

HOSCHTON

79 City Square • Hoschton, GA 30548

FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2023

CITY OF HOSCHTON

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Hoschton, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hoschton, Georgia, as of and for the year ended December 31, 2023, 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.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hoschton, Georgia, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hoschton, 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 principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hoschton, 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.

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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 Hoschton, 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 Hoschton, 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 on pages 4 – 11 and budgetary comparison information on pages 37 - 39 and page 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 functional allocations – proprietary fund on pages 41 - 42 are presented for the purpose 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of projects funded with special sales tax proceeds on page 45, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The schedule of projects funded with special sales tax proceeds 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. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the City 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 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 Hoschton, 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 Hoschton, Georgia's internal control over financial reporting and compliance.



Alexander, Almand & Bangs, LLP
Gainesville, Georgia
June 4, 2024

As management of the City of Hoschton, Georgia, we offer readers of the financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2023. This information should be read and considered in conjunction with the basic financial statements and accompanying notes to those 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 $ 35,469,259 (net position). Of this, $ 8,349,850 (22%) represents an unrestricted net position that may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net position of the City's governmental activities was $ 12,931,726. This represents an increase of $ 4,149,569 (34%) over the prior year's net position balance for governmental activities.
- At the close of the fiscal year, the net position of the business-type activities was $ 22,537,870. This represents an increase of $ 5,717,658 (34%) over the prior year's net position balance for business-type activities.
- At the close of the fiscal year, the City's net investment in capital assets, increased $ 2,086,883 (12%). The increase is due to investments in expanding the recreational and public safety facilities, infrastructure and continued water and sewer service improvements. In addition, the City reduced the debt owed for water and sewer projects by $ 2,000,000 (100%). The City also reduced governmental debt owed for the purchase of facilities for its departments by $ 39,599 (5%).
- The City's total government-wide expenditures were $ 4,894,502, an increase of 16% above the prior fiscal year. This is primarily due to the addition of departments within the general government and increase in local population for services required. In addition, total government-wide revenues increased to $ 14,761,729 an increase of 23% over the prior fiscal year. During the current fiscal year, revenues were greatly impacted by tap fees, building permits and planning and zoning costs resulting from local development and economic growth.
- The City imposed a property tax during the fiscal year which is assessed for the January 1, 2024 fiscal year. Taxes collected are considered unearned but current to be applied for the 2024 fiscal year budget. The City collected and deferred $ 973,712 in property tax for the general fund during fiscal year 2023.

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

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 similar to 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 S*tatement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All change 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.

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, public works, culture/ recreation, and housing and development. The major business-type activity of the City includes the Utility Fund which serves as a host for the water and sewer system, solid waste (garbage) collections, and storm-water systems.

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. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. All the funds of the City of Hoschton can be divided into two categories: governmental funds and proprietary funds. In addition to these statements, this report also presents a budgetary comparison schedule. This section is presented on accounting principles generally accepted in the United States of America. This schedule is intended to demonstrate the government's compliance with legally adopted and amended budgets.

Governmental Funds

The majority of the City's basic services are reported in the governmental funds, which focus on how cash and other financial assets flow in and out of those funds and the balances left at year-end that are available for spending. Therefore, governmental funds provide information for a detailed short-term view that helps determine whether there are more of less financial resources that can be spent in the near future to fund the City's activities. Readers can compare the information presented with governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison may help to communicate the long-term impact of the government's near-term financing decisions.

Reconciliations between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds are provided following the governmental fund financial statements.

The City has four major and one non-major governmental fund. The City's major governmental funds are the General, Special Purpose Local Option Sales Tax (SPLOST), American Rescue Plan Act: Local Fiscal Recovery Fund (ARPA), and the Impact Fee Funds. The City's non-major governmental fund is the Downtown Development Authority Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Proprietary Funds

The City of Hoschton maintains one of two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system operations, its solid waste collection operations, and storm-water systems operations. The water and sewer, solid waste and storm-water are considered functions of the Utility Fund. Information is presented as the Utility Fund in the Proprietary Statement of Net Position and the Proprietary Statement of Revenues, Expense, and Changes in Net Position, and by functional allocations in the Schedules of Functional Allocations on pages 41-42 of this report.

