CITY OF HAHIRA, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

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VALENTI, RACKLEY & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Hahira, Georgia

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hahira, Georgia ("the City") as of and for the year ended December 31, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 G*overnment Auditing Standards*, issued by the comptroller general of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Reponsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension related schedules 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 budgetary comparative information and pension related schedules in accordance with auditing standards generally accepted in the United States of America, which consited of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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. However, management has elected not to include the Management's Discussion and Analysis. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial schedules, One Percent Special Purpose Local Option Sales Tax Project Cost Schedule, and the One Percent Transportation Special Purpose Local Option Sales Tax Project Cost Schedule ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,



Valenti, Rackley & Associates, LLC

Certified Public Accountants

May 26, 2023

CITY OF HAHIRA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**Governmental Activities**	**Business-Type Activities**	**Total**
Cash	$ 425,836	$ 560,511	$ 986,347
Certificates of deposit	538,108	174,891	712,999
Accounts receivable	353,111	133,425	486,536
Prepaid expenses	45,700	50,154	95,854
Inventory	-	8,587	8,587
Restricted cash	2,067,017	161,550	2,228,567
Capital assets:			
Land and other nondepreciable assets	704,205	327,581	1,031,786
Other capital assets, net of accumulated depreciation	4,479,699	5,066,070	9,545,769
Total assets	8,613,676	6,482,769	15,096,445
Deferred outflows of resources related to pensions	121,756	35,904	157,660
Total assets and deferred outflows of resources	$ 8,735,432	$ 6,518,673	$ 15,254,105
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	$ 95,740	$ 85,253	$ 180,993
Accrued interest payable	9,870	3,258	13,128
Internal balances	(71,189)	71,189	-
Water deposits	-	113,175	113,175
Long-term liabilities:			
Due within one year	43,172	189,272	232,444
Due in more than one year	369,197	2,202,313	2,571,510
Net pension liability	150,839	44,480	195,319
Total liabilities	597,629	2,708,940	3,306,569
Deferred inflows of resources related to pensions	141,816	41,819	183,635
Total liabilities and deferred inflows of resources	$ 739,445	$ 2,750,759	$ 3,490,204
NET POSITION			
Net investment in capital assets	$ 4,838,960	$ 3,007,511	$ 7,846,471
Restricted for:			
ARPA specified uses	840,456	-	840,456
Capital projects	1,204,723	-	1,204,723
Public safety	1,543	-	1,543
Housing and development	48,702	-	48,702
Unrestricted	1,061,603	760,403	1,822,006
Total net position	$ 7,995,987	$ 3,767,914	$ 11,763,901

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

FUNCTION/PROGRAMS:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Change in Net Position: Primary Government: Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 354,595	$ 42,860	$ -	$ 642,032	$ 330,297		$ 330,297
Judicial	21,260	-	-	-	(21,260)		(21,260)
Public safety	2,228,995	1,026,097	15,777	221,740	(965,381)		(965,381)
Public works	243,940	58,188	-	433,189	247,437		247,437
Health and welfare	38,192	-	7,754	-	(30,438)		(30,438)
Culture and recreation	130,018	20,710	-	76,062	(33,246)		(33,246)
Housing and development	155,351	71,226	-	-	(84,125)		(84,125)
Interest on general long-term debt	16,920	-	-	-	(16,920)		(16,920)
Total governmental activities	3,189,271	1,219,081	23,531	1,373,023	(573,636)		(573,636)
Business-type activities:							
Water and sewer	1,712,337	1,315,809	-	-	-	(396,528)	(396,528)
Sanitation	322,674	338,343	-	-	-	15,669	15,669
Total business-type activities	2,035,011	1,654,152	-	-	-	(380,859)	(380,859)
Total primary government	5,224,282	2,873,233	23,531	1,373,023	(573,636)	(380,859)	(954,495)
General revenues:							
Taxes:							
Property, levied for general purposes					792,260	-	792,260
Sales and use taxes					590,712	-	590,712
Business taxes					289,448	-	289,448
Investment earnings					2,570	1,414	3,984
Miscellaneous					60,185	-	60,185
Total general revenues					1,735,175	1,414	1,736,589
Transfers					(157,512)	157,512	-
Total general revenues and transfers					1,577,663	158,926	1,736,589
Change in net position					1,004,027	(221,933)	782,094
Net position - beginning					6,991,960	3,989,847	10,981,807
Net position - ending					$ 7,995,987	$ 3,767,914	$ 11,763,901

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

ASSETS	General Fund	Special Revenue Fund ARPA	Capital Project Fund SPLOST VIII	Other Governmental Funds	Total Governmental Funds
Cash:					
Unrestricted	$ 425,836	$ -	$ -	$ -	$ 425,836
Restricted	42,821	840,456	1,042,193	141,547	2,067,017
Total cash	468,657	840,456	1,042,193	141,547	2,492,853
Certificate of deposit	538,108	-	-	-	538,108
Receivables:					
Taxes	193,625	-	-	-	193,625
Intergovernmental	90,533	-	63,285	5,668	159,486
Interfund balances	71,239	-	-	-	71,239
Prepaid expenses	45,700	-	-	-	45,700
Total assets	$ 1,407,862	$ 840,456	$ 1,105,478	$ 147,215	$ 3,501,011
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	$ 62,861	$ -	$ 32,879	$ -	$ 95,740
Interfund balances	-	-	-	50	50
Total liabilities	62,861	-	32,879	50	95,790
Deferred inflows of resources:					
Deferred property taxes	8,382	-	-	7,615	15,997
Total deferred inflow of resources	8,382	-	-	7,615	15,997
Fund balances:					
Nonspendable	45,700	-	-	-	45,700
Restricted	42,821	840,456	1,072,599	139,550	2,095,426
Unassigned	1,248,098	-	-	-	1,248,098
Total fund balances	1,336,619	840,456	1,072,599	139,550	3,389,224
Total liabilities, deferred inflows of resources and fund balances	$ 1,407,862	$ 840,456	$ 1,105,478	$ 147,215	$ 3,501,011

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Fund Balance - Total Governmental Funds	$ 3,389,224
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds only report liabilities that will be liquidated with current assets. Compensated absences payable, however, which will not be liquidated with current assets, are not liabilities of the governmental funds but are liabilities of the government-wide financial statements.	(67,425)
Long-term debt is not reported in governmental activities because it is not expected to be liquidated with expendable available financial resources but is reported in the government-wide financial statements.	(344,944)
Interest accrued on long-term debt is not reported in the funds but is reported as a liability in the government-wide financial statements.	(9,870)
Pension related assets and liabilities are not reported in the funds but are reported as assets and liabilities in the government-wide financial statements:	
Deferred outflows of resources	121,756
Net pension liability	(150,839)
Deferred inflows of resources	(141,816)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	15,997
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,183,904
Net position of governmental activities	$ 7,995,987

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES	General Fund	Special Revenue Fund ARPA	Capital Project Fund SPLOST VIII	Other Governmental Funds	Total Governmental Funds
Taxes:					
Property	$ 803,401	$ -	$ -	$ -	$ 803,401
Sales and use	590,712	-	-	-	590,712
Business	289,448	-	-	-	289,448
License and permits	42,860	-	-	-	42,860
Intergovernmental	66,310	565,570	764,619	58,188	1,454,687
Fines and Forfeitures	1,018,482	-	-	-	1,018,482
Investment earnings	2,527	-	418	78	3,023
Other Revenues	151,347	-	-	-	151,347
Total revenues	2,965,087	565,570	765,037	58,266	4,353,960
EXPENDITURES					
Current:					
General government	283,442	-	-	-	283,442
Judicial	20,652	-	-	-	20,652
Public safety	2,057,911	-	-	168	2,058,079
Public works	156,198	-	-	-	156,198
Health and welfare	34,897	-	-	-	34,897
Culture and recreation	71,867	-	-	-	71,867
Housing and development	148,885	-	-	2,206	151,091
Debt Service Expenses	-	-	58,281	-	58,281
Capital Outlay Expenditures	97,573	55,000	346,092	78,248	576,913
Total expenditures	2,871,425	55,000	404,373	80,622	3,411,420
Excess (deficiency) of revenues over (under) expenditures	$ 93,662	$ 510,570	$ 360,664	$ (22,356)	$ 942,540
OTHER FINANCING SOURCES					
Total other financing resources	$ -	$ -	$ -	$ -	$ -
Net change in fund balances	93,662	510,570	360,664	(22,356)	942,540
Fund balances - beginning	1,242,957	329,886	711,935	161,906	2,446,684
Fund balances - ending	$ 1,336,619	$ 840,456	$ 1,072,599	$ 139,550	$ 3,389,224

