	\$ <u>146,644</u>
Fiduciary net position as a percentage of total pension liability	95.41%

Total pension liability uses Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2022 are used to measure total pension liability as of September 30, 2021. The balances as of September 30, 2021 constitute measurements of the net pension liability for the fiscal year ending June 30, 2022.

The mortality and economic actuarial assumptions used in the January 1, 2022 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, 2021 measurement date which would make them applicable to the fiscal year beginning July 1, 2021 and ending June 30, 2022.

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, 2022 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% |

CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - PENSION PLAN - Continued

NET PENSION LIABILITY - Continued

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.

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, 2022, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Beginning balance	\$ 3,004,733	\$ 2,504,750	\$ 499,983
Changes for the year:			
Service cost	65,083	-	65,083
Interest	219,703	-	219,703
Differences between expected and actual experience	85,605	-	85,605
Contributions – employer	-	129,370	(129,370)
Contributions – employee	-	-	-
Net investment income	-	608,647	(608,647)
Benefit payments, including refunds of employee contributions	(181,586)	(181,586)	-
Administrative expense	-	(14,287)	14,287
Other changes	-	-	-
Ending balance	\$ <u>3,193,538</u>	\$ <u>3,046,894</u>	\$ <u>146,644</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>497,014</u>	\$ <u>146,644</u>	\$(<u>147,480</u>)

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 - PENSION PLAN - Continued

NET PENSION LIABILITY - Continued

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past 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, 2021 and the current sharing pattern of costs between employer and employee.

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

Pension expense for the year ended June 30, 2022 is \$65,710.

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	\$ 97,031	\$ -
Changes in assumptions	8,479	-
Changes in benefit terms	-	-
Net difference between projected and actual earnings on pension plan		
Investments	-	(340,832)
City contributions subsequent to the measurement date	<u>99,847</u>	<u>-</u>
Total	\$ <u>205,357</u>	\$(<u>340,832</u>)

Employer contributions made subsequent to the measurement date of the net pension liability of \$99,847 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, 2022. 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, 2023	\$(16,727)
June 30, 2024	(37,426)
June 30, 2025	(95,894)
June 30, 2026	(85,275)
June 30, 2027	-
Thereafter	<u>-</u>
Total	\$(<u>235,322</u>)

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 - 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, 2022 follows:

Total hotel/motel tax receipts	\$ 47,373
Less: hotel/motel tax collected at a rate of 3%	<u>17,765</u>
Hotel/motel tax collected to be expended for the promotion of tourism, conventions and trade shows	29,608
Expenses for promotion of tourism, conventions and trade shows	<u>29,608</u>
Balance of hotel/motel tax funds at June 30, 2022	\$ <u>-</u>

NOTE 16 - DEFICIT FUND BALANCES/NET POSITION

The City had no deficit fund balances/net position at June 30, 2022.

NOTE 17 - LITIGATION

The City is a defendant in one currently pending case, which is being defended under the City's liability insurance policy. The defense counsel has filed a motion to dismiss the claims, however, the case is still ongoing. As of the audit report date, it is not possible to state the ultimate liability, if any, in this matter. 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 18 - 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 there from is interrupted, interfered with, curtailed or terminated in whole or in part. In addition, the City may be obligated to purchase additional power, subject to contractual limitations, in the event other MEAG participants default. The City was contingently liable for \$22,272,781 of MEAG's principal bonds outstanding in the event of default by MEAG at June 30, 2022.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 18 - COMMITMENTS AND CONTINGENCIES - Continued

Gas System. The City has entered into the Gas Supply Contract and certain Supplemental Gas Supply Contracts with the Gas Authority ("MGAG") under which the City buys natural gas for resale to its customers. Under such contracts with the Gas Authority, the City is obligated to take from the Gas Authority, and the Gas Authority is obligated to provide, all of the City's natural gas requirements. The price paid by the City to the Gas Authority under its contracts is intended to cover the City's share of all the costs of the Gas Authority, including scheduled debt service of the Gas Authority. Such payments are required to be made by the City whether 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 \$364,732 of MGAG's principal bonds outstanding in the event of default by MGAG at June 30, 2022.

