CITY OF HIRAM, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
City of Hiram, Georgia

Report on the Audit of the 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 the City of Hiram, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hiram, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hiram, Georgia, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Hotel / Motel Tax and ARPA Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Changes in the Pension Liability and Related Ratios information on pages 4-12 and 48-50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Supplementary 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 accompanying combining, individual fund financial statements, budgetary schedules, schedules of projects financed with special purpose option sales tax proceeds, and the schedule of expenditures of federal awards as required by Title 2 U.S. code of Federal Regulations part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (collectively, " the supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated March 28, 2024, on our consideration of the City of Hiram, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hiram, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hiram, Georgia's internal control over financial reporting and compliance.

James A. Whitaker, P.C.

Snellville, Georgia
March 28, 2024

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, 2023. 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, 2023 by $21,869,248. Of this amount unrestricted net position of $5,435,702 may be used to meet the government's ongoing obligations to citizens and creditors.

- The total net position increased by $2,379,078. Of this amount an increase of $2,381,278 was associated with governmental activities and a decrease of $2,200 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 $9,921,530 a decrease of $108,829 in comparison with the prior year. Of this amount $4,017,609 is unassigned and available for spending; $9,882 is restricted for Police Activities; $387,990 is restricted for promotional purposes; $1,876,685 is assigned for next year's budget; $3,579,036 is restricted for Capital Outlay and $50,328 is non-spendable related to prepaid expenses.

- At the end of the current year, unassigned fund balance for the general fund was $4,017,609 or 87.2 percent of total General Fund expenditures.

- The City of Hiram's total long term liabilities consisted of a net pension liability of $461,165, accrued compensated absences of $139,018 and lease and subscription obligations of $861,464.

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 six major governmental funds. The City's major governmental funds are the General, Hotel / Motel Tax, ARPA, Capital Lease and the SPLOST 3 and SPLOST 4 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, hotel / motel tax fund and the ARPA Fund to demonstrate compliance with the FY 23 budget. These statements can be found beginning on page19. 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, 2023, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $21,869,248. The City's net position reflects its investment in capital assets of $12,456,638 (57.0 percent). Capital assets are used to provide services to citizens and they are not available for future spending. Of the total net position of $21,869,248 only $3,976,908 or 18.2 percent is restricted for Police, Promotional and Capital Improvement Projects and $5,435,702 (30.4 percent) is unrestricted. The following table provides a summary of the City's net position at June 30, 2023 and 2022:

City of Hiram's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 10,645,820	$ 11,075,488	$ 236,598	$ 419,832	$ 10,882,418	$ 11,495,320
Capital assets	12,613,477	9,902,200	704,626	270,545	13,318,103	10,172,745
Deferred outflows	335,540	148,292	-	-	335,540	148,292
Total assets and deferred outflows	23,594,837	21,125,980	941,224	690,377	24,536,061	21,816,357
Current liabilities	724,290	1,045,129	386,382	133,335	1,110,672	1,178,464
Long-term liabilities	1,461,647	816,657	-	-	1,461,647	816,657
Deferred inflows	94,494	331,066	-	-	94,494	331,066
Total liabilities and deferred inflows	2,280,431	2,192,852	386,382	133,335	2,666,813	2,326,187
Net position:						
Invested in capital assets	11,752,012	9,248,479	704,626	270,545	12,456,638	9,519,024
Restricted	3,976,908	4,058,571	-	-	3,976,908	4,058,571
Unrestricted	5,585,486	5,626,078	(149,784)	286,497	5,435,702	5,912,575
Total net position	$ 21,314,406	$ 18,933,128	$ 554,842	$ 557,042	$ 21,869,248	$ 19,490,170

A portion of the net position (18.2 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position at June 30, 2023 ($5,435,702) 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 decreased for business type activities by $2,200 and increased for governmental activities by $2,381,278. The City's financial position continues to be positive with an unrestricted net position balance of $5,435,702.

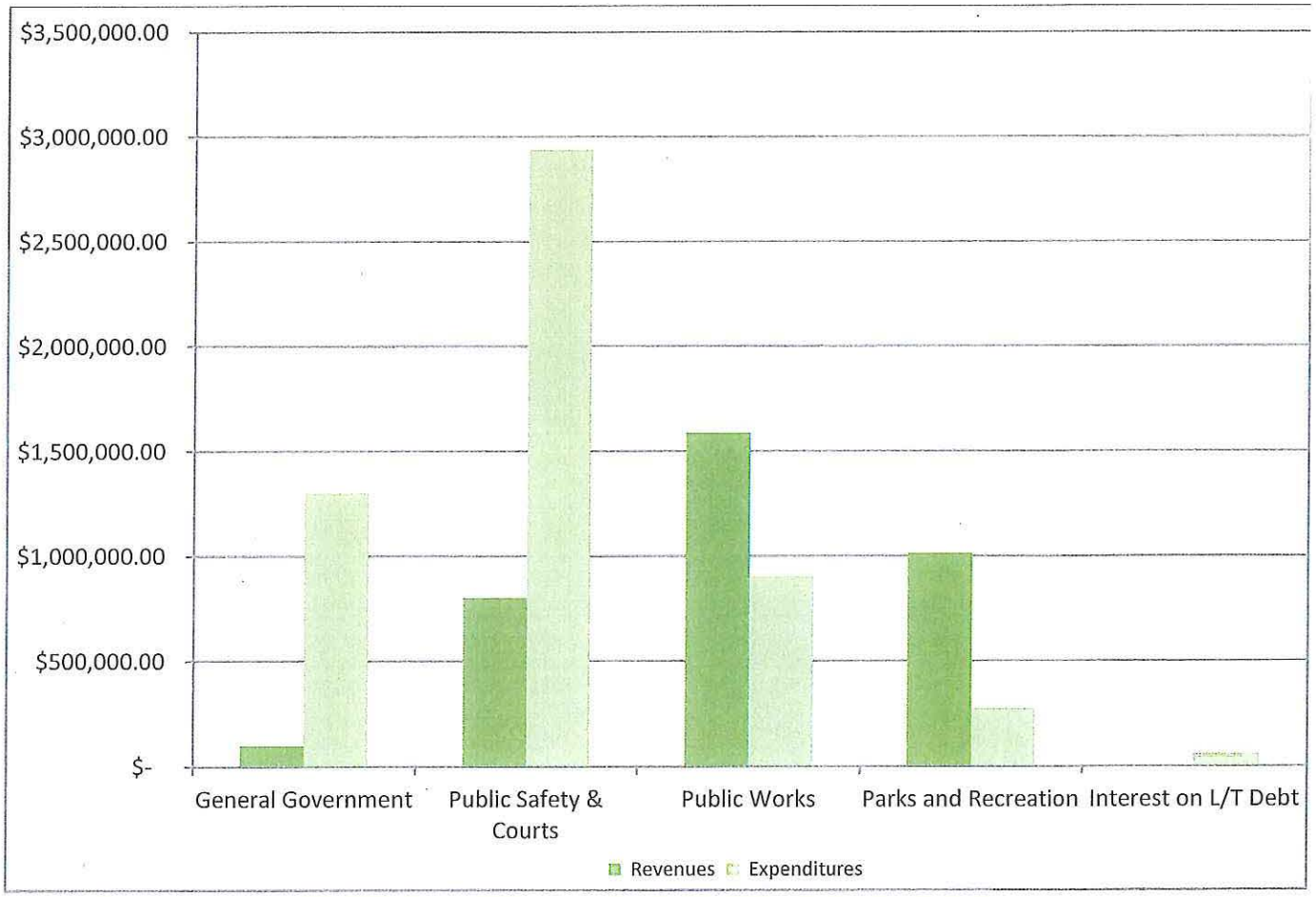
City of Hiram's Change in Net Position
For The Years Ended June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues -						
Charges for services	$ 555,626	$ 541,128	$ 296,860	$ 289,695	$ 852,486	$ 830,823
Operating grants and contributions	13,855	90,232	-	-	13,855	90,232
Capital grants and contributions	2,928,792	1,668,343	-	-	2,928,792	1,668,343
General Revenues-						
Sales taxes	1,220,683	1,114,992	-	-	1,220,683	1,114,992
Other taxes	2,935,214	2,775,078	-	-	2,935,214	2,775,078
Interest	114,571	9,924	4,269	293	118,840	10,217
Other	78,505	104,469	2,770	-	81,275	104,469
	7,847,246	6,304,166	303,899	289,988	8,151,145	6,594,154
Expenses:						
General government	1,298,531	1,147,539	-	-	1,298,531	1,147,539
Public safety and courts	2,937,442	2,485,361	-	-	2,937,442	2,485,361
Public works	898,888	960,494	-	-	898,888	960,494
Parks and recreation	274,011	231,308	-	-	274,011	231,308
Interest on long term debt	57,096	8,346	-	-	57,096	8,346
Water	-	-	91,059	75,539	91,059	75,539
Sanitation	-	-	215,040	185,019	215,040	185,019
	5,465,968	4,833,048	306,099	260,558	5,772,067	5,093,606
Increase (decrease) in net position before transfers	2,381,278	1,471,118	(2,200)	29,430	2,379,078	1,500,548
Transfers	-	-	-	-	-	-
Special items	-	-	-	-	-	-
Increase (decrease) in net position	2,381,278	1,471,118	(2,200)	29,430	2,379,078	1,500,548
Net position - beginning, adjusted	18,933,128	17,462,010	557,042	527,612	19,490,170	17,989,622
Net position - end of year	$ 21,314,406	$ 18,933,128	$ 554,842	$ 557,042	$ 21,869,248	$ 19,490,170

