CITY OF HIRAM, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

JAMES L. WHITAKER, P.C.
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CITY OF HIRAM, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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 Hiram, Georgia (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 and the Historical Pension Information on pages 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hiram, Georgia's basic financial statements. The combining non-major fund financial statements and individual fund budget schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements and individual fund budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement 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 individual fund financial statements and budgetary schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 23, 2021 on our consideration of City of Hiram, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Hiram, Georgia's internal control over financial reporting and compliance.

James L. Whitaker, P.C.

Snellville, Georgia
December 23, 2021

CITY OF HIRAM
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hiram, we offer readers of the City of Hiram's financial statements this narrative overview and analysis of the financial activities of the City of Hiram for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in this analysis with their review of the financial statements. Management encourages readers to review the attached charts that show where the City's revenue comes from and how the revenue is appropriated and expended.

Financial Highlights

- The assets and deferred outflows of the City of Hiram exceeded its liabilities and deferred inflows at June 30, 2021 by $17,989,622. Of this amount unrestricted net position of $5,464,931 may be used to meet the government's ongoing obligations to citizens and creditors.

- The total net position increased by $1,814,770. Of this amount an increase of $1,792,903 was associated with governmental activities and an increase of $21,867 was from business-type activities.

- As of the close of the current fiscal year, the City of Hiram's governmental funds reported combined ending fund balances of $8,759,851 an increase of $2,099,311 in comparison with the prior year. Of this amount $4,680,832 is unassigned and available for spending; $11,949 is restricted for Police Activities; $336,108 is restricted for promotional purposes; $883,170 is assigned for next year's budget; $2,804,927 is restricted for Capital Outlay and $42,865 is non-spendable related to prepaid expenses.

- At the end of the current year, unassigned fund balance for the general fund was $4,680,832 or 137.4 percent of total General Fund expenditures.

- The City of Hiram's total long term liabilities consisted of a net pension liability of $348,725, accrued compensated absences of $119,479 and a capital lease obligations of $93,829 which is associated with the purchase of a police vehicles.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Hiram's basic financial statements. The City of Hiram's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the city's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Hiram include general government, public safety and courts, streets and maintenance, parks and recreation, and community development.

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

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

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

The City maintains four major governmental funds. The City's major governmental funds are the General, Hotel / Motel Tax, Capital Lease and the SPLOST 3 Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these major funds.

The City of Hiram adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the general fund and hotel / motel tax fund to demonstrate compliance with the FY 21 budget. These statements can be found beginning on page18. Non-major fund budgets and capital project fund's project length budgets can be found in the individual fund statements and schedules.

Proprietary funds. The City of Hiram maintains two proprietary funds. Enterprise funds (a component of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in Statement of Net Position of the Sanitation Enterprise Fund and the Water Fund and the Statement of Revenues, Expenses and Changes in Fund Net Position for the Sanitation Enterprise Fund and Water Fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain other supplementary information which consists of budget comparison for all of the governmental funds and required supplemental information regarding the City's defined Benefit Pension Plan.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2021, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $17,989,622. The City's net position reflects its investment in capital assets of $9,371,707 (52.1 percent). Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position of $17,989,622 only $3,152,984 or 17.5 percent is restricted for Police, Promotional and Capital Improvement Projects and $5,464,931 (30.4 percent) is unrestricted. The following table provides a summary of the City's net position at June 30:

City of Hiram's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 9,063,429	$ 6,801,242	$ 378,464	$ 464,238	$ 9,441,893	$ 7,265,480
Capital assets	9,200,704	9,567,717	264,832	155,529	9,465,536	9,723,246
Deferred outflows	167,756	144,481	-	-	167,756	144,481
Total assets and deferred outflows	18,431,889	16,513,440	643,296	619,767	19,075,185	17,133,207
Current liabilities	306,613	146,628	115,684	114,022	422,297	260,650
Long-term liabilities	562,033	573,945	-	-	562,033	573,945
Deferred inflows	101,233	123,760	-	-	101,233	123,760
Total liabilities and deferred inflows	969,879	844,333	115,684	114,022	1,085,563	958,355
Net position:						
Invested in capital assets	9,106,875	9,438,874	264,832	155,529	9,371,707	9,594,403
Restricted	3,152,984	1,947,086	-	-	3,152,984	1,947,086
Unrestricted	5,202,151	4,283,147	262,780	350,216	5,464,931	4,633,363
Total net position	$ 17,462,010	$ 15,669,107	$ 527,612	$ 505,745	$ 17,989,622	$ 16,174,852

A portion of the net position (17.5 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position at June 30, 2021 ($5,464,931) may be used to meet the government's ongoing obligations to citizens and creditors.

The City reported positive balances in net position for both governmental and business-type activities. Net position increased for business type activities by $21,867 and increased for governmental activities by $1,792,903. The City's financial position continues to be positive with an unrestricted net position balance of $5,464,931.

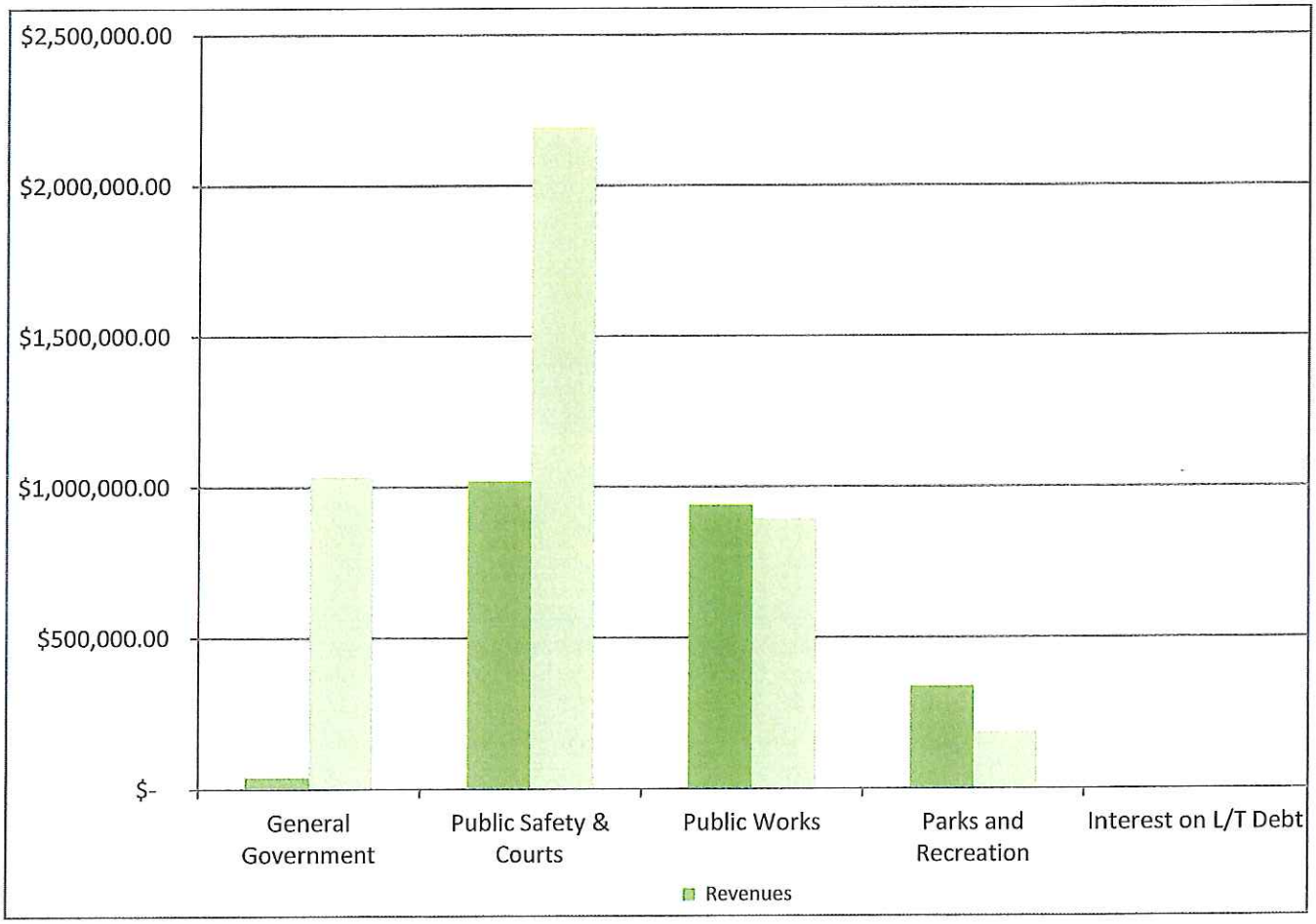
City of Hiram's Change in Net Position
For The Years Ended June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues -						
Charges for services	$ 565,192	$ 637,268	$ 278,938	$ 255,329	$ 844,130	$ 892,597
Operating grants and contributions	230,564	14,112	-	-	230,564	14,112
Capital grants and contributions	1,539,312	1,206,874	-	-	1,539,312	1,206,874
General Revenues-						
Sales taxes	1,029,613	799,712	-	-	1,029,613	799,712
Other taxes	2,626,513	2,331,332	-	-	2,626,513	2,331,332
Interest	39,840	61,521	2,393	2,934	42,233	64,455
Other	42,729	1,000	-	-	42,729	1,000
	6,073,763	5,051,819	281,331	258,263	6,355,094	5,310,082
Expenses:						
General government	1,031,606	1,002,520	-	-	1,031,606	1,002,520
Public safety and courts	2,191,391	2,293,472	-	-	2,191,391	2,293,472
Public works	892,368	741,253	-	-	892,368	741,253
Parks and recreation	186,262	186,398	-	-	186,262	186,398
Interest on long term debt	4,471	7,851	-	-	4,471	7,851
Water	-	-	59,637	82,781	59,637	82,781
Sanitation	-	-	174,589	152,883	174,589	152,883
	4,306,098	4,231,494	234,226	235,664	4,540,324	4,467,158
Increase (decrease) in net position before transfers	1,767,665	820,325	47,105	22,599	1,814,770	842,924
Transfers	25,238	-	(25,238)	-	-	-
Special items	-	-	-	-	-	-
Increase (decrease) in net position	1,792,903	820,325	21,867	22,599	1,814,770	842,924
Net position - beginning, adjusted	15,669,107	14,848,782	505,745	483,146	16,174,852	15,331,928
Net position - end of year	$ 17,462,010	$ 15,669,107	$ 527,612	$ 505,745	$ 17,989,622	$ 16,174,852