Intergovernmental Natural Gas Sales Agreement

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

Intergovernmental Water Sales Agreement

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

Intergovernmental Water Sales Agreement

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

Intergovernmental Water Sales Agreement

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

Community Development Block Grant 2021

The City has been awarded a Community Development Block Grant in the amount of \$750,000 through the Georgia Department of Community Affairs for improvements to its Water System. The total project cost is estimated to be \$1,138,200 with the City to provide \$388,200 in matching funds and leverage. The City was awarded the grant in October 2021. At June 30, 2022, the City had expended \$84,491 in matching funds on the project. No Federal expenditures had been expended on the project.

Water System Storage and Distribution Projects

The City has been approved for a GEFA loan for water improvements in the amount of \$2,934,000, and was also awarded a \$2,100,000 grant from the Georgia State Fiscal Recovery Fund to assist in providing improvements to the City's water storage and distribution system. The combination of these funds and the Series 2021A Bonds will be used to for these projects. The estimated total costs of these system improvements were \$7,033,700 as of June 30, 2022.

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.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 19 - RISK MANAGEMENT

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

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

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

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

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

	Fiscal Year Ended June 30, <u>2022</u>	Fiscal Year Ended June 30, <u>2021</u>
Unpaid claims, beginning of fiscal year	\$ 26,981	\$ 33,156
Claims incurred	227,928	243,878
Claims paid	(<u>196,680</u>)	(<u>250,053</u>)
Unpaid claims, end of year	\$ <u>58,229</u>	\$ <u>26,981</u>

NOTE 20 - 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 \$18,441 in lieu of taxes from the Housing Authority for the year ended June 30, 2022.

**CITY OF HOGANSVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 21 - JOINT VENTURE

Under Georgia law, the City is a member of the Three Rivers Regional Commission ("TRRC"). The City paid \$3,251 in dues to the TRRC for the year ended June 30, 2022. 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 22 - 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.

NOTE 23 - 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 24 - SUBSEQUENT EVENTS

Management of the City has evaluated subsequent events as of April 12, 2023.

In August 2022, 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, 2022**

	CITY OF HOGANSVILLE RETIREMENT PLAN							
	<u>2022</u>	<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	\$ 65,083	\$ 74,477	\$ 76,123	\$ 69,716	\$ 71,675	\$ 70,624	\$ 74,004	\$ 61,891
Interest	219,703	210,112	199,352	195,705	187,938	184,956	171,241	164,297
Differences between Expected and actual Experience	85,605	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	(181,586)	(174,263)	(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
Net change in total pension Liability	188,805	143,099	155,769	84,623	107,542	33,275	181,186	103,324
Total pension liability – Beginning	<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>	<u>2,195,915</u>
Total pension liability – Ending (a)	\$ <u>3,193,538</u>	\$ <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	\$ 129,370	\$ 90,140	\$ 100,249	\$ 93,464	\$ 88,212	\$ 94,802	\$ 57,300	\$ 89,216
Contributions – employee	-	-	-	-	-	-	-	-
Net Investment income	608,647	224,851	70,417	228,026	310,577	218,280	28,495	221,621
Benefit payments, including Refunds of employee Contributions	(181,586)	(174,263)	(247,924)	(163,115)	(177,383)	(187,787)	(179,356)	(151,911)
Administrative expense	(14,287)	(13,846)	(13,838)	(15,202)	(16,225)	(9,587)	(10,608)	(8,844)
Other	-	-	-	-	-	-	-	-
Net change in fiduciary Net position	542,144	126,882	(91,096)	143,173	205,181	115,708	(104,169)	150,082
Plan fiduciary net position – Beginning	<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>	<u>1,958,989</u>
Plan fiduciary net position – Ending (b)	\$ <u>3,046,894</u>	\$ <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>146,644</u>	\$ <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	95.41%	83.36%	83.09%	91.24%	88.73%	84.36%	80.83%	91.73%
Covered-employee payroll	\$ 1,509,484	\$ 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	9.71%	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, 2022**