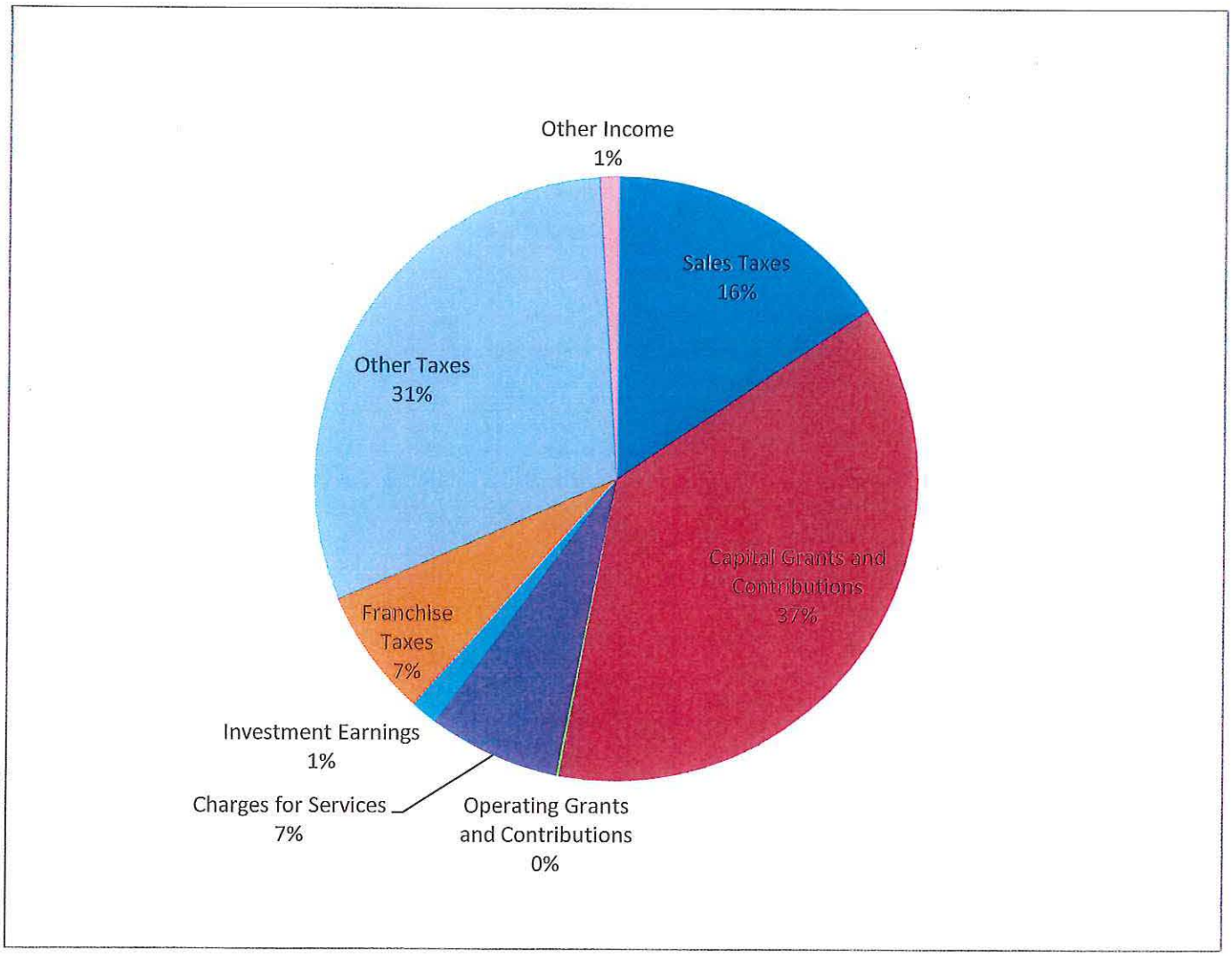
Governmental activities. Governmental activities increased the City's net position $2,381,278 accounting for 100.0% of the increase in net position for the year. Key elements of this increase are as follows:

- Governmental revenues increased approximately $1,543,000 over f/y 2022. This increase was the result of 1) an increase in Local Option Sales Tax and Special Purpose Local Option Sales Taxes of $222,500; and 2) an increase in interest income of $105,000. During f/y 2023 the City recognized $1,140,362 in ARPA grant revenues since these revenues are recognized when the grant is expended rather than when received.
- Governmental expenses increased $632,920 over f/y 2022. The increase is due to an increase in police department salaries and benefits of $265,770 and an increase in overall operating expenses due to inflationary pressures. Depreciation expense on new police vehicles purchased through various lease agreements has also led to the overall increase in police department expenses of $452,081.

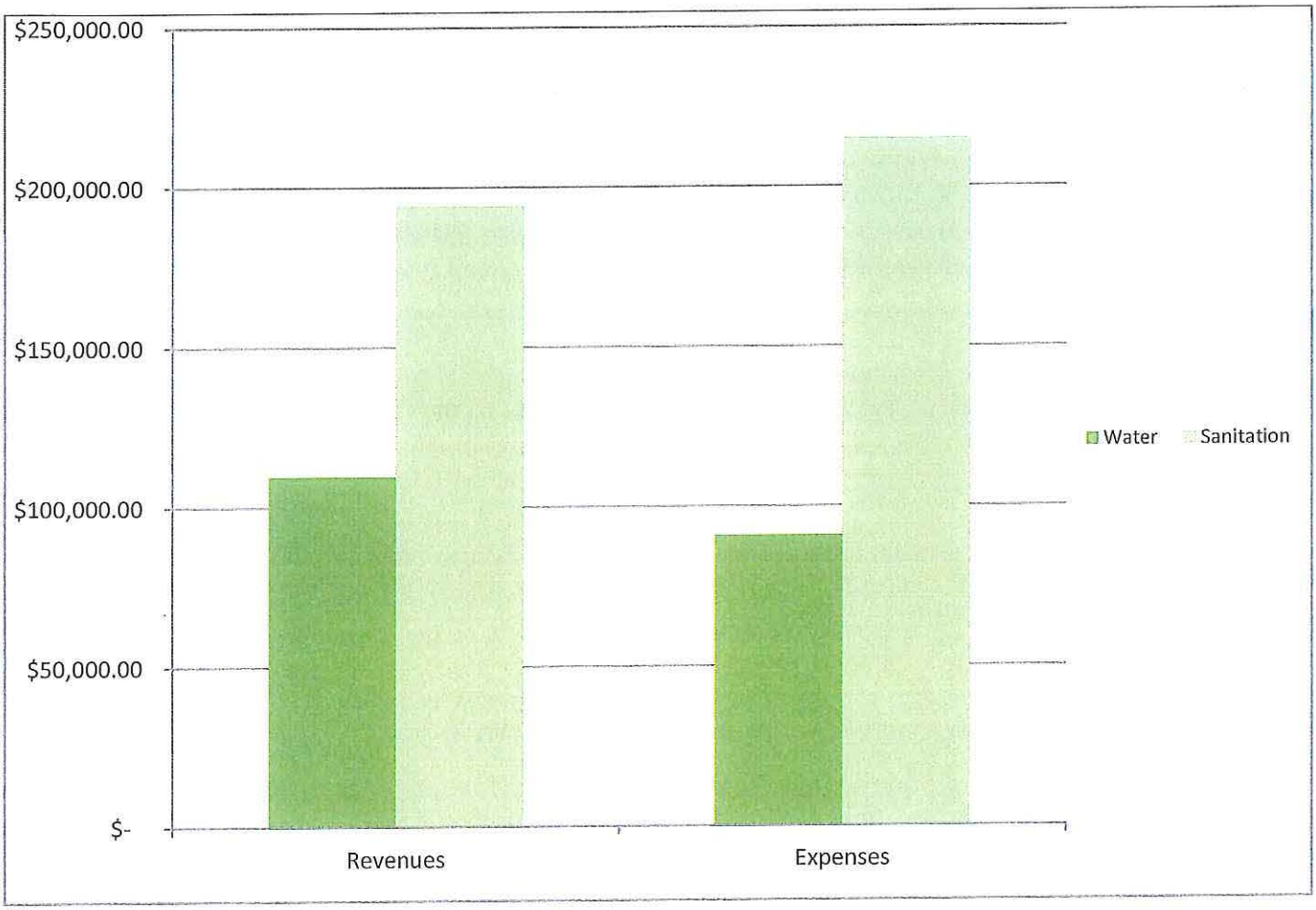
Expenses and Program Revenues-Governmental Activities
For The Fiscal Year Ended June 30, 2023