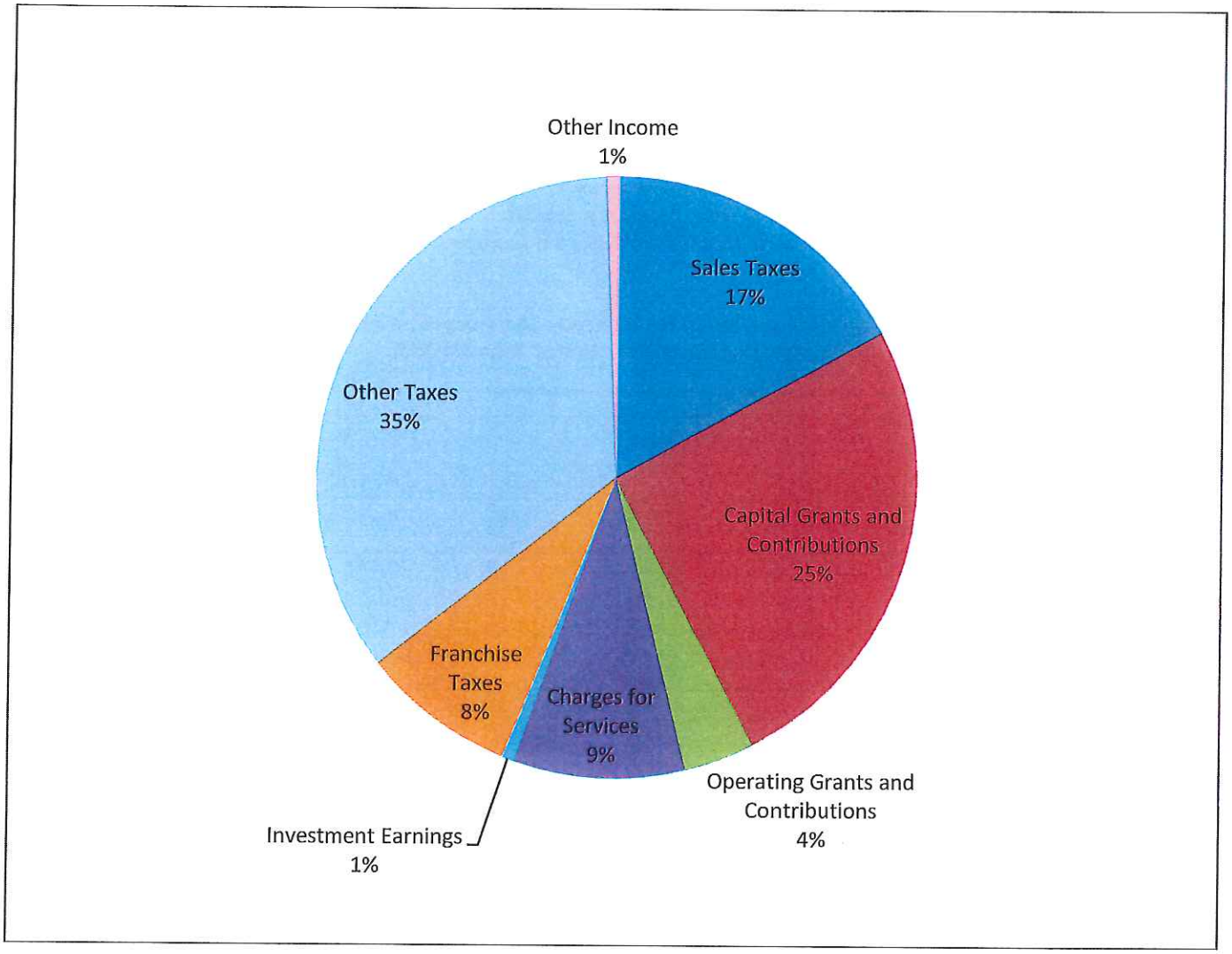
Governmental activities. Governmental activities increased the City's net position $1,792,903 accounting for 98.8% of the increase in net position for the year. Key elements of this increase are as follows:

- Governmental revenues increased approximately $1,022,000 over f/y 2020. This increase was the result of 1) an increase in Local Option Sales Tax and Special Purpose Local Option Sales Taxes of $630,000; 2) the CARES Act Grant in the amount of $221,000 and 3) an increase in occupational taxes of $61,000.
- Occupational taxes exceeded the estimated projections by $115,000 over f/y 2021 budget. This is the fifth year that the City has implemented occupational taxes based on gross receipts. The increase in occupation taxes is due to typical fluctuations in economic conditions in the county, and an increase in new businesses.
- Governmental expenses basically remained constant as a result of the decrease in activity due to Covid-19. However, departmental supervisors' management of their budgetary expenditures also contributed to the small increase in expenses which also lead to a significant increase in the City's net position for the year.

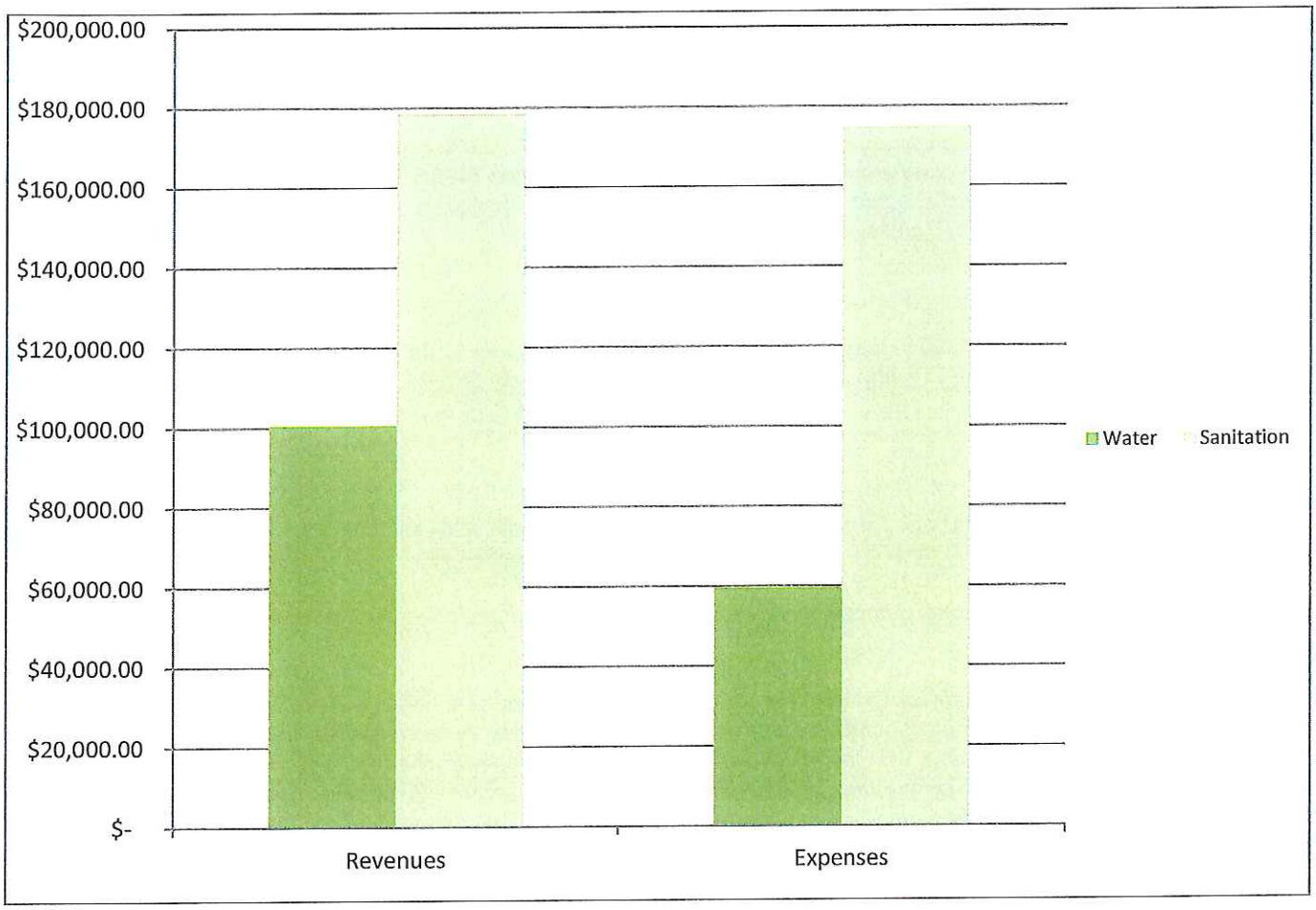
Expenses and Program Revenues-Governmental Activities
For The Fiscal Year Ended June 30, 2021



