CITY OF HAHIRA, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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VALENTI, RACKLEY
& ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Hahira, Georgia

Report on the Financial Statements

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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 *Government Auditing Standards* issued by the comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

208 W. Park Ave., Valdosta, GA 31602 Telephone: 229-247-8005, Fax: 229-247-8998

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 individual fund financial schedules, the 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 June 4, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

Respectfully submitted,



Valenti, Rackley & Associates, LLC
Certified Public Accountants

June 4, 2024

CITY OF HAHIRA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash	$ 529,005	$ 278,449	$ 807,454
Certificates of deposit	550,672	176,386	727,058
Accounts receivable	361,989	135,799	497,788
Prepaid expenses	74,887	59,987	134,874
Inventory	-	8,587	8,587
Restricted cash	1,403,226	162,572	1,565,798
Lease receivable	211,232	-	211,232
Capital assets:			
Land and other nondepreciable assets	752,954	1,409,681	2,162,635
Other capital assets, net of accumulated depreciation	4,351,212	5,202,351	9,553,563
Total assets	8,235,177	7,433,812	15,668,989
Deferred outflows of resources related to pensions	134,475	38,797	173,272
Total assets and deferred outflows of resources	8,369,652	7,472,609	15,842,261
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable	326,674	84,851	411,525
Accrued interest payable	9,870	3,031	12,901
Internal balances	(70,202)	70,202	-
Water deposits	-	117,250	117,250
Unavailable revenue	710,456	-	710,456
Long-term liabilities:			
Due within one year	45,063	170,318	215,381
Due in more than one year	297,083	2,035,487	2,332,570
Deferred lease arrangement	211,232	-	211,232
Net pension liability	284,152	81,980	366,132
Total liabilities	1,814,328	2,563,119	4,377,447
Deferred inflows of resources related to pensions	37,453	10,805	48,258
Total liabilities and deferred inflows of resources	1,851,781	2,573,924	4,425,705
NET POSITION			
Net investment in capital assets	4,802,394	4,415,141	9,217,535
Restricted for:			
ARPA specified uses	-	-	-
Capital projects	511,395	-	511,395
Public safety	526	-	526
Housing and development	43,732	-	43,732
Unrestricted	1,159,824	483,544	1,643,368
Total net position	$ 6,517,871	$ 4,898,685	$ 11,416,556

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

		Program Revenues			Primary Government		
Function/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government	$ 408,020	$ 50,325	$ -	$ 79,906	$ (277,789)		$ (277,789)
Judicial	33,435	-	-	-	(33,435)		(33,435)
Public safety	2,798,280	1,346,870	32,842	231,728	(1,186,840)		(1,186,840)
Public works	290,872	-	-	644,666	353,794		353,794
Health and welfare	34,333	-	-	-	(34,333)		(34,333)
Culture and recreation	153,818	23,664	-	79,906	(50,248)		(50,248)
Housing and development	183,557	64,165	-	-	(119,392)		(119,392)
Interest on general long-term debt	15,109	-	-	-	(15,109)		(15,109)
Total governmental activities	3,917,424	1,485,024	32,842	1,036,206	(1,363,352)		(1,363,352)
Business-type activities:							
Water and sewer	1,852,248	1,661,668	-	-	-	(190,580)	(190,580)
Sanitation	337,459	348,751	-	-	-	11,292	11,292
Total business-type activities	2,189,707	2,010,419	-	-	-	(179,288)	(179,288)
Total primary government	$ 6,107,131	$ 3,495,443	$ 32,842	$ 1,036,206	(1,363,352)	(179,288)	(1,542,640)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					840,022	-	840,022
Sales and use taxes					821,395	-	821,395
Business taxes					304,523	-	304,523
Investment earnings					12,816	3,291	16,107
Miscellaneous					53,703	-	53,703
Total general revenues					2,032,459	3,291	2,035,750
Transfers					(1,306,768)	1,306,768	-
Total general revenues and transfers					725,691	1,310,059	2,035,750
Change in net position					(637,661)	1,130,771	493,110
Net position - beginning (restated)					7,155,532	3,767,914	10,923,446
Net position - ending					$ 6,517,871	$ 4,898,685	$ 11,416,556