Revenue by Source-Governmental Activities
For The Fiscal Year Ended June 30, 2023



Expenses and Program Revenues-Business-Type Activities
For The Year Ended June 30, 2023



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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, 2023, the city's governmental funds reported combined ending fund balances of $9,921,530. Of this amount, $4,017,609 (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 $9,882 is restricted for Police Activities, $1,876,685 is assigned for next year's budget, $3,579,036 is restricted for Capital Projects, $387,990 is restricted for promotional purposes and $50,328 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 $4,017,609 while the total fund balance totaled $5,944,622. 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 87.2 percent of the total general fund expenditures, while total fund balance represents 129.0 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 2023 the City had net change in fund balance of the General Fund of a negative $27,166 which resulted in the City not having to use significant amounts of cash reserves.

SPLOST 3 and SPLOST 4

The SPLOST 3 Capital Projects Fund completed its accrual of revenues in f/y 2023 and SPPLOST 4 began accruing revenues in April 2023.. Total revenues from SPLOST 3 for f/y 2023 was $1,343,456 which included an LMIG grant of $45,298. Expenditures totaled $1,937,054, for the year ended June 30, 2023, and included capital outlay for various projects including 1) city hall parking lot extension of $763,000; 2) Arnold Lane Road improvements of $358,000; 3) purchase of park property for $144,500 and 4) Camp Hornet renovations of $168,000.

The Hotel / Motel Tax Fund

For FY 2023, the City received $234,821 in hotel / motel tax revenues. Expenditures in this fund for f/y 2023 included $94,000 of remittances to non-profit organization that will provide promotional services for the City and approximately $195,000 for promotional events and related equipment.

The ARPA Fund

The City received the 2nd half of grant funds under the American Rescue Plan Act grant during fiscal year 2023. During fiscal year 2023 the City expended $1,140,362 of grant funds on various projects including $580,800 for park land and $540,800 for the Arnold Lane Road water main project..

The Capital Lease Fund

The City accounts for the assets financed with lease obligations in this fund. During f/y 2023 the City leased a police vehicle in the amount of $33,800.

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 $504,753. Operating revenues amounted to $194,188, while operating expenses amounted to $215,040, resulting in an operating loss of $20,852. 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. It was determined during f/y 2023 that the City would start providing the sanitation services rather than using outside contractors to provide the service. In anticipation of this change, the City began purchasing equipment that will be needed to provide the service during June 2023. Total equipment purchases during f/y 2023 amounted to $452,000.

Unrestricted net position of the Water Fund amounted to $354,969, as of June 30, 2023. Operating revenues amounted to $102,672, while operating expenses amounted to $91,059, resulting in an operating income of $11,613. The City produces all of its water for resale for its customers.

General Fund Budgetary Highlights

The general fund's budgeted expenditures were $5,421,507. Actual expenditures totaled $4,606,848, thus producing a positive variance of $814,659. The most significant variances were for positions within the Police Department and Public Works Department that remained vacant. This also led to decreased activity in the Court Department and a decrease in fine revenue and related agency expenditures. The Parks Department also had a positive variance of $163,908 which was due to less maintenance and capital outlay expenditures being incurred than were budgeted.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2023 amounts to $13,318,103 (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:

- $899,700 of road and water line improvements to Arnold Lane Road.
- $763,000 for the city hall parking lot extension.
- $168,000 for Camp Hornet improvements.
- $725,300 for land purchases for park improvements.
- $115,500 for the purchase of various vehicles and trucks.

A more detail analysis of capital asset transactions for the year can be found beginning on page 37.

Long-term liabilities. At the end of the current fiscal year, the city's long term liabilities amounted to $1,461,647. Long-term liabilities consisted of a net pension liability of $461,165, accrued compensated absences of $139,018 and lease and subscription obligations in the amount of $861,464. An analysis of the City's long-term debt transactions for the year can be found on page 39.

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, 2024. 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 improved in recent months.
- Local Option Sales Tax and Special Purpose Local Option Sales Tax receipts have increased by $222,500 and $207,000, respectively, over f/y 2022 and 2021 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. Occupational tax revenues, including alcohol beverage licenses and financial institution taxes, amounted to $909,376 for FY2023, approximately $15,000 more than f/y 2022.

Businesses have shown more activity over the past year.

We have utilized 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. The City has received a total of $1,577,022 under the grant agreement with remaining unspent funds as of June 30, 2023 of $362,660.

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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 3,148,475	$ 75,852	$ 3,224,327
Investments	2,736,312	141,440	2,877,752
Receivables (net of allowance for uncollectibles)			
Taxes	213,691	-	213,691
Intergovernmental	298,955	-	298,955
Accounts	17,532	19,006	36,538
Prepaid Items	50,328	-	50,328
Restricted Assets -			
Cash	4,180,527	-	4,180,527
Deposits	-	300	300
Non-Depreciable Capital Assets	4,027,523	-	4,027,523
Depreciable Capital Assets, Net	8,585,954	704,626	9,290,580
Total Assets	23,259,297	941,224	24,200,521
Deferred Outflows			
Deferred pension outflows	335,540	-	335,540
Total Assets and deferred outflows	23,594,837	941,224	24,536,061
Liabilities			
Accounts Payable			
Operating	280,339	287,189	567,528
Accrued Liabilities -			
Salaries	46,782	-	46,782
Customer Deposits / Overpayments	-	50,775	50,775
Other	216	-	216
Unearned revenues	396,953	48,418	445,371
Long-Term Liabilities -			
Debt due within one year	183,162	-	183,162
Debt due in more than one year	466,438	-	466,438
Subscriptions payable	350,882	-	350,882
Net pension liability	461,165	-	461,165
Total Liabilities	2,185,937	386,382	2,572,319
Deferred Inflows			
Deferred pension inflows	94,494	-	94,494
Total Liabilities and Deferred Inflows	2,280,431	386,382	2,666,813
Net Position			
Net Investment in Capital Assets	11,752,012	704,626	12,456,638
Restricted for -			
Police Activities	9,882	-	9,882
Capital Outlay	3,579,036	-	3,579,036
Promotion	387,990	-	387,990
Unrestricted	5,585,486	(149,784)	5,435,702
Total Net Position	$ 21,314,406	$ 554,842	$ 21,869,248