Revenue by Source-Governmental Activities
For The Fiscal Year Ended June 30, 2021



Expenses and Program Revenues-Business-Type Activities
For The Year Ended June 30, 2021



Financial Analysis of the Government's Funds

As noted earlier, the City of Hiram used fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At June 30, 2021, the city's governmental funds reported combined ending fund balances of $8,759,851. Of this amount, $4,680,832 (53.4 percent) is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because $11,949 is restricted for Police Activities, $883,170 is assigned for next year's budget, $2,804,927 is restricted for Capital Projects, $336,108 is restricted for promotional purposes and $42,865 are non-spendable resources related to prepaid expenses.

The general fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,680,832 while the total fund balance totaled $5,606,867. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 137.4 percent of the total general fund expenditures, while total fund balance represents 164.6 percent of that same amount.

With the City not having property taxes as its primary source of revenue, it relies on diversified revenue sources in order to prevent unsustainable loss due to unforeseen event(s). In the past as well as this fiscal year, the City has appropriated cash reserves in order to meet the service demands. During f/y 2021 the City had net change in fund balance of the General Fund of a positive $893,413 which resulted in the City not having to use cash reserves.

SPLOST 3

The SPLOST 3 Capital Projects Fund continued to accrue revenues in f/y 2021. Total revenues from SPLOST 3 for f/y 2021 was $1,539,312 which included an LMIG grant of $39,896. Expenditures totaled $402,970, for the year ended June 30, 2021 and included capital outlay for various departments for equipment and debt service on leases pertaining to various vehicle purchases and $165,000 for milling and paving of Creekside Subdivision.

The Hotel / Motel Tax Fund

For FY2021, the City received $207,380 in hotel / motel tax revenues. Expenditures in this fund for f/y 2021 included $82,952 of remittances to the Paulding County Chamber of Commerce and approximately $62,700 for promotional events and related equipment.

The Capital Lease Fund

The City accounts for the capital purchases financed with capital lease obligations. During f/y 2021 the City purchased a public works vehicle in the amount of $41,677 that was financed under a capital lease agreement.

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

Unrestricted net position of the Sanitation Fund at the end of the year amounted to a negative $34,328. Operating revenues amounted to $178,344, while operating expenses amounted to $174,587, resulting in an operating income of $3,755. As has been the practice in previous fiscal years, the City of Hiram sought to operate this enterprise fund with administrative subsidies. This endeavor was accomplished by setting the consumer sanitation rates consistent with the rates charged by the contracted service provider, thereby, allowing the limited availability to cover the administrative expenditures associated with operating a solid waste enterprise fund. The negative change in net position for the year was due to the write-off of the amount due from the general fund of $35,843.

Unrestricted net position of the Water Fund amounted to $297,108, as of June 30, 2021. Operating revenues amounted to $100,594, while operating expenses amounted to $59,637, resulting in an operating income of $40,957. The City produces all of its water for resale for its customers.

General Fund Budgetary Highlights

The general fund's final budgeted expenditures were $3,416,918. Actual expenditures totaled $3,406,644, thus producing a positive variance of $10,274. Budget amendments of $869,773 decreased the General Fund budget from $4,286,691 to $3,416,918. The most significant amendments were for decreases in the Police Department, which were the result of unfilled officer positions and less direct contact with the population due to Covid-19 demands. This also led to decreased activity in the Court Department and a decrease in fine revenue and related agency expenditures.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2021 amounts to $9,465,536 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, automobiles, equipment, and parks. Purchases of capital assets during the year included:

- $41,677 for a new public works vehicle.
- $79,000 for SR 92 water line replacement.
- $17,978 for public works equipment.

A more detail analysis of capital asset transactions for the year can be found beginning on page 35.

Long-term liabilities. At the end of the current fiscal year, the city's long term liabilities amounted to $562,033. Long-term liabilities consisted of a net pension liability of $348,725, accrued compensated absences of $119,479 and capital lease obligations associated with the purchase of police vehicles in the amount of $93,829. An analysis of the City's long-term debt transactions for the year can be found on page 37.

Economic Factors and Next Year's Budgets and Rates

The City's elected officials and management considered many factors when adopting the budget for the year ending June 30, 2022. Budget calculations were based on, but not limited to the following factors:

- The unemployment rate in the City of Hiram is in line with the State and Nation.
- Inflationary trends in the region compare favorably to national indices.
- The occupancy rate of the City's downtown and highway commercial areas have remained consistent but has slightly improved in recent months.
- Local Option Sales Tax and Special Purpose Local Option Sales Tax receipts have increased by $230,063 and $322,705, respectively, over f/y 2020 and 2019 receipts. The SPLOST tax is an important source of revenues to finance the cost of major improvements to the City's transportation and recreation infrastructure, along with the purchase of equipment for those same services and public safety services.
- The City's occupational tax is based on gross receipts. This produced a net positive in tax collection of $550,737 for FY2021, approximately $61,149 more than f/y 2020.

The impact of COVID-19 has affected the area in several ways. As the restrictions, related to the pandemic, were lifted, operations for businesses began to stabilize, as it did for the City's activities. We continued to see sluggishness in the public's willingness to rent facilities that were commonly used most every weekend, prior to the pandemic. We continue to use best practices in cleaning and sanitizing facilities to reduce the possibility of contracting the COVID-19 virus, or its variants. Businesses continue to use innovative approaches to keep their customers as safe as practicable.

The CARES Act Grant Agreement has been a benefit to the City, in ensuring the continuity of operations, particularly for Public Safety related efforts.

With the introduction of the American Recovery Plan Act Grant we hope to realize a similar benefit, as well as focus attention to infrastructure improvements in the City.

Requests for Information

This financial report is designed to provide a general overview of the City of Hiram's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City at (770) 943-3726 or at the following address:

City Clerk
City of Hiram
217 Main Street
Hiram, GA 30141

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 2,924,252	$ 226,162	$ 3,150,414
Investments	2,631,003	136,885	2,767,888
Receivables (net of allowance for uncollectibles)			
Taxes	206,731	-	206,731
Intergovernmental	259,297	-	259,297
Accounts	13,335	15,117	28,452
Interfund Balances	-	-	-
Prepaid Items	42,865	-	42,865
Restricted Assets -			
Cash	2,985,946	-	2,985,946
Deposits	-	300	300
Non-Depreciable Capital Assets	1,226,934	-	1,226,934
Depreciable Capital Assets, Net	7,973,770	264,832	8,238,602
Total Assets	18,264,133	643,296	18,907,429
Deferred Outflows			
Deferred pension outflows	167,756	-	167,756
Total Assets and deferred outflows	18,431,889	643,296	19,075,185
Liabilities			
Accounts Payable			
Operating	180,621	16,440	197,061
Accrued Liabilities -			
Salaries	99,453	-	99,453
Customer Deposits / Overpayments	-	53,252	53,252
Other	3,493	-	3,493
Unearned revenues	23,046	45,992	69,038
Long-Term Liabilities -			
Debt due within one year	121,259	-	121,259
Debt due in more than one year	92,049	-	92,049
Net pension liability	348,725	-	348,725
Total Liabilities	868,646	115,684	984,330
Deferred Inflows			
Deferred pension inflows	101,233	-	101,233
Total Liabilities and Deferred Inflows	969,879	115,684	1,085,563
Net Position			
Net Investment in Capital Assets	9,106,875	264,832	9,371,707
Restricted for -			
Police Activities	11,949	-	11,949
Capital Outlay	2,804,927	-	2,804,927
Promotion	336,108	-	336,108
Unrestricted	5,202,151	262,780	5,464,931
Total Net Position	$ 17,462,010	$ 527,612	$ 17,989,622

