

HOSCHTON

79 City Square • Hoschton, GA 30548

FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2020

CITY OF HOSCHTON

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Hoschton, Georgia

Report on 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 Hoschton, Georgia as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Hoschton, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hoschton, Georgia, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 34 and the notes to the supplementary information on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hoschton, Georgia's basic financial statements. The schedule of projects funded with special sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects funded with special sales tax proceeds on page 40, and the schedules of functional allocations for the Water, Sewer and Garbage fund on pages 36-37 are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 projects funded with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021, on our consideration of the City of Hoschton, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hoschton, Georgia's internal control over financial reporting and compliance.

Alexander, Almand and Bangs, LLP
Gainesville, Georgia
June 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Hoschton, Georgia, we present our analysis of the City's financial condition and activities for the fiscal year ended December 31, 2020. This information should be read and considered in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- The City of Hoschton's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by $ 13,355,247 (net position). Of this amount, $ 7,920,350 was available for use to meet the City's ongoing obligations to its citizens and creditors.
- The City's net position increased by $ 2,796,585 for general activities during the most recent fiscal year, resulting from governmental and business activities.
- The City's net investment in capital assets, increased $ 1,305,967 or 53% during fiscal year ending December 31, 2020.
- There was an increase of $ 75,495 in the fund balance of the SPLOST Fund due to the City not using all money received from SPLOST distributions in the current year for ongoing projects. These projects remain underway and are partially in progress as of December 31, 2020.
- In early 2020, there was great uncertainty regarding the impact of COVID-19 closures and activity. The City was able to maintain and even exceed revenues from nearly all sources within the governmental and business-type activities. Overall, total government-wide net revenues increased by nearly 10%, while net expenditures only increased 9%. The City is proud of this accomplishment given the volatility of the fiscal year due to COVID-19.

More detailed information regarding activities and funds begins on page 5.

Overview of the Financial Statements
This City of Hoschton's management discussion and analysis is intended to serve as an introduction to the basic financial statements. The City's basic financial statements include three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. These components are described below:

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

The statement of net position presents information on all the City's total assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 net position combines and consolidates the governmental funds current financial resources with capital assets and long-term obligations.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 Hoschton include general government, public safety, highways and streets, and other charges. The major business-type activity of the City includes the water, sewer, and garbage system.

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 the funds of the City of Hoschton can be divided into three categories: governmental funds, proprietary funds, and special revenue funds.

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

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

The City maintains four governmental funds – the general fund, a SPLOST fund, and Grant and Impact Fees special revenue 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. The general fund and SPLOST funds are considered major funds, while the special revenue funds are considered non-major governmental funds.

The City of Hoschton adopted a full year budget for the period ending December 31, 2020 for all of its funds.

Proprietary Funds
The City of Hoschton maintains one proprietary enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expense, and changes in net position for the water, sewer, and garbage fund, which is considered a major proprietary fund.

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

Other information
Required supplementary information is reported in addition to the basic financial statements and accompanying notes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At December 31, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $ 13,355,247, with $ 3,757,971 of the City's net position reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

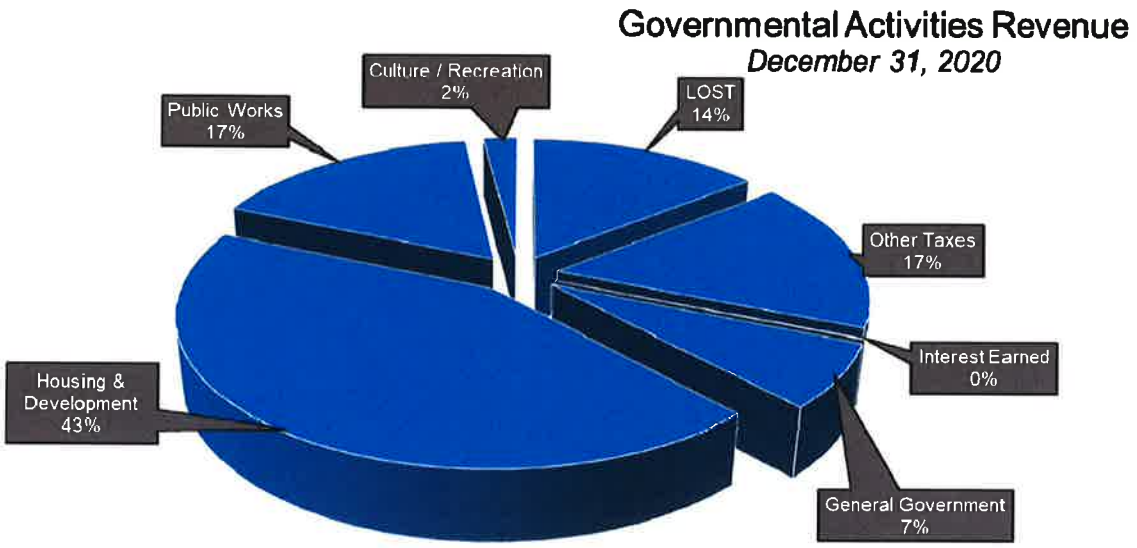
City of Hoschton's Net Position

	Total 12/31/2020	Total 12/31/2019	Govt'l Activities 12/31/2020	Govt'l Activities 12/31/2019	Business Type Activities 12/31/2020	Business Type Activities 12/31/2019
Current assets	$ 10,864,893	$ 8,663,145	$ 3,285,522	$ 2,513,264	$ 7,579,371	$ 6,149,881
Capital assets	9,315,611	7,943,383	1,240,519	1,288,289	8,075,092	6,655,094
Total assets	20,180,504	16,606,528	4,526,041	3,801,553	15,654,463	12,804,975
Current liabilities	1,548,489	813,380	203,162	262,614	1,345,327	550,766
Long-term obligations	5,276,768	5,234,486	7,898	10,475	5,268,870	5,224,011
Total liabilities	6,825,257	6,047,866	211,060	273,089	6,614,197	5,774,777
Net position:						
Net investment in capital assets	3,757,971	2,452,004	1,240,519	1,288,289	2,517,452	1,163,715
Restricted for general government	145,975	145,975	145,975	145,975	-	-
Restricted for capital projects	1,315,092	3,877,729	399,745	210,598	915,347	3,667,131
Restricted for customer deposits	215,859	168,094	-	-	215,859	168,094
Unrestricted	7,920,350	3,914,860	2,528,742	1,883,602	5,391,608	2,031,258
Total net position	$ 13,355,247	$ 10,558,662	$ 4,314,981	$ 3,528,464	$ 9,040,266	$ 7,030,198