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	$ 1,298,531	$ 79,606	$ 10,845	$ 6,517
Public Safety and Courts	2,937,442	428,050	3,010	370,875
Public Works	898,888	-	-	1,587,451
Parks and Recreation	274,011	47,970	-	963,949
Interest on Long Term Debt	57,096	-	-	-
Total Governmental Activities	5,465,968	555,626	13,855	2,928,792
Business-Type Activities				
Water	91,059	102,672	-	-
Sanitation	215,040	194,188	-	-
Total Business-Type Activities	306,099	296,860	-	-
Total	$ 5,772,067	$ 852,486	$ 13,855	$ 2,928,792
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
$ (1,201,563)	$ -	$ (1,201,563)
(2,135,507)	-	(2,135,507)
688,563	-	688,563
737,908	-	737,908
(57,096)	-	(57,096)
(1,967,695)	-	(1,967,695)
-	11,613	11,613
-	(20,852)	(20,852)
-	(9,239)	(9,239)
(1,967,695)	(9,239)	(1,976,934)
1,220,683	-	1,220,683
538,675	-	538,675
909,376	-	909,376
416,269	-	416,269
582,460	-	582,460
234,821	-	234,821
250,706	-	250,706
2,907	-	2,907
114,571	4,269	118,840
78,505	2,770	81,275
4,348,973	7,039	4,356,012
2,381,278	(2,200)	2,379,078
-	-	-
-	-	-
2,381,278	(2,200)	2,379,078
18,933,128	557,042	19,490,170
$ 21,314,406	$ 554,842	$ 21,869,248

CITY OF HIRAM, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	GENERAL FUND	HOTEL / MOTEL TAX FUND	ARPA FUND
Assets			
Cash and Cash Equivalents	$ 3,148,475	$ 406,460	$ 365,160
Investments	2,736,312	-	-
Receivables (net of allowance for uncollectibles)			
Taxes	192,506	21,185	-
Interest	-	-	-
Intergovernmental	-	-	-
Other	17,532	-	-
Due from Other Funds	-	-	-
Prepaid Items	50,328	-	-
Total Assets	$ 6,145,153	$ 427,645	$ 365,160
Liabilities			
Accounts Payable - Operating	$ 120,668	$ 39,655	$ 2,500
Accrued Liabilities -			
Salaries	46,782	-	-
Other	216	-	-
Due to Other Funds	-	-	-
Unearned Revenues	32,865	-	362,660
Total Liabilities	200,531	39,655	365,160
Deferred Inflows:			
Unavailable Revenues	-	-	-
Fund Balances			
Nonspendable	50,328	-	-
Restricted -			
Police activities	-	-	-
Capital outlay	-	-	-
Promotion	-	387,990	-
Assigned -			
Appropriated for next year's budget	1,876,685	-	-
Unassigned	4,017,609	-	-
Total Fund Balances	5,944,622	387,990	-
Total Liabilities, Deferred Inflows and Fund Balances	$ 6,145,153	$ 427,645	$ 365,160

See accompanying notes to the basic financial statements.

CAPITAL LEASE FUND	SPLOST 3 FUND	SPLOST 4 FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ 3,248,956	$ 146,020	$ 13,931	$ 7,329,002
-	-	-	-	2,736,312
-	-	-	-	213,691
-	-	-	-	-
-	-	298,955	-	298,955
-	-	-	-	17,532
-	-	-	-	-
-	-	-	-	50,328
$ -	$ 3,248,956	$ 444,975	$ 13,931	$ 10,645,820
$ -	$ 114,895	$ -	$ 2,621	$ 280,339
-	-	-	-	46,782
-	-	-	-	216
-	-	-	-	-
-	-	-	1,428	396,953
-	114,895	-	4,049	724,290
-	-	-	-	-
-	-	-	-	50,328
-	-	-	9,882	9,882
-	3,134,061	444,975	-	3,579,036
-	-	-	-	387,990
-	-	-	-	1,876,685
-	-	-	-	4,017,609
-	3,134,061	444,975	9,882	9,921,530
$ -	$ 3,248,956	$ 444,975	$ 13,931	$ 10,645,820

CITY OF HIRAM, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances -- total governmental funds	$ 9,921,530
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,613,477
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	335,540
Deferred inflows	(94,494)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	(461,165)
Capital lease payable	(510,582)
SBITA payable	(350,882)
Long-term portion of compensated absences	(139,018)
Net position of governmental activities	$ 21,314,406

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, 2023

	GENERAL FUND	HOTEL / MOTEL TAX FUND	ARPA FUND
REVENUES			
Taxes	$ 3,764,463	$ 234,821	$ -
Licenses and permits	196,636	-	-
Intergovernmental	-	-	1,140,362
Charges for services	58,978	-	-
Fines and forfeitures	392,116	-	-
Investment income	114,571	-	-
Miscellaneous	48,025	10,845	-
Total Revenues	4,574,789	245,666	1,140,362
EXPENDITURES			
Current:			
General Government	946,083	288,983	-
Municipal Court	416,407	-	-
Public Safety	2,226,433	-	-
Public Works	718,737	-	-
Parks and Recreation	167,687	-	-
Debt service			
Principal	111,319	-	-
Interest	20,182	-	-
Capital:			
Administrative	-	-	6,517
Court	-	-	-
Police	-	-	-
Public Works	-	-	540,771
Parks and Recreation	-	-	593,074
Total Expenditures	4,606,848	288,983	1,140,362
Excess (Deficiency) of Revenues Over Expenditures	(32,059)	(43,317)	-
Other Financing Sources (Uses):			
Disposition of capital assets	3,900	-	-
Proceeds from lease issue	28,850	-	-
Transfers	(27,857)	-	-
Net Change in Fund Balance	(27,166)	(43,317)	-
Fund Balance - Beginning of the Year	5,971,788	431,307	-
Fund Balance - End of Year	$ 5,944,622	$ 387,990	$ -

See accompanying notes to the basic financial statements.

CAPITAL LEASE FUND	SPLOST 3 FUND	SPLOST 4 FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
$ -	$ -	$ -	$ -	$ 3,999,284
-	-	-	-	196,636
-	1,333,818	444,975	-	2,919,155
-	-	-	-	58,978
-	-	-	8,310	400,426
-	9,638	-	-	124,209
-	-	-	3,010	61,880
-	1,343,456	444,975	11,320	7,760,568
-	-	-	-	1,235,066
-	-	-	-	416,407
-	-	-	11,681	2,238,114
-	-	-	-	718,737
-	-	-	-	167,687
-	158,149	-	-	269,468
-	41,640	-	-	61,822
-	-	-	-	6,517
-	-	-	-	-
33,818	43,599	-	-	77,417
-	1,489,950	-	-	2,030,721
-	203,716	-	-	796,790
33,818	1,937,054	-	11,681	8,018,746
(33,818)	(593,598)	444,975	(361)	(258,178)
-	82,781	-	-	86,681
33,818	-	-	-	62,668
-	27,857	-	-	-
-	(482,960)	444,975	(361)	(108,829)
-	3,617,021	-	10,243	10,030,359
$ -	$ 3,134,061	$ 444,975	$ 9,882	$ 9,921,530

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, 2023

Net change in fund balances -- total governmental funds	$ (108,829)
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	3,093,479
Depreciation	(804,447)
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 including any lease liability written off.	-
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	277,169
Proceeds from debt issues	(62,667)
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 accrued compensated absences	(9,583)
Change in net pension liability and related deferred items	(3,844)
Change in net position of governmental activities	$ 2,381,278

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, 2023

	BUDGET AMOUNTS			Variance With Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 2,930,284	$ 2,930,284	$ 3,764,463	$ 834,179
Licenses and permits	184,300	184,300	196,636	12,336
Intergovernmental	-	-	-	-
Charges for services	48,650	48,650	58,978	10,328
Fines and forfeitures	428,000	428,000	392,116	(35,884)
Investment income	5,000	5,000	114,571	109,571
Miscellaneous	39,300	39,300	48,025	8,725
Total Revenues	3,635,534	3,635,534	4,574,789	939,255
EXPENDITURES				
Current:				
Elected Officials	142,614	142,614	123,247	19,367
General Government	949,351	949,351	954,337	(4,986)
Municipal Court	468,444	468,444	416,407	52,037
Public Safety	2,756,677	2,756,677	2,226,433	530,244
Public Works	772,826	772,826	718,737	54,089
Parks and Recreation	331,595	331,595	167,687	163,908
*Debt service	-	-	-	-
Total Expenditures	5,421,507	5,421,507	4,606,848	814,659
Excess (Deficiency) of Revenues Over Expenditures	(1,785,973)	(1,785,973)	(32,059)	1,753,914
Other Financing Sources (Uses):				
Disposal of capital assets	-	-	3,900	3,900
Proceeds from debt issue	-	-	28,850	28,850
Transfers	47,000	47,000	(27,857)	(74,857)
Net Change in Fund Balances	(1,738,973)	(1,738,973)	(27,166)	1,711,807
Fund Balance:				
Beginning of Year	5,971,788	5,971,788	5,971,788	-
End of Year	$ 4,232,815	$ 4,232,815	$ 5,944,622	$ 1,711,807

* Debt Service expenditures are budgeted in the department from where the corresponding asset was purchased / leased.