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Special Revenue Fund ARPA Fund	Capital Projects Fund SPLOST VIII	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash:					
Unrestricted	$ 529,005	$ -	$ -	$ -	$ 529,005
Restricted	42,842	710,456	526,544	123,384	1,403,226
Total cash	571,847	710,456	526,544	123,384	1,932,231
Certificates of deposit	550,672	-	-	-	550,672
Receivables:					
Taxes	200,609	-	-	-	200,609
Intergovernmental	80,945	-	68,728	11,707	161,380
Interfund balances	70,252	-	-	-	70,252
Prepaid expenses	74,887	-	-	-	74,887
Total assets	$1,549,212	$710,456	$ 595,272	$ 135,091	$ 2,990,031
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	$ 156,975	$ -	$ 169,699	$ -	$ 326,674
Interfund balances	-	-	-	50	50
Total liabilities	156,975	-	169,699	50	326,724
Deferred inflows of resources:					
Deferred property taxes	17,130	-	-	-	17,130
Deferred seized funds	-	-	-	4,961	4,961
Unavailable revenue	-	710,456	-	-	710,456
Total deferred inflow of resources	17,130	710,456	-	4,961	732,547
Fund balances:					
Nonspendable	74,887	-	-	-	74,887
Restricted	42,842	-	425,573	130,080	598,495
Unassigned	1,257,378		-	-	1,257,378
Total fund balances	1,375,107	-	425,573	130,080	1,930,760
Total liabilities, deferred inflows of resources and fund balances	$1,549,212	$710,456	$ 595,272	$ 135,091	$ 2,990,031

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
DECEMBER 31, 2023

Fund Balance - Total Governmental Funds	$1,930,760
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds only report liabilites that will be liquidated with current assets. Compensated absences payable, however, which will not be liquidated with current assets, are not liabilites of the governmental funds but are liabilities of the government-wide financial statements.	(40,374)
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.	(301,772)
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	134,475
Net pension liability	(284,152)
Deferred inflows of resources	(37,453)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	22,091
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,104,166
Net position of governmental activities	$6,517,871

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, 2023

	General Fund	Special Revenue Fund ARPA Fund	Capital Projects Fund SPLOST VIII	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property	$ 831,273	$ -	$ -	$ -	$ 831,273
Sales and use	821,395	-	-	-	821,395
Business	304,523	-	-	-	304,523
Licenses and permits	50,325	-	-	-	50,325
Intergovernmental	78,346	130,000	799,062	62,682	1,070,090
Fines and forfeitures	1,347,952	-	-	2,655	1,350,607
Investment earnings	12,792	-	452	76	13,320
Other revenue	139,990	-	-	-	139,990
Total revenues	3,586,596	130,000	799,514	65,413	4,581,523
EXPENDITURES					
Current:					
General government	358,773	-	-	-	358,773
Judicial	32,828	-	-	-	32,828
Public safety	2,602,916	-	-	3,923	2,606,839
Public works	194,842	-	-	-	194,842
Health and welfare	32,580	-	-	-	32,580
Culture and recreation	106,231	-	-	-	106,231
Housing and development	178,565	-	-	4,993	183,558
Debt service	-	-	58,281	-	58,281
Capital outlay	41,123	-	1,388,259	66,217	1,495,599
Total expenditures	3,547,858	-	1,446,540	75,133	5,069,531
Excess (deficiency) of revenues over (under) expenditures	38,738	130,000	(647,026)	(9,720)	(488,008)
OTHER FINANCING SOURCES					
Reimbursement for damaged property	-	-	-	-	-
Proceeds from disposal of capital assets	-	-	-	-	-
Transfers in (out)	(250)	(130,000)	-	250	(130,000)
Total other financing resources	(250)	(130,000)	-	250	(130,000)
Net change in fund balances	38,488	-	(647,026)	(9,470)	(618,008)
Fund balances - beginning (restated)	1,336,619	-	1,072,599	139,550	2,548,768
Fund balances - ending	$1,375,107	$ -	$ 425,573	$ 130,080	$ 1,930,760

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, 2023

Net change in fund balances - total governmental funds	$ (618,008)
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 depreciation expense ($357,679) exceeded capital outlay ($277,941).	(79,738)
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.	27,051
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.	(16,231)
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.	6,093
Repayment of debt is a use of current financial resources in the governmental funds, but the repayment of debt decreaseses liabilities in the statement of activities.	43,172
Change in net position of governmental activities	$ (637,661)

See accompanying notes to the basic financial statements.

CITY OF HAHIRA
STATEMENT OF NET POSITION
PROPRIETARY FUND – ENTERPRISE FUND
DECEMBER 31, 2023

	Water, Sewer and Sanitation Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current assets:	
Cash:	
Unrestricted	$ 278,449
Restricted	162,572
Total cash	441,021
Certificates of deposit	176,386
Accounts receivable (net)	135,799
Interfund balances	-
Prepaid expenses	59,987
Inventory	8,587
Total current assets	821,780
Noncurrent assets:	
Capital assets:	
Land	634,496
Construction in progress	775,185
Buildings	30,297
Vehicles and equipment	821,164
Utility system and equipment	12,065,616
Less accumulated depreciation	(7,714,726)
Total noncurrent assets	6,612,032
Deferred outflows of resources related to pensions	38,797
Total assets and deferred outflows of resources	7,472,609
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Current liabilities:	
Accounts payable and accrued expenses	84,851
Accrued interest	3,031
Water deposits	117,250
Interfund payable	70,202
Current portion:	
Compensated absences	8,914
Notes payable	58,639
Bond payable	102,765
Total current liabilities	445,652
Noncurrent liabilities:	
Compensated absences	-
Notes payable, less current portion	837,184
Bond payable, less current portion	1,198,303
Net pension liability	81,980
Total noncurrent liabilities	2,117,467
Deferred inflows of resources related to pensions	10,805
Total liabilities and deferred inflows of resources	2,573,924
NET POSITION	
Net investment in capital assets	4,415,141
Unrestricted	483,544
Total net position	$ 4,898,685