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's fiscal year 2023 began strongly with a growing state, and local economy. City government revenues and expenditures for operating and capital budgets were healthy. The state economy provides businesses and individuals with significant benefits to live, work and play. The local communities, especially in Northeast Georgia, are embracing this trend and providing amenity filled areas which ultimately impacts growth for the City of Hoschton.

Hoschton is located in Jackson County, which is considered the 10th fastest growing county and area in the United States. Due to the tenacity of the Mayor and Council, the City is able to manage the intensive growth and demands that the additional growth brings by maintaining a consistent budget and spending process, additions and renovations to City properties for use, as well as continuing to provide and the maintain necessary utilities.

The City's increases in net position as described on page 4 for the government-wide, governmental and business type activities represents a varied allocation of efforts, additions, and increases in revenues for the year. At the close of the fiscal year, the City's unrestricted net position increased by $ 338,876 (08%) for governmental activities and increased by $ 550,612 (18%) for business-type activities. The increase for governmental activities is a result of the consistent spending of budgeted operating expenditures and increase in revenues primarily from state and local taxes. The increase for business-type activities is the reduction of long-term debt obligations that was fully paid off during the year. Conversely, the payment of obligations combined with the addition of capital assets increased the business-type net investment in capital assets by $ 2,250,447 (26%) for the fiscal year. The City's investments in governmental assets increased the net investment in capital assets by $ 1,866,253 (51%). The City continues to maintain a large amount of its net position in cash and investments to allow funds for emergencies and avoid short-term borrowing.

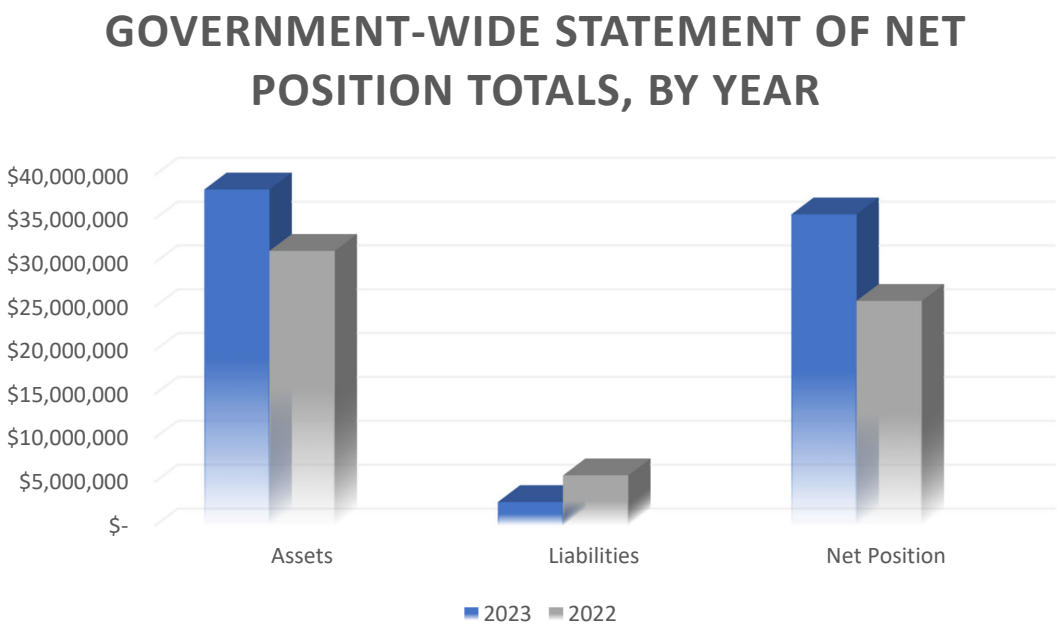
Significant receipts of cash increased from the prior year primarily from three sources: funding impact fees and the American Rescue Plan Act (ARPA) within the governmental funds; and water and sewer tap fees in the water and sewer system fund. Fees received from development impact are recorded as revenues when received. Receipt of funds under ARPA are not recorded as revenues until the City has determined and expends the funds in accordance with the United States Treasury regulations; therefore, they are considered unearned revenues. Water and sewer tap fees collected in the enterprise funds are dependent on the amount of development and house sites that require taps for utility services. The revenues and receipt of funds may fluctuate from year to year depending on the demand for new homes or utility services.