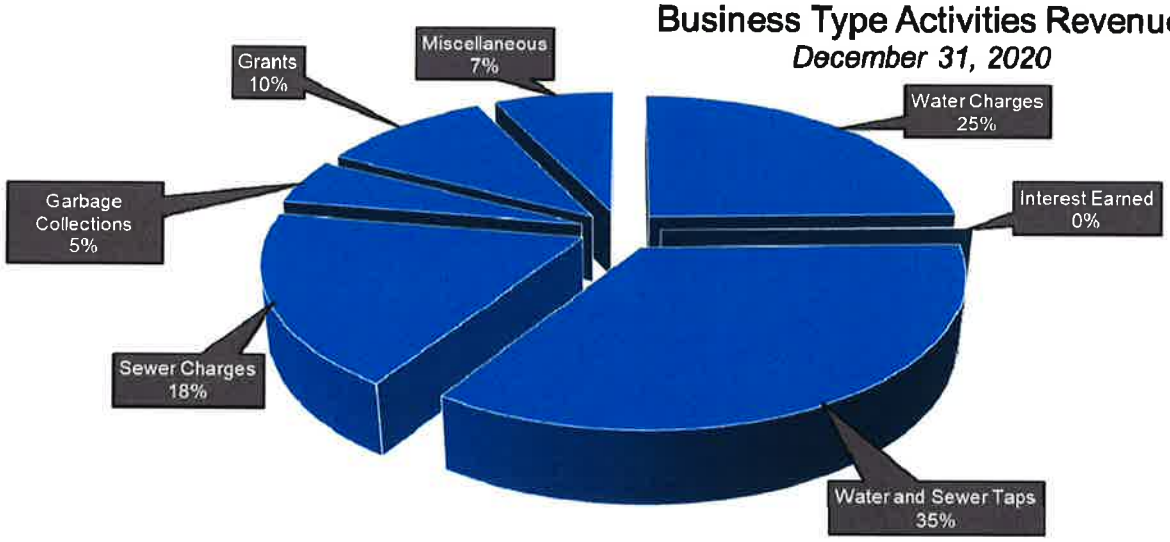
City of Hoschton's Changes in Net Position (continued)

	Total 12/31/2020	Total 12/31/2019	Govt'l Activities 12/31/2020	Govt'l Activities 12/31/2019	Business Type Activities 12/31/2020	Business Type Activities 12/31/2019
Revenues:						
Program revenues:						
Charges for services	$ 3,093,510	$ 2,356,578	$ 1,188,433	$ 879,362	$ 1,905,077	$ 1,477,216
Operating grants & contributions	-	-	-	-	-	-
Capital grants & contributions	2,093,704	2,643,958	479,437	275,480	1,614,267	2,368,478
General revenues:						
Taxes	774,419	659,184	774,419	659,184	-	-
Interest	36,949	4,350	7,346	792	29,603	3,558
Gain (loss) on sale of assets	-	(41,009)	-	2,450	-	(43,459)
Total Revenues	5,998,582	5,623,061	2,449,635	1,817,268	3,548,947	3,805,793
Expenses:						
General government	594,592	359,496	594,592	359,496	-	-
Public works	373,272	330,907	373,272	330,907	-	-
Culture/recreation	47,366	72,122	47,366	72,122	-	-
Development	612,888	452,623	612,888	452,623	-	-
Water and sewer	1,573,879	1,715,488	-	-	1,573,879	1,715,488
Total Expense	3,201,997	2,930,636	1,628,118	1,215,148	1,573,879	1,715,488
Increase in net position before transfers	2,796,585	2,692,425	821,517	602,120	1,975,068	2,090,305
Transfers	-	-	(35,000)	(490,000)	35,000	490,000
Change in net position	2,796,585	2,692,425	786,517	112,120	2,010,068	2,580,305
Net position - beginning of year (original)	10,558,662	6,915,070	3,528,464	2,729,778	7,030,198	4,185,292
Special Item - prior period adjustment	-	951,167	-	686,566	-	264,601
Net position - beginning of year, restated	10,558,662	7,866,237	3,528,464	3,416,344	7,030,198	4,449,893
Net position - ending of year	$ 13,355,247	$ 10,558,662	$ 4,314,981	$ 3,528,464	$ 9,040,266	$ 7,030,198

Revenues by Source:



For fiscal year 2020, total revenues for governmental activities increased 35% compared to fiscal year 2019 mainly due to increases in charges for services in the general fund and more grants received. Proceeds from SPLOST and LOST increased from 2019 even with COVID during the fiscal year. Other taxes received in the general fund primarily consisted of property, alcoholic beverage, franchise, and title ad valorem taxes. In addition to consumers purchasing more generic goods, they are also purchasing more vehicles, resulting in an increase in title ad valorem taxes received by the City. Taxes received through utilities and insurance are based on the population receiving the certain service within the City's annexed properties. The population assessed has grown due to the additional annexations of properties during the 2020 year, and therefore has impacted the City in a financially beneficial manner.



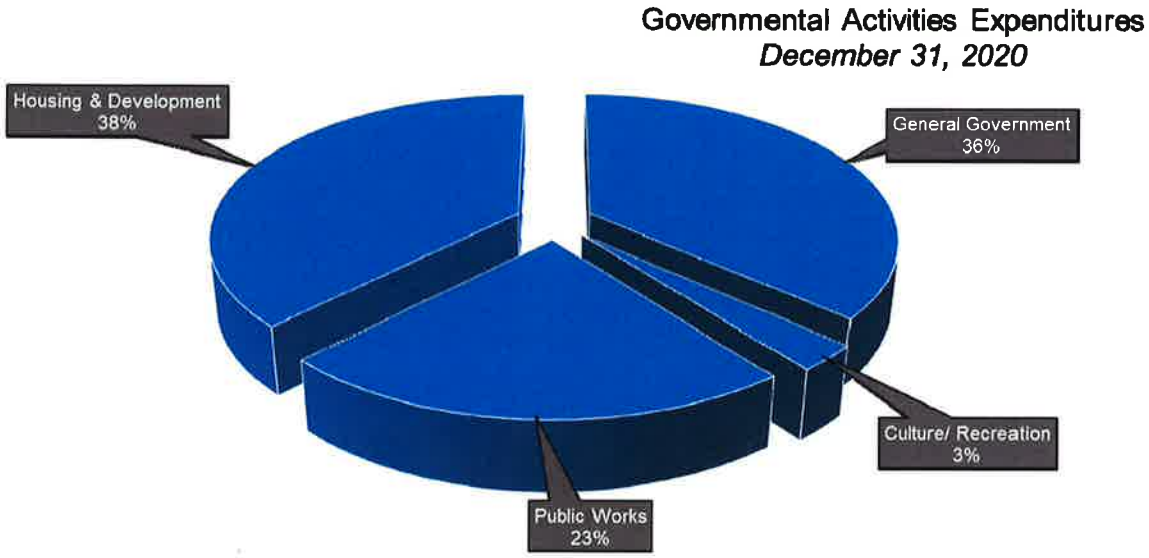
For fiscal year 2020, total revenues for business-type activities decreased 7% compared to fiscal year 2019 due to the decrease in water/sewer tap fee revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

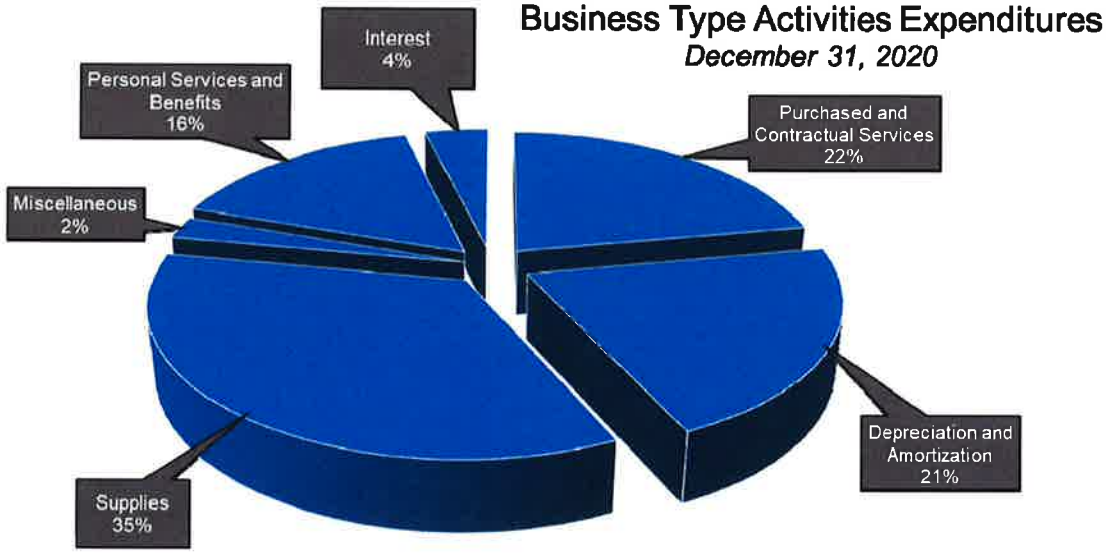
Changes from the City's General Fund original budget to the final budget are detailed in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual along with a comparison to actual activity for the year ended December 31, 2020. Fiscal management and expenditure control helped keep the budget in balance.