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, 2023

	Water, Sewer and Sanitation Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer	$ 1,582,880
Sanitation	348,751
Other	78,788
Total operating revenues	2,010,419
OPERATING EXPENSES	
Personnel services	639,213
Depreciation	400,958
Landfill/contracted sanitation services	337,459
Utilities	127,145
Supplies and other expenses	259,128
Professional fees	212,283
Insurance	3,678
Repairs and maintenance	79,986
Technical services	27,622
Fuel	36,872
Travel	7,274
Total operating expenses	2,131,618
Operating income (loss)	(121,199)
NONOPERATING REVENUES (EXPENSES)	
Interest income	3,291
Interest expense	(58,089)
Total nonoperating revenues (expenses)	(54,798)
Income (loss) before contributions	(175,997)
CAPITAL CONTRIBUTIONS	
Capital contribution	1,306,768
Total capital contributions	1,306,768
Change in net position	1,130,771
Total net position - beginning	3,767,914
Total net position - ending	$ 4,898,685

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, 2023

		Water, Sewer and Sanitation Fund
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	$	2,012,120
Internal activities - payments to other funds		(987)
Payments to employees (or for their benefit) for services provided		(632,151)
Payments to suppliers for goods or services		(1,077,630)
Net cash provided (used) by operating activities		301,352
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(336,623)
Principal paid on capital debt		(189,249)
Interest paid on capital debt		(58,316)
Net cash provided (used) by capital and related financing activities		(584,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Certificate of deposit reinvestment		(1,495)
Interest income		3,291
Net cash provided by investing activities		1,796
Net increase (decrease) in cash		(281,040)
Balances - beginning		722,061
Balances - ending	$	441,021
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$	(121,199)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash contributions expensed		24,054
Depreciation expense		400,958
Change in assets and liabilities:		
Receivables, net		(2,374)
Due to/from other funds		(987)
Deposits		4,075
Pension related balances		3,593
Accounts payable and accrued expenses		(6,768)
Net cash provided by operating activities	$	301,352

Noncash activity. Capital assets with a cost of $1,282,714 were purchased by the SPLOST VIII and ARPA Funds and contributed to the Enterprise Fund and capitalized. Noncapitalized items with a cost of $24,054 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)

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. Nonmajor 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)

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)

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. Nonexchange 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)

3. 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 2023 was $4.969 per $1,000 of assessed valuation, and current tax collection for the year then ended was 94.76% of the tax levied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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

4. Capital Assets

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)

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)

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)

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 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	$ 569,922	$ 534,626
Petty cash	1,925	-
SPLOST VIII fund	526,544	526,544
TSPLOST fund	74,165	74,165
APRA fund	710,456	710,456
Downtown Development Authority	43,732	43,732
Drug seized fund	5,487	5,487
Total governmental activities	1,932,231	1,895,010
Business-type activities:		
Water, sewer and sanitation fund		
Deposits	440,946	440,719
Petty cash	75	-
Total business-type activities	441,021	440,719
Total cash	$ 2,373,252	$ 2,335,729
Certificates of Deposit		
Governmental activities	$ 550,672	$ 550,672
Business-type activities	176,386	176,386
Total certificates of deposit	$ 727,058	$ 727,058

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 $1,565,798, consists of the following:

Governmental activities. Cash in the amounts of $42,842 in the general fund is restricted for road resurfacing through the LMIG program. Cash in the amount of $526,544 in the SPLOST VIII fund is restricted for specific capital outlay projects, $710,456 in the ARPA fund is for specific ARPA uses, $5,487 in the Drug Seized Fund is restricted for specific public safety expenditures, $74,165 in the TSPLOST fund is restricted for transportation related expenditures, and $43,732 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 $162,572 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	$ 20,429	$ -	$ 20,429
Delinquent	3,454	-	3,454
Less allowance for bad debt	(3,000)	-	(3,000)
Franchise	172,405	-	172,405
Alcoholic beverage taxes	7,321	-	7,321
Total taxes receivable	200,609	-	200,609
Intergovernmental:			
Sales and use tax:			
Local option	70,193	-	70,193
Special purpose local option	68,728	-	68,728
Transportation special purpose local option	11,707	-	11,707
Other intergovernmental	10,752	-	10,752
Total intergovernmental receivables	161,380	-	161,380
Water, sewer and sanitation charges:			
Billed	-	160,618	160,618
Less allowance for bad debt	-	(24,819)	(24,819)
Total water, sewer and sanitation charges receivable	-	135,799	135,799
Total receivables	$ 361,989	$ 135,799	$ 497,788