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds	$ 942,540
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($346,006) exceeded depreciation expense ($340,191).	5,815
Governmental funds only report compensated absence expense if the expense has been paid in the current year or will be paid with current funds. However, on the statement of activities the change in the liability is reflected as program expense.This is the amount of the change in compensated absences payable from the beginning of the year to the end of the year.	(6,823)
Adjustments to pension expense as a result of changes in pension related expenses recorded in government-wide financial statements are not recorded in the funds.This the amount that pension expense was increased.	24,659
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the increase in deferred property tax revenue and deferred grant revenue over prior year.	(3,525)
Repayment of debt is a use of current financial resources in the governmental funds, but the repayment of debt decreases liabilities in the statement of activities.	41,361
Change in net position of governmental activities	$ 1,004,027

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF NET POSITION
PROPRIETARY FUND - ENTERPRISE FUND
DECEMBER 31, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water, Sewer and Sanitation Fund
Current assets:	
Cash:	
Unrestricted	$ 560,511
Restricted	161,550
Total cash	722,061
Certificate of deposit	174,891
Accounts receivable (net)	133,425
Prepaid expenses	50,154
Inventory	8,587
Total current assets	1,089,118
Noncurrent assets:	
Capital assets:	
Land	230,898
Construction in progress	96,683
Buildings	30,297
Vehicles and equipment	493,080
Utility system and equipment	11,856,462
Less accumulated depreciation	(7,313,769)
Total noncurrent assets	5,393,651
Deferred outflows from pensions	35,904
Total assets and deferred outflows of resources	$ 6,518,673

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF NET POSITION
PROPRIETARY FUND - ENTERPRISE FUND
DECEMBER 31, 2022

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	Water, Sewer and Sanitation Fund
Current liabilities:	
Accounts payable and accrued expenses	$ 85,253
Accrued interest	3,258
Water deposits	113,175
Current portion:	
Notes payable	89,680
Bonds payable	99,592
Interfund payable	71,189
Total current liabilities	462,147
Noncurrent liabilities:	
Compensated absences	5,445
Notes payable, less current portion	895,823
Bonds payable, less current portion	1,301,045
Net pension liability	44,480
Total noncurrent liabilities	2,246,793
Deferred inflows of resources related to pensions	41,819
Total liabilities and deferred inflows of resources	$ 2,750,759
NET POSITION	
Net investment in capital assets	$ 3,007,511
Unrestricted	760,403
Total net position	$ 3,767,914

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND -ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water, Sewer and Sanitation Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer	$ 1,267,438
Sanitation	338,343
Other	48,371
Total operating revenues	1,654,152
OPERATING EXPENSES	
Personnel services	544,653
Depreciation	378,535
Landfill/contracted sanitation services	322,674
Utilities	127,429
Supplies and other expenses	227,299
Professional fees	201,654
Insurance	36,811
Repairs and maintenance	78,150
Technical services	26,876
Fuel	26,959
Travel	1,083
Total operating expenses	1,972,123
Operating income (loss)	(317,971)
NONOPERATING REVENUES (EXPENSES)	
Interest income	1,414
Interest expense	(62,888)
Total nonoperating revenues (expenses)	(61,474)
Income (loss) before contributions	(379,445)
CAPITAL CONTRIBUTIONS	
Capital contribution	157,512
Total capital contributions	157,512
Change in net position	(221,933)
Total net position - beginning	3,989,847
Total net position - ending	$ 3,767,914

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water, Sewer and Sanitation Fund
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	$ 1,649,607
Internal activities - payments to other funds	271,664
Payments to employees (or for their benefit) for services provided	(552,718)
Payments to suppliers for goods or services	(1,035,125)
Net cash provided (used) by operating activites	333,428
CASH FLOW CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(49,078)
Principal paid on capital debt	(184,344)
Interest paid on capital debt	(63,243)
Net cash provided (used) by capital and related financing activities	(296,665)
CASH FLOWS FROM INVESTING ACTIVITIES	
Certificate of deposit reinvestment	(696)
Interest income	1,414
Net cash provided by investing activities	718
Net increase (decrease) in cash	37,481
Balances - beginning	684,580
Balances - ending	$ 722,061
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITES	
Operating income (loss)	$ (317,971)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Non-cash contributions expensed	1,900
Depreciation expense	378,535
Change in assets and liabilities:	
Receivables, net	(8,338)
Due to/from other funds	271,664
Deposits	3,793
Pension related balances	(8,857)
Accounts payable and accrued expenses	12,702
Net cash provided by operating activities	$ 333,428

Noncash activity. Capital assets with a cost of $156,512 were purchased by the SPLOST VIII Fund and ARPA Funds and contributed to the Enterprise Fund and capitalized. Noncapitalized items with a cost of $1,900 were contributed by the SPLOST VIII Fund and expensed.

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present the City of Hahira, Georgia, ("the City") which operates under a mayor-council form of government. The City's major operations in addition to general administrative services include public safety (police and fire protection), public works (highways and streets), sanitation, water and sewer, health and welfare, culture and recreation.

The City of Hahira's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting policies, established in GAAP and used by the City, are discussed below.

A. Reporting Entity

These financial statements present the City (the primary government) and its component unit, the Downtown Development Authority of the City of Hahira ("DDA"). As defined by Governmental Accounting Standards Board Statement Number 14, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationship with the City. Separate financial statements are not issued for the DDA.

The DDA is organized pursuant to the provisions of the Georgia Downtown Development Authorities Law. The DDA's primary purpose is revitalization and redevelopment of the central business district of the City, to develop and promote for the public good and general welfare, commerce, industry and employment opportunities and to promote the general welfare of the State of Georgia by creating a climate favorable to the location of new industry, trade and commerce and the development of existing industry, trade and commerce with the City.

The DDA is reported in these financial statements as a blended component unit and special revenue fund.

There are no potential component units that are excluded from the City's reporting entity.

B. Basic Financial Statements - Government-wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, highways and streets, health and welfare, culture and recreation and general administrative services are classified as governmental activities. The City's water, sewer and sanitation fund is classified as a business activity. There are no fiduciary funds, nor component units that are fiduciary in nature, included.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements - Government-wide Statements (Continued)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resources measurement focus, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted. Restricted assets are liquid assets (generated from revenues and not bond proceeds) that have a third party (statutory, bond covenant, or granting agency) limitation on their use. The City would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (general government, public safety, public works, etc.) and business activities (water, sewer and sanitation fund). The functions are also supported by general government revenues (taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, service fees, fines and forfeitures, investment earnings, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activity.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. The governmental funds employ the current financial resources measurement focus. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column in the fund financial statements. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued)

The City's major funds are the General Fund, ARPA Fund, SPLOST VIII Capital Project Fund, and the Water, Sewer and Sanitation Enterprise Fund.

The following fund types are used by the City:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

a. General Fund - is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Fund – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has three special revenue funds:

ARPA Fund – used to account for funds received from the U.S. government restricted for specific purposes.

Drug Seized Fund – used to account for assets confiscated by the police department and restricted to use for qualifying public safety expenditures.

Downtown Development Authority Fund – used to account for assets, liabilities, revenue and expenditures of the Downtown Development Authority of the City of Hahira.

c. Capital Projects Fund – used to account for special capital projects. The City has two capital projects funds:

Special Purpose Local Option Sales Tax (SPLOST) VIII - used to account for special purpose local option sales taxes VIII (2019 issue) received and restricted to use for qualifying capital expenditures.

Transportation Special Purpose Local Option Sales Tax (TSPLOST) – used to account for transportation special purpose local option sales taxes received and restricted to use for qualifying transportation-related capital expenditures.

2. Proprietary Fund:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. Goods or services from such activities provided to outside parties are accounted for in enterprise funds. The generally accepted accounting principles applicable are similar to businesses in the private sector.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued)

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. Nonoperating revenues and expenses include subsidies, interest expense from financing and investment earnings resulting from nonexchange transactions or auxiliary activities.