		<u>CITY OF HOGANSVILLE RETIREMENT PLAN</u>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	*	\$ 119,418	\$ 106,918	\$ 98,026	\$ 82,749	\$ 80,996	\$ 78,907	\$ 70,647
Contributions in relation to The actuarially determined Contribution	*	119,418	106,918	98,026	89,499	93,973	75,387	74,366
Contribution deficiency (excess)	*	-	-	-	(6,750)	(12,977)	3,520	(3,719)
Covered-employee payroll	*	\$ 1,537,883	\$ 1,584,544	\$ 1,327,140	\$ 1,320,707	\$ 1,352,157	\$ 1,242,311	\$ 1,282,094
Contributions as a percentage Of covered-employee Payroll	*	7.77%	6.75%	7.39%	6.78%	6.95%	6.07%	5.80%

* 2022 information will be determined after fiscal year end and will be included in the 2023 audit report.

**CITY OF HOGANSVILLE
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2023.

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 15 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, 2022**

	<u>Special Revenue</u>			<u>Capital Projects</u>		
	<u>Confiscated Assets</u>	<u>Hotel/ Motel Tax</u>	<u>ARPA Fund</u>	<u>SPLOST IV</u>	<u>Capital Grants</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 698,146	\$ 6,487	\$ 704,633
Sales and other taxes receivable	-	3,199	-	-	-	3,199
Due from other funds	-	-	469,555	-	243,513	713,068
Restricted cash and cash equivalents	<u>14,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,456</u>
Total assets	<u>\$ 14,456</u>	<u>\$ 3,199</u>	<u>\$ 469,555</u>	<u>\$ 698,146</u>	<u>\$ 250,000</u>	<u>\$ 1,435,356</u>
LIABILITIES						
Due to other funds	\$ 2,055	\$ 3,199	\$ -	\$ 7,683	\$ -	\$ 12,937
Unearned revenue	<u>-</u>	<u>-</u>	<u>469,555</u>	<u>-</u>	<u>-</u>	<u>469,555</u>
Total liabilities	<u>2,055</u>	<u>3,199</u>	<u>469,555</u>	<u>7,683</u>	<u>-</u>	<u>482,492</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue – Fines & forfeitures	<u>8,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,676</u>
Total deferred inflows of Resources	<u>8,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,676</u>
FUND BALANCES						
Restricted for:						
Capital projects	-	-	-	690,463	250,000	940,463
Public safety	<u>3,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,725</u>
Total fund balance	<u>3,725</u>	<u>-</u>	<u>-</u>	<u>690,463</u>	<u>250,000</u>	<u>944,188</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,456</u>	<u>\$ 3,199</u>	<u>\$ 469,555</u>	<u>\$ 698,146</u>	<u>\$ 250,000</u>	<u>\$ 1,435,356</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, 2022

	Special Revenue			Capital Projects		
	Confiscated Assets	Hotel/Motel Tax	ARPA Fund	SPLOST IV	Capital Grants	Totals
REVENUES						
Taxes	\$ -	\$ 47,373	\$ -	\$ -	\$ -	\$ 47,373
Intergovernmental	-	-	125,659	-	30,000	155,659
Fines and forfeitures	3,739	-	-	-	-	3,739
Investment return	4	-	-	1,525	32	1,561
Other	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Total Revenues	<u>3,763</u>	<u>47,373</u>	<u>125,659</u>	<u>1,525</u>	<u>30,032</u>	<u>208,352</u>
EXPENDITURES						
Current operating						
Public safety	583	-	-	-	-	583
Tourism	-	29,608	-	-	-	29,608
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,349</u>	<u>76,978</u>	<u>94,327</u>
Total Expenditures	<u>583</u>	<u>29,608</u>	<u>-</u>	<u>17,349</u>	<u>76,978</u>	<u>124,518</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>3,180</u>	<u>17,765</u>	<u>125,659</u>	<u>(15,824)</u>	<u>(46,946)</u>	<u>83,834</u>
OTHER FINANCING SOURCES (USES)						
Issuance of note payable	-	-	-	-	30,000	30,000
Transfers in	-	-	-	-	73,510	73,510
Transfers out	<u>-</u>	<u>(17,765)</u>	<u>(125,659)</u>	<u>-</u>	<u>(56,564)</u>	<u>(199,988)</u>
Net other financing sources (uses)	<u>-</u>	<u>(17,765)</u>	<u>(125,659)</u>	<u>-</u>	<u>46,946</u>	<u>(96,478)</u>
Net changes in fund balances	3,180	-	-	(15,824)	-	(12,644)
Fund balance – beginning of year	<u>545</u>	<u>-</u>	<u>-</u>	<u>706,287</u>	<u>250,000</u>	<u>956,832</u>
Fund balance – end of year	\$ <u>3,725</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>690,463</u>	\$ <u>250,000</u>	\$ <u>944,188</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, 2022