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, 2023

	JUNE 30, 2023			
	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	$ 195,000	$ 195,000	$ 234,821	$ 39,821
Miscellaneous	-	-	10,845	10,845
Interest	-	-	-	-
Total Revenues	195,000	195,000	245,666	50,666
EXPENDITURES				
Current -				
Tourism and Promotion-				
Contracted services	162,000	162,000	288,983	(126,983)
Total Expenditures	162,000	162,000	288,983	(126,983)
Excess (Deficiency) of Revenues Over Expenditures	33,000	33,000	(43,317)	(76,317)
Other Financing Sources (Uses):				
Transfers	(33,000)	(33,000)	-	33,000
Total	(33,000)	(33,000)	-	33,000
Net Change in Fund Balance	-	-	(43,317)	(43,317)
Fund Balance - Beginning of Year	431,307	431,307	431,307	-
Fund Balance - End of Year	$ 431,307	$ 431,307	$ 387,990	$ (43,317)

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
ARPA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES				
ARPA grant	$ -	$ -	$ 1,140,362	$ 1,140,362
Other	-	-	-	-
Total Revenues	-	-	1,140,362	1,140,362
EXPENDITURES				
Capital				
General			6,517	(6,517)
Parks			593,074	(593,074)
Public works	-	-	540,771	(540,771)
Total Expenditures	-	-	1,140,362	(1,140,362)
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance:				
Beginning of year	-	-	-	-
End of year	$ -	$ -	$ -	$ -

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	WATER	SANITATION	TOTAL
ASSETS:			
CURRENT ASSETS			
Cash	$ 75,852	$ -	$ 75,852
Investments	141,440	-	141,440
Accounts receivable, net of reserve for doubtful accounts	13,284	5,722	19,006
Interest receivable	-	-	-
Deposits	300	-	300
Due from other funds	182,299	-	182,299
Total Current Assets	413,175	5,722	418,897
NONCURRENT ASSETS			
Capital Assets -			
Utility system	378,526	-	378,526
Machinery and equipment	140,386	452,682	593,068
Less: accumulated depreciation	(266,968)	-	(266,968)
Total Capital Assets, net of depreciation	251,944	452,682	704,626
Total Noncurrent Assets	251,944	452,682	704,626
Total Assets	665,119	458,404	1,123,523
LIABILITIES:			
CURRENT LIABILITIES			
Accounts payable	7,431	279,758	287,189
Customer deposits / overpayments	50,775	-	50,775
Due to other funds	-	182,299	182,299
Unearned revenues	-	48,418	48,418
Total Current Liabilities	58,206	510,475	568,681
Total Liabilities	58,206	510,475	568,681
NET POSITION:			
Investment in capital assets	251,944	452,682	704,626
Unrestricted	354,969	(504,753)	(149,784)
Total Net Position	$ 606,913	$ (52,071)	$ 554,842

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, 2023

	WATER	SANITATION	TOTAL
OPERATING REVENUES:			
Charges for services	$ 90,306	$ 194,188	$ 284,494
Penalties and fifas	12,366	-	12,366
Miscellaneous	-	-	-
Total Operating Revenues	102,672	194,188	296,860
OPERATING EXPENSES:			
Current -			
Salaries and benefits	-	-	-
Contracted services	38,570	202,425	240,995
Supplies	25,888	2,615	28,503
Other	8,000	10,000	18,000
Depreciation	18,601	-	18,601
Total Operating Expenses	91,059	215,040	306,099
Operating Income (Loss)	11,613	(20,852)	(9,239)
NON-OPERATING INCOME (EXPENSES):			
Loss on disposal of assets	2,770	-	2,770
Interest revenues	4,269	-	4,269
Net Income (Loss) before Transfers	18,652	(20,852)	(2,200)
Transfers - in	-	-	-
NET INCOME	18,652	(20,852)	(2,200)
NET POSITION - BEGINNING	588,261	(31,219)	557,042
NET POSITION - ENDING	$ 606,913	$ (52,071)	$ 554,842

See accompanying notes to the basic financial statements.

CITY OF HIRAM, GEORGIA
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2023

	WATER	SANITATION	TOTAL
Cash flows from operating activities:			
Cash received from customers and users	$ 101,894	$ 208,591	$ 310,485
Cash paid to suppliers	(78,214)	(213,674)	(291,888)
Cash paid to employees	-	-	-
Net Cash Provided by Operating Activities	23,680	(5,083)	18,597
Cash flows from investing activities:			
Interest received	4,269	-	4,269
(Purchase) redemption of investments	(4,263)	-	(4,263)
	6	-	6
Cash flows from non-capital financing activities:			
Change in due to/from other funds	(182,299)	182,299	-
Transfers	-	-	-
Net Cash Provided by (Used in) Non-capital Financing Activities	(182,299)	182,299	-
Cash flows from capital financing activities:			
Gain on disposition of capital assets	2770		
Purchase/construction of capital assets	-	(189,931)	(189,931)
Net Cash Provided by (Used in) capital Financing Activities	2,770	(189,931) #	(189,931)
Net increase in cash and cash equivalents	(155,843)	(12,715)	(168,558)
Cash and cash equivalents - Beginning of Year	231,695	12,715	244,410
Cash and cash equivalents - End of Year	$ 75,852	$ -	$ 75,852

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)	$ 11,613	$ (20,852)	$ (9,239)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	18,601	-	18,601
(Increase) decrease in receivables	4,425	14,514	18,939
(Increase) decrease in deposits	-	-	-
Increase (decrease) in accounts payable	(5,756)	1,366	(4,390)
Increase (decrease) in customer deposits	(5,203)	-	(5,203)
Increase (decrease) in accrued liabilities	-	-	-
Increase (decrease) in unearned revenues	-	(111)	(111)
Total Adjustments	12,067	15,769	27,836
Net Cash Provided by Operating Activities	$ 23,680	$ (5,083)	$ 18,597

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.

American Rescue Plan Act (ARPA) Special Revenue Fund – This fund is used to account for the monies received and the related expenditures under the American Rescue Plan Act. Recipients may use award funds to cover eligible costs incurred during the period that begins March 3, 2021 and ends December 31, 2024.

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, 2023:

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, 2023 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, 2023, 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, 2023, fund balances are composed of the following:

	General Fund	Hotel / Motel Tax Fund	SPLOST Funds	Non-Major Funds	Total
Nonspendable:					
Prepaids	$ 50,328	$ -	$ -	$ -	$ 50,328
Restricted:					
Capital Outlay	-	-	3,579,036	-	3,579,036
Police	-	-	-	9,882	9,882
Promotion	-	387,990	-	-	387,990
Assigned - Next Year's Budget	1,876,685	-	-	-	1,876,685
Unassigned	4,017,609	-	-	-	4,017,609
Total Fund Balances	$ 5,944,622	$ 387,990	$ 3,579,036	$ 9,882	$ 9,921,530

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 $3,976,908 of restricted net position, of which $3,969,429 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, 2023, 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, 2023, $8,020,633 of the government's bank balance of $8,270,633 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	8,020,633
Total	$ 8,020,633

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, 2023, of $2,877,752 consisted of participation in the Georgia Fund 1 state of Georgia sponsored investment pool.

(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	Fair Value	Average Maturities	Rating	Organization
Georgia Fund 1	2,877,752	28 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, 2023.