The following is a description of the proprietary fund of the City:

Water, Sewer and Sanitation Enterprise Fund - used to account for the revenues and related expenses of providing water, sewer and sanitation services to the City's residents.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Government-wide and Proprietary Fund Financial Statement:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Deferred outflows of resources are recorded when consumption of assets (net) by the government are applicable to a future reporting period. Deferred inflows of resources are recorded when an acquisition of assets (net) by the government is applicable to a future reporting period.

2. Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and other governmental fund financial resources are recognized in the accounting period in which they become both measurable and available. The City's definition of "available" means collectible within one year. When an asset is recorded in the governmental fund financial statements, but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

3. New Accounting Pronouncements:

In fiscal year 2022, The City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government's financial statements by requiring 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 model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. The adoption of this statement did not have an impact on The City's net position.

E. Financial Statement Amounts

1. Cash and Equivalents

Cash shown on the balance sheets and statements of cash flows includes amounts in demand deposits and short-term investments with a maturity date less than three months from the date acquired by the City.

2. Investments

The City is limited by state law to the following investments: obligations of the State of Georgia, other states, or the U. S. Government; obligations fully insured by the U. S. Government or any agency thereof; obligations of any corporation of the U. S. Government; prime bankers' acceptance; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

3. Receivables and Property Taxes

Accounts receivable are recorded in the governmental funds for taxes receivable and amounts due from other governments. The accounts receivable for property taxes – real property is recorded net of the associated allowance for doubtful accounts in the general fund.

Taxes on real estate, motor vehicles, intangibles, real estate transfer and mobile homes are collected by the county tax collector and remitted to the City. The City bills and collects all other tax revenues. Georgia statutes do not provide a maximum millage rate which may be levied.

Tax revenues are recognized during the period in which they are levied. An allowance is established for delinquent taxes to the extent their collectability is questionable. Taxes collected during the current period and within sixty days thereafter are considered available to finance current operations.

The property tax rate for 2022 was $5.75 per $1,000 of assessed valuation, and current tax collection for the year then ended was 94.26% of the tax levied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

The full year property tax calendar is as follows:

Assessment date	January 1
Assessors submit returns to tax collector	July 1
Levy date	September 1
Tax collector mails annual tax bills	September 15
Due date of taxes, other than motor vehicles	November 15
Execution (lien) date for unpaid taxes	November 16

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Generally, assets with an initial estimated useful life of more than one year and have an original cost of $5,000 or more for infrastructure and $2,000 or more for other than infrastructure are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are listed below:

Buildings, improvements, water system	10 - 40 years
Infrastructure	40 - 50 years
Machinery and equipment	5 - 20 years

GASBS No. 34 requires the City to report and depreciate infrastructure assets. The City has elected not to report major general infrastructure assets retroactively but began reporting newly acquired infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City.

The expense resulting from amortization of assets recorded under capital leases is included in depreciation expense.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

5. Interfund Activity

Interfund activity is reported as loans, as services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Receipts and/or payments to or from other governmental units included in the reporting entity of the City are not reported as transfers. They are classified according to the purpose for which the receipt or payment has been made.

The principal purpose of the City's interfund transfers, if any, is to reimburse one fund for the expenditures of another fund.

Capital assets that were purchased by a SPLOST Capital Projects Fund and contributed to the Water and Sewer Fund are reported as capital contributions in the proprietary fund and on the government-wide financial statements. Because capital assets are not reported in the governmental funds there is no corresponding reporting of the capital contribution made by the SPLOST Capital Project Fund.

The principal purposes of interfund balances are to record the amount of reimbursement due from the Water, Sewer and Sanitation Fund for expenditures paid by the General Fund, the amount of reimbursement due from a SPLOST Capital projects Fund for expenditures paid by the Water, Sewer and Sanitation Fund, and other reimbursements to be made between funds.

6. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Revenues of the governmental funds susceptible to accrual are property taxes, sales tax and alcoholic beverage tax. Subsidies and grants to general or special revenue funds, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Program revenues reported on the statement of activities are licenses and permits, fines and forfeitures, nutritional services to the elderly and operating and capital grants and contributions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

7. Expenditures

Expenditures are recognized when the related fund liability is incurred. Prepaid expenditures/expenses are recorded when an expenditure/expense is incurred but benefits are for a subsequent period.

8. Inventories

Significant materials on hand, if any, are shown as inventory. Inventory in the Water, Sewer and Sanitation Fund is typically comprised of water meters, pipe, pipe fittings, repair parts and related supplies and is valued at cost (first-in, first-out). The cost of other materials and supplies, including gasoline and fuel, are charged to operations using the purchase method of accounting.

9. Compensated Absences and Employee Benefits

Compensated Absences:

The City allows full-time, permanent employees to accumulate unused annual leave and sick leave to a maximum of 160 hours. Upon termination, up to 120 hours of accumulated annual leave is payable. Upon termination or retirement, only those employees employed before December 31, 1985 are entitled to be compensated for sick leave.

Vacation leave is accrued as a liability as the benefits are earned by the employee when the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or other means. Sick leave is accrued as a liability as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement.

Compensated absences are recorded as liabilities in the applicable government-wide, business-type activities or proprietary fund type statement of net position. Only current amounts payable for employees terminated or retired at year end are recorded in the governmental funds.

Retirement Benefits:

The City maintains a non-contributory retirement plan (refer to Note 8 for additional plan information).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

10. Fund Balances/Net Position

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

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

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

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

4. Assigned – Fund balances are reported as assigned when amounts are constrained by the Mayor and Council's intent to be used for specific purposes but are neither restricted nor committed. Through resolution the Mayor and Council can authorize the Mayor or City Manager to assign fund balances.

5. Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow Assumption. When both restricted and unrestricted amounts of fund balance or net position are available for use for expenditures or expenses incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balances in the following order: (a) committed, (b) assigned, (c) unassigned.

Net Position. Contributed capital is recorded in the proprietary fund when the City receives grants from federal, state, or private sources designed for the specific activity. These contributions are part of the net position of the enterprise activity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Financial Statement Amounts (Continued)

11. Leases

The City is a lessee for a noncancelable building lease. The City recognizes the lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of the 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 indirect 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 judgements 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 generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable 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 lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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

NOTE 2 - CASH, CERTIFICATES OF DEPOSIT, CUSTODIAL RISK AND INTEREST RATE RISK

Cash and certificates of deposit are as follows:

Cash	Carrying Amount	Bank Balance
Governmental activities:		
General fund		
Deposits	$ 466,730	$ 659,108
Petty cash	1,925	-
SPLOST VIII fund	1,042,193	768,462
TSPLOST fund	83,687	104,107
ARPA fund	840,456	329,886
Downtown Development Authority	48,702	51,139
Drug seized fund	9,158	1,694
Total governmental activities	2,492,851	1,914,396
Business-type activities:		
Deposits	721,986	757,525
Petty cash	75	-
Total business-type activities	722,061	757,525
Total cash	3,214,912	2,671,921
Certificates of Deposit		
Governmental activities	538,108	538,108
Business-type activities	174,891	174,891
Total certificates of deposit	$ 712,999	$ 712,999

Custodial Credit Risk - Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no custodial risk policy. Of the above carrying amount, all funds are collateralized by securities or insured by FDIC insurance.

Interest Rate Risk - The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate risk. However, the City has made no investments that would subject it to interest rate risk.

Restricted Cash - Restricted cash at year end, totaling $2,228,567, consists of the following:

Governmental activities. Cash in the amounts of $42,819 in the general fund is restricted for road resurfacing through the LMIG program and a memorial fountain, respectively. Cash in the amount of $1,042,193 in the SPLOST VIII fund is restricted for specific capital outlay projects, $840,456 in the ARPA fund is for specific ARPA uses, $9,158 in the Drug Seized Fund is restricted for specific public safety expenditures, $83,687 in the TSPLOST fund is restricted for transportation related expenditures, and $48,702 in the Downtown Development Authority fund is restricted to use by the Authority for revitalization and redevelopment projects in the City.

Business-type activities. Cash in the enterprise fund of $161,550 is restricted by bond covenants.