See accompanying notes to the basic financial statements.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 1,031,606	$ 31,342	$ 7,500	$ -
Public Safety and Courts	2,191,391	496,278	223,064	299,883
Public Works	892,368	-	-	939,546
Parks and Recreation	186,262	37,572	-	299,883
Interest on Long Term Debt	4,471	-	-	-
Total Governmental Activities	4,306,098	565,192	230,564	1,539,312
Business-Type Activities				
Water	59,637	100,594	-	-
Sanitation	174,589	178,344	-	-
Total Business-Type Activities	234,226	278,938	-	-
Total	$ 4,540,324	$ 844,130	$ 230,564	$ 1,539,312
General Revenues:				
Taxes:				
Sales				
Franchise				
Occupational				
Insurance premium				
Alcohol beverage				
Hotel/Motel				
Title ad valorem				
Other taxes and related fees				
Investment earnings				
Other				
Total General Revenues				
Change in Net Position Before Transfers and Special Items				
Transfers				
Special Items				
Change in Net Position				
Net Position - Beginning of Year				
Net Position - End of Year				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (992,764)	$ -	$ (992,764)
(1,172,166)	-	(1,172,166)
47,178	-	47,178
151,193	-	151,193
(4,471)	-	(4,471)
(1,971,030)	-	(1,971,030)
-	40,957	40,957
-	3,755	3,755
-	44,712	44,712
(1,971,030)	44,712	(1,926,318)
1,029,613	-	1,029,613
504,674	-	504,674
800,286	-	800,286
286,792	-	286,792
583,963	-	583,963
207,380	-	207,380
237,957	-	237,957
5,461	-	5,461
39,840	2,393	42,233
42,729	-	42,729
3,738,695	2,393	3,741,088
1,767,665	47,105	1,814,770
25,238	(25,238)	-
-	-	-
1,792,903	21,867	1,814,770
15,669,107	505,745	16,174,852
$ 17,462,010	$ 527,612	$ 17,989,622

CITY OF HIRAM, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	HOTEL / MOTEL TAX FUND	CAPITAL LEASE FUND
Assets			
Cash and Cash Equivalents	$ 2,924,252	$ 340,183	$ -
Investments	2,631,003	-	-
Receivables (net of allowance for uncollectibles)			
Taxes	185,266	21,465	-
Interest	-	-	-
Intergovernmental	-	-	-
Other	13,335	-	-
Due from Other Funds	-	-	-
Prepaid Items	42,865	-	-
Total Assets	$ 5,796,721	$ 361,648	$ -
Liabilities			
Accounts Payable - Operating	$ 72,466	$ 25,540	$ -
Accrued Liabilities -			
Salaries	99,453	-	-
Other	458	-	-
Due to Other Funds	-	-	-
Unearned Revenues	17,477	-	-
Total Liabilities	189,854	25,540	-
Deferred Inflows:			
Unavailable Revenues	-	-	-
Fund Balances			
Nonspendable	42,865	-	-
Restricted -			
Police activities	-	-	-
Capital outlay	-	-	-
Promotion	-	336,108	-
Assigned -			
Appropriated for next year's budget	883,170	-	-
Unassigned	4,680,832	-	-
Total Fund Balances	5,606,867	336,108	-
Total Liabilities, Deferred Inflows and Fund Balances	$ 5,796,721	$ 361,648	$ -

See accompanying notes to the basic financial statements.

SPLOST 3 FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 2,628,245	$ 17,518	$ 5,910,198
-	-	2,631,003
-	-	206,731
-	-	-
259,297	-	259,297
-	-	13,335
-	-	-
-	-	42,865
$ 2,887,542	$ 17,518	$ 9,063,429
$ 82,615	$ -	$ 180,621
-	-	99,453
-	-	458
-	-	-
-	5,569	23,046
82,615	5,569	303,578
-	-	-
-	-	42,865
-	11,949	11,949
2,804,927	-	2,804,927
-	-	336,108
-	-	883,170
-	-	4,680,832
2,804,927	11,949	8,759,851
$ 2,887,542	$ 17,518	$ 9,063,429

CITY OF HIRAM, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances -- total governmental funds	$ 8,759,851
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,200,704
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Unavailable revenues	-
Deferred inflows and outflows related to the net pension liability is not a current asset or liability:	
Deferred outflows	167,756
Deferred inflows	(101,233)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	(348,725)
Capital lease payable	(93,829)
Accrued interest payable	(3,035)
Long-term portion of compensated absences	(119,479)
Net position of governmental activities	$ 17,462,010

The accompanying notes are an integral part of these financial statements.

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

	GENERAL FUND	HOTEL / MOTEL TAX FUND	CAPITAL LEASE FUND
REVENUES			
Taxes	$ 3,287,783	$ 207,380	$ -
Licenses and permits	201,597	-	-
Intergovernmental	221,064	-	-
Charges for services	38,334	-	-
Fines and forfeitures	464,655	-	-
Investment income	39,818	22	-
Miscellaneous	21,568	7,500	-
Total Revenues	4,274,819	214,902	-
EXPENDITURES			
Current:			
General Government	805,779	145,652	-
Municipal Court	338,601	-	-
Public Safety	1,671,557	-	-
Public Works	488,274	-	-
Parks and Recreation	102,433	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital:			
Administrative	-	-	-
Court	-	-	-
Police	-	-	-
Public Works	-	-	41,677
Parks and Recreation	-	-	-
Total Expenditures	3,406,644	145,652	41,677
Excess (Deficiency) of Revenues Over Expenditures	868,175	69,250	(41,677)
Other Financing Sources (Uses):			
Disposition of capital assets	-	-	12,500
Proceeds from capital lease	-	-	29,177
Transfers	25,238	-	-
Net Change in Fund Balance	893,413	69,250	-
Fund Balance - Beginning of the Year	4,713,454	266,858	-
Fund Balance - End of Year	$ 5,606,867	$ 336,108	$ -

See accompanying notes to the basic financial statements.

SPLOST 3 FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ -	$ 3,495,163
-	-	201,597
1,534,844	-	1,755,908
-	-	38,334
-	-	464,655
4,468	-	44,308
-	2,000	31,068
1,539,312	2,000	6,031,033
-	-	951,431
-	-	338,601
-	1,694	1,673,251
-	-	488,274
-	-	102,433
64,191	-	64,191
7,359	-	7,359
-	-	-
-	-	-
106,096	-	106,096
194,479	-	236,156
30,845	-	30,845
402,970	1,694	3,998,637
1,136,342	306	2,032,396
-	-	12,500
-	-	29,177
-	-	25,238
1,136,342	306	2,099,311
1,668,585	11,643	6,660,540
$ 2,804,927	$ 11,949	$ 8,759,851

CITY OF HIRAM, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL ACTIVITIES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances -- total governmental funds	$ 2,099,311
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.	
Capital outlay	235,197
Depreciation	(602,210)
The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. This is the amount of net book value of assets disposed of during the current period.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between the beginning and ending unavailable revenue balances in the current period.	-
Proceeds from long-term debt obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Principal payments	64,191
Proceeds from debt issues	(29,177)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Change in long-term portion of payables	-
Change in long-term portion of accrued compensated absences	12,291
Change in accrued interest payable	2,888
Change in net pension liability and related deferred items	10,412
Change in net position of governmental activities	$ 1,792,903

The accompanying notes are an integral part of these financial statements.