4. RECEIVABLES

Governmental Funds

	General Fund	Hotel / Motel Tax Fund	SPLOST 4 Fund	Total
Taxes	$ 192,506	$ 21,185	$ -	$ 213,691
Intergovernmental	-	-	298,955	298,955
Other	17,532	-	-	17,532
Total	210,038	21,185	298,955	530,178
Less: Allowance for uncollectibles	-	-	-	-
Net	$ 210,038	$ 21,185	$ 298,955	$ 530,178

Proprietary Funds

	Water Fund	Sanitation Fund	Total
Accounts	$ 22,984	$ 17,222	$ 40,206
Interest	-	-	-
Total	22,984	17,222	40,206
Less: Allowance for uncollectibles	9,700	11,500	21,200
Net	$ 13,284	$ 5,722	$ 19,006

(See Independent Auditor's Report)

5. INTERGOVERNMENTAL REVENUES AND RECEIVABLES

Intergovernmental revenues and receivables for the year ended June 30, 2023, consist of the following:

	Revenue	Receivable
SPLOST 3 Fund -		
Paulding County - SPLOST	$ 1,288,520	$ -
LMIG	45,298	-
SPLOST 4 Fund		
Paulding County - SPLOST	444,975	298,955
American Recue Plan Act	1,140,362	-
Total	$ 2,919,155	$ 298,955

6. INTER-FUND TRANSACTIONS

Individual fund interfund transfers for the year ended June 30, 2023 were as follows:

Transfer To	Transfer from General	Transfer from Total
SPLOST 3	$ 27,857	$ 27,857
Totals	$ 27,857	$ 27,857

The City recorded a transfer from the General Fund to the SPLOST 3 Fund in the amount of $27,857 which was the result of an insurance reimbursement check being deposited in the SPLOST 3 Fund during fiscal year 2023 that was recorded as a receivable on the General Fund's books in fiscal year 2022.

Individual fund interfund receivables and payables for the year ended June 30, 2023 were as follows:

Due From	Due To Water Fund
Sanitation Fund	$ 182,299

The Sanitation Fund owed the Water Fund $182,299 for items paid by the Water Fund that were purchased in anticipation of the City providing citizens with sanitation services .

7. LITIGATION:

As of June 30, 2023, 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, 2023, was as follows:

	Beginning Balance	Increases	Adjustments And Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 1,224,074	$ 725,305	$ -	$ 1,949,379
Construction in progress	173,497	1,904,647	-	2,078,144
Total	1,397,571	2,629,952	-	4,027,523
Capital assets being depreciated:				
Infrastructure	6,559,498	111,707	-	6,671,205
Buildings and improvements	3,998,545	-	-	3,998,545
Furniture and fixtures	77,791	-	-	77,791
Machinery and equipment	3,027,320	289,153	(198,898)	3,117,575
Total capital assets being depreciated	13,663,154	400,860	(198,898)	13,865,116
Less accumulated depreciation for:				
Infrastructure	1,998,751	213,680	-	2,212,431
Buildings and improvements	1,457,476	119,719	-	1,577,195
Furniture and fixtures	49,018	7,523	-	56,541
Machinery and equipment	2,301,808	243,727	(198,898)	2,346,637
Total accumulated depreciation	5,807,053	584,649	(198,898)	6,192,804
Total capital assets being depreciated, net not including lease assets	7,856,101	(183,789)	-	7,672,312
Lease & subscription assets				
Equipment	724,982	33,817	-	758,799
Subscriptions	422,245	28,850	-	451,095
Accumulated depreciation / amortization	76,454	219,798	-	296,252
Lease & subscription assests, net	1,070,773	(157,131)	-	913,642
Total capital assets being depreciation, net	8,926,874	(340,920)	-	8,585,954
Governmental capital assets, net	$10,324,445	$ 2,289,032	$ -	$ 12,613,477

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

General Government	$ 180,836
Public Safety and Courts	274,149
Public Works	253,051
Parks and Recreation	96,411
Total depreciation expense	$ 804,447

(See Independent Auditor's Report)

8. PROPERTY, PLANT AND EQUIPMENT – (Continued)

	Beginning Balance	Increases	Adjustments And Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Total	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Infrastructure	378,526	-	-	378,526
Machinery and equipment	140,386	452,682	-	593,068
Total capital assets being depreciated	518,912	452,682	-	971,594
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Infrastructure	176,848	8,111	-	184,959
Machinery and equipment	71,519	10,490	-	82,009
Total capital assets being depreciated	248,367	18,601	-	266,968
Total capital assets being depreciated, net	270,545	434,081	-	704,626
Business - Type Activities capital assets, net of depreciation	$ 270,545	$ 434,081	$ -	$ 704,626

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, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Actiivities					
Accrued Compensated Absences	$ 129,435	$ 9,583	$ -	$ 139,018	$ 50,000
Lease Liabilities (Note 15)	653,721	33,817	(176,956)	510,582	133,162
Subscription IT Liabilities (Note 16)	422,245	28,850	(100,213)	350,882	87,189
Total Governmental-Type Activity Long-Term Debt	$ 1,205,401	$ 72,250	$ (277,169)	$ 1,000,482	$ 270,351

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, 2023, is typically used to liquidate all business-type activity long-term debt.

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, 2023 were as follows:

	Amount	Percent
Total Collections	$ 234,821	100%
Total Remittances	$ 93,928	40%

The City was in compliance with the state laws regulating hotel/motel taxes and the related expenditures as of June 30, 2023.

(See Independent Auditor's Report)

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.

(See Independent Auditor's Report)

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, 2023, the date of the most recent actuarial valuation, there were 68 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	11
Terminated vested participants not yet receiving benefits	23
Active employees - vested	19
Active employees - nonvested	15
Total	68

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 2023, the actuarially determined contribution rate was 5.29% of covered payroll.

For fiscal year ended June 30, 2023, the City's recommended and actual contribution was $73,079 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, 2023 and recognized as an expense in the Government-Wide Statement of Activity was $86,524.

(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, 2023, the City reported a liability of $461,165 for its net pension liability. The net pension liability was measured as of September 30, 2022, and was determined by an actuarial valuation as of January 1, 2023. The changes in the Net Pension Liability for the year ended September 30, 2022 (the measurement date) were as follow:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at beginning	$1,694,512	$ 1,661,011	$ 33,501
Changes for the year-			
Service cost	58,720	-	58,720
Interest	127,235	-	127,235
Differences between expected and actual experience	51,795	-	51,795
Contributions - Employer	-	92,851	(92,851)
Net investment income	-	(277,330)	277,330
Benefit payments, including refunds of employee contributions	(56,015)	(56,015)	-
Administrative expense	-	(5,435)	5,435
Other	-	-	-
Net Changes	181,735	(245,929)	427,664
Balance at end	$1,876,247	$ 1,415,082	$ 461,165

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.

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, 2023, the City recognized pension expense and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Service cost	$ 58,720
Interest on The Pension Liability (TPL)	127,235
Administrative expenses	5,435
Expected return on assets	(123,658)
Expensed portion of current year period assumption changes	-
Deferred Inflows -	
Expensed portion of current year period differences between expected and actual experience in TPL	10,359
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	80,196
Current year recognition of deferred inflows and outflows established in prior years	(71,763)
Total expense	$ 86,524

$54,809 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, 2023. 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
2024	$ 75,183	$ (46,836)
2025	61,566	(23,829)
2026	53,425	(23,829)
2027	90,557	-
2028	-	-
2028 and thereafter	-	-
	$ 280,731	$ (94,494)

(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, 2023, are as follow:

	Outflows	Inflows
Contributions subsequent to the measurement date	$ 54,809	$ -
Demographic	69,151	(94,494)
Investment	184,874	-
Assumption change	26,706	-
Total	$ 335,540	$ (94,494)

Actuarial Assumptions

The total pension liability in the January 1, 2023 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, 2023 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, 2022 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%	6.80%
Real estate	10.00%	3.90%
Global fixed income	5.00%	0.46%
Domestic fixed income	20.00%	0.40%
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	$ 776,206	$ 461,165	$ 205,926

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. LEASING ACTIVITIES

In July 2021, the City implemented a new accounting standard GASB Statement No. 87 "Leases". The new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time (greater than one year) in exchange or exchange-like transaction. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in the GASB Statement. Implementation of the new lease standard did not require a prior period adjustment. It did require various assets and liabilities to be classified as lease assets and liabilities.

City as Lessee

The City, as lessee, has entered into various lease agreements involving office equipment and vehicles. The total of the City's lease assets are recorded at cost of $758,799, less accumulated depreciation of $204,283.

The future lease payments under the lease agreements, with interest rates implicit in the lease agreements between 5.85% and 8.49%, are as follows:

JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2024	$ 133,162	$ 34,165	$ 167,327
2025	141,391	24,990	166,381
2026	136,539	13,405	149,944
2027	99,490	3,383	102,873
TOTALS	$ 510,582	$ 75,943	$ 586,525

City as Lessor

The City, as a lessor, has no significant lease agreements that are required to be reported under the new standard.