NOTE 3 - RECEIVABLES AND ALLOWANCE FOR BAD DEBT

Receivables are detailed below:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Taxes:			
Real property:			
Current	$ 25,932	$ -	$ 25,932
Delinquent	3,705	-	3,705
Less allowance for bad debt	(3,000)	-	(3,000)
Franchise	159,667	-	159,667
Alcoholic beverage taxes	7,321	-	7,321
Total taxes receivable	193,625	-	193,625
Intergovernmental:			
Sales and use tax:			
Local option	69,037	-	69,037
Special purpose local option	63,285	-	63,285
Transportation special purpose local option	5,668	-	5,668
Other intergovernmental	21,496	-	21,496
Total intergovernmental receivables	159,486	-	159,486
Water, sewer and sanitation charges:			
Billed	-	158,243	158,243
Less allowance for bad debt	-	(24,818)	(24,818)
Total water, sewer and sanitation charges receivable	-	133,425	133,425
Total receivables	$ 353,111	$ 133,425	$ 486,536

NOTE 4 - INTERFUND BALANCES AND TRANSFERS/CAPITAL CONTRIBUTIONS

Interfund balances consist of the following:

	Interfund Balances		
	Receivables	Payables	Net
Governmental activities:			
General fund:			
Enterprise fund	$ 71,189	$ -	$ 71,189
Nonmajor governmental fund	50	-	50
Nonmajor governmental fund:			
General fund	-	(50)	(50)
Total governmental activities	71,239	(50)	71,189
Business-type activities:			
Enterprise fund:			
General fund	-	(71,189)	(71,189)
Total business-type activities	-	(71,189)	(71,189)
Total	$ 71,239	$ (71,239)	$ -

Transfers and capital contributions consist of the following:

	Transfers/Capital Contributions		
	In	Out	Net
Governmental activities:			
ARPA fund:			
General fund	$ -	$ (55,000)	$ (55,000)
SPLOST VIII fund:			
Water, sewer, and sanitation fund	-	(102,512)	(102,512)
Total governmental activities	-	(157,512)	(157,512)
Business-type activities:			
Enterprise fund:			
ARPA	55,000	-	55,000
SPLOST VIII fund	102,512	-	102,512
Total business-type activities	157,512	-	157,512
Total	$ 157,512	$ (157,512)	$ -

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year was as follows:

Governmental activities:	Beginning Balance	Additions	Retirements / Deletions	Contributed Capital	Ending Balance
Capital assets not being depreciated					
Land	$ 598,702	$ -	$ -	$ -	$ 598,702
Construction in progress	-	180,841	-	(75,338)	105,503
Total capital assets	598,702	180,841	-	(75,338)	704,205
Capital assets being depreciated					
Buildings	2,576,321	9,120	-	-	2,585,441
Infrastructure	2,719,095	103,994	-	-	2,823,089
Equipment and vehicles	2,462,347	207,661	-	(80,274)	2,589,734
Total assets being depreciated	7,757,763	320,775	-	(80,274)	7,998,264
Less accumulated depreciation for:					
Buildings	(576,231)	(65,298)	-	-	(641,529)
Infrastructure	(1,164,789)	(104,153)	-	-	(1,268,942)
Equipment and vehicles	(1,437,354)	(170,740)	-	-	(1,608,094)
Total accumulated depreciation	(3,178,374)	(340,191)	-	-	(3,518,565)
Total capital assets being depreciated, net	4,579,389	(19,416)	-	(80,274)	4,479,699
Governmental activities capital assets, net	$ 5,178,091	$ 161,425	$ -	$ (155,612)	$ 5,183,904

NOTE 5 - CAPITAL ASSETS (Continued)

Business-type activities:	Beginning Balance	Additions	Retirements /Deletions	Contributed Capital	Ending Balance
Capital assets not being depreciated					
Land	$ 230,898	$ -	$ -	$ -	$ 230,898
Construction in progress	13,425	7,920	-	75,338	96,683
Total capital assets not being depreciated	244,323	7,920	-	75,338	327,581
Capital assets being depreciated					
Buildings	30,297	-	-	-	30,297
Utility system and equipment	11,850,307	6,155	-	-	11,856,462
Vehicles and equipment	377,803	35,003	-	80,274	493,080
Total assets being depreciated	12,258,407	41,158	-	80,274	12,379,839
Less accumulated depreciation for:					
Buildings	(21,216)	(892)	-	-	(22,108)
Utility system and equipment	(6,636,115)	(344,223)	-	-	(6,980,338)
Vehicles and equipment	(277,903)	(33,420)	-	-	(311,323)
Total accumulated depreciation	(6,935,234)	(378,535)	-	-	(7,313,769)
Total capital assets being depreciated, net	5,323,173	(337,377)	-	80,274	5,066,070
Total business-type activities capital assets, net	$ 5,567,496	$ (329,457)	$ -	$ 155,612	$ 5,393,651

Depreciation expense was charged to divisions as follows:

Governmental activities:	
General government	$ 46,968
Judicial	608
Public safety	163,052
Public works	84,204
Culture and recreation	43,898
Health and Welfare	1,461
Total depreciation expense - governemental activities	340,191
Business-type activities	
Water, sewer and sanitation fund	378,535
Total depreciation expense - business-type activities	$ 378,535

NOTE 6 - LONG TERM DEBT

Governmental Activities

Capital lease payable to Oshkosh Capital on May 21, 2014, collateralized by a fire truck (received February 2015) with a cost of $632,048. The capital lease is payable in fifteen annual installments of $58,280.75, including interest at 4.38% per annum through 2029.

Business-type Activities

Business-type activities long-term debt consists of the following:

Notes Payable – GEFA

GEFA Note #1. Note payable to the Georgia Environmental Facilities Authority Revolving Loan Fund to fund water and sewer improvements in the original amount of $549,619, payable in quarterly installments of $8,115, including interest at 3% through November 1, 2023.

GEFA Note #2. Note payable to the Georgia Environmental Facilities Authority to fund water improvements in an amount of $431,777, payable in 239 monthly installments equal to the amount borrowed including interest at 1% until 20 years from the amortization commencement date.

GEFA Note #3. Note payable to the Georgia Environmental Facilities Authority to fund rehabilitation of the City's wastewater treatment plant and installation of an influent pump station in an amount of $810,000, payable in 239 monthly installments beginning May 2019 until April 2039, including interest at 1.65%.

Water and Sewer Revenue Bonds

Revenue bonds payable consisted of the following:

2014 Refunding Bond. Bond payable to Ameris Bank in the original amount of $2,110,000, payable in monthly installments of $11,974.77, including interest at 3.21% through September 15, 2034. The bonds were issued to finance the cost of refunding and redeeming the City's existing water and sewer revenue bonds.

Water and sewer revenue bonds payable constitute special obligations secured by a lien on and pledge of the revenues of the water and sewer system. The revenue collateralizes the bond payable to Ameris Bank and the special fund established by the ordinance. The ordinances provide that the revenue of the system is to be used first to pay reasonable and necessary costs of operating, maintaining and repairing the system, including salaries, wages, payment of any contractual obligations incurred pertaining to the operation of the system, the cost of materials and supplies, rentals of leased property and facilities, insurance and such other charges as may properly be made for the purpose of operating, maintaining, and repairing the system in accordance with sound business practices, without allowance for depreciation. Provisions also apply to the issuance of additional parity bonds.

NOTE 6 - LONG TERM DEBT (Continued)

Governmental and business-type activities long-term debt consists of the following:

	Beginning Balance	Additions	Repayments	Endng Balance	Due in One Year
Governmental activities:					
Capital Lease					
Ladder truck	$ 386,305	$ -	$ (41,361)	$ 344,944	$ 43,172
Total governmental activities	$ 386,305	$ -	$ (41,361)	$ 344,944	$ 43,172
Business-type activites:					
GEFA #1	$ 62,788	$ -	$ (30,925)	$ 31,863	$ 31,863
GEFA #2	293,852	-	(20,987)	272,865	21,197
GEFA #3	716,800	-	(36,025)	680,775	36,620
Total GEFA	1,073,440	-	(87,937)	985,503	89,680
Water and sewer bonds:					
2014 Refunding	1,497,044	-	(96,407)	1,400,637	99,592
Total bonds	$1,497,044	$ -	$ (96,407)	$ 1,400,637	$ 99,592

Total interest cost incurred in the current year was as follows:

Governmental activities:	
Public safety	$ 16,290
Business-type activites:	
Water, sewer and sanitation	$ 62,888

The gross amount of assets recorded under a capital lease is as follows:

Fire truck with a cost of $631,104 and accumulated amortization of $165,222.