	Confiscated Assets Fund			Variance with
	Original	Final		Final budget
	Budget	Budget	Actual	Over
				(Under)
REVENUES				
Fines and forfeitures	\$ 7,000	\$ 3,739	\$ 3,739	\$ -
Other	-	20	20	-
Investment return	-	4	4	-
Total revenues	7,000	3,763	3,763	-
EXPENDITURES				
Current operating				
Public safety	7,000	583	583	-
Total expenditures	7,000	583	583	-
Excess (deficiency) of revenues over (under) expenditures	-	3,180	3,180	-
Fund balance - beginning of year	545	545	545	-
Fund balance - end of year	\$ 545	\$ 3,725	\$ 3,725	\$ -

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, 2022

	Hotel/Motel Tax Fund			Variance with Final budget Over (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes	\$ <u>30,000</u>	\$ <u>47,373</u>	\$ <u>47,373</u>	\$ <u>-</u>
Total revenues	<u>30,000</u>	<u>47,373</u>	<u>47,373</u>	<u>-</u>
EXPENDITURES				
Current operating				
Tourism	<u>18,750</u>	<u>29,608</u>	<u>29,608</u>	<u>-</u>
Total expenditures	<u>18,750</u>	<u>29,608</u>	<u>29,608</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,250</u>	<u>17,765</u>	<u>17,765</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(<u>11,250</u>)	(<u>17,765</u>)	(<u>17,765</u>)	<u>-</u>
Net other financing sources (uses)	(<u>11,250</u>)	(<u>17,765</u>)	(<u>17,765</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.

CITY OF HOGANSVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL – ARPA FUND
FOR THE YEAR ENDED JUNE 30, 2022

	ARPA Fund			Variance with Final budget Over (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ <u>125,659</u>	\$ <u>125,659</u>	\$ -
Total revenues	<u>-</u>	<u>125,659</u>	<u>125,659</u>	<u>-</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>125,659</u>	<u>125,659</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(-)	(<u>125,659</u>)	(<u>125,659</u>)	-
Net other financing sources (uses)	<u>(-)</u>	<u>(125,659)</u>	<u>(125,659)</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.

**REPORT REQUIRED BY GOVERNMENT
AUDITING STANDARDS**

WILCOX & BIVINGS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

4485 Tench Road, Suite 1320

Suwanee, GA 30024

Phone: 770-904-5295

Email: srwcpa@bellsouth.net

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, 2022, 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 12, 2023.

Report on 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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wilcox & Bivings, P.C.

Suwanee, Georgia

April 12, 2023

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, 2022

	<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	\$ 632,664	\$ 632,664	\$ -	\$ 632,664	100.0%
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	562,439	-	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	895,499	180,004	17,349	197,353	22.0%
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>\$ 3,265,636</u>	<u>\$ 2,550,141</u>	<u>\$ 17,349</u>	<u>\$ 2,567,490</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, 2022

	<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	\$ 361,505	\$ 135,308	\$ 496,813	41.4%
Roads, Sidewalks and Equipment	1,200,000	1,200,000	464,292	167,831	632,123	52.7%
Recreation, Parks and Trails	1,500,000	1,500,000	679,949	338,298	1,018,247	67.9%
City Equipment	<u>350,000</u>	<u>598,185</u>	<u>368,541</u>	<u>41,205</u>	<u>409,746</u>	68.5%
Totals	<u>\$ 4,250,000</u>	<u>\$ 4,331,853</u>	<u>\$ 1,874,287</u>	<u>\$ 682,642</u>	<u>\$ 2,556,929</u>	