Out of the City's total governmental revenues of $ 6,655,011 (before transfers), approximately 44% came from charges for services. The remaining governmental revenues primarily came from intergovernmental revenues (14%) and local sales or other taxes (35%).

Out of the City's total business-type revenues of $ 8,105,658 approximately 40% came from utility services charged. The remaining revenues primarily came from grants and capital contributions (tap fees), which will be reinvested to provide utility services. Expenses in the business type-activities increased by $ 607,284 (25%) from the prior year. The limited increase is primarily due to the increase in prices for supplies and materials and personnel.

The following is a summary of the City's Statement of Net Position as found on page 12 of this report:

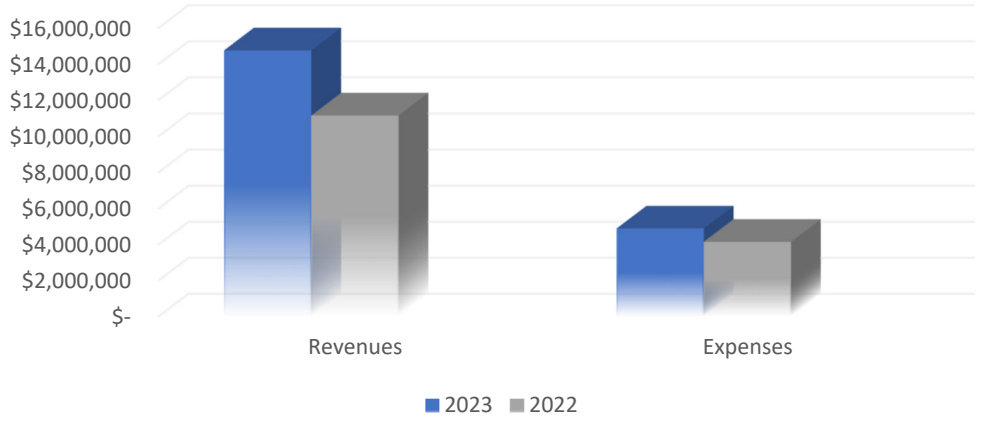
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	$ 8,924,648	$ 7,181,161	$ 10,187,156	$ 7,012,838	$ 19,111,804	$ 14,193,999
Capital assets	6,350,765	4,514,335	12,844,669	12,594,221	19,195,434	17,108,556
Total assets	15,275,413	11,695,496	23,031,825	19,607,059	38,307,238	31,302,555
Current liabilities	1,340,928	2,057,279	487,738	1,091,073	1,828,666	3,148,352
Long-term and other liabilities	1,002,759	856,060	6,554	1,696,111	1,009,313	2,552,171
Total liabilities	2,343,687	2,913,339	494,292	2,787,184	2,837,979	5,700,523
Net position:						
Net investment in capital assets	5,503,822	3,637,569	12,844,669	10,594,222	18,348,491	14,231,791
Restricted	2,534,474	1,436,977	5,936,102	3,203,657	8,470,576	4,640,634
Unrestricted	4,893,430	3,707,611	3,756,762	3,021,996	8,650,192	6,729,607
Total net position	$ 12,931,726	$ 8,782,157	$ 22,537,533	$ 16,819,875	$ 35,469,259	$ 25,602,032