NOTE 6 - LONG TERM DEBT (Continued)

Maturities of governmental long-term debt are as follows:

	Capital Lease		
Year	Principal	Interest	Total
2023	$ 43,172	$ 15,109	$ 58,281
2024	45,063	13,218	58,281
2025	47,037	11,244	58,281
2026	49,097	9,184	58,281
2027	51,248	7,033	58,281
2028-2029	109,327	7,235	116,562
Total	$ 344,944	$ 63,023	$ 407,967

Maturities of business-type activities long-term are as follows:

	GEFA Notes Payable			Water and Sewer Revenue Bond		
Year	Principal	Interest	Total	Principal	Interest	Total
2023	$ 89,680	$ 14,188	$ 103,868	$ 99,592	$ 44,105	$ 143,697
2024	58,639	12,767	71,406	102,765	40,933	143,698
2025	59,473	11,933	71,406	106,277	37,420	143,697
2026	60,320	11,086	71,406	109,788	33,909	143,697
2027	61,179	10,227	71,406	113,415	30,282	143,697
2028-2032	319,237	37,791	357,028	621,508	109,822	731,330
2033-2037	274,276	15,237	289,513	247,292	9,954	257,246
2038-2039	62,699	735	63,434	-	-	-
Total	$ 985,503	$ 113,964	$ 1,099,467	$ 1,400,637	$ 306,425	$ 1,707,062

The general fund will be utilized to liquidate the above governmental activities long-term debt and the enterprise fund will be utilized to liquidate the above business-type activities long-term debt.

Compensated absences payable is as follows:

	Beginning Balance	Earned	Used	Ending Balance	Current Portion
Governmental activities	$ 60,603	$ 50,341	$ (43,519)	$ 67,425	$ -
Business-type activities	4,654	6,109	(5,318)	5,445	5,445
Total	$ 65,257	$ 56,450	$ (48,837)	$ 72,870	$ 5,445

The general fund and water, sewer and sanitation fund will be used to liquidate the above liabilities.

NOTE 7 - FUND BALANCES AND NET POSITION

Nonspendable - Fund balance of $45,700 in the governmental funds is in nonspendable form because it is allocated to prepaid insurance, rent, IT contract services and other expenditures paid for future periods.

Restricted – Fund balances in the general fund of $42,821 are restricted by a donor for a specific capital project and for road improvements, respectively. Fund balance of $840,456 in the ARPA Fund is restricted for purposes designated by the U.S. government. Fund balance of $1,072,600 in the capital project funds is restricted for capital projects financed with Special Local Option Sales Tax Fund (SPLOST) proceeds. Fund balance in the other governmental funds is restricted as follows: $1,542 for specific public safety expenditures, $48,701 for use by the Downtown Development Authority of the City of Hahira, and $89,306 for capital projects financed with Transportation Special Local Option Sales Tax Fund (TSPLOST) proceeds.

NOTE 8 - RETIREMENT BENEFITS

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a noncontributory agent multiple employer defined benefit public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of Georgia. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is administered by Georgia Municipal Association. Benefit provisions and all other requirements are established by state statute. Plan features, including benefit provisions, are established by the plan Board of Trustees. Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained from the Georgia Municipal Association, 201 Pryor Street S.W., Atlanta, Georgia 30303-3606.

Employees Covered. As of July 1, 2022, the following employees were covered by the benefit terms for the plan:

		Average			
Participants	Count	Age	Service	Pay	Benefits
Active	34	41.5	7.4	$ 40,884	N/A
Retired	7	70.1	N/A	N/A	$ 652
Disabled	0	N/A	N/A	N/A	N/A

Contributions. The Board of Trustees of the GMEBS has adopted an actuarial funding policy for the determination of annual contributions and the systematic funding of liabilities arising under the plan. 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 accrued liability over a period that ranges from 10 years to 30 years based on the funding policy adopted by GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total level dollar amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded (surplus) actuarial accrued liability.

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM (Continued)

The plan is subject to minimum funding standards of the Public Retirement System Standards Law (Georgia Code Section 47-20-10). The recommended employer contribution in accordance with the funding policy of the plan is $84,964, for the year ended December 31, 2022, (6.75% of covered payroll).

Net Pension Liability. The net pension liability as of March 31, 2022 (the measurement date), is $195,319 being the excess of the total pension liability, $1,541,613, over the plan's fiduciary net position, $1,346,294, both as of the measurement date. The total pension liability was determined as of the measurement date using amounts determined from actuarial valuation as of the measurement date.

Actuarial Assumptions

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

Measurement Date. March 31, 2022

Methods and assumptions used to determine contribution rates.

Actuarial Cost Method. Projected Unit Credit

Amortization Method. Closed level dollar for remaining unfunded liability

Remaining Amortization Period. Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

Asset Valuation Method. Sum of actuarial value at the beginning of the year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial Assumptions:

Net Investment Rate of Return. 7.375%
Projected Salary Increases. 2.25% plus service-based merit increases
Inflation rate. 2.25%
Cost of living adjustments. 0%
Retirement age. 65+5
Mortality. Based on actuarial experience study for the period of January 1, 2015 to June 30, 2019.

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM (Continued)

Long-term Expected Rate of Return – 7.375%, On-going Basis

The long-term expected rate of return on pension plan investments was determined using a building–block method in which best-estimated 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00 %	6.55 %
International equity	20.00 %	7.30 %
Domestic fixed income	20.00 %	0.40 %
Real estate	10.00 %	3.65 %
Global fixed income	5.00 %	0.50 %
Cash	0.00 %	
Total	100.00 %	

Plan termination basis. 1.92% (30-year Treasury Securities Rate as of August 2021, published in September 2021; 1.36% last 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 contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM (Continued)

Changes in Net Pension Liability

The changes in the net pension liability are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at March 31, 2021*	$ 1,526,264	$ 1,267,355	$ 258,909
Changes for the year:			-
Service costs	33,157	-	33,157
Interest	112,642	-	112,642
Difference between expected and actual experience	(66,313)	-	(66,313)
Contributions - employer	-	70,730	(70,730)
Net investment income	-	77,032	(77,032)
Benefit payments	(64,137)	(64,137)	-
Administrative expense	-	(4,686)	4,686
Other	-	-	-
Net changes	15,349	78,939	(63,590)
Balances at March 31, 2022**	$ 1,541,613	$ 1,346,294	$ 195,319

* Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2021 are used to measure TPL as of March 31, 2021. The balances as of March 31, 2021 constitute measurements of the NPL for the fiscal year ending December 31, 2021.

** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2022 are used to measure TPL as of March 31, 2022. The balances as of March 31, 2022 constitute measurements of the NPL for the fiscal year ending December 31, 2022.

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM (Continued)

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

Discount Rate – 7.375%

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as the net pension liability calculated using the discount rate that is one percentage point lower (6.375%) and one percentage point higher (8.375%) than the current rate:

	1% Decrease 6.375%	Current Discount Rate 7.375%	1% Increase 8.375%
Net pension liability	$ 395,990	$ 195,319	$ 27,840

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 70,803	$ -
Differences between expected and actual experience	84,495	(55,260)
Changes in assumptions	2,362	(6,075)
Net differences between projected and actual earnings on pension plan investments	-	(122,300)
Total	$ 157,660	$ (183,635)

Deferred outflows of resources related to contributions made after the measurement date of March 31, 2022, in the amount of $70,803, will be recognized as a reduction in net pension liability in the year ended December 31, 2022. The remaining amount, $86,857, reported as deferred outflows related to pensions at December 31, 2022, will increase pension expense in the future as follows: $43,127 in 2023, $22,241 in 2024, and $21,489 in 2025.

Amounts reported as deferred inflows of resources related to pensions on December 31, 2022, totaling $183,635, will increase (decrease) pension expense in the future as follows: $41,546 for 2023, $48,211 for 2024, $75,075 for 2025, $7,751 for 2026, and $11,052 for 2027.