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	$ 70,202	$ -	$ 70,202
Nonmajor governmental fund	50	-	50
Nonmajor governmental fund:			
General fund	-	(50)	(50)
Total governmental activities	70,252	(50)	70,202
Business-type activities:			
Enterprise fund:			
General fund		(70,202)	(70,202)
Total business-type activities	-	(70,202)	(70,202)
Total	$ 70,252	$ (70,252)	$ -

Transfers and capital contributions consist of the following:

	Transfers/Capital Contributions		
	In	Out	Net
Governmental activities:			
General fund:			
ARPA fund	$ -	$ (250)	$ (250)
ARPA fund:			
Water, sewer, and sanitation fund	-	(130,000)	(130,000)
SPLOST VIII fund:			
Water, sewer, and sanitation fund	-	(1,176,768)	(1,176,768)
Nonmajor governmental fund:			
General fund	250	-	250
Total governmental activities	250	(1,307,018)	(1,306,768)
Business-type activities:			
Enterprise fund:			
SPLOST VIII fund	1,176,768	-	1,176,768
ARPA fund	130,000	-	130,000
Total business-type activities	1,306,768	-	1,306,768

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Retirements/ Deletions	Contributed Capital	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	$ 598,702	$ 403,598	$ -	$ (403,598)	$ 598,702
Construction in progress	105,503	456,361	(58,262)	(349,350)	154,252
Total capital assets not being depreciated	704,205	859,959	(58,262)	(752,948)	752,954
Capital assets being depreciated					
Buildings	2,585,441	-	-	-	2,585,441
Infrastructure	2,823,089	265,630	-	(201,683)	2,887,036
Equipment and vehicles	2,589,734	493,328	-	(328,083)	2,754,979
Total assets being depreciated	7,998,264	758,958	-	(529,766)	8,227,456
Less accumulated depreciation for:					
Buildings	(641,529)	(65,571)	-	-	(707,100)
Infrastructure	(1,268,942)	(109,219)	-	-	(1,378,161)
Equipment and vehicles	(1,608,094)	(182,889)	-	-	(1,790,983)
Total accumulated depreciation	(3,518,565)	(357,679)	-	-	(3,876,244)
Total capital assets being depreciated, net	4,479,699	401,279	-	(529,766)	4,351,212
Governmental activities capital assets, net	$ 5,183,904	$ 1,261,238	$ (58,262)	$ (1,282,714)	$ 5,104,166
Business-type activities:					
Capital assets not being depreciated					
Land	$ 230,898	$ -	$ -	$ 403,598	$ 634,496
Construction in progress	96,683	329,152	-	349,350	775,185
Total capital assets not being depreciated	327,581	329,152	-	752,948	1,409,681
Capital assets being depreciated					
Buildings	30,297	-	-	-	30,297
Utility system and equipment	11,856,462	7,473	-	201,683	12,065,618
Vehicles and equipment	493,080	-	-	328,083	821,163
Total assets being depreciated	12,379,839	7,473	-	529,766	12,917,078

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements/ Deletions	Transfer In (Out)	Ending Balance
Less accumulated depreciation for:					
Buildings	(22,108)	(892)	-	-	(23,000)
Utility system and equipment	(6,980,338)	(353,033)	-	-	(7,333,371)
Vehicles and equipment	(311,323)	(47,033)	-	-	(358,356)
Total accumulated depreciation	(7,313,769)	(400,958)	-	-	(7,714,727)
Total capital assets being depreciated, net	5,066,070	(393,485)	-	529,766	5,202,351
Total business-type activities capital assets net	$ 5,393,651	$ (64,333)	$ -	$ 1,282,714	$ 6,612,032

Depreciation expense was charged to divisions as follows:

Governmental activities:	
General government	$ 46,018
Judicial	608
Public safety	173,735
Public works	86,549
Culture and recreation	49,016
Health and welfare	1,753
Total depreciation expense - governmental activities	$ 357,679
Business-type activities	
Water, sewer and sanitation fund	$ 400,958
Total depreciation expense - business-type activities	$ 400,958

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	Ending Balance	Due in One Year
Governmental activities:					
Capital Lease					
Ladder truck	$ 344,944	$ -	$ (43,172)	$ 301,772	$ 45,063
Total governmental activities	$ 344,944	$ -	$ (43,172)	$ 301,772	$ 45,063
Business-type activities:					
GEFA #1	$ 31,863	$ -	$ (31,863)	$ -	$ -
GEFA #2	272,865	-	(21,197)	251,668	21,410
GEFA #3	680,775	-	(36,620)	644,155	37,229
Total GEFA	985,503	-	(89,680)	895,823	58,639
Water and sewer bonds:					
2014 Refunding	1,400,637	-	(99,569)	1,301,068	102,765
Total bonds	1,400,637	-	(99,569)	1,301,068	102,765
Total business-type activities	$ 2,386,140	$ -	$ (189,249)	$2,196,891	$161,404