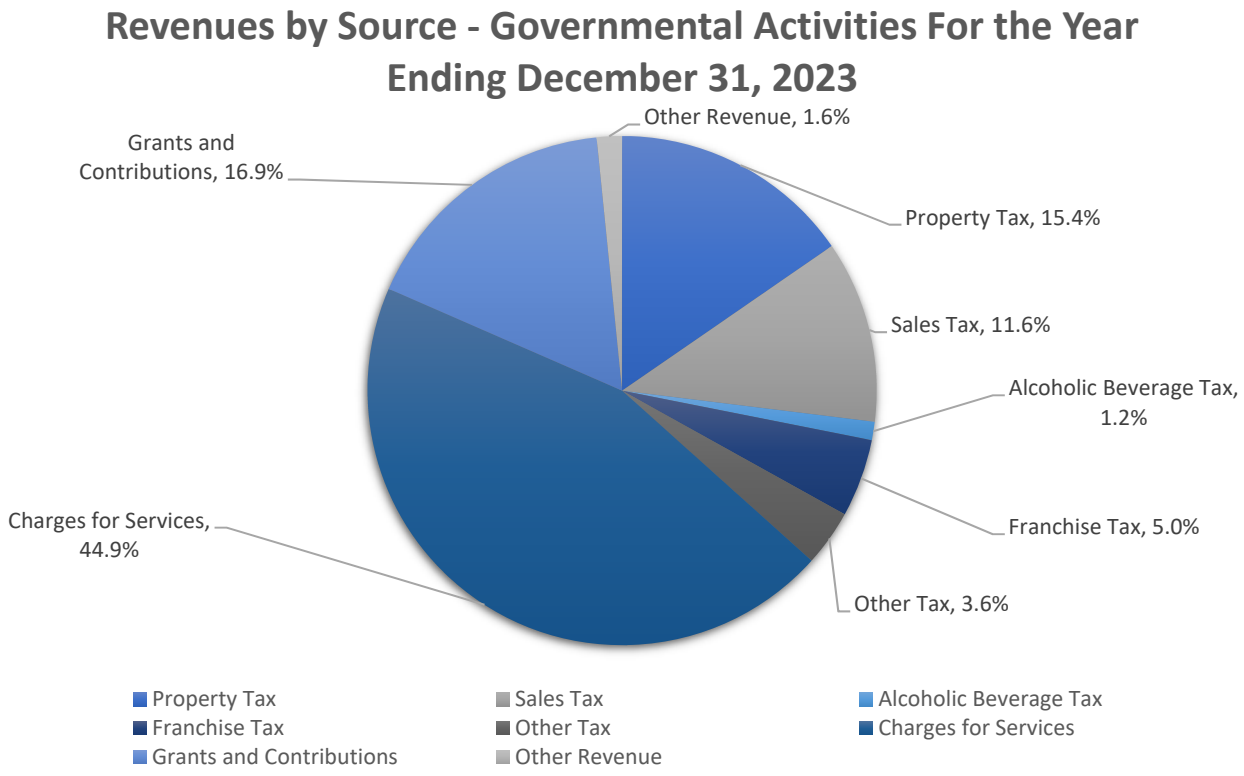
The following is a summary of the City's statement of activities as found on page 13 of this report:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 3,030,248	$ 2,929,482	$ 3,854,362	$ 3,639,341	$ 6,884,610	$ 6,568,823
Grants & contributions						
Operating	1,000	11,376	-	-	1,000	11,376
Capital	1,148,107	491,387	3,982,264	2,646,532	5,130,371	3,137,919
General revenues:						
Taxes	2,435,368	1,391,216	-	-	2,435,368	1,391,216
Interest	41,288	6,402	269,092	26,948	310,380	33,350
Total Revenues	6,656,011	4,829,863	8,105,718	6,312,821	14,761,729	11,142,684
Expenses:						
General government	864,135	693,331	-	-	864,135	693,331
Judicial	39,667	-	-	-	39,667	-
Public works	364,708	297,245	-	-	364,708	297,245
Public safety	423,530	262,107	-	-	423,530	262,107
Culture/recreation	125,936	140,174	-	-	125,936	140,174
Housing and development	175,935	380,770	-	-	175,935	380,770
Water and sewer	-	-	2,580,250	2,042,717	2,580,250	2,042,717
Solid waste	-	-	292,205	293,008	292,205	293,008
Storm-water	-	-	28,136	36,382	28,136	36,382
Total Expense	1,993,911	1,773,627	2,900,591	2,372,107	4,894,502	4,145,734
Increase in net position before transfers	4,662,100	3,056,236	5,205,127	3,940,714	9,867,227	6,996,950
Transfers	(512,531)	(675,018)	512,531	675,018	-	-
Change in net position	4,149,569	2,381,218	5,717,658	4,615,732	9,867,227	6,996,950
Net position - beginning	8,782,157	6,400,939	16,819,875	12,204,143	25,602,032	18,605,082
Net position - ending	$ 12,931,726	$ 8,782,157	$ 22,537,533	$ 16,819,875	$ 35,469,259	$ 25,602,032