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA FIREFIGHTERS' PENSION FUND

Plan Description. The City is a participating member of the Georgia Firefighters' Pension Fund (GFPF), a multiple employer cost-sharing defined benefit public employee retirement system funded by Member contributions and tax revenues on insurance premiums in protected areas. All fire departments with members (full-time, part-time, or volunteer) and/or retirees in the Fund are considered to be Employers. The plan provides retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

GFPF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained from GFPF, 2171 East View Parkway, Conyers, GA, 30013-5756 or at www.gfpf.org.

Current Plan Provisions and Benefit Terms. The plan provisions and contribution revenue are established under Chapter 7 of Title 47 of the Official Code of Georgia. The Chapter has established a five-member Board of Trustees to administer the Fund. The Georgia Legislature has sole authority to change plan provisions, except that the Fund's Trustees may approve ad hoc cost-of-living adjustments each six months not exceeding 1 ½% per increase. The Georgia Legislature also determine source of revenues to the Fund from the State and Members. Employers are not required to make contributions to this fund.

Eligibility. Any person employed as a firefighter or enrolled as a volunteer firefighter making required monthly dues. Members of Peace Officers' Annuity and Benefit Fund are excluded. Regular employees of the fund are eligible.

Credited Service. All service as a Member of the fund rendered while a firefighter or volunteer firefighter excluding year for volunteer firefighters who do not meet attendance, meeting or drill requirements and excluding any leave of absence time. The Board may calculate Credited Service on a monthly basis.

Normal retirement. Full benefits paid at age 55 with at least 25 years of service. Reduced benefits paid if Member has at least 15 years of service.

Vesting. After completion of 15 years of service, a participant is 100% vested. If termination occurs prior to vesting, total member contributions are refunded, less 5%.

Vesting Benefits. Prior to vesting, death benefits equal $5,000. After vesting, the death benefit is as described by the Code.

Member Contributions (Dues). $25 per month.

Cost-of-Living Allowance (COLA). There is no automatic provision.

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA FIREFIGHTERS' PENSION FUND (Continued)

Actuarial Assumption and Methods.

Actuarial assumptions used to measure the total pension liability:

Measurement date: June 30, 2021
Actuarial valuation date: June 30, 2021
Inflation: 2.75%
Salary increases: N/A
Investment rate of return: 5.75%, net of pension plan investment expenses, including inflation

Mortality: Pre-mortality rates were based on RP-2000 Employees Mortality Table projected to 2025 with projection scale BB. Post-retirement mortality rates were based on the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB set forward 1 year for males and set forward 4 years for females. Post-disability mortality rates were based on the RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB set forward 5 years for males and set forward 3 years for females.

Actuarial assumption used in the June 30, 2021 valuation were based on the results of the last actuarial experience study dated November 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, and then combined by weighing them by the target asset allocation percentages. The target asset allocation and best estimate of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
IG Corp Credit	12.00 %	1.69 %
MBS	12.00 %	0.28 %
Core Bonds	10.50 %	0.58 %
Large Cap Equities	15.50 %	5.18 %
Small/MidCap Equities	15.50 %	6.11 %
Int'l Equities	13.00 %	5.84 %
Emerging Int'l Equities	6.50 %	9.37 %
Private Equity	5.00 %	10.18 %
Real Estate (Core)	5.00 %	4.30 %
Real Estate (Liquid)	5.00 %	4.21 %
Total	100.00 %	

NOTE 8 - RETIREMENT BENEFITS (Continued)

GEORGIA FIREFIGHTERS' PENSION FUND (Continued)

Discount rate. The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that Non-Employer Contributing Entity contributions will remain at the level contributed in the previous fiscal year. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net collective pension liability calculated using the discount rate of 5.75%, as well as the net pension liability calculated using the discount rate that is one percentage point lower (4.75%) and one percentage point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
Collective net pension liability	$ 205,763,309	$ 40,105,397	$ (96,570,684)

Municipal bond index rate used in the discount rate at the measurement date: 2.13%

Employer's proportionate share of collective net pension liability (NPL): $0

Employer's portion of the non-employer contributing entity's proportionate share of the collective NPL that is associated with the employer: $26,350

Total of the employer's proportionate share of the collective NPL and the portion of the non-employer contributing entity's total proportionate share of the collective NPL that is associated with the employer: $26,350

Employer's percentage of the collective NPL and the changes in percentage since the prior measurement date: N/A, 100% of the collective NPL is allocated to the State.

Change in actuarial assumptions: Since the prior measurement date, the assumed investment rate of return was lowered from 6.00% to 5.75%.

Change in benefit terms: Since the prior measurement date, two Cost-of-Living Adjustment (COLA) of 1.0% abd 1.5% was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of January 1, 2021 and July 1, 2021, respectively.

Employer pension expense recognized in the reporting period: $15,777

Amount of revenue recognized in support provided by the non-employer contributing entity: $15,777

NOTE 9 - RISK FINANCING ACTIVITY

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. The City is a member of the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks. There was no significant reduction of insurance coverage from the prior year. No losses in excess of insurance coverage have occurred in the last three years.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. The responsibilities of GIRMA are to defend and protect, in accordance with the member government contract and related coverage descriptions, any member of GIRMA against liability or loss.

The City's deductible limit is $1,000 per occurrence. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss over the deductible.

The City is also a member of the GMA Workers Compensation Self Insurance Fund (GMA). This Fund operates under the authority of OCGA 34-9-150.

The responsibility of the Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is also responsible for paying all costs 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. Coverage provides up to a maximum of $100,000 for each worker's compensation claim. There is no deductible under this Fund.

Responsibilities of the City regarding GIRMA or GMA are as follows:

To pay all contributions, assessments, or other sums due at such times and in such amounts as shall be established.

To allow GIRMA or GMA and its agents, reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA or GMA.

NOTE 9 - RISK FINANCING ACTIVITY (Continued)

To allow attorneys appointed to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA or GMA.

To assist and cooperate in the defense and settlement of claims against the City.

NOTE 10 - CONTINGENCIES

The City, in conjunction with cities and counties in an eighteen county South Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in a regional commission (RC) is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to an RC. The RC board membership includes the Chief elected official of each county and the chief elected official of each municipality. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RCs as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond resources (O.C.G.A. 50-8-39.1). Separate financial statements are available from the Southern Georgia Regional Commission, Valdosta, Georgia. Management does not believe the SGRC is currently experiencing fiscal stress that could put a financial burden on the City.

In prior years, the City has received monies through various federal and state grants. These programs are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for expenses disallowed under the terms of the grants. Management believes that the City will not incur significant losses on possible grant disallowances

NOTE 11 - COMMITMENTS AND SUBSEQUENT EVENTS

On April 12, 2017, the City entered into an operating lease to rent real estate for the use of the police department. The lease term is seven years from the commencement date and will automatically renew up to three additional one-year terms unless the City notifies the lessor. An annual rental payment of $24,000 is due on or before the fifteenth day following the commencement date.

NOTE 12 - RELATED ORGANIZATION

The Housing Authority of the City of Hahira, Georgia is registered with the Department of Community Affairs (DCA) as a local government authority and is administered by the National Housing Authority. The mayor of the City appoints members to sit on the board of directors of the Authority. However, the City provides no financial support and is not obligated in any manner for the Authority.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary adjusted fund balance, January 1	$ 1,242,957	$ 1,242,957	$ 1,242,957	$ -
Resources (inflows):				
Taxes:				
Property:				
Real property	360,000	360,000	458,207	98,207
Personal property/rail road equip.	115,000	115,000	131,243	16,243
Intangible/transfer	11,000	11,000	18,087	7,087
Franchise	173,000	173,000	180,803	7,803
Sales and use:				
Local option	355,000	355,000	470,909	115,909
Beer and wine	90,000	90,000	87,959	(2,041)
Hotel/motel	5,000	5,000	1,795	(3,205)
Business	229,000	229,000	289,448	60,448
Licenses and permits	37,000	37,000	42,860	5,860
Intergovernmental	20,500	20,500	15,138	(5,362)
Fines and forfeitures	1,105,500	1,105,500	1,018,482	(87,018)
Investment earnings	1,000	1,000	2,527	1,527
Rental income	10,000	10,000	20,720	10,720
Contributions	1,000	77,973	(400)	(78,373)
BHT revenue	50,000	80,000	71,226	(8,774)
Miscellaneous	3,000	13,000	61,500	48,500
Amounts available for appropriation	3,808,957	3,925,930	4,113,461	187,531
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	163,736	163,736	168,681	4,945
Operating expenditures	131,350	131,350	109,092	(22,258)
Total general government	295,086	295,086	277,773	(17,313)
Judicial				
Direct				
Personnel services	32,000	32,000	20,652	(11,348)
Total judicial	$ 32,000	$ 32,000	$ 20,652	$ (11,348)

See accompanying note to budgetary comparison schedule.