General Fund revenues of $ 1,970,198 were greater than budgeted revenues of $ 1,929,200 for the year ended December 31, 2020. General Fund expenditures were less than budgeted. With total appropriations of $ 1,504,625 the City actually spent $ 1,350,132 or $ 154,493 less than budgeted, for the year ended December 31, 2020.

Expenditures by Function:



For fiscal year 2020, total expenditures for governmental activities increased 34% compared to fiscal year 2019 due to staffing positions and wages added in the current year and associated personnel costs, as well as professional fees for planning and development of city projects.



For fiscal year 2020, total expenditures decreased 8% for business-type activities compared to fiscal year 2019 due to less salaries and related personnel expenses, professional fees, and repairs and maintenance for the current year.

The City was very fortunate during the fiscal year because they were able to adapt to the constraints of COVID-19 across all funds, maintain activities such as planning & zoning, permits, water/sewer, etc. In doing so, the City was only minimally effected and were able to fully continue operations and meet the demands of the citizens. Adaption procedures implemented to address COVID-19 includes minimizing traffic and personnel within the physical offices and departments, including enhancing reliability on electronic processes and documentation.

ECONOMIC FACTORS

The issues facing the national and state economies correlate with the City's local economy. Currently the State of Georgia, especially the Northeast Region, is experiencing a significant economic growth period. This is attributed to the increased film production activity and corporate distribution/manufacturing facilities that are conducting business within the surrounding Region. The increased activities have created a greater demand for housing. Therefore, the City has seen a significant increase in requests for permits and local licensing for both new homes and commercial building construction. In addition, this has increased the needs for additional water and sewer systems, as well as general government services. The increase in demand for services will also provide increased revenues for the City. The City plans to maintain a conservative fiscal position, while increasing services, during the economic growth period.

CAPITAL ASSETS

As of December 31, 2020 and 2019 the City had $ 14,217,630 and $ 12,489,094 invested in a variety of capital assets, as in the schedule below. Adjustments for depreciation are $ 410,308 and $ 398,822 for the years ending December 31, 2020 and 2019. Adjustments for accumulated depreciation are $ 4,956,019 and $ 4,545,711 for the years ending December 31, 2020 and 2019. Further detail on capital assets is provided in the notes to the financial statements, note 2(e).

	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Land	$ 1,030,736	$ 1,030,736	$ 749,135	$ 749,135	$ 281,601	$ 281,601
Construction in progress	2,372,235	780,717	-	42,007	2,372,235	738,710
Buildings & Improvements	386,775	337,086	386,775	337,086	-	-
Vehicles	163,867	66,603	36,016	13,695	127,851	52,908
Equipment	142,546	98,481	44,375	44,375	98,171	54,106
Infrastructure	939,946	939,946	939,946	939,946	-	-
Water and Sewer System	9,235,525	9,235,525	-	-	9,235,525	9,235,525
Total	14,271,630	12,489,094	2,156,247	2,126,244	12,115,383	10,362,850

The following reconciliation summarizes the change in Capital Assets:

	Total 12/31/2020	Total 12/31/2019	Govt'l Activities 12/31/2020	Govt'l Activities 12/31/2019	Business Type Activities 12/31/2020	Business Type Activities 12/31/2019
Beginning Balance:	12,489,094	12,176,920	2,126,244	1,569,774	10,362,850	10,607,146
Additions:						
Land	-	951,166	-	686,565	-	264,601
Construction in Progress	1,651,525	448,199	-	36,507	1,651,525	411,692
Buildings & Improvements	49,689	-	49,689	-	-	-
Vehicles	97,264	-	22,321	-	74,943	-
Equipment	44,065	-	-	-	44,065	-
Infrastructure	-	11,500	-	11,500	-	-
Water and Sewer System	-	-	-	-	-	-
Dispositions:						
Construction in Progress	(60,007)	(6,495)	(42,007)	-	(18,000)	(6,495)
Buildings & Improvements	-	(96,869)	-	(96,869)	-	-
Vehicles	-	-	-	-	-	-
Equipment	-	(154,818)	-	(81,233)	-	(73,585)
Infrastructure	-	(840,509)	-	-	-	(840,509)
Water and Sewer System	-	-	-	-	-	-
Total	$ 14,271,630	$ 12,489,094	$ 2,156,247	$ 2,126,244	$ 12,115,383	$ 10,362,850

LONG-TERM OBLIGATIONS

As of year-end, the City had $ 5,557,640 in debt (bonds, notes, etc.) outstanding compared to $ 5,491,379 last year. The components which had an impact on the City's overall debt are shown below:

- The City made a final payment of $ 12,000 for the Water/Sewer revenue bonds during the current year.
- The City was issued $ 206,870 in new debt for GEFA loan DW2018002 during the current year.
- The City made principle payments of $ 128,609 on outstanding debt during the current year.

See the Notes to the Financial Statements on pages 31 through 32 for more detail on the City's outstanding debt.

REQUEST FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the City of Hoschton's finances for all of Hoschton's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City Clerk, c/o City of Hoschton, 79 City Square St., Hoschton, Georgia 30548.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2020

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current assets			
Cash and cash equivalents	$ 993,873	$ 506,980	$ 1,500,853
Accounts receivable	251,856	620,926	872,782
Investments	1,255,800	5,526,500	6,782,300
Prepaid items	32,539	9,618	42,157
Internal balance	174,352	-	174,352
Restricted assets:			
Cash and cash equivalents	577,102	915,347	1,492,449
Total current assets	3,285,522	7,579,371	10,864,893
Non-current assets			
Capital Assets			
Capital assets not being depreciated			
Land	749,135	281,601	1,030,736
Construction in progress	-	2,372,235	2,372,235
Depreciable assets, net of depreciation	491,384	5,421,256	5,912,640
Total capital assets, net of depreciation	1,240,519	8,075,092	9,315,611
TOTAL ASSETS	$ 4,526,041	$ 15,654,463	$ 20,180,504

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 57,187	$ 656,226	$ 713,413
Current portion of long-term debt	-	298,890	298,890
Internal balance	-	174,352	174,352
Deposits and performance bond payable	145,975	215,859	361,834
Total current liabilities	203,162	1,345,327	1,548,489
Long-term liabilities			
Compensated absences (due within one year)	7,898	10,120	18,018
Long-term debt (net of current portion)	-	5,258,750	5,258,750
Total long-term liabilities	7,898	5,268,870	5,276,768
Total liabilities	211,060	6,614,197	6,825,257
NET POSITION			
Net investment in capital assets	1,240,519	2,517,452	3,757,971
Restricted for:			
General government	145,975	-	145,975
Capital projects	399,745	915,347	1,315,092
Customer deposits	-	215,859	215,859
Unrestricted	2,528,742	5,391,608	7,920,350
Total net position	4,314,981	9,040,266	13,355,247
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 4,526,041	$ 15,654,463	$ 20,180,504