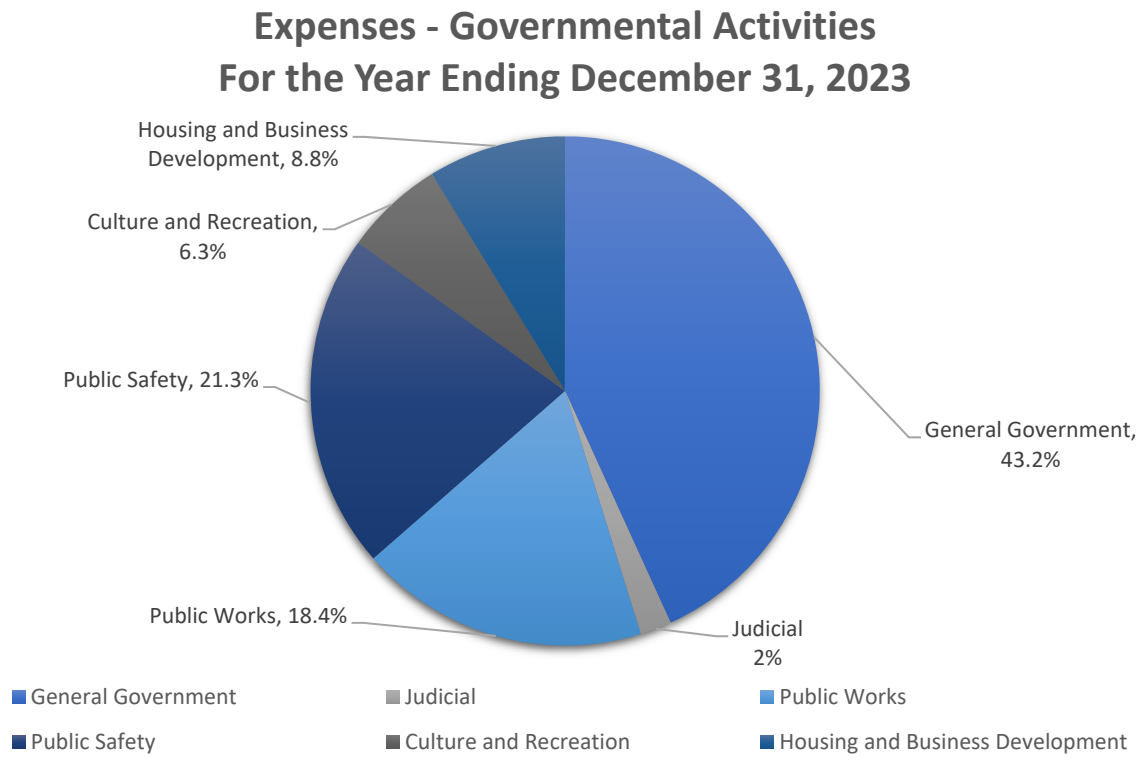
GOVERNMENT-WIDE REVENUE AND EXPENSE TOTALS, BY YEAR



The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates expenses of the governmental activities for the fiscal year:



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. Such information is useful in assessing and measuring the City's financing requirements as well as net resources available for spending at the end of the fiscal year.

As of the close of the year, the City's governmental funds reported a combined ending fund balance of $ 7,439,255, with $ 28,495 reported as non-spendable, $ 2,534,474 reported as restricted, and the remaining $ 4,876,286 reported as unassigned.