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

	BUDGET AMOUNTS			Variance With Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	$ 2,549,750	$ 3,258,992	$ 3,287,783	$ 28,791
Licenses and permits	177,925	201,885	201,597	(288)
Intergovernmental	-	221,064	221,064	-
Charges for services	41,750	47,251	38,334	(8,917)
Fines and forfeitures	605,544	464,655	464,655	-
Investment income	38,000	39,257	39,818	561
Splost reimbursement	-	-	-	-
Miscellaneous	45,700	30,779	21,568	(9,211)
Total Revenues	3,458,669	4,263,883	4,274,819	10,936
EXPENDITURES				
Current:				
Elected Officials	104,869	81,935	81,820	115
General Government	785,514	726,765	723,959	2,806
Municipal Court	448,758	338,676	338,601	75
Public Safety	2,034,383	1,678,536	1,671,557	6,979
Public Works	653,802	488,568	488,274	294
Parks and Recreation	259,365	102,438	102,433	5
Total Expenditures	4,286,691	3,416,918	3,406,644	10,274
Excess (Deficiency) of Revenues Over Expenditures	(828,022)	846,965	868,175	21,210
Other Financing Sources (Uses):				
Disposal of captial assets	-	-	-	-
Transfers	42,700	42,700	25,238	(17,462)
Net Change in Fund Balances	(785,322)	889,665	893,413	3,748
Fund Balance:				
Beginning of Year	4,713,454	4,713,454	4,713,454	-
End of Year	$ 3,928,132	$ 5,603,119	$ 5,606,867	$ 3,748

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
HOTEL / MOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	JUNE 30, 2021			
	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	$ 195,250	$ 199,934	$ 207,380	$ 7,446
Contributions	-	7,500	7,500	-
Interest	-	-	22	22
Total Revenues	195,250	207,434	214,902	7,468
EXPENDITURES				
Current -				
Tourism and Promotion-				
Contracted services	153,000	133,800	145,652	(11,852)
Total Expenditures	153,000	133,800	145,652	(11,852)
Excess (Deficiency) of Revenues Over Expenditures	42,250	73,634	69,250	(4,384)
Other Financing Sources (Uses):				
Transfers	(42,000)	(42,250)	-	42,250
Total	(42,000)	(42,250)	-	42,250
Net Change in Fund Balance	250	31,384	69,250	37,866
Fund Balance - Beginning of Year	266,858	266,858	266,858	-
Fund Balance - End of Year	$ 267,108	$ 298,242	$ 336,108	$ 37,866

See accompanying notes to the basic financial statements.

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

	WATER	SANITATION	TOTAL
ASSETS:			
CURRENT ASSETS			
Cash	$ 204,102	$ 22,060	$ 226,162
Investments	136,885	-	136,885
Accounts receivable, net of reserve for doubtful accounts	9,975	5,142	15,117
Interest receivable	-	-	-
Deposits	300	-	300
Due from other funds	-	-	-
Total Current Assets	351,262	27,202	378,464
NONCURRENT ASSETS			
Capital Assets -			
Utility system	354,013	-	354,013
Machinery and equipment	140,386	-	140,386
Less: accumulated depreciation	(229,567)	-	(229,567)
Total Capital Assets, net of depreciation	264,832	-	264,832
Total Noncurrent Assets	264,832	-	264,832
Total Assets	616,094	27,202	643,296
LIABILITIES:			
CURRENT LIABILITIES			
Accounts payable	902	15,538	16,440
Customer deposits / overpayments	53,252	-	53,252
Due to other funds	-	-	-
Unearned revenues	-	45,992	45,992
Total Current Liabilities	54,154	61,530	115,684
Total Liabilities	54,154	61,530	115,684
NET POSITION:			
Investment in capital assets	264,832	-	264,832
Unrestricted	297,108	(34,328)	262,780
Total Net Position	$ 561,940	$ (34,328)	$ 527,612

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	WATER	SANITATION	TOTAL
OPERATING REVENUES:			
Charges for services	$ 86,302	$ 178,344	$ 264,646
Penalties and fifas	11,122	-	11,122
Miscellaneous	3,170	-	3,170
Total Operating Revenues	100,594	178,344	278,938
OPERATING EXPENSES:			
Current -			
Salaries and benefits	-	-	-
Contracted services	15,964	174,589	190,553
Supplies	25,945	-	25,945
Other	-	-	-
Depreciation	17,728	-	17,728
Total Operating Expenses	59,637	174,589	234,226
Operating Income (Loss)	40,957	3,755	44,712
NON-OPERATING INCOME (EXPENSES):			
Loss on disposal of assets	-	-	-
Interest revenues	2,393	-	2,393
Net Income (Loss) before Transfers	43,350	3,755	47,105
Transfers - in	10,605	(35,843)	(25,238)
NET INCOME	53,955	(32,088)	21,867
NET POSITION - BEGINNING	507,985	(2,240)	505,745
NET POSITION - ENDING	$ 561,940	$ (34,328)	$ 527,612

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2021

	WATER	SANITATION	TOTAL
Cash flows from operating activities:			
Cash received from customers and users	$ 104,032	$ 180,966	$ 284,998
Cash paid to suppliers	(48,839)	(172,882)	(221,721)
Cash paid to employees	-	-	-
Net Cash Provided by Operating Activities	55,193	8,084	63,277
Cash flows from investing activities:			
Interest received	3,011	-	3,011
(Purchase) redemption of investments	(3,012)	-	(3,012)
	(1)	-	(1)
Cash flows from non-capital financing activities:			
Change in due to/from other funds	(10,605)	35,843	25,238
Transfers	10,605	(35,843)	(25,238)
Net Cash Provided by (Used in) Non-capital Financing Activities	-	-	-
Cash flows from capital financing activities:			
Purchase/construction of capital assets	(127,031)	-	(127,031)
Net increase in cash and cash equivalents	(71,839)	8,084	(63,755)
Cash and cash equivalents - Beginning of Year	275,941	13,976	289,917
Cash and cash equivalents - End of Year	$ 204,102	$ 22,060	$ 226,162

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED

Reconciliation of Net Income to Net Cash Provided By Operating Activities

	WATER	SANITATION	TOTAL
Operating income (loss)	$ 40,957	$ 3,755	$ 44,712
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	17,728	-	17,728
(Increase) decrease in receivables	488	(1,313)	(825)
(Increase) decrease in deposits	-	-	-
Increase (decrease) in accounts payable	(6,930)	1,707	(5,223)
Increase (decrease) in customer deposits	2,950	-	2,950
Increase (decrease) in accrued liabilities	-	-	-
Increase (decrease) in unearned revenues	-	3,935	3,935
Total Adjustments	14,236	4,329	18,565
Net Cash Provided by Operating Activities	$ 55,193	$ 8,084	$ 63,277

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The City'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.

B. The Reporting Entity

The City of Hiram, Georgia (the "City") was incorporated in 1871 under the provisions of the State of Georgia. The City operates under a mayor / council form of government and provides the following services: police, highways and streets, sanitation, parks and recreation, water, and general and administrative services. The City's comprehensive annual financial report includes the accounts of all City operations.

Governmental Accounting Standards Board Statement No. 14 as amended by GASB No. 61 defines the reporting entity for determining which potential component units should be included in a primary government's financial statements. Inclusion is based on organizations for which the primary government is financial accountable or the fact that exclusion would make the financial statements misleading or incomplete. The criteria for determining financial accountability includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City. The City has no component units.

C. 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 government-wide Statement of Net Position presents the financial condition of the governmental and business-type activities of the City at year end. The statement is presented on a consolidated basis and is reported on a full accrual, economic resource basis, 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 net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The City does not allocate indirect cost. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity self-financing or draws from the general revenues of the City.

The net costs (by function) are normally covered by general revenue (property, sales, excise, occupational and franchise taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

This 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 activities.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

D. Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises it assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The City has four major governmental funds. The City also has two enterprise funds and considers both of them to be major funds. Separate financial statements are provided for governmental funds and proprietary funds. All major funds are reported in separate columns in the fund financial statements.

Governmental Fund Types – Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund – The 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.

Hotel / Motel Tax Fund – The Hotel / Motel Tax Fund is used to account for the proceeds of the City's five percent Hotel / Motel Tax Ordinance. The proceeds from the tax is to be used to finance promotional activities.

Capital Lease Fund – This capital projects fund is used to account for capital purchases financed with capital lease obligations. Since the City intends to abide by the terms of these lease agreements and eventually own the related assets, the assets and the related liabilities are recorded at the present value of the future payments under the lease agreements.

SPLOST Capital Projects Funds – These funds are used by the City to account for acquisition and construction of major capital improvements and equipment that were approved by the voters of Paulding County, Georgia through the Special Purpose Local Option Sales Tax referendums.

Proprietary Fund Type – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Sanitation Enterprise Fund – The Sanitation Enterprise Fund is used to account for the revenues generated from the charges for sanitation provided to the residential and commercial users of the City.

Water Enterprise Fund – This fund is used to account for activities connected with the development, operation and maintenance of water in the City.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

E. Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide the goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

F. 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 measurements made regardless of the measurement focus applied.

1. Accrual

Government-wide financial statements are presented on the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. 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.

Those revenues susceptible to accrual are taxes, state and federal grants, interest revenue and charges for services. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include licenses, fines, penalties and miscellaneous revenues which are recorded as revenues when received in cash. Those revenues that are measurable but are not collected within 60 days after year end are recorded as deferred revenues.