CITY OF HOSCHTON, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

		Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 594,592	$ 105,024	$ -	$ 3,419
Public works	373,272	-	-	418,585
Culture/recreation	47,366	33,870	-	57,433
Housing and business development	612,888	1,049,539	-	-
Total Government Activities	1,628,118	1,188,433	-	479,437
Business-Type Activities				
Water, sewer and garbage	1,573,879	1,905,077	-	1,614,267
Total Business-Type Activities	1,573,879	1,905,077	-	1,614,267
Total-Primary Government	$ 3,201,997	$ 3,093,510	$ -	$ 2,093,704

GENERAL REVENUES:
Taxes: Sales
Property
Alcoholic Beverage
Franchise
Other
Interest earned
Gain (loss) on sale of assts
TRANSFERS:

Total general revenues and transfers

Change in net position

NET POSITION - beginning of year, original

NET POSITION - beginning of year, restated

NET POSITION - end of year

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Net (Expense) Revenue and Changes In Net Positior		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (486,149)	$ -	$ (486,149)
45,313	-	45,313
43,937	-	43,937
436,651	-	436,651
39,752	-	39,752
-	1,945,465	1,945,465
-	1,945,465	1,945,465
39,752	1,945,465	1,985,217
346,217	-	346,217
101,641	-	101,641
32,576	-	32,576
156,404	-	156,404
137,581	-	137,581
7,346	29,603	36,949
-	-	-
(35,000)	35,000	-
746,765	64,603	811,368
786,517	2,010,068	2,796,585
3,528,464	7,030,198	10,558,662
3,528,464	7,030,198	10,558,662
$ 4,314,981	$ 9,040,266	$ 13,355,247

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

CITY OF
HOSCHTON
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CITY OF HOSCHTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	Major Funds		Non-Major		Total
	General	SPLOST	Special Revenue Fund - Grants	Capital Projects Fund - Impact Fees	Governmental Funds
ASSETS					
Cash and cash equivalents	$ 993,873	$ -	$ -	$ -	$ 993,873
Receivables (net):					
Intergovernmental receivable	56,361	57,818	973	-	115,152
Other receivables	136,704	-	-	-	136,704
Internal balance receivable	174,352	-	21,524	-	195,876
Investments	1,205,800	50,000			1,255,800
Prepaid items	32,539	-	-	-	32,539
Restricted assets:					
Cash and cash equvialents	285,175	178,275	-	113,652	577,102
TOTAL ASSETS	$ 2,884,804	$ 286,093	$ 22,497	$ 113,652	$ 3,307,046
LIABILITIES					
Accounts payable	54,546	-	-	-	54,546
Accrued expenses	2,641	-	-	-	2,641
Internal balance	21,524	-	-	-	21,524
Performance bond payable	145,975	-	-	-	145,975
Unearned revenue	-	-	-	-	-
Total liabilities	224,686	-	-	-	224,686
FUND BALANCE					
Non-spendable:					
Prepaid items	32,539	-	-	-	32,539
Assigned assets	-	-	22,497	-	22,497
Restricted:					
Performance bond payable	145,975	-	-	-	145,975
Capital outlay	-	286,093	-	113,652	399,745
Unassigned:	2,481,604	-	-	-	2,481,604
Total Fund Balances	2,660,118	286,093	22,497	113,652	3,082,360
TOTAL LIABILITIES AND FUND BALANCE	$ 2,884,804	$ 286,093	$ 22,497	$ 113,652	$ 3,307,046

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2020

	2020	
TOTAL GOVERNMENTAL FUND BALANCES		$ 3,082,360
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	$ 2,156,247	
Accumulated depreciation	(915,728)	
Total capital assets, net depreciation		1,240,519
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Compensated absences payable	(7,898)	
Total liabilities		(7,898)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 4,314,981

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	Major Funds		Non-Major		Total
	General	SPLOST	Special Revenue Fund - Grants	Capital Projects Fund - Impact Fees	Governmental Funds
REVENUES					
Taxes	$ 672,778	$ -	$ -	$ -	$ 672,778
Charges for services	419,210	-	-	-	419,210
Intergovernmental	101,641	306,885	58,784	-	467,310
Licenses and permits	753,142	-	-	-	753,142
Impact fees	-	-	-	113,659	113,659
Interest earned	7,346	108	-	1	7,455
Rental Income	16,081	-	-	-	16,081
Total Revenues	1,970,198	306,993	58,784	113,660	2,449,635
EXPENDITURES					
Current operating:					
General government	605,870	-	12,992	8	618,870
Public works	118,864	196,498	973	-	316,335
Culture/recreation	34,832	-	-	-	34,832
Housing and business development	590,566	-	22,322	-	612,888
Capital outlay	-	-	-	-	-
Total Expenditures	1,350,132	196,498	36,287	8	1,582,925
EXCESS REVENUES (EXPENDITURES)	620,066	110,495	22,497	113,652	866,710
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	(35,000)	-	-	(35,000)
NET CHANGE IN FUND BALANCES	620,066	75,495	22,497	113,652	831,710
FUND BALANCES - beginning of year	2,040,052	210,598	-	-	2,250,650
FUND BALANCES - end of year	$ 2,660,118	$ 286,093	$ 22,497	$ 113,652	$ 3,082,360

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	2020	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 831,710
Amounts reported for governmental activities in the statement of activities are different because:		
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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Depreciation expense	$ (77,773)	
Capital outlay reported in general government function	30,003	
		(47,770)
Governmental funds do not include the expense of compensated absences liabilites, which are reflected in the Statement of Net Position.		
Current year liability - compensated absences	(7,898)	
Prior year liability - compensated absences	10,475	
		2,577
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 786,517

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS
PROPRIETARY FUND – WATER, SEWER & GARBAGE FUND

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
WATER, SEWER AND GARBAGE
PROPRIETARY FUND
December 31, 2020

		Total Water, Sewer & Garbage Fund
ASSETS		
Current assets:		
Cash and cash equivalents	$ 506,980	
Receivables (net of allowance for uncollectible):		
Accounts	620,926	
Investments, current	5,526,500	
Prepaid expense	9,618	
Restricted assets:		
Cash and cash equivalents	915,347	
Total current assets		$ 7,579,371
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Land	281,601	
Construction in progress	2,372,235	
Depreciable capital assets, net of depreciation	5,421,256	
Total non-current assets		8,075,092
TOTAL ASSETS		$ 15,654,463

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
WATER, SEWER AND GARBAGE
PROPRIETARY FUND
December 31, 2020

	Total Water, Sewer & Garbage Fund	
LIABILITIES		
Current liabilities:		
Accounts payable	$ 643,263	
Accrued expenses	12,963	
Current portion of long-term debt	298,890	
Customer deposits payable	215,859	
Internal balance payable	174,352	
Total current liabilities		$ 1,345,327
Long-term liabilities		
Compensated absences (due within one year)	10,120	
Long-term debt (net of current portion)	5,258,750	
Total long-term liabilities		5,268,870
TOTAL LIABILITIES		6,614,197
NET POSITION		
Net investment in capital assets	2,517,452	
Restricted	915,347	
Unrestricted	5,607,467	
TOTAL NET POSITION		9,040,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		$ 15,654,463