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

Governmental activities:	
Public safety	$ 15,109
Business-type activities:	
Water, sewer and sanitation	$ 58,089

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 $186,092.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Maturities of governmental long-term debt are as follows:

	Capital Lease		
Year	Principal	Interest	Total
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	53,492	4,789	58,281
2029	55,835	2,446	58,281
Total	$ 301,772	$ 47,914	$ 349,686

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

	GEFA Notes Payable			Water and Sewer Revenue Bond		
Year	Principal	Interest	Total	Principal	Interest	Total
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	62,051	9,355	71,406	117,084	26,613	143,697
2029-2033	323,796	33,232	357,028	644,064	91,218	735,282
2034-2038	254,562	11,122	265,684	107,675	1,945	109,620
2039-2043	15,803	54	15,857	-	-	-
Total	$ 895,823	$ 99,776	$ 995,599	$ 1,301,068	$ 262,320	$ 1,563,388

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 follow:

	Beginning Balance	Earned	Used	Ending Balance	Current Portion
Governmental activities	$ 67,425	$ 51,471	$(78,522)	$ 40,374	-
Business-type activities	5,445	8,930	(5,461)	8,914	8,914
Total	$ 72,870	$ 60,401	$(83,983)	$ 49,288	$ 8,914

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 $74,887 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 balance in the general fund of $42,842 is restricted for road improvements, respectively. Fund balance of $425,573 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: $(4,799) for specific public safety expenditures, $43,732 for use by the Downtown Development Authority of the City of Hahira, and $85,822 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, 2023, the following employees were covered by the benefit terms for the plan:

		Average			
Participants	Count	Age	Service	Pay	Benefits
Active	34	41.7	7.4	$ 43,564	N/A
Retired	7	67.3	N/A	N/A	$644
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 $74,190, for the year ended December 31, 2023, (5.28% of covered payroll).

Net Pension Liability. The net pension liability as of March 31, 2023 (the measurement date), is $366,133 being the excess of the total pension liability, $1,637,111, over the plan's fiduciary net position, $1,270,978, 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, 2023, 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, 2023

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, 2022, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Cash	0%	
Total	100%	

Plan termination basis. 3.13% (30-year Treasury Securities Rate as of August 2022, published in September 2022; 1.92% 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, 2022*	$1,541,613	$ 1,346,294	$195,319
Changes for the year:			
Service costs	33,517	-	33,517
Interest	113,801	-	113,801
Difference between expected and actual experience	12,300	-	12,300
Contributions - employer	-	83,168	(83,168)
Net investment income	-	(89,318)	89,318
Benefit payments	(64,120)	(64,120)	-
Adminstrative expense	-	(5,046)	5,046
Other	-	-	-
Net changes	95,498	(75,316)	170,814
Balances at March 31, 2023**	$1,637,111	$ 1,270,978	$366,133

* 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.

** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2023 are used to measure TPL as of March 31, 2023. The balances as of March 31, 2023 constitute measurements of the NPL for the fiscal year ending December 31, 2023.

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	$ 577,422	$ 366,133	$ 190,029

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

	Deferred Outflows of Resources	Deferred Inflows Resources
Pension contributions subsequent to measurement date	$ 61,824	$ -
Differences between expected and actual experience	53,979	(44,208)
Changes in assumptions	-	(4,050)
Net differences between projected and actual earnings on pension plan investments	57,469	-
Total	$ 173,272	$ (48,258)

Deferred outflows of resources related to contributions made after the measurement date of March 31, 2023, in the amount of $61,824, will be recognized as a reduction in net pension liability in the year ended December 31, 2024. The remaining amount, $111,448, reported as deferred outflows related to pensions at December 31, 2023, will increase pension expense in the future as follows: $26,982 in 2024, ($635) in 2025, $43,176 in 2026, $39,875 in 2027, and $2,050 in 2028.

Amounts reported as deferred inflows of resources related to pensions on December 31, 2023, totaling $48,258, will increase (decrease) pension expense in the future as follows: $13,077 for 2024, $13,077 for 2025, $11,052 for 2026 and $11,052 for 2027.

NOTE 8 – RETIREMENT BENEFITS (CONTINUED)

GEORGIA FIREFIGHTERS'S 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 (fulltime, 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'S PENSION FUND (CONTINUED)

Actuarial Assumption and Methods.

Actuarial assumptions used to measure the total pension liability:

Measurement date: June 30, 2022
Actuarial valuation date: June 30, 2022
Inflation: 2.50%
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, 2022 valuation were based on the results of the last actuarial experience study for the period July 1, 2015 – June 30, 2021.