G. Cash and Cash Equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

H. Investments

The City's investments consist of certificates of deposit with a maturity date greater than three months from the date of purchase and the Georgia Fund 1. For reporting purposes, all investments are recorded at fair value with accrued interest, if any, recorded under a separate category.

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of June 30, 2021:

1. Fair value is based on quoted market prices as of the valuation date;
2. The investment portfolio did not hold investments in any of the following: a) items required to be reported at amortized costs; b) items subject to involuntary participation in an external pool; c) items associated with a fund other than the fund to which the income is assigned.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

I. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory, if any, in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used, rather than in the period purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

J. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items and are expensed during the period benefited.

K. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Infrastructure	10-20 years
Building and improvements	30-40 years
Furniture and fixtures	5-15 years
Machinery and equipment	5-10 years
Water lines	10-40 years

The City only reports infrastructure assets purchased subsequent to June 15, 2003.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. 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.

N. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

O. Compensated Absences

The City accrues accumulated unpaid vacation costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. No liability is reported for non-vesting accumulating rights to receive sick leave.

P. Interfund Activity

Interfund activity is reported as loans, 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 funds are netted as part of the reconciliation to the government-wide financial statements.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Q. Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the City.

R. Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

S. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Budgets and Budgetary Accounting

Georgia law requires an annual balanced budget for the General Fund and Special Revenue Funds and a project length budget for each capital project fund. All departments of the City submit requests for appropriation to the City Council so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Budgets for the General Fund, Special Revenue Funds and Capital Project Funds are prepared using the modified accrual basis of accounting.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the Mayor and Council for review. The Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the manager or the revenues estimates must be changed by an affirmative vote of a majority of the Council, except for emergencies as defined by the charter and unanimously voted by the Council. Last year's budget subject to amendment becomes the current year's budget if Council fails to act. Expenditures may not legally exceed budgeted appropriations at the function level. The legal level of budgetary control is at the department level.

The SPLOST Capital Projects Funds have project length budgets which were adopted when voters approved the respective SPLOST referendums. This budgets are prepared for the projected total SPLOST tax revenues and capital outlays for the life of the intergovernmental agreements.

U. Pensions

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

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

V. Fund Balance – Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of City of Hiram's Council. Hiram's Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved by City Council prior to end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes through passage of a resolution. Unlike commitments, assignments generally only exist temporarily and do not normally have to have an additional action taken for their removal.

Unassigned – all other spendable amounts.

As of June 30, 2021, fund balances are composed of the following:

	General Fund	Hotel / Motel Tax Fund	Capital Lease Fund	SPLOST Funds	Non-Major Funds	Total
Nonspendable:						
Prepaids	$ 42,865	$ -	$ -	$ -	$ -	$ 42,865
Restricted:						
Capital Outlay	-	-	-	2,804,927	-	2,804,927
Police	-	-	-	-	11,949	11,949
Promotion	-	336,108	-	-	-	336,108
Assigned - Next Year's Budget	883,170	-	-	-	-	883,170
Unassigned	4,680,832	-	-	-	-	4,680,832
Total Fund Balances	$ 5,606,867	$ 336,108	$ -	$ 2,804,927	$ 11,949	$ 8,759,851

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

(See Independent Auditor's Report)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

W. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City's government-wide statement of net position reports $3,152,984 of restricted net position, of which $3,142,120 is restricted by enabling legislation.

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

X. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditures) until then. The government has one item that qualifies for reporting in this category as of June 30, 2021, which is deferred pension outflows recognized in the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government recognizes deferred pension inflows in its Statement of Net Position.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's financial policies require all deposits in excess of Federal Deposit Insurance be collateralized by securities equal to at least 110% of the excess deposits. As of June 30, 2021, $6,693,433 of the government's bank balance of $7,193,433 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ -
Uninsured and collateral held by pledging bank's agent in the City's name	6,693,433
Total	$ 6,693,433

In accordance with state law, the City of Hiram can invest in: 1. Obligations issued by the U.S. Government, any state, any political subdivision of the State of Georgia, or Local Government Investment Pool established by state law; 2. Prime banks' acceptances; and 3. Repurchase agreements.

Investments as of June 30, 2021, of $2,767,888 consisted of non-participating certificates of deposit, which are included in the above-mentioned bank balances of $1,008,130 and Georgia Fund 1 of $1,759,758..

(See Independent Auditor's Report).

2. CASH AND INVESTMENTS – (Continued)

"Georgia Fund 1", created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standards and Poor's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed on $1.00 per share. The fund is managed by the Georgia Office of State Treasurer (OST). OST is guided by the policies of the State Depository Board and OCGA 55-17-2 and 50-17-63.

Investment	Value	Maturities	Rating	Organization
Georgia Fund 1	1,759,758	36 days	AAAf	S & P

3. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied approximately October 1 of each year and are due 60 days after issuance. A local option sales tax is in force. Proceeds from this tax are remitted to the City monthly and are utilized to give property tax owners tax relief. No property taxes were levied for the year ended June 30, 2021.

4. RECEIVABLES

Governmental Funds

	General Fund	Hotel / Motel Tax Fund	Grant Fund	SPLOST 3 Fund	Total
Taxes	$ 185,266	$ 21,465	$ -	$ -	$ 206,731
Intergovernmental	-	-	-	259,297	259,297
Other	13,335	-	-	-	13,335
Total	198,601	21,465	-	259,297	479,363
Less: Allowance for uncollectibles	-	-	-	-	-
Net	$ 198,601	$ 21,465	$ -	$ 259,297	$ 479,363

Proprietary Funds

	Water Fund	Sanitation Fund	Total
Accounts	$ 11,675	$ 6,642	$ 18,317
Interest	-	-	-
Total	11,675	6,642	18,317
Less: Allowance for uncollectibles	1,700	1,500	3,200
Net	$ 9,975	$ 5,142	$ 15,117

(See Independent Auditor's Report)

5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues and receivables for the year ended June 30, 2021 consist of the following:

	Revenue	Receivable
SPLOST 3 Fund -		
Paulding County - SPLOST	$ 1,494,948	$ 259,297
LMIG	39,896	-
General Fund -		
CARES Act	221,064	-
Total	$ 1,755,908	$ 259,297

6. INTER-FUND TRANSACTIONS

There were no individual fund interfund receivables and payable balances at June 30, 2021.

Individual fund interfund transfers for the year ended June 30, 2021 were as follows:

Transfer To	Transfer from General	Transfer from Sanitation	Total
Water Fund	$ 10,605	$ -	$ 10,605
General	-	35,843	35,843
Totals	$ 10,605	$ 35,843	$ 46,448

Transfers during the year ended June 30, 2021, were used to write-off individual fund interfund receivable and payable balances.

7. LITIGATION:

As of June 30, 2021, there were no lawsuits or complaints that management believes will have a material effect on the financial condition of the City.

(See Independent Auditor's Report)

8. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Adjustments And Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,224,074	$ -	$ -	$ 1,224,074
Construction in progress	2,860	-	-	2,860
Total	1,226,934	-	-	1,226,934
Capital assets being depreciated:				
Infrastructure	6,475,441	-	-	6,475,441
Buildings and improvements	3,901,969	29,563	-	3,931,532
Furniture and fixtures	64,830	-	-	64,830
Machinery and equipment	2,608,317	205,634	-	2,813,951
Total capital assets being depreciated	13,050,557	235,197	-	13,285,754
Less accumulated depreciation for:				
Infrastructure	1,579,513	208,156	-	1,787,669
Buildings and improvements	1,221,214	116,089	-	1,337,303
Furniture and fixtures	34,161	6,780	-	40,941
Machinery and equipment	1,874,886	271,185	-	2,146,071
Total accumulated depreciation	4,709,774	602,210	-	5,311,984
Total capital assets being depreciated, net	8,340,783	(367,013)	-	7,973,770
Governmental capital assets, net	$ 9,567,717	$ (367,013)	$ -	$ 9,200,704

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

General Government	$ 83,367
Public Safety and Courts	184,387
Public Works	250,627
Parks and Recreation	83,829
Total depreciation expense	$ 602,210

(See Independent Auditor's Report)

8. PROPERTY, PLANT AND EQUIPMENT – (Continued)

	Beginning Balance	Increases	Adjustments And Decreases	Ending Balance
Business-Type Activities: Water Fund				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Total	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Infrastructure	275,083	78,930	-	354,013
Machinery and equipment	92,285	48,101	-	140,386
Total capital assets being depreciated	367,368	127,031	-	494,399
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Infrastructure	160,418	8,120	-	168,538
Machinery and equipment	51,421	9,608	-	61,029
Total capital assets being depreciated	211,839	17,728	-	229,567
Total capital assets being depreciated, net	155,529	109,303	-	264,832
Business - Type Activities capital assets, net of depreciation	$ 155,529	$ 109,303	$ -	$ 264,832

The depreciation expense was charged to the Water Fund.