CITY OF HOSCHTON, GEORGIA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
WATER, SEWER AND GARBAGE
PROPRIETARY FUND
For the Year Ended December 31, 2020

		Total Water, Sewer & Garbage Fund
OPERATING REVENUES		
Charges for services	$ 1,805,522	
Other service fees	99,555	
Total operating revenues		$ 1,905,077
OPERATING EXPENSES		
Personnel services and benefits	246,091	
Purchased and contractual services	347,907	
Supplies	548,417	
Depreciation	332,535	
Total operating expenses		1,474,950
OPERATING INCOME (LOSS)		430,127
NON-OPERATING INCOME (LOSS)		
Interest and other fiscal charges	(61,078)	
Interest earned	29,603	
Loss on disposal of assets	(18,000)	
Payments to others	(19,851)	
Total non-operating income (loss)		(69,326)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		360,801
Transfers In (Out)	35,000	
Capital contributions - tap fees and other	1,614,267	
Total transfers in (out) and capital contributions		1,649,267
CHANGE IN NET POSITION		2,010,068
NET POSITION - beginning of year, original		7,030,198
NET POSITION - end of year		$ 9,040,266

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF CASH FLOWS
WATER, SEWER AND GARBAGE
PROPRIETARY FUND
For the Year Ended December 31, 2020

	Total Water, Sewer & Garbage Fund	
Cash flows from operating activities:		
Cash receipts from customers	$ 1,450,864	
Cash payments for goods and services	(570,933)	
Cash payments to employees for services and benefits	(262,614)	
Net cash provided by (used in) operating activities		$ 617,317
Cash flows from capital and related financing activities:		
Acquisition, construction and disposal of capital assets, net	(1,752,533)	
Proceeds from capital contributions	1,224,958	
Proceeds from grant, net	389,309	
Proceeds from debt	206,870	
Principal paid on debt	(140,608)	
Transfers from other funds	35,000	
Interest paid on debt	(61,078)	
Net cash provided by capital and related financing activities		(98,082)
Cash Flows from investing activities:		
Purchase of certificates of deposit	(5,500,000)	
Interest received	29,603	
Net cash provided by investing activities		(5,470,397)
Net increase (decrease) in cash and cash equivalents		(4,951,162)
Cash and equivalents - beginning of year		6,373,489
Cash and equivalents - end of year		$ 1,422,327

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF CASH FLOWS
WATER, SEWER AND GARBAGE
PROPRIETARY FUND
For the Year Ended December 31, 2020

	Total Water, Sewer & Garbage Fund	
Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities:		
Operating income	$ 430,127	
Adjustments		
Depreciation	332,535	
(Increase) decrease in assets and deferred outflows of resources		
Accounts receivable	(501,978)	
Prepaid expense	(6,034)	
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable	567,565	
Accrued expenses	(3,154)	
Compensated absences payable	(13,369)	
Customer deposits	47,765	
Internal balance payable	(236,140)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		$ 617,317
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 506,980	
Cash and cash equivalents - restricted	915,347	
Total cash and cash equivalents		$ 1,422,327

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hoschton, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below:

(a) Financial Reporting Entity

The City was incorporated in 1891 and operates under the appointed City Mayor and City Council form of government. As required by GAAP, the financial statements of the financial reporting entity present the City as the primary form of government. There are no component units associated with the City.

(b) Government Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated but shown as the internal services activities. There were no internal service activities in the current year. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, and are reported separately from business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties. The City of Hoschton had one business-type activity, the Water, Sewer and Garbage Fund, during the fiscal year 2020.

The Statement of Net Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. This net position is reported in three categories:

Net investment in capital assets consists of capital assets and net of accumulated depreciation, and is reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. The outstanding debt is offset by any unspent proceeds from that debt.

Restricted net position results from restrictions placed on net position from external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Administrative overhead charges are included in direct expenses. Some functions, such as general government and administration, included expenses that are in essence indirect expenses of other functions. The City does not charge all of these indirect expenses to other functions. Program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other revenues not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns of non-major funds.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Government Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the City classifies government fund balances as follows:

Non-spendable – includes fund balances that cannot be spent either because it is not in spendable forms or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Mayor and City Council.

Unassigned – includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Minimum Level of Unassigned Fund Balance - The general fund unassigned fund balance will be maintained at a level sufficient to provide for the required resources to meet operating costs, to allow for unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from fluctuations of revenue resources. The City's policy is to maintain at least six months of prior year general fund operating and non-operating expenses in the unassigned balance of the general fund.

The City's policy is to use restricted/committed amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing so, as in grant agreements that require matching dollar spending. Additionally, the City's policy is to use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which the levy is assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property, sales and franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as receivables in the current period. All other revenues are considered to be measurable and available only when cash is received.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Expenditures generally are recorded when a liability is incurred. However, expenditures related to other long-term or non-vested commitments and contingencies are recorded only when a payment is due. In accordance with GASB Statement No. 33, "*Accounting and Financial Reporting for Non-Exchange Transactions,*" the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Proprietary funds, which employ the economic resources measurement focus, distinguish operating revenues and expenses from non-operating items. The proprietary funds are accounted for on the accrual basis of accounting. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles applicable are those similar to business in the private sector.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Major Funds

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the financial resources associated with Special Purpose Local Option Sales Taxes ("SPLOST") earmarked for capital projects.

The Proprietary Fund (also referred to as the Water, Sewer and Garbage Fund) is for the operation of the City's water and sewer utility and trash collection service. Activities of the fund include administration, operation, and maintenance of the water and sewer system, and billing and collection activities for water, sewer and garbage services. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the fund.

(f) Non-major Fund

The Special Revenue / Grants Fund is used for small grants pertaining to capital projects and specified use, such as safety and maintenance or improvement of existing infrastructures.

The Capital Projects / Impact Fees Fund is used by the City to collect impact fees from developers for the development of additional capital facilities needed to serve the influx of new citizens.

(g) Cash, Cash Equivalents, and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value based on quoted market values. Interest income on investments is accrued as earned. The net appreciation (depreciation) in the fair value of investments is based on the valuation of investments as of the balance sheet date.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories and Prepaid Expenditures

Inventories of the government funds are recorded as expenditures at the time of purchase (purchase method).

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed. Prepaid expenditures include general and workers compensation insurance.

(i) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable government or business-type activities columns in the government-wide financial statements. The City generally defines capital assets as assets with an individual cost in excess of $ 20,000 for lands, land improvements, and building projects and in excess of $ 5,000 for equipment, and a useful life in excess of two years.

The City maintains infrastructure asset records consistent with all other capital assets, with the exception of infrastructure assets that were not recorded prior to the adoption of GASB 34. Therefore, streets, bridges and culverts acquired prior to January 1, 2003, have not been recorded. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset's useful lives are not capitalized but are expensed in the period it is incurred. Capital assets are depreciated using the straight-line method for all real property over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Building and Improvements	20-50 years	20-50 years
Machinery and Equipment	5-10 years	5-10 years
Vehicles	5-7 years	5-7 years
Infrastructure	15-40 years	25-65 years
Water/Sewer System and Plant	-	25-60 years

(j) Restricted Assets

Assets are reported as restricted when limitation on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. The City has restricted assets in the form of cash and cash equivalents. These assets are limited based on: uses for the Capital Projects Fund (SPLOST); performance bond obligations (General Fund); and customer utility deposits (Proprietary Fund).