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Public safety				
Direct				
Personnel services	$ 1,382,072	$ 1,382,072	$ 1,433,650	$ 51,578
Operating expenditures	583,322	663,322	591,779	(71,543)
Capital outlay	-	-	5,600	5,600
Total public safety	1,965,394	2,045,394	2,031,029	(14,365)
Public works				
Direct				
Personnel services	33,844	33,844	47,135	13,291
Operating expenditures	121,750	121,750	108,313	(13,437)
Capital outlay	-	-	-	-
Total public works	155,594	155,594	155,448	(146)
Health and welfare				
Direct				
Personnel services	9,980	9,980	4,245	(5,735)
Operating expenditures	35,100	35,100	30,652	(4,448)
Capital outlay	-	-	-	-
Total health and welfare	45,080	45,080	34,897	(10,183)
Culture and recreation				
Direct				
Personnel services	80,410	80,410	42,848	(37,562)
Operating expenditures	20,350	20,350	29,019	8,669
Capital outlay	9,000	85,973	91,973	6,000
Total culture and recreation	109,760	186,733	163,840	(22,893)
Housing and development				
Direct				
Personnel services	70,911	70,911	71,190	279
Operating expenditures	46,175	86,175	77,695	(8,480)
Total housing and development	117,086	157,086	148,885	(8,201)
Total charges to appropriations	2,720,000	2,916,973	2,832,524	(84,449)
Transfers in	-	-	-	-
Budgetary fund balance, December 31	$ 1,088,957	$ 1,008,957	$ 1,280,937	$ 271,980

See accompanying note to budgetary comparison schedule.

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE - ARPA FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, January 1	$ 329,886	$ 329,886	$ 329,886	$ -
Resources (inflows):				
Intergovernmental Revenue	565,570	565,570	565,570	-
Amounts available for appropriation	895,456	895,456	895,456	-
Charges to appropriation (outflows):				
Capital outlay	55,000	55,000	55,000	-
Total charges to appropriations	55,000	55,000	55,000	-
Budgetary fund balance, December 31	$ 840,456	$ 840,456	$ 840,456	$ -

See accompanying note to budgetary comparison schedule.

CITY OF HAHIRA
SCHEDULE OF CHANGES IN GMEBS NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*
DECEMBER 31, 2022

	2022	2021	2020	2019	2018
Year Ended December 31					
Total Pension Liability					
Service cost	$ 33,157	$ 29,281	$ 30,783	$ 28,933	$ 27,054
Interest	112,642	99,201	95,518	89,323	81,804
Difference between expected and actual experience	(66,313)	105,043	2,876	4,517	27,750
Change in assumptions	-	-	(12,152)	-	14,163
Benefit payments	(64,137)	(46,162)	(41,835)	(42,209)	(46,327)
Net change in total pension liability	15,349	187,363	75,190	80,564	104,444
Total Pension Liability					
Beginning	1,526,264	1,338,901	1,263,711	1,183,147	1,078,703
Ending	1,541,613	1,526,264	1,338,901	1,263,711	1,183,147
Plan fiduciary net position					
Contributions - employer	70,730	72,246	68,851	61,136	50,808
Net investment income	77,032	390,379	(66,032)	31,262	94,279
Benefit payments	(64,137)	(46,162)	(41,835)	(42,209)	(46,327)
Administrative expenses	(4,686)	(4,605)	(5,022)	(4,672)	(4,496)
Net change in plan fiduciary net position	78,939	411,858	(44,038)	45,517	94,264
Plan fiduciary net position					
Beginning	1,267,355	855,497	899,535	854,018	759,754
Ending	1,346,294	1,267,355	855,497	899,535	854,018
Net pension liability - ending	$ 195,319	$ 258,909	$ 483,404	$ 364,176	$ 329,129
Plan fiduciary net position as a % of total pension liability	87.33 %	83.04 %	63.90 %	71.18 %	72.18 %
Covered-employee payroll	$ 1,390,052	$ 1,245,447	$ 1,051,866	$ 1,123,821	$ 999,376
Net pension liability as a % of covered employee payroll	14.05 %	20.79 %	45.96 %	32.41 %	32.93 %

CITY OF HAHIRA
SCHEDULE OF CHANGES IN GMEBS NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS* (Continued)
DECEMBER 31, 2022

	2017	2016	2015
Year Ended December 31			
Total Pension Liability			
Service cost	$ 20,368	$ 18,968	$ 18,858
Interest	70,613	66,803	61,869
Difference between expected and actual experience	97,302	4,651	24,621
Change in assumptions	-	-	(1,788)
Benefit payments	(41,433)	(41,082)	(38,715)
Net change in total pension liability	146,850	49,340	64,845
Total Pension Liability			
Beginning	931,853	882,513	817,668
Ending	1,078,703	931,853	882,513
Plan fiduciary net position			
Contributions - employer	40,231	41,999	39,163
Net investment income	85,592	1,732	60,026
Benefit payments	(41,433)	(41,082)	(38,715)
Administrative expenses	(4,559)	(2,936)	(2,641)
Net change in plan fiduciary net position	79,831	(287)	57,833
Plan fiduciary net position			
Beginning	679,923	680,210	622,377
Ending	759,754	679,923	680,210
Net pension liability - ending	$ 318,949	$ 251,930	$ 202,303
Plan fiduciary net position as a % of total pension liability	70.43 %	72.96 %	77.08 %
Covered-employee payroll	$ 924,190	$ 708,360	$ 629,835
Net pension liability as a % of covered employee payroll	34.51 %	35.57 %	32.12 %

Notes to Schedule

Benefit changes. Effective January 1, 2015, the Plan was amended to provide for immediate participation for all employees. This change has no impact on service credited under the Plan and has no impact on benefits.

*Year 2015 was the 1st year of implementation; therefore, only eight years are shown.

CITY OF HAHIRA
SCHEDULE OF GMEBS RETIREMENT PLAN CONTRIBUTIONS
LAST TEN YEARS*
DECEMBER 31, 2022

	2022**	2021	2020	2019
Actuarially determined contribution	$ -	$ 75,426	$ 71,186	$ 68,073
Contribution in relation to the actuarially determined contribution	-	75,426	71,186	68,073
Contribution deficiency	-	-	-	-
Covered-employee payroll	-	1,245,447	1,051,866	1,123,821
Contribution as a % or covered-employee payroll	- %	6.06 %	6.77 %	6.06 %

	2018	2017	2016	2015
Actuarially determined contribution	$ 58,824	$ 43,322	$ 44,014	$ 41,328
Contribution in relation to the actuarially determined contribution	64,434	39,712	44,014	41,328
Contribution deficiency	(5,610)	3,610	-	-
Covered-employee payroll	999,376	924,190	708,360	629,835
Contribution as a % or covered-employee payroll	6.45 %	4.30 %	6.21 %	6.56 %

Notes to Schedule of Contributions – see Note 8 for details

*Year 2015 was the first year of implementation, therefore only eight years are shown.