(See Independent Auditor's Report)

9. LONG-TERM DEBT

Changes in General Long-Term Debt

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Actiivities					
Accrued Compensated Absences	$ 131,770	$ -	$ (12,291)	$ 119,479	$ 50,000
Capital Leases	128,843	29,177	(64,191)	93,829	71,259
Total Governmental-Type Activity Long-Term Debt	$ 260,613	$ 29,177	$ (76,482)	$ 213,308	$ 121,259

The General Fund is typically used to liquidate all governmental activity long-term debt.

The Water Fund, although had no long-term debt as of the fiscal year ended June 30, 2021, is typically used to liquidate all business-type activity long-term debt.

The City has entered into lease purchase and security agreements with a financial institution and a private corporation for the purchase of several fully equipped vehicles in the amount of $239,959. Depreciation on the vehicles for fiscal year ended June 30, 2021, amounted to $47,992 and accumulated depreciation at June 30, 2021 amounted to $87,648. The interest rates under the terms of the lease agreements range from 6.0 to 6.25%. Since the City intends to continue to abide by the terms of this lease agreement and eventually own the vehicles, the assets and the related liabilities were recorded at the present value of the future payments under the leases.

Annual repayment requirements under the capital lease agreements are as follows:

F/Y/E JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2022	$ 71,259	$ 4,925	$ 76,184
2023	5,541	1,205	6,746
2024	5,884	862	6,746
2025	6,248	498	6,746
2022	4,897	162	5,059
TOTALS	$ 93,829	$ 7,652	$ 101,481

(See Independent Auditor's Report)

10. HOTEL / MOTEL TAX

The City is currently collecting a five percent Hotel / Motel Tax and is remitting forty percent of the amount collected to the two non-profit organizations in accordance with an agreement that specifies the money is to be used to promote tourism, trade shows or conventions. Total collections and related disbursements to the Paulding County Chamber of Commerce at 40% for the year ended June 30, 2021 were as follows:

	Amount	Percent
Total Collections	$ 207,380	100%
Total Remittances	$ 82,952	40%

The City was in compliance with the state laws regulating hotel/motel taxes and the related expenditures as of June 30, 2021.

11. JOINT VENTURE

Under Georgia law, the city, in conjunction with other cities and counties is a member of the Northwest Georgia Regional Commission (NGRC). Membership in this organization is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The membership of the NGRC includes 15 Counties and the related municipalities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
1 Jackson Hill Drive
Rome, Georgia 30162

12. RISK MANAGEMENT

The City of Hiram 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 has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risks pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pools' agent and attorneys 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 funds. The City pays an annual premium to GIRMA for its general insurance and has coverage of $1,000,000 for the risks discussed above, except for buildings, which are covered at 100% of the value of the City's holdings. The City's coverage for worker's compensation claims is statutory.

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

The City continues to carry commercial insurance for all other risks of loss, employee health and accident insurance. Settled claims in the past three years have not exceeded the commercial insurance coverage.

13. DEFINED BENEFIT PENSION PLAN, GMA ADMINISTERED

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Hiram Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by State law, benefit provisions for Participants in GMEBS are established and amended by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate immediately upon hiring. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.50% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to $41 for each year of service after reaching normal retirement age. Ten years of service is required for nonservice related disability benefits. Disability benefits are paid out at 20% of an employee's current salary. Death benefits are calculated using an actuarial reserve.

At January 1, 2021, the date of the most recent actuarial valuation, there were 57 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	9
Terminated vested participants not yet receiving benefits	13
Active employees - vested	21
Active employees - nonvested	14
Total	57

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standard law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For fiscal year 2021, the actuarially determined contribution rate was 5.13% of covered payroll.

For fiscal year ended June 30, 2021, the City's recommended and actual contribution was $72,352 which was actuarially determined and is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The amount of employer contributions recognized in the actuarial report date January 1, 2021 and recognized as an expense in the Government-Wide Statement of Activity was $61,944.

(See Independent Auditor's Report)

13. DEFINED BENEFIT PENSION PLAN – (Continued)

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

At June 30, 2021, the City reported a liability of $348,725 for its net pension liability. The net pension liability was measured as of September 30, 2020 and was determined by an actuarial valuation as of January 1, 2021. The changes in the Net Pension Liability for the year ended September 30, 2020 (the measurement date) were as follow:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at beginning	$1,531,755	$ 1,218,423	$313,332
Changes for the year-			
Service cost	52,509	-	52,509
Interest	114,478	-	114,478
Differences between expected and actual experience	47,160	-	47,160
Contributions - Employer	-	66,058	(66,058)
Net investment income	-	117,744	(117,744)
Benefit payments, including refunds of employee contributions	(64,039)	(64,039)	-
Administrative expense	-	(5,048)	5,048
Other	-	-	-
Net Changes	150,108	114,715	35,393
Balance at end	$1,681,863	$ 1,333,138	$348,725

Effective January 1, 2016, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits. As a result of this change, all Employees are now included in the valuation. This change has minimal impact on the Plan's liability.

(See Independent Auditor's Report)

13. DEFINED BENEFIT PENSION PLAN – (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Service cost	$ 52,509
Interest on The Pension Liability (TPL)	114,478
Administrative expenses	5,048
Expected return on assets	(89,747)
Expensed portion of current year period assumption changes	-
Deferred Inflows -	
Expensed portion of current year period differences between expected and actual experience in TPL	7,860
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(5,601)
Current year recognition of deferred inflows and outflows established in prior years	(22,603)
Total expense	$ 61,944

$54,264 reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

F/Y/E June 30,	Deferred Outflows	Deferred Inflows
2022	$ 30,180	$ (45,451)
2023	28,891	(31,833)
2024	24,961	(18,350)
2025	21,600	(5,599)
2026	7,860	-
2027 and thereafter	-	-
	$ 113,492	$ (101,233)

(See Independent Auditor's Report)

13. DEFINED BENEFIT PENSION PLAN – (Continued)

Outstanding balances of deferred outflows/inflows of resources related to pensions as of June 30, 2021, are as follow:

	Outflows	Inflows
Contributions subsequent to the measurement date	$ 54,264	$ -
Demographic	56,343	(86,785)
Investment	-	(14,448)
Assumption change	57,149	-
Total	$ 167,756	$ (101,233)

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:

Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Mortality Rates -	
Healthy	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with multiplier of 1.25
Disabled	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with multiplier of 1.25
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study conducted in November and December 2019.

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Real Rate of Return
Domestic equity	45.00%	6.40%
International equity	20.00%	7.05%
Real estate	10.00%	4.50%
Global fixed income	5.00%	1.25%
Domestic fixed income	20.00%	1.15%
Total	100.00%	

(See Independent Auditor's Report)

13. DEFINED BENEFIT PENSION PLAN – (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at the actuarially determined contribution rate. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's net pension liability calculated using the discount rate of 7.375 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.375%	Current Rate 7.375%	1% Increase 8.375%
Net Pension Liability	$ 614,169	$ 348,725	$ 132,846

Pension Plan Net Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Hiram Retirement Plan financial report.

(See Independent Auditor's Report)

14. SPECIAL PURPOSE LOCAL OPTION SALES TAX

On May 24, 2016 Paulding County voters approved a referendum for a Special Local Option Sales Tax at a rate of 1% to be imposed in Paulding County for a period of time not to exceed twenty four calendar quarters to be used for eligible capital outlay projects as determined by the intergovernmental agreement between Paulding County and the City of Hiram. Actual collections of the tax began April 1, 2017. The City of Hiram's distributive share of the revenue was projected to be $5,358,000 and used for public safety facilities, road, street, and bridge purposes, and recreational facilities.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures, as a part of the combined statements to provide an overview, of certain information concerning individual funds including-

A. Deficit fund balances or net position balances of individual funds – The City's Sanitation Fund had a negative net asset balance of $34,328 at June 30, 2021. Management plans to correct this situation through additional revenues within the Sanitation Fund or transfers from other funds.