(k) Deferred Outflows/Inflows of Resources – Government-Wide Statements

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City does not have any items that qualify for reporting in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Compensated Absences

Employees earn personal leave at the rate of 10 hours per month for full-time employees having worked less than 4 years at the City and 15 hours per month for full-time employees working longer than 4 years at the City. Personal leave cannot be accrued in excess of 200 hours during a calendar year. In addition, the City maintains the policy that non-exempt employees who work over 40 hours per week may receive compensation time at the rate of 1.5 times per hour of overtime. Accrued compensation time cannot exceed 80 hours in a calendar year. Upon request, employees can be paid for personal leave and compensation time up to their accumulated hours. Personal leave benefits are accrued as a liability as the benefits are earned, if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements.

(m) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(n) Property Taxes

The City does not levy Property Taxes at this time.

(o) Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

(p) Operating and Non-operating Transactions

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and garbage. Non-operating revenues and expenditures consist of those revenues and expenditures that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities. Operating expenditures are necessary costs incurred to provide the good or service that are the primary activity of each fund.

The Water, Sewer and Garbage fund recognizes the portion of tap fees intended to recover current costs (e.g. labor and materials) to hook up new customers as operating revenue. The portion intended to recover the costs of the infrastructure is recognized as non-operating revenue or capital contributions. Operating expenditures for the proprietary funds include the costs of sales and service, depreciation on capital assets, and personnel services and benefits. All revenue and expenditures not meeting this definition are reported as non-operating revenue and expenditures or capital contributions and transfers.

Program revenues are those revenues that are generated directly from the primary activity of the governmental funds. These consist of licenses, permits, inspections, rental income, fire protection service, and grants. Program expenditures are any costs necessary to provide the program revenues to citizens.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities' column are eliminated.

NOTE 2 – ASSETS

(a) Deposits

Custodial Credit Risk

Operating Deposits: 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 policy for custodial credit risk is to obtain collateral from financial institutions in accordance with state law. The City has cash and cash equivalents in a primary banking institution. Actual bank cash balances of $ 9,796,519 are insured and adequately collateralized as of December 31, 2020.

(b) Restricted Cash

The City has restricted assets in the form of cash and cash equivalents of:

	General	SPLOST	Impact Fees	Water, Sewer and Garbage Fund
Restricted				
Performance bonds*	$ 147,030	$ -	$ -	$ -
Culture & recreation	138,145	-	-	-
Capital projects	-	178,275	113,652	699,488
Customer deposits	-	-	-	215,859
Total Restricted Cash	$ 285,175	$ 178,275	$ 113,652	$ 915,347

**includes interest earned over the periods held by the City.*

NOTE 2 – ASSETS (CONT'D)

(c) Receivables

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and, in the case of receivables, collectability. All receivables are current and due within one year.

Receivables at December 31, 2020 consist of the following:

	General	SPLOST	Capital Projects / Grants Fund	Water, Sewer and Garbage Fund	Total
Receivables					
Water, sewer, garbage bills	$ -	$ -	$ -	$ 241,252	$ 241,252
Taxes receivable	167,872	57,818	-	-	225,690
Grants	17,665	-	973	-	18,638
Other	7,528	-	-	379,674	387,202
Gross receivables	$ 193,065	$ 57,818	$ 973	$ 620,926	$ 872,782

(d) Interfund Balances

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans reported as receivables or payables as appropriate, are subject to elimination upon consolidation and referred to as either "due to/from other funds." Any residual balances outstanding between the government activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not financial resources.

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 reimbursement. All other interfund transactions are treated as transfers. Transfers between government or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

The composition of interfund balances as of December 31, 2020 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 174,352	$ 21,524
Capital Projects / Grants Fund	21,524	-
SPLOST Fund	-	-
Water, Sewer and Garbage Fund	-	174,352
Totals	$ 195,876	$ 195,876

During the year ending December 31, 2020, there was $ 35,000 transferred from the Major Governmental SPLOST fund to the Major Enterprise Water, Sewer & Garbage fund for appropriated debt services payments. These funds are transferred annually to assist in the debt acquired by the City for water and sewer expansion projects.

NOTE 2 – ASSETS (CONT'D)

(e) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 12/31/2019	Additions	Deductions	Balance 12/31/2020
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 749,135	$ -	$ -	$ 749,135
Construction in progress	42,007	-	42,007	-
Total capital assets not being depreciated	791,142	-	42,007	749,135
Depreciable capital assets:				
Buildings and improvements	337,086	49,689	-	386,775
Machinery and equipment	44,375	-	-	44,375
Vehicles	13,695	22,321	-	36,016
Infrastructure	939,946	-	-	939,946
Total depreciable capital assets	1,335,102	72,010	-	1,407,112
Accumulated depreciation:				
Buildings and improvements	190,621	19,846	-	210,467
Machinery and equipment	17,082	8,035	-	25,117
Vehicles	10,159	1,860	-	12,019
Infrastructure	620,093	48,032	-	668,125
Total accumulated depreciation	837,955	77,773	-	915,728
Total depreciable capital assets - net	497,147	(5,763)	-	491,384
Governmental activities capital assets, net	$ 1,288,289	$ (5,763)	$ 42,007	$ 1,240,519

NOTE 2 – ASSETS (CONT'D)

(e) Capital Assets (cont'd)

	Balance 12/31/2019	Additions	Deductions	Balance 12/31/2020
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 281,601	$ -	$ -	$ 281,601
Construction in progress	738,710	1,651,525	18,000	2,372,235
Total capital assets not being depreciated	1,020,311	1,651,525	18,000	$ 2,653,836
Depreciable capital assets:				
Machinery and equipment	107,014	119,008	-	226,022
Infrastructure	9,235,525	-	-	9,235,525
Total depreciable capital assets	9,342,539	119,008	-	9,461,547
Accumulated depreciation:				
Machinery and equipment	61,008	28,501	-	89,509
Infrastructure	3,646,748	304,034	-	3,950,782
Total accumulated depreciation	3,707,756	332,535	-	4,040,291
Total depreciable capital assets - net	5,634,783	(213,527)	-	5,421,256
Business-type activities capital assets, net	$ 6,655,094	$ 1,437,998	$ 18,000	$ 8,075,092

Depreciation expense was charged to function as follows:	
General government	$ 8,302
Highways and streets	56,937
Culture and recreation	12,534
	$ 77,773
Business-type Activities	
Water, sewer and garbage fund	$ 332,535

NOTE 3 – LONG-TERM OBLIGATIONS AND NET POSITION

(a) Risk Management

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City of Hoschton became a member of the Georgia Municipal Association Workers' Compensation Self Insurance fund. As part of this risk pool, the City is obligated to pay all contributions and assessments; to cooperate with the pool's agents and attorneys; to follow loss reduction procedures established by the fund, and to report as promptly as possible, in accordance with any coverage descriptions issued, all incidents that could require the fund to pay any type loss. The City is also to call the pool's agents and attorneys to represent the City in investigations, settlement discussions, and all level of litigation arising out of any claim made against the City.

NOTE 3 – LONG-TERM OBLIGATIONS AND NET POSITION (CONT'D)

(a) Risk Management (Cont'd)

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

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

As part of this risk pool, the City is obligated to pay all contributions and assessments; to cooperate with the pool's agents and attorneys; to follow loss reduction procedures established by the fund, and to report as promptly as possible, in accordance with any coverage descriptions issued, all incidents that could require the fund to pay any type loss. The City is also to allow all the pool's agents and attorneys to represent the City in investigations, settlement discussions, and all level of litigation arising out of any claim made against the City. The City must participate at all times in at least one fund which is established by GIRMA.