(See Independent Auditor's Report)

16. SUBSCRIPTION PAYABLE

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. The statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under the Statement an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The City did implement the new standard by recording a subscription asset and a corresponding liability in the amount of $422,245 as of June 30, 2022. No prior period adjustment was necessary to any fund balance or net position.

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions.
- Cloud backup services software.

The following is a summary of changes in subscription liabilities reported in the government-wide financial statements:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Actiivities				
Virtual Office Advantage	$ 422,245	$ -	$ (82,513)	$ 339,732
Revize Software	-	28,850	(17,700)	11,150
Total Governmental-Type Subscription Liabilities	$ 422,245	$ 28,850	$ (100,213)	$ 350,882

The interest rates imputed under the subscription arrangements range from 2.4453% to 2.5360%.

Principal and interest requirements to maturity is as follows:

F/Y/E JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2024	$ 87,189	$ 7,921	$ 95,110
2025	89,422	5,689	95,111
2026	91,712	3,399	95,111
2027	82,559	1,051	83,610
TOTALS	$ 350,882	$ 18,060	$ 368,942

The total costs of the City's subscription assets are recorded as $451,095, less accumulated amortization of $91,969. The total amortization expense for the year ended June 30, 2023 was $91,969.

(See Independent Auditor's Report)

17. 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 $52,071at June 30, 2023. Management plans to correct this situation through additional revenues within the Sanitation Fund or transfers from other funds.

B. Excess of expenditures over budget –Several 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	$ 162,000	$ 288,983	$ (126,983)
ARPA Fund	-	1,140,362	(1,140,362)
Confiscated Assets Fund	250	6,662	(6,412)
Capital Lease Fund	-	33,818	(33,818)

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$ 58,720	$ 61,841	$ 52,509	$ 48,981	$ 59,381	$ 56,254	$ 51,416	$ 53,551	$ 54,269	
Interest	127,235	126,512	114,478	103,211	106,204	95,024	90,931	81,564	74,846	
Differerences between expected and actual experience	51,795	(119,143)	47,160	9,665	(138,040)	6,392	(59,088)	31,442	(7,055)	
Changes of assumptions	-	-	-	72,774	-	17,137	-	-	10,314	
Change in benefit terms	-	-	-	-	-	-	9,641			
Benefit payments	(56,015)	(56,561)	(64,039)	(60,076)	(54,028)	(34,477)	(45,693)	(45,693)	(45,693)	
Net changes in total pension liability	181,735	12,649	150,108	174,555	(26,483)	140,330	47,207	120,864	86,681	
Total pension liability - beginning	1,694,512	1,681,863	1,531,755	1,357,200	1,383,683	1,243,353	1,196,146	1,075,282	988,601	
Total pension liability - ending	$ 1,876,247	$ 1,694,512	$ 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	$ 92,851	$ 66,324	$ 66,058	$ 85,230	$ 88,017	$ 85,912	$ 80,353	$ 77,147	$ 62,080	
Net investment income	(277,330)	323,444	117,744	36,595	103,483	131,464	83,633	6,792	70,596	
Benefit payments	(56,015)	(56,561)	(64,039)	(60,076)	(54,028)	(34,477)	(45,693)	(45,693)	(45,693)	
Administrative expense	(5,435)	(5,334)	(5,048)	(4,869)	(5,106)	(5,247)	(2,830)	(3,154)	(2,496)	
Other	-	-	-	-	-	-	-	-	-	
Net cvhange in fiduciary net position	(245,929)	327,873	114,715	56,880	132,366	177,652	115,463	35,092	84,487	
Plan fiduciary net position - beginning	1,661,011	1,333,138	1,218,423	1,161,543	1,029,177	851,525	736,062	700,970	616,483	
Plan dicuciary net position - ending	$ 1,415,082	$ 1,661,011	$ 1,333,138	$ 1,218,423	$ 1,161,543	$ 1,029,177	$ 851,525	$ 736,062	$ 700,970	
Net Pension Liability										
Net pension liability	$ 461,165	$ 33,501	$ 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	75.42%	98.02%	79.27%	79.54%	85.58%	74.38%	68.49%	61.54%	65.19%	
Covered-employee payroll	$ 1,738,233	$ 1,662,829	$ 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	26.53%	2.01%	21.55%	21.95%	15.91%	25.47%	30.86%	38.60%	30.36%	

Historical information prior to implementation of GASB 67/68 is not required.

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

	Fiscal Year End									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	73,078	86,640	72,352	63,959	92,321	86,582	85,688	78,574	76,671	
Contributions in relation to the actuarially determined contribution	(73,078)	(86,640)	(72,352)	(63,959)	(92,321)	(86,582)	(85,688)	(78,574)	(76,671)	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	
Covered-employee payroll	1,738,233	1,618,185	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	4.20%	5.13%	5.13%	5.13%	6.54%	6.71%	7.08%	6.37%	6.49%	

Historical information prior to implementation of GASB 67/68 is not required.

CITY OF HIRAM, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

	SPECIAL REVENUE	CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Confiscated Fund	Grant Fund	
ASSETS			
Cash	$ 3,831	$ 10,100	$ 13,931
Receivables -			
Intergovernmental	-	-	-
Due from other funds	-	-	-
Total Assets	$ 3,831	$ 10,100	$ 13,931
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
Liabilities:			
Accounts payable	$ -	$ 2,621	2,621
Unearned revenues	1,428	-	1,428
Total Liabilities	1,428	2,621	4,049
Deferred Inflows:			
Unavailable revenues	-	-	-
Fund Balance:			
Restricted -			
Police activities	2,403	7,479	9,882
Capital outlay	-	-	-
Promotion	-	-	-
Unassigned	-	-	-
Total Fund Equity	2,403	7,479	9,882
Total Liabilities, Deferred Outflows and Fund Balance	$ 3,831	$ 10,100	$ 13,931

CITY OF HIRAM, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE	CAPITAL PROJECTS	Total Non-Major Governmental Funds
	Confiscated Fund	Grant Fund	
Revenues:			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Forfeitures	8,310	-	8,310
Interest	-	-	-
Miscellaneous	-	3,010	3,010
Total Revenue	8,310	3,010	11,320
Expenditures:			
Current			
Supplies	6,662	5,019	11,681
Capital Outlay			
Public Safety	-	-	-
Public Works	-	-	-
Total Expenditures	6,662	5,019	11,681
Excess of Revenues Over (Under) Expenditures Before Other Sources and (Uses)	1,648	(2,009)	(361)
Other Sources and (Uses)			
Proceeds from disposal of capital assets	-	-	-
Proceeds from debt issue	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Uses	1,648	(2,009)	(361)
Fund Balance - Beginning of Year	755	9,488	10,243
Fund Balance - End of Year	$ 2,403	$ 7,479	$ 9,882

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, 2023

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Confiscations / forfeitures	$ 250	$ 250	$ 8,310	$ 8,060
Other	-	-	-	-
Total Revenues	250	250	8,310	8,060
EXPENDITURES				
Current:				
Police services	250	250	6,662	(6,412)
Total Expenditures	250	250	6,662	(6,412)
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,648	1,648
Other Financing Sources (Uses):				
Sale of capital assets	-	-	-	-
Transfers	-	-	-	-
Net Change in Fund Balances	-	-	1,648	1,648
Fund Balance:				
Beginning of year	755	755	755	-
End of year	$ 755	$ 755	$ 2,403	$ 1,648

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, 2023

	JUNE 30, 2022			
	BUDGET AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUES				
Intergovernmental	$ 1,200	$ 1,200	$ -	$ (1,200)
Interest	-	-	-	-
Miscellaneous	7,000	7,000	3,010	(3,990)
Total Revenues	8,200	8,200	3,010	(5,190)
EXPENDITURES				
Current -				
Police	8,200	8,200	5,019	3,181
Streets	-	-	-	-
Capital -				
Police	-	-	-	-
Streets	-	-	-	-
Total Expenditures	8,200	8,200	5,019	3,181
Excess (Deficiency) of Revenues Over Expenditures	-	-	(2,009)	(2,009)
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Total	-	-	-	-
Net Change in Fund Balance	-	-	(2,009)	(2,009)
Fund Balance - Beginning of Year	9,488	9,488	9,488	-
Fund Balance - End of Year	$ 9,488	$ 9,488	$ 7,479	$ (2,009)