B. Excess of expenditures over budget – One of the City's funds had material excesses (if over 5 percent and greater than $5,000) of expenditures over appropriations at the department level (the legal level of control) as follows:

	Final Budget	Actual	Variance
Hotel / Motel Tax Fund	$ 133,800	$ 145,652	$ (11,852)

(See Independent Auditor's Report)

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CITY OF HIRAM, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	Fiscal Year End									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability										
Service cost	$ 52,509	$ 48,981	$ 59,381	$ 56,254	$ 51,416	$ 53,551	$ 54,269			
Interest	114,478	103,211	106,204	95,024	90,931	81,564	74,846			
Differerences between expected and actual experience	47,160	9,665	(138,040)	6,392	(59,088)	31,442	(7,055)	(Historical information prior to implementation of GASB 67/68 is not required)		
Changes of assumptions	-	72,774	-	17,137	-	-	10,314			
Change in benefit terms	-	-	-	-	9,641					
Benefit payments	(64,039)	(60,076)	(54,028)	(34,477)	(45,693)	(45,693)	(45,693)			
Net changes in total pension liability	150,108	174,555	(26,483)	140,330	47,207	120,864	86,681			
Total pension liability - beginning	1,531,755	1,357,200	1,383,683	1,243,353	1,196,146	1,075,282	988,601			
Total pension liability - ending	$ 1,681,863	$ 1,531,755	$ 1,357,200	$ 1,383,683	$ 1,243,353	$ 1,196,146	$ 1,075,282			
Plan Fiduciary Net Position										
Contributions - employer	$ 66,058	$ 85,230	$ 88,017	$ 85,912	$ 80,353	$ 77,147	$ 62,080			
Net investment income	117,744	36,595	103,483	131,464	83,633	6,792	70,596			
Benefit payments	(64,039)	(60,076)	(54,028)	(34,477)	(45,693)	(45,693)	(45,693)	(Historical information prior to implementation of GASB 67/68 is not required)		
Administrative expense	(5,048)	(4,869)	(5,106)	(5,247)	(2,830)	(3,154)	(2,496)			
Other	-	-	-	-	-	-	-			
Net cvhange in fiduciary net position	114,715	56,880	132,366	177,652	115,463	35,092	84,487			
Plan fiduciary net position - beginning	1,218,423	1,161,543	1,029,177	851,525	736,062	700,970	616,483			
Plan dicuciary net position - ending	$ 1,333,138	$ 1,218,423	$ 1,161,543	$ 1,029,177	$ 851,525	$ 736,062	$ 700,970			
Net Pension Liability										
Net pension liability	$ 348,725	$ 313,332	$ 195,657	$ 354,506	$ 391,828	$ 460,084	$ 374,312			
Plan's fiduciary net position as a percentage of the total pension liability	79.27%	79.54%	85.58%	74.38%	68.49%	61.54%	65.19%	(Historical information prior to implementation of GASB 67/68 is not required)		
Covered-employee payroll	$ 1,618,185	$ 1,427,305	$ 1,229,912	$ 1,391,635	$ 1,269,652	$ 1,191,825	$ 1,233,001			
Net pension liability as a percentage of covered payroll	21.55%	21.95%	15.91%	25.47%	30.86%	38.60%	30.36%			

CITY OF HIRAM, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	Fiscal Year End									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions	72,352	63,959	92,321	86,582	85,688	78,574	76,671			
Contributions in relation to the actuarially determined contribution	(72,352)	(63,959)	(92,321)	(86,582)	(85,688)	(78,574)	(76,671)	(Historical information prior to implementation of GASB 67/68 is not required)		
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered-employee payroll	1,427,305	1,229,912	1,391,635	1,031,734	1,210,282	1,233,001	1,181,813			
Contributions as a percentage of covered-employee payroll	5.13%	5.13%	6.54%	6.71%	7.08%	6.37%	6.49%			

CITY OF HIRAM, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

Note 1

Significant methods and assumptions used in calculating the actuarially determined calculations are as follow:

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	N/A
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at 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
Cost of Living Adjustments	0.00%
Mortality Rates -	
Healthy	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with multiplier of 1.25
Disabled	Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with multiplier of 1.25
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

Amounts reported for the fiscal year ending in 2020 and later reflect numerous assumption changes based on a study conducted in November and December 2019. The assumption changes included the following:

- The projected salary increases assumption was decreased from 2.75% to 2.25%.
- The investment return assumption was decreased from 7.5% to 7.375%.

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CITY OF HIRAM, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	SPECIAL REVENUE	CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Confiscated Fund	Grant Fund	
ASSETS			
Cash	$ 6,654	$ 10,864	$ 17,518
Receivables -			
Intergovernmental	-	-	-
Due from other funds	-	-	-
Total Assets	$ 6,654	$ 10,864	$ 17,518
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
Liabilities:			
Accounts payable	$ -	$ -	-
Unearned revenues	5,569	-	5,569
Total Liabilities	5,569	-	5,569
Deferred Inflows:			
Unavailable revenues	-	-	-
Fund Balance:			
Restricted -			
Police activities	1,085	10,864	11,949
Capital outlay	-	-	-
Promotion	-	-	-
Unassigned	-	-	-
Total Fund Equity	1,085	10,864	11,949
Total Liabilities, Deferred Outflows and Fund Balance	$ 6,654	$ 10,864	$ 17,518

CITY OF HIRAM, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE	CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Confiscated Fund	Grant Fund	
Revenues:			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Forfeitures	-	-	-
Interest	-	-	-
Miscellaneous	-	2,000	2,000
Total Revenue	-	2,000	2,000
Expenditures:			
Current			
Contract services	-	-	-
Supplies	68	1,626	1,694
Capital Outlay	-	-	-
Total Expenditures	68	1,626	1,694
Excess of Revenues Over (Under) Expenditures Before Other Sources and (Uses)	(68)	374	306
Other Sources and (Uses)			
Proceeds from disposal of capital assets	-	-	-
Proceeds from debt issue	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Uses	(68)	374	306
Fund Balance - Beginning of Year	1,153	10,490	11,643
Fund Balance - End of Year	$ 1,085	$ 10,864	$ 11,949

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

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Confiscations / forfeitures	$ 1,000	$ 68	$ -	$ (68)
Other	-	-	-	-
Total Revenues	1,000	68	-	(68)
EXPENDITURES				
Current:				
Police services	10	68	68	-
Total Expenditures	10	68	68	-
Excess (Deficiency) of Revenues Over Expenditures	990	-	(68)	(68)
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Net Change in Fund Balances	990	-	(68)	(68)
Fund Balance:				
Beginning of year	1,153	1,153	1,153	-
End of year	$ 2,143	$ 1,153	$ 1,085	$ (68)

CITY OF HIRAM, GEORGIA
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	JUNE 30, 2021			
	BUDGET AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUES				
Intergovernmental	$ 3,000	$ -	$ -	$ -
Interest	-	-	-	-
Miscellaneous	4,000	2,000	2,000	-
Total Revenues	7,000	2,000	2,000	-
EXPENDITURES				
Current -				
Police	7,000	1,626	1,626	-
Streets	-	-	-	-
Capital -				
Police	-	-	-	-
Streets	-	-	-	-
Total Expenditures	7,000	1,626	1,626	-
Excess (Deficiency) of Revenues Over Expenditures	-	374	374	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Total	-	-	-	-
Net Change in Fund Balance	-	374	374	-
Fund Balance - Beginning of Year	10,490	10,490	10,490	-
Fund Balance - End of Year	$ 10,490	$ 10,864	$ 10,864	$ -

CITY OF HIRAM, GEORGIA
CAPITAL LEASE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	JUNE 30, 2021			
	BUDGET AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current -				
Police	-	-	-	-
Streets	-	-	-	-
Capital -				
Police	-	-	-	-
Streets	-	41,677	41,677	-
Total Expenditures	-	41,677	41,677	-
Excess (Deficiency) of Revenues Over Expenditures	-	(41,677)	(41,677)	-
Other Financing Sources (Uses):				
Proceeds from disposal of assets	-	12,500	12,500	-
Proceeds from debt issue	-	29,177	29,177	-
Total	-	41,677	41,677	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

CITY OF HIRAM, GEORGIA
SPLOST 3 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - FROM INCEPTION
FOR THE YEAR ENDED JUNE 30, 2021

	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	PROJECT AUTHORIZATION
REVENUES				
Intergovernmental				
Splost	$ 3,430,314	$ 1,494,948	$ 4,925,262	$ 6,380,000
Grants	92,646	39,896	132,542	-
Interest	6,388	4,468	10,856	-
Total Revenues	3,529,348	1,539,312	5,068,660	6,380,000
EXPENDITURES				
Capital Outlay				
Public Works	1,148,336	194,479	1,342,815	3,828,000
Public Safety	90,396	106,096	196,492	1,276,000
Parks and Recreation	343,011	30,845	373,856	1,276,000
Debt Service - Public Safety				
Principal	266,498	64,191	330,689	-
Interest	12,522	7,359	19,881	-
Total Expenditures	1,860,763	402,970	2,263,733	6,380,000
Excess of revenues over (under) expenditures	1,668,585	1,136,342	2,804,927	-
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) other financing uses	$ 1,668,585	$ 1,136,342	$ 2,804,927	$ -
FUND BALANCE				
Beginning		1,668,585		
Ending		$ 2,804,927		