The City retains the first $ 1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the $ 1,000 deductible. The basis for estimating the liabilities for unpaid claim is "IBNR" established by an actuary.

During the year ended December 31, 2020 the City did not incur claims. The city has not compiled a record of the claims paid up to $ 1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the $ 1,000) which were outstanding and unpaid at December 31, 2020. No provisions have been made in the financial statements for the year ended December 31, 2020, for any estimate of potential unpaid claims.

The City is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

City management feels the above coverage is adequate. There has not been any significant reduction in coverage from the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The City is actively involved in two claims as of December 31, 2020, concerning the Impact Fee Ordinance and a human resource claim. The City is defending the cases vigorously and while an unfavorable outcome is possible, it is either not considered likely or is not expect to reach settlement beyond the scope of the insurance coverage. In addition, subsequent to the financial statements, a third claim was ruled in the City's favor. Any appeals in this ruling will be defended vigorously including a motion to reclaim attorney fees for the meritless basis of the case.

(b) Retirement Plan

The City established a SIMPLE IRA plan for employees. The plan is a defined contribution plan established under section 409(p) of the Internal Revenue Code. This plan was established by the authority of the City Council and may be amended by action of the City Council. City employees make voluntary contributions and the City matches up to 3% of the employee's salary. Edward Jones Investments serves as custodian of the SIMPLE IRA and contributions cannot exceed $ 6,000 for each participant for any calendar year. The City's contribution for 2020 was $ 8,196.

NOTE 3 – LONG-TERM OBLIGATIONS AND NET POSITION (CONT'D)

(c) Compensated Absences Liability

Compensated absences consisted of the following:

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Due Within One Year
General fund	$ 10,475	$ 11,637	$ 14,214	$ 7,898	$ 7,898
Water, sewer & garbage fund	23,489	14,726	28,095	10,120	10,120
Total compensated absences	$ 33,964	$ 26,363	$ 42,309	$ 18,018	$ 18,018

Compensated absences are liquidated in the General Fund for the governmental activities; see Note 1 for a further explanation of compensated absences. The City has reported 100% of the compensated absence liability as due in one year, as the City projects that a majority of the employees will use compensated absences earned within one year. Although the full balance is expected to be used within one year, the time earned will continue to replenish throughout the year and will therefore the compensated absences remain noncurrent.

(d) Notes Payable and Revenue Bonds Payable

On August 1, 2006, the City entered into a contract with Georgia Environmental Facilities Authority (GEFA) to borrow funds for water and sewer improvements. The original amount of the loan was $ 3,124,536 with an interest rate of 3.00%. Additionally, on March 3, 2011, the City entered into a second contract with GEFA, to borrow funds for the water and sewer improvements. On December 1, 2014, both contacts held with GEFA were consolidated into one note. The consolidated loan (No. 2013-L27WQ) had an original balance of $ 5,251,730 with an interest rate of 2.40%. In addition, interest accrued on the principal balance until payments began. Principal payments began in 2017. The loan will mature on February 1, 2037.

The City entered into a clean water contract with GEFA during 2018 (CW2016024). The clean water loan was approved for $ 315,000 with an interest rate at .65% per annum. The project is complete and the City began making payments on the loan in February 2019. The loan will mature in February 2034.

On August 15, 2018, the City was approved for a drinking water loan (DW2018002) from GEFA to complete projects in subsequent years. The loan has been approved for funds in the amount of $ 428,000, with an interest rate of 1.06% per annum. Receipt of funds and the project began in 2019. Funds were fully disbursed by GEFA as of December 31, 2020. Payments will begin in 2021.

The Water and Sewer Revenue Bonds ($ 224,000 – Series 1982) bear interest at 5% per annum. The bonds were issued to finance the expansion of the water system. In general, revenues derived from the water and sewer operation are pledged for repayment of the bonds.

NOTE 3 – LONG-TERM OBLIGATIONS AND NET POSITION (CONT'D)

(d) Notes Payable and Revenue Bonds Payable (Cont'd)s

Long-term obligation activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Due One Year
Business-type Activities					
Note - 2013-L27WQ	$ 4,947,787	$ -	$ 118,585	$ 4,829,202	$ 241,477
Note - CW2016024	311,666	-	10,024	301,642	20,145
Note - DW2018002	219,926	206,870	-	426,796	37,268
Total Debt (Water & Sewer Fund)	$ 5,479,379	$ 206,870	$ 128,609	$ 5,557,640	$ 298,890

Notes payable including interest matures as follows:

	Principal	Interest	Total
2021	298,890	119,140	418,030
2022	308,684	113,096	421,780
2023	315,255	106,524	421,779
2024	321,978	99,802	421,780
2025	328,855	92,924	421,779
2026-2030	1,753,114	355,782	2,108,896
2031-2035	1,708,742	164,206	1,872,948
2036-2037	522,122	9,977	532,099
Total	5,557,640	$ 1,061,451	$ 6,619,091
Less current portion	298,890		
Noncurrent portion of long-term obligations	$ 5,258,750		

Revenue bond activity for the year is as follows:

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Due One Year
Business-type Activities					
Revenue bond	$ 12,000	$ -	$ 12,000	$ -	$ -

The City's revenue bonds were paid in full as of December 31, 2020 and therefore there are no future maturities of the revenue bonds.

The City has no unused lines of credit open, and has no assets pledged as collateral for debt. All notes and revenue bonds originated under direct borrowing agreements.

NOTE 4 – PERFORMANCE BONDS PAYABLE

The City has collected and retains performance bonds in the amount of $ 145,975 as of December 31, 2020. These accounts are reserved in the event that residential developers are unable to complete roadways in which the City is obligated to maintain. Upon satisfactory completion of the roadways, the City will return the funds to the developers. The cash received from bonds are maintained in interest bearing accounts. In addition to the cash revenue bonds, the City has also required other developers to maintain bonds at financial institutions where the City is beneficiary, in the event the developer is unable to complete projects.

NOTE 5 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in the RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of regional development commissions in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional commission. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30503-1720

NOTE 6 – FEDERAL AND STATE GRANTS

In the normal course of operations, the City may receive grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting funds. The City received federal grants for capital projects in the Water, Sewer and Garbage fund of $ 311,692 from the Appalachian Regional Commission during the fiscal year 2020. During the year, the City also received grant funds of $ 114,118 for the CARES grant appropriated under the Coronavirus Aid, Relief and Economic Security Act of 2020. These grants were in addition to annual safety and Local Maintenance and Improvements Grants generally received by the City.

NOTE 7 – COVID-19

As a result of the COVID-19 pandemic, in March 2020, the City of Hoschton made several adaptations in order to continue providing services to its citizens, while still keeping the health and safety of employees, elected officials and citizens in mind. Some of these adaptations included acting remote at possible times, requiring social distancing and face coverings when in public, and increasing sanitation methods to reduce the spread of the virus. In addition, the City became aware of several processes that can benefit the citizens by providing electronic payments and other convenient remote services.

During the year, the City purchased Certificates of Deposits as investments. These investments are reported at their face value including interest and are not considered to be volatile investments that may be impacted by COVID.