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
Domestic Fixed Income	34.50%	1.10%
Large Cap Equities	18.00%	4.93%
Small/MidCap Equities	10.50%	6.12%
Int'l Equities (Unhedged)	13.00%	5.46%
Emerging Int'l Equities	6.50%	9.30%
Private Equity	7.50%	9.75%
Real Estate investment trust	5.00%	5.86%
Real Assets (Liquid)	5.00%	5.61%
Total	100.00%	

NOTE 8 – RETIREMENT BENEFITS (CONTINUED)

GEORGIA FIREFIGHTERS'S PENSION FUND (CONTINUED)

*Discount rate***.** The discount rate used to measure the total pension liability was 5.75%. 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 liablity	$ 490,281,304	$ 302,019,888	$ 147,889,722

Municipal bond index rate used in the discount rate at the measurement date: 3.37%

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: $134,390

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: $134,390

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 rate of inflation was lowered from 2.75% to 2.50%, rates of withdrawal and retirement were adjusted to reflect actual experience more closely, and rates of mortality were adjusted during the most recent experience study to use the Pub-2010 Public Safety mortality tables with generational projection of future mortality improvements using scale MP-2021.

NOTE 8 – RETIREMENT BENEFITS (CONTINUED)

Change in benefit terms: Since the prior measurement date, a 1.0% Cost-of-Living Adjustment (COLA) was granted to retired members and beneficiaries and to the benefit rate for future retirees effective as of January 1, 2020. The death benefit for members in active service was increased from $5,000 to $10,000.

Employer pension expense recognized in the reporting period: $32,842

Amount of revenue recognized in support provided by the non-employer contributing entity: $32,842

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:

NOTE 9 – RISK FINANCING ACTIVITY (CONTINUED)

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.

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. The lease was renewed for an additional 5 year term in June 2023, and the annual lease was increased to $52,000.

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.

NOTE 13 – PRIOR YEAR ADJUSTMENT

Accounting guidance relative to accounting for funds received under the American Rescue Plan Act was issued indicating that unspent funds be reported as deferred revenue rather than restricted fund balance. Therefore, the beginning fund balance/net position has been restated as follows:

	Fund Financial Statements	
Beginning Fund Balance or Net Position		ARP Fund
Beginning balance, December 31, 2022	$	840,456
Understatement of:		
Deferred revenue		(840,456)
Change in net position		(840,456)
Beginning balance, December 31, 2023, restated	$	-

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary adjusted fund balance, January 1	$1,336,619	$1,336,619	$1,336,619	$ -
Resources (inflows):				
Taxes:				
Property:				
Real property	435,000	510,000	418,161	(91,839)
Personal property/rail road equip.	175,000	175,000	154,233	(20,767)
Intangible/transfer	18,000	18,000	11,138	(6,862)
Franchise	239,000	239,000	262,244	23,244
Sales and use:				
Local option	660,000	740,000	736,990	(3,010)
Beer and wine	82,000	82,000	81,006	(994)
Hotel/motel	3,000	3,000	2,244	(756)
Business	240,000	315,000	304,523	(10,477)
Licenses and permits	37,000	37,000	50,325	13,325
Intergovernmental	-	-	45,504	45,504
Fines and forfeitures	900,000	1,350,000	1,347,952	(2,048)
Investment earnings	500	500	12,792	12,292
Rental income	15,000	15,000	23,664	8,664
Contributions	500	500	-	(500)
BHT revenue	70,000	70,000	64,165	(5,835)
Miscellaneous	10,000	50,000	52,165	2,165
Amounts available for appropriation	4,221,619	4,941,619	4,903,725	(37,894)
Charges to appropriation (outflows):				
General government				
Direct				
Personnel services	168,769	183,769	185,795	2,026
Operating expenditures	157,350	182,350	172,542	(9,808)
Capital outlay			3,813	3,813
Total general government	326,119	366,119	362,150	(3,969)
Judicial				
Direct				
Personnel services	32,000	32,000	31,130	(870)
Total judicial	32,000	32,000	31,130	(870)

See accompanying note to budgetary comparison schedule.

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE – ARPA FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Public safety				
Direct				
Personnel services	1,442,704	1,702,704	1,708,644	5,940
Operating expenditures	654,542	914,542	849,141	(65,401)
Capital outlay	-	-	37,310	37,310
Total public safety	2,097,246	2,617,246	2,595,095	(22,151)
Public works				
Direct				
Personnel services	47,673	57,673	62,681	5,008
Operating expenditures	121,100	141,100	131,289	(9,811)
Total public works	168,773	198,773	193,970	(4,803)
Health and welfare				
Direct				
Operating expenditures	30,750	35,750	32,570	(3,180)
Total health and welfare	30,750	35,750	32,570	(3,180)
Culture and recreation				
Direct				
Personnel services	37,387	72,387	67,571	(4,816)
Operating expenditures	22,750	22,750	38,660	15,910
Capital outlay	15,500	15,500	-	(15,500)
Total culture and recreation	75,637	110,637	106,231	(4,406)
Housing and development				
Direct				
Personnel services	82,300	102,300	86,486	(15,814)
Operating expenditures	72,175	77,175	92,049	14,874
Total housing and development	154,475	179,475	178,535	(940)
Total charges to appropriations	2,885,000	3,540,000	3,499,681	(40,319)
Transfers out	-	-	(250)	(250)
Budgetary fund balance, December 31	$1,336,619	$1,401,619	$1,403,794	$ 2,175

See accompanying note to budgetary comparison schedule.