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, 2023

	JUNE 30, 2023			
	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental	$ -	$ -	$ -	$ -
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current -				
Police	-	-	-	-
Streets	-	-	-	-
Capital -				
Police	-	-	33,818	(33,818)
Streets	-	-	-	-
Total Expenditures	-	-	33,818	(33,818)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(33,818)	(33,818)
Other Financing Sources (Uses):				
Proceeds from disposal of assets	-	-	-	-
Proceeds from debt issue	-	-	33,818	33,818
Total	-	-	33,818	33,818
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, 2023

	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	PROJECT AUTHORIZATION
REVENUES				
Intergovernmental				
Splost	$ 6,541,916	$ 1,288,520	$ 7,830,436	$ 6,380,000
Grants	176,509	45,298	221,807	-
Interest	18,578	9,638	28,216	-
Total Revenues	6,737,003	1,343,456	8,080,459	6,380,000
EXPENDITURES				
Capital Outlay				
Public Works	1,826,070	1,489,950	3,316,020	3,828,000
Public Safety	246,201	43,599	289,800	1,276,000
Parks and Recreation	579,976	203,716	783,692	1,276,000
Debt Service				
Public Safety	433,049	170,307	603,356	-
Public Works	34,686	29,482	64,168	-
Total Expenditures	3,119,982	1,937,054	5,057,036	6,380,000
Excess of revenues over (under) expenditures	3,617,021	(593,598)	3,023,423	-
Other financing sources (uses)				
Proceeds from capital asset dispositions	-	82,781	82,781	
Proceeds from capital lease	-	27,857	27,857	-
Excess (deficiency) of revenues and other financing sources over (under) other financing uses	$ 3,617,021	$ (482,960)	$ 3,134,061	$ -
FUND BALANCE				
Beginning		3,617,021		
Ending		$ 3,134,061		

CITY OF HIRAM, GEORGIA
SPLOST 4 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, 2023

	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	PROJECT AUTHORIZATION
REVENUES				
Intergovernmental				
Splost	$ -	$ 444,975	$ 444,975	$ 12,720,000
Grants	-	-	-	-
Interest	-	-	-	-
Total Revenues	-	444,975	444,975	12,720,000
EXPENDITURES				
Capital Outlay				
Public Works	-	-	-	6,360,000
Public Safety	-	-	-	3,180,000
Parks and Recreation	-	-	-	3,180,000
Debt Service				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Total Expenditures	-	-	-	12,720,000
Excess of revenues over (under) expenditures	-	444,975	444,975	-
Other financing sources (uses)				
Proceeds from capital asset dispositions	-	-	-	
Proceeds from capital lease	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) other financing uses	$ -	$ 444,975	$ 444,975	$ -
FUND BALANCE				
Beginning		-		
Ending		$ 444,975		

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, and each major fund of City of Hiram, Georgia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hiram's basic financial statements and have issued our report thereon dated March 28, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hiram, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the schedule of findings and questioned cost as item 2023.001.

City of Hiram, Georgia's Response to Findings

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

Purpose of this Report

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

James L. Whitaker, P.C.

Snellville, Georgia
March 28, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited City of Hiram, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Hiram, Georgia's major federal program for the year ended June 30, 2023. City of Hiram, Georgia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Hiram, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Report on Internal Control over Compliance

Management of City of Hiram, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Hiram, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Hiram, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James L. Whitaker, P.C.

Snellville, Georgia
March 28, 2024

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CITY OF HIRAM, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Treasury			
Georgia Governor's Office of Planning & Budget			
COVID-19 - American Rescue Plan	21.027	-	1,140,362
Total U.S. Department of Treasury			**1,140,362**
Total expenditures of federal awards			**$ 1,140,362**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HIRAM, GEORGIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Hiram, Georgia under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Hiram, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Hiram, Georgia.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City elected not to utilize the 10% de minimus indirect cost rate.

CITY OF HIRAM, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal Control over major federal programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA NUMBER	Name of Federal Program or Cluster
21.027	COVID-19 - American Rescue Plan

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee	No

CITY OF HIRAM, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II

B. FINDINGS--FINANCIAL STATEMENT AUDITS		QUESTIONED COST
2023.001	**BUDGET OVERAGES**	
Condition:	The City had several funds which incurred departmental expenditures that materially exceeded their respective appropriations.	N/A
Criteria:	State of Georgia - Department of Audits has determined that any excess of a department's expenditures over its appropriations is a violation of state law.	
Effect:	The City has violated a state law.	
Cause:	Management did not accurately anticipate the amount of expenditures nor properly amend the budget for the above-mentioned funds / departments.	
Recommendation:	Management should monitor the City's budget for each fund / department on a monthly basis to determine if a need exists to amend the budgets.	

View of responsible officials and planned corrective action:
Management agrees with the finding. Management will emphasize to all department supervisors and others with responsibility over purchasing, the importance of staying within departmental budgets. Management will inform all department supervisors of the need to inform the City Manager of the need for budget adjustments prior to exceeding the affected budget category.

CITY OF HIRAM, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III

FEDERAL AWARDS FINDINGS AND QUESTIONED COST

None reported

CITY OF HIRAM, GEORGIA
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

2022.001 UTILITY BILLING THROUGH THE INTERNET

Condition: Customers receiving their utility bills by means of the internet were not receiving their bills beginning in May 2022 and the problem was not identified by the City until September 2022.

Context: The utility customers stopped receiving their bills due to an IT consultant inadvertently switching off the internet billing system while updating the City's computer system..

Status: During the fiscal year ended June 30, 2023, the internet billing system was switched back on and customers started receiving their bills again. Management emphasized to the accounting personnel the importance of monitoring the utility system's collections to identify and promptly correct any problems that may arise.

STATE OF GEORGIA - COMPLIANCE

CITY OF HIRAM, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH SPECIAL SALES TAX 3 PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Beginning Of Year	Current Year	To Date
Roads and Bridge Improvements	$ 3,828,000	$ 3,828,000	$ 1,860,756	$ 1,519,432	$ 3,380,188
Parks and Recreation	1,276,000	1,276,000	579,976	203,716	783,692
Public Safety	1,276,000	1,276,000	679,250	213,906	893,156
	$ 6,380,000	$ 6,380,000	$ 3,119,982	$ 1,937,054	$ 5,057,036

Note -

The above expenditures include amounts paid with other revenues as follow:

Georgia Department of Transportation - LMIG grants	$ 221,807

The Beginning of Year expenditures were adjusted to properly state expenditures by category.

CITY OF HIRAM, GEORGIA
SCHEDULE OF PROJECTS FINANCED
WITH SPECIAL SALES TAX 4 PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2023

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Beginning Of Year	Current Year	To Date
Roads and Bridge Improvements	$ 6,360,000	$ 6,360,000	$ -	$ -	$ -
Parks and Recreation	3,180,000	3,180,000	-	-	-
Public Safety	3,180,000	3,180,000	-	-	-
	$ 12,720,000	$ 12,720,000	$ -	$ -	$ -

Note -

The City began receiving proceeds from SPLOST 4 in April 2023.

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217 Main Street • Hiram • GA • 30141
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Mayor Frank Moran
Mayor Pro Tem Melissa R. Bayardelle

Councilmembers
Robert Tressel *Tiffany Carroll*
Derrick Battle *Doris Devey*

City Manager: Jody Palmer

March 28, 2024

Georgia Department of Audits and Accounts
Local Government Audit Section
280 Washington Street, SW
Room 1-156
Atlanta, Georgia 30334-8400

The following is management's response to the finding noted in the auditor's report for the year ended June 30, 2023, and dated March 28, 2024, for the City of Hiram, Georgia.

FINDING:

BUDGET OVERAGES

The City had several funds which incurred departmental expenditures that materially exceeded their respective appropriations, thereby violating a state law.

CORRECTIVE ACTION PLAN:

Management agrees with the finding. Management will emphasize to all department supervisors and others with purchasing responsibility, the importance of staying within departmental budgets. Management will inform all department supervisors of the need to inform the City Manager of the need for budget adjustment prior to exceeding the affected budget category so that Mayor and Council can properly amend the budget. The City Manager will be responsible for overseeing the budget process, including the process of amending the budget.

Should you have any additional questions or comments please contact me at your earliest convenience.

Sincerely,

Jody Palmer, City Manager
City of Hiram, Georgia