The extent of the impact of COVID-19 on the City's operation and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's citizens, employees and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the net position and changes in net position and cash flows (where applicable), is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 3, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 543,600	$ 638,300	$ 672,778	$ 34,478
Charges for services	703,100	522,100	435,291	(86,809)
Licenses and permits	425,800	750,800	753,142	2,342
Intergovernmental revenues	-	-	101,641	101,641
Sale of assets	17,000	17,000	-	(17,000)
Interest earned	1,000	1,000	7,346	6,346
Total revenues	1,690,500	1,929,200	1,970,198	40,998
EXPENDITURES				
Current operating:				
General government	644,900	659,650	605,870	53,780
Public works	158,500	148,300	118,864	29,436
Culture/recreation	17,300	47,300	34,832	12,468
Housing and development	629,675	649,375	590,566	58,809
Total expenditures	1,450,375	1,504,625	1,350,132	154,493
TOTAL REVENUES OVER EXPENDITURES	240,125	424,575	620,066	195,491
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Fund balance (surplus) use	(240,125)	(424,575)	-	424,575
TOTAL OTHER FINANCING SOURCES (USES)	(240,125)	(424,575)	-	424,575
NET CHANGE IN FUND BALANCE	$ -	$ -	620,066	$ 620,066
FUND BALANCES - beginning of year			2,040,052	
FUND BALANCES - end of year			$ 2,660,118	

See accompanying notes to the required supplementary information.

NOTE 1 – BUDGETARY BASIS

The City prepares its annual budgets on a basis that is consistent with accounting principles generally accepted in the United States as applied to local governments.

The City establishes the budgetary data reflected in the accompanying financial statements by the City Clerk or other authorized individual preparing a proposed budget for consideration by the appointed Council. The Clerk prepares the proposal based on detailed line items that represent revenues by source, and expenditures by department, which is the legal level of control. Expenditures may not exceed appropriations at this level of control; however, management may transfer appropriations within the control levels.

Hearings are held regarding the budget to seek comments and questions from those who reside in the City of Hoschton. All budget revisions are subject to final review and approval by the Council. The Council then examines any changes to the original proposed budget and approves a final budget. Total appropriations for any fund may be increased if, during the year, sources of revenue become available to the City in excess of original anticipations, and these amounts are anticipated and subsequently appropriated by the City Council. No supplemental appropriations were made during 2020.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Formal budgetary control is based upon major classes of expenditures known as functions. These four functions are: general government, public works, culture/recreation, and housing and business development. During the current year, no expenditures exceeded the amounts budgeted.

SUPPLEMENTARY INFORMATION

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
WATER, SEWER AND GARBAGE
SCHEDULE OF NET POSITION
December 31, 2020

	Water / Sewer	Garbage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 373,575	$ 133,405	$ 506,980
Receivables (net of allowance for uncollectible):			
Accounts	596,455	24,471	620,926
Investments, current	5,526,500	-	5,526,500
Prepaid expense	9,618	-	9,618
Restricted assets:			
Cash and cash equivalents	915,347	-	915,347
Total current assets	7,421,495	157,876	7,579,371
Non-current assets:			
Capital assets:			
Capital assets not being depreciated			
Land	281,601	-	281,601
Construction in progress	2,372,235	-	2,372,235
Depreciable capital assets, net of depreciation	5,421,256	-	5,421,256
Total non-current assets	8,075,092	-	8,075,092
TOTAL ASSETS	$ 15,496,587	$ 157,876	$ 15,654,463

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
WATER, SEWER AND GARBAGE
SCHEDULE OF NET POSITION
December 31, 2020

	Water / Sewer	Garbage	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 643,263	$ -	$ 643,263
Accrued expenses	12,963	-	12,963
Current portion of long-term debt	298,890	-	298,890
Customer deposits payable	215,859	-	215,859
Internal balance payable	174,352	-	174,352
Total current liabilities	1,345,327	-	1,345,327
Long-term liabilities			
Compensated absences (due within one year)	10,120	-	10,120
Long-term debt (net of current portion)	5,258,750	-	5,258,750
Total long-term liabilities	5,268,870	-	5,268,870
TOTAL LIABILITIES	6,614,197	-	6,614,197
NET POSITION			
Net investment in capital assets	2,517,452	-	2,517,452
Restricted	915,347	-	915,347
Unrestricted	5,449,591	157,876	5,607,467
TOTAL NET POSITION	8,882,390	157,876	9,040,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 15,496,587	$ 157,876	$ 15,654,463

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
WATER, SEWER AND GARBAGE
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020

	Water / Sewer	Garbage	Total
OPERATING REVENUES			
Charges for services	$ 1,619,467	$ 186,055	1,805,522
Other service fees	99,555	-	99,555
Total operating revenues	1,719,022	186,055	1,905,077
OPERATING EXPENSES			
Personnel services and benefits	246,091	-	246,091
Purchased and contractual services	189,617	158,290	347,907
Supplies	548,417	-	548,417
Depreciation	332,535	-	332,535
Total operating expenses	1,316,660	158,290	1,474,950
OPERATING INCOME (LOSS)	402,362	27,765	430,127
NON-OPERATING INCOME (LOSS)			
Interest and other fiscal charges	(61,078)	-	(61,078)
Interest earned	29,603	-	29,603
Loss on disposal of assets	(18,000)	-	(18,000)
Payments to others	(19,851)	-	(19,851)
Total non-operating income (loss)	(69,326)	-	(69,326)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	333,036	27,765	360,801
Transfers In (Out)	35,000	-	35,000
Capital grants	389,309	-	389,309
Capital contributions - tap fees and other	1,224,958	-	1,224,958
Total transfers in (out) and capital contributions	1,649,267	-	1,649,267
CHANGE IN NET POSITION	1,982,303	27,765	2,010,068
NET POSITION - beginning of year, original	6,900,087	130,111	7,030,198
NET POSITION - end of year	$ 8,882,390	$ 157,876	$ 9,040,266

OTHER REPORTING SECTION

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council
City of Hoschton
Hoschton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hoschton, Georgia, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Hoschton, Georgia's basic financial statements, and have issued our report thereon dated June 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Hoschton, 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 Hoschton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Hoschton, Georgia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hoschton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Members of: The Georgia Society of Certified Public Accountants • The American Institute of Certified Public Accountants

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.

Alexander, Almand & Bangs, LLP
Gainesville, Georgia
June 3, 2021

STATE REPORTING SECTION

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

CITY OF HOSCHTON, GEORGIA
SPECIAL LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
From Inception Through December 31, 2020

Project	Original Budget	Current Project Budget	Prior Year Project to Date	Current Year	Total
SPLOST # 5					
General Fund					
Road, Streets, Bridges and Sidewalks	$ 186,414	$ 186,414	$ 258,699	$ 13,753	$ 272,452
Recreation	46,603	46,603	47,497	-	47,497
Water, Sewer & Garbage Fund					
Water & Sewer Projects	699,464	699,464	594,510	42,745	637,255
	$ 932,481	$ 932,481	$ 900,706	$ 56,498	$ 957,204
SPLOST # 6					
General Fund					
Road, Streets, Bridges and Sidewalks	$ 225,330	$ 225,330	$ -	$ 140,000	$ 140,000
Recreation	56,332	56,332	-	-	-
Water, Sewer & Garbage Fund					
Water & Sewer Projects	844,988	844,988	490,000	35,000	525,000
	$ 1,126,650	$ 1,126,650	$ 490,000	$ 175,000	$ 665,000

Reconciliation to Capital Projects Fund:

Total Expenditures - Capital Projects Fund	$ 231,498
Transfers to proprietary fund, capital improvements	(35,000)
SPLOST 5 & 6 Recognized Expenditures - current year	$ 196,498