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

CITY OF HAHIRA
SCHEDULE OF GFPF COLLECTIVE NET PENSION AND EMPLOYER LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2021	2020	2019	2018	2017	2016
Nonemployer Contributing Entity						
Net pension liability as of June 30						
Total collective pension liability (TPL)	$1,242,368,882	$1,144,364,448	$1,103,481,927	$1,065,924,289	$1,007,204,835	$ 970,155,843
Fiduciary collective net position (FNP)	1,202,263,485	924,905,112	934,350,220	894,870,607	843,413,792	766,677,306
Net collective pension liability (NPL)	40,105,397	219,459,336	169,131,707	171,053,682	163,791,043	203,478,537
Collective FNP as a percentage of TPL	96.77 %	80.82 %	84.67 %	83.95 %	83.74 %	79.03 %
Collective pension expense (PE)	$ 24,012,869	$ 48,352,850	$ 48,352,850	$ 43,330,422	$ 36,038,356	$ 45,770,646
Collective deferred outflows of resources	$ 47,102,027	$ 29,025,455	$ 29,025,455	$ 36,565,443	$ 36,429,006	$ 69,512,128
Collective deferred inflows of resources	$ 162,312,917	$ 22,607,398	$ 22,607,398	$ 17,774,410	$ 17,285,444	$ 8,794,764
Employer's Proportionate Share						
Employer allocation percentage**	0.07 %	0.05 %	0.05 %	0.03 %	0.02 %	0.02 %
Employer's allocable share of:						
Deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -
Deferred inflows of resources	$ -	$ -	$ -	$ -	$ -	$ -
Employer's allocable share of NPL	$ -	$ -	$ -	$ -	$ -	$ -
Portion of the nonemployer contributing entity's porportionate share of collective NPL associated with the employer	26,350	112,659	87,568	50,746	36,884	45,970
Total employer's share of collective NPL	26,350	112,659	87,568	50,746	36,884	45,970
Employer's covered payroll	$ -	$ -	$ -	$ -	$ -	$ -
Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

*Year 2015 was the 1st year of implementation; however, 2015 information is unavailable; therefore, only six years are shown.

**The State makes all contributions to the plan on behalf of employees of the participating employers. The proportionate share percentage has been determined based on these contributions.

NOTE B - BUDGET - TO - ACTUAL RECONCILIATION

An explanation of the difference between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles are as follows:

	General Fund
Source/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 4,113,461
Differences - budget to GAAP	
Pension fund contribution provided by Georgia Firefighter's Pension Fund	15,777
Change in receivables	36,026
LMIG grant proceeds used to fund capital outlay	42,780
The fund balance at the beginning of the year is budgtary resource but is not a current-year revenue for financial reporting purposes	(1,242,957)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	2,965,087
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,832,524
Differences - budget to GAAP:	
Changes in accounts payable and prepaid expenses	23,124
Pension fund expense funded by Georgia FireFighter's Pension Fund	15,777
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 2,871,425

NOTE A - BUDGETS

The City's Finance Ordinance requires the governing authority to adopt budgets for all governmental fund types (general and special revenue funds). An annual budget is also prepared for the City's enterprise fund. Budgets for capital projects fund are adopted on a total project basis rather than on an annual basis. The annual budgets are prepared in accordance with the basis of accounting utilized by that fund. The legal level of budgetary control is the department level.

The budget may be amended by the Mayor and Council during or after the public hearing except that no amendment shall be effective without a public hearing if (1) a new item of appropriation is added in excess of one percent of the total amount of appropriations stated in the initially approved budget, (2) there is an increase or decrease in any item of appropriations by more than 10%, or (3) there is an increase in appropriations requiring an increase in taxes by more than 5%. Notice of hearings on budget amendments must be advertised at least three days prior to the date set for the hearing.

In October 2004, the City Finance Ordinance was amended to provide that: (1) the budget shall state the objectives and services to be provided in a clear general summary for each department, (2) each departmental budget shall include totals for the categories of: salaries and wages, supplies, contracted services and capital outlays, (3) the general fund budget includes designated sections for revenues, debt service, and capital expenditures, (4) the total proposed expenditures shall not exceed the total anticipated revenues.

Department managers may transfer appropriations in any fund among the various accounts within a department with certain restrictions. Transfers within a department, which increase salaries, require approval of the City Council. Any increase in appropriation for any fund or department within a fund requires approval of the City Council. Except for appropriations for capital expenditures, all appropriations, to the extent not expended or encumbered, lapse at the close of the period for which the appropriation was budgeted. Appropriations for capital expenditures continue in effect until the purpose for which it was made has been accomplished or abandoned. Capital appropriations are deemed abandoned after three years when there has been no disbursement or encumbrance of the appropriation. The Mayor and Council advertise and conduct public hearings on the proposed budget in accordance with ordinances and state law requirements.

INDIVIDUAL FUND SCHEDULES

CITY OF HAHIRA
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue Funds				
	Drug Seized Fund	Downtown Development Authority	Total	Capital Project Fund TSPLOST	Total Other Governmental Funds
ASSETS					
Cash:					
Restricted	$ 9,158	$ 48,702	$ 57,860	$ 83,687	$ 141,547
Intergovernmental receivable	-	-	-	5,668	5,668
Total assets	$ 9,158	$ 48,702	$ 57,860	$ 89,355	$ 147,215
LIABILITIES AND FUND BALANCE					
Liabilities:					
Interfund balance	$ -	$ -	$ -	$ 50	$ 50
Deferred inflows of resources	7,615	-	7,615	-	7,615
Fund balance:					
Restricted	1,543	48,702	50,245	89,305	139,550
Total liabilities and fund balance	$ 9,158	$ 48,702	$ 57,860	$ 89,355	$ 147,215

CITY OF HAHIRA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds				
	Drug Seized Fund	Downtown Development Authority	Total	Capital Project Fund TSPLOST	Total Other Governmental Funds
REVENUES					
TSPLOST revenue	$ -	$ -	$ -	$ 58,188	$ 58,188
Investment earnings	17	25	42	36	78
Total revenues	17	25	42	58,224	58,266
EXPENDITURES					
Current:					
Public safety	168	-	168	-	168
Housing and development	-	2,206	2,206	-	2,206
Capital outlay:					
Public works	-	-	-	78,248	78,248
Total expenditures	168	2,206	2,374	78,248	80,622
Excess (deficiency) of revenues over (under) expenditures	(151)	(2,181)	(2,332)	(20,024)	(22,356)
OTHER FINANCING SOURCES					
Total other financing resources	-	-	-	-	-
Net change in fund balance	(151)	(2,181)	(2,332)	(20,024)	(22,356)
Fund balances - beginning	1,694	50,883	52,577	109,329	161,906
Fund balances - ending	$ 1,543	$ 48,702	$ 50,245	$ 89,305	$ 139,550

STATE COMPLIANCE SECTION

CITY OF HAHIRA
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2022

Project	Original Estimated Cost	Prior Years	Expenditures Current Period	Total	Estimated Percent Completed
SPLOST VIII - 2019 Issue					
Referendum Expenditures:					
Construction and improvements to:					
Roads, streets, bridges, sidewalks, paths and trails	$ 500,000	$ 85,856	$ 58,420	$ 144,276	
Water and sewer facilities	1,245,586	25,990	102,512	128,502	
Construction of, improvements to and major capital equipment for:					
Public safety - police and firefighting:	1,000,000	293,742	151,810	445,552	
rescue equipment, computer and communication equipment, vehicles, acquisition of property					
Administrative:	350,000	5,324	26,516	31,840	
Facilities, computer equipment and technology upgrades					
Parks and recreation	350,000	123,203	65,114	188,317	
Totals	$ 3,445,586	$ 534,115	$ 404,372	$ 938,487	27.24 %

Prepared on the modified accrual basis of accounting.

CITY OF HAHIRA
ONE PERCENT TRANSPORTATION SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2022

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Period	Expenditures Total	Estimated Percent Completed
TSPLOST - 2018 Issue					
Referendum Expenditures:					
General transportation projects	$ 396,755	$ 168	$ 78,248	$ 78,416	
Totals	$ 396,755	$ 168	$ 78,248	$ 78,416	19.76 %

Prepared on the modified accrual basis of accounting.

FEDERAL COMPLIANCE SECTION

VALENTI, RACKLEY & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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 Mayor and Council
City of Hahira, 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, each major fund, and the aggregate remaining fund information of the City of Hahira, Georgia ("the City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated May 26, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

The City's Response to Findings

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

Purpose of this Report

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

Respectfully submitted,



Valenti, Rackley & Associates, LLC
Certified Public Accountants

May 26, 2023

2022-001

Criteria: Proper segregation of accounting functions strengthens internal control.

Condition: Inadequate segregation of accounting duties among personnel.

Cause: Limited staff size and resources.

Effect: Due to limited staff size certain functions are not segregated including collection/deposit of cash; accounts payable and recording of general ledger and payroll processing and general ledger. Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and preparation of financial statements.

Recommendation: We recommend that increased management oversight of the accounting function be utilized to mitigate risk.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

CITY OF HAHIRA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Audit Reference Number	
2021-001	Uncorrected in current year and recited as 2022-001.