CITY OF HAHIRA
BUDGETARY COMPARISON SCHEDULE – ARPA FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, January 1	$ -	$ -	$ -
Resources (inflows):			
Intergovernmental revenue	130,000	130,000	-
Amounts available for appropriation	130,000	130,000	-
Transfers out	130,000	130,000	-
Budgetary fund balance, December 31	$ -	$ -	$ -

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, 2023

	2023	2022	2021	2020	2019	2018	2017
Year Ended December 31							
Total Pension Liability							
Service cost	$ 33,517	$ 33,157	$ 29,281	$ 30,783	$ 28,933	$ 27,054	$ 20,368
Interest	113,801	112,642	99,201	95,518	89,323	81,804	70,613
Difference between expected and actual experience	12,300	(66,313)	105,043	2,876	4,517	27,750	97,302
Change in assumptions	-	-	-	(12,152)	-	14,163	-
Benefit payments	(64,120)	(64,137)	(46,162)	(41,835)	(42,209)	(46,327)	(41,433)
Net Change in total pension liability	95,498	15,349	187,363	75,190	80,564	104,444	146,850
Total Pension Liability							
Beginning	1,541,613	1,526,264	1,338,901	1,263,711	1,183,147	1,078,703	931,853
Ending	1,637,111	1,541,613	1,526,264	1,338,901	1,263,711	1,183,147	1,078,703
Plan fiduciary net position							
Contributions - employer	83,168	70,730	72,246	68,851	61,136	50,808	40,231
Net investment income	(89,318)	77,032	390,379	(66,032)	31,262	94,279	85,592
Benefit payments	(64,120)	(64,137)	(46,162)	(41,835)	(42,209)	(46,327)	(41,433)
Administrative expenses	(5,046)	(4,686)	(4,605)	(5,022)	(4,672)	(4,496)	(4,559)
Net change in plan fiduciary net position	(75,316)	78,939	411,858	(44,038)	45,517	94,264	79,831
Plan fiduciary net position							
Beginning	1,346,294	1,267,355	855,497	899,535	854,018	759,754	679,923
Ending	1,270,978	1,346,294	1,267,355	855,497	899,535	854,018	759,754
Net pension liability - ending	$ 366,133	$ 195,319	$ 258,909	$ 483,404	$ 364,176	$ 329,129	$ 318,949
Plan fiduciary net position as a % of total pension liability	77.64%	87.33%	83.04%	63.90%	71.18%	72.18%	70.43%
Covered-employee payroll	$ 1,481,188	$ 1,390,052	$ 1,245,447	$ 1,051,866	$ 1,123,821	$ 999,376	$ 924,190
Net pension liability as a % of covered employee payroll	24.72%	14.05%	20.79%	45.96%	32.41%	32.93%	34.51%

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 seven years are shown.

CITY OF HAHIRA
SCHEDULE OF GMEBS RETIREMENT PLAN CONTRIBUTIONS
LAST TEN YEARS*
DECEMBER 31, 2023

Year ended December 31	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	__**	$ 84,964	$ 75,426	$ 71,186	$ 68,073	$ 58,824	$ 43,322
Contribution in relation to the actuarially determined contribution	__**	$ 84,964	$ 75,426	$ 71,186	$ 68,073	$ 64,434	$ 39,712
Contribution deficiency (excess)	__**	$ -	$ -	$ -	$ -	$ (3,610)	$ 3,610
Covered-employee payroll	__**	$ 1,390,052	$ 1,245,447	$ 1,051,866	$1,123,821	$ 999,376	$ 924,190
Contribution as a % of covered employee payroll	__**	6.11%	6.06%	6.77%	6.06%	6.25%	4.30%

Notes to Schedule of Contributions – see Note 8 for details

*Year 2015 was the first year of implementation, therefore only seven 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, 2023

	2022	2021	2020	2019	2018	2017	2016
Nonemployer Contributing Entity							
Net pension liability as of June 30							
Total collective pension liability (TPL)	$ 1,357,734,521	$ 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)	1,055,714,633	1,202,263,485	924,905,112	934,350,220	894,870,607	843,413,792	766,677,306
Net collective pension liability (NPL)	$ 302,019,888	$ 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	77.76%	96.77%	80.82%	84.67%	83.95%	83.74%	79.03%
Collective pension expense (PE)	$ 73,807,349	$ 24,012,869	$ 52,432,590	$ 48,352,850	$ 43,330,422	$ 36,038,356	$ 45,770,646
Collective deferred outflows of resources	$ 128,029,139	$ 47,102,027	$ 53,616,813	$ 29,025,455	$ 36,565,443	$ 36,429,006	$ 69,512,128
Collective deferred inflows of resources	$ 8,874,168	$ 162,312,917	$ 8,728,697	$ 22,607,398	$ 17,774,410	$ 17,285,444	$ 8,794,764
Employer's Proportionate Share							
Employer allocation percentage**	0.04%	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 enitity's porportionate share of collective NPL associated with the employer	134,390	26,350	112,659	87,568	50,746	36,884	45,970
Total employer's share of collective NPL	$ 134,390	$ 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%	0%	0%	0%	0%	0%	0%

*Year 2015 was the 1st year of implementation; however, 2015 information is unavailable; therefore, only five 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 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 with 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.