The General Fund is the operating fund of the City. The net change in the General Fund's balance for the year ended December 31, 2023, was an increase of $ 1,187,394. The significant increase in the balance for the year is attributable to taxes (primarily sales) and charges for services (primarily licenses and permits) for general fund revenue increase of 38% over the prior year. The City has also incurred more revenue sources during the year, such as rental income. Expenditures of the general fund increased 19%. These expenditures include over $ 1,000,000 in capital outlay improvements for facilities, infrastructure and equipment purchases for the various general functions of the government. Unassigned fund balance at the close of the fiscal year represents 1.47 times more than the total general fund expenditures.

The SPLOST Fund is required by Georgia Law to account for the collection and expending of proceeds of a one percent Special Purpose Local Option Sales Tax collected on goods sold within Jackson County. The City of Hoschton collected 2.03% of the SPLOST VI proceeds from the County. The SPLOST VI fund generated revenues of $ 264,944 and expended $ 512,531 for GEFA loan payments and $ 100,000 on a basketball court, which expended all of SPLOST VI funds. The City started receiving 3.00% of the County proceeds from SPLOST VII during 2023 and generated revenue of $ 305,482 and no expenditure for the year. The SPLOST fund received $ 17,808 in interest revenue during the year leaving a remaining fund balance on December 31, 2023 of $ 315,793 to be spent on the remaining water and sewer systems, infrastructure and recreation projects of the City.

The ARPA Fund is a relatively new fund to the City due to the receipt of the Local Fiscal Recovery monies allocated to local governments to assist in recovery from impacts of the COVID-19 Pandemic. The City currently has cash on hand of $ 313,015, unearned revenues of $ 292,775 and fund balance of $ 20,240.

The Impact Fee Fund is a fund created by City Ordinance to collect fees and charges from the impacts of area development and growth on the public safety, recreational facilities, and general government. The net change in the Impact Fee Fund balance for the year ended December 31, 2023, was an increase of $ 1,096,274. The primary increase is due to a year of fee collections and an increase in volume of incoming development to the City.

The Enterprise Fund is comprised of the Utility Fund: water and sewer system and services, the solid waste (garbage) collections and storm-water systems. The net change in total Enterprise Fund net position for the year ended December 31, 2023, was an increase of $ 5,717,658. Much of the increase is attributable to fees that will be used to expand the water and sewer infrastructure of the City.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City revises the General Fund budget at various times throughout the year and at the end of the fiscal year to reflect changes in estimated revenues and expenditures. Total amendments to the General Fund budget did not change the total expense amount but reclassified amounts from general government to judicial to better reflect the needs and operations of the City. No prior fund balances were used, as the City underspent its budgeted revenues and expenditures by roughly $ 1.3 million due to conservative spending and timing of capital projects.

The SPLOST Fund budget was revised during the year to reflect to closing of SPLOST VI funds and completing the projects agreed upon in the SPLOST VI Referendum.

The ARPA Fund budget was revised too reflect the expenditure for the public works project and the revenue that is recognized with the expenditure.

CAPITAL ASSETS

On December 31, 2023, the City reported capital assets net of accumulated depreciation of $ 19,195,434. This is an increase of 12% from the 2022 fiscal year.

Major capital asset additions for the current fiscal year for governmental activities included the following:

- Upgrades to City Hall
- Basketball court and additions to parks
- Expansion properties and building improvements
- Public works, vehicle, equipment and road improvements

Major capital asset additions during the current fiscal year for business-type activities include the following:

- Buildings
- Equipment
- Improvements to water system and wells

Further detail on capital assets is provided in the notes to the financial statements.

LONG-TERM OBLIGATIONS

During the current fiscal year, the City's Enterprise fund reduced debt by $ 2,000,000 and therefore reported no long-term debt as of December 31, 2023, compared to $ 2,000,000 in the prior fiscal year. The City reduced debt by $ 39,599 and therefore reported long-term debt of $ 846,943 as of December 31, 2023. This is a reduction on the properties purchased in 2022 in the governmental funds. Additional information about the City's long-term debt activity can be found in the notes to the financial statements.

CONCLUSION