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
Sources/inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 4,903,725
Differences - budget to GAAP:	
Pension fund contribution provided by Georgia Firefigher's Pension Fund	32,842
Change in receivables	(13,352)
LMIG grant proceeds used to fund capital outlay	-
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(1,336,619)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 3,586,596
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 3,499,681
Differences - budget to GAAP:	
Changes in accounts payable and prepaid expenses	15,335
Pension fund expense funded by Georgia Firefigher's Pension Fund	32,842
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 3,547,858

INDIVIDUAL FUND SCHEDULES

CITY OF HAHIRA
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds			Capital Project Fund	
	Drug Seized Fund	Downtown Development Authority	Total	TSPLOST	Total Other Governmental Funds
ASSETS					
Cash:					
Restricted	$ 5,487	$ 43,732	$ 49,219	$ 74,165	$ 123,384
Intergovermental receivable	-	-	-	11,707	11,707
Total assets	$ 5,487	$ 43,732	$ 49,219	$ 85,872	$ 135,091
LIABILITIES AND FUND BALANCE					
Liabilities:					
Interfund balance	$ -	$ -	$ -	$ 50	$ 50
Deferred inflows of resources	4,961	-	4,961	-	4,961
Fund balance:					
Restricted	526	43,732	44,258	85,822	$ 130,080
Total liabilities and and fund balance	$ 5,487	$ 43,732	$ 49,219	$ 85,872	$ 135,091

CITY OF HAHIRA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds			Capital Project Fund	
	Drug Seized Fund	Downtown Development Authority	Total	TSPLOST	Total Other Governmental Funds
REVENUES					
TSPLOST revenue	$ -	$ -	$ -	$ 62,682	$ 62,682
Fines and forfeitures	2,655	-	2,655	-	2,655
Investment earnings	1	23	24	52	76
Total revenues	2,656	23	2,679	62,734	65,413
EXPENDITURES					
Current:					
Public safety	3,923	-	3,923	-	3,923
Housing and development	-	4,993	4,993	-	4,993
Capital outlay:					-
Public works	-	-	-	66,217	66,217
Total expenditures	3,923	4,993	8,916	66,217	75,133
Excess (deficiency) of revenues over (under) expenditures	(1,267)	(4,970)	(6,237)	(3,483)	(9,720)
OTHER FINANCING SOURCES					
Proceeds from disposal of capital assets	-	-	-	-	-
Transfers in (out)	250	-	250	-	250
Total other financing resources	250	-	250	-	250
Net change in fund balance	(1,017)	(4,970)	(5,987)	(3,483)	(9,470)
Fund balances - beginning	1,543	48,702	50,245	89,305	139,550
Fund balances - ending	$ 526	$ 43,732	$ 44,258	$ 85,822	$ 130,080

STATE COMPLIANCE SECTION

CITY OF HAHIRA
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE (CONTINUTED)
FOR THE YEAR ENDED DECEMBER 31, 2023

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Period	Expenditures Total	Estimated Percent Completed
SPLOST VIII - 2019 Issue					
Referendum Expenditures:					
Construction and improvements to:					
Roads, streets, bridges, sidewalks, paths and trails	$ 500,000	$ 144,276	$ 55,952	$ 200,228	
Water and sewer facilities	1,245,586	128,502	1,176,768	1,305,270	
Construction of, improvements to and major capital equipment for:					
Public safety -police and firefighting: rescue equipment, computer and communication equipment, vehicles, acquisition of property	1,000,000	445,552	206,944	652,496	
Administrative: Facilities, computer equipment and technology upgrades	350,000	31,840	6,876	38,716	
Parks and recreation	350,000	188,317	-	188,317	
Totals	$ 3,445,586	$ 938,487	$ 1,446,540	$ 2,385,027	69.22%

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, 2023

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	$ 78,416	$ 66,217	$ 144,633	
Totals	$ 396,755	$ 78,416	$ 66,217	$ 144,633	36.45%

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, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated June 4, 2024.

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 2023-001 that we consider to be a material weakness.

208 W. Park Ave., Valdosta, GA 31602 Telephone: 229-247-8005, Fax: 229-247-8998

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 & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

June 4, 2024

CITY OF HAHIRA, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

2023-001

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, GEORGIA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

Audit Reference Number	
2022-001	Uncorrected in current year and recited as 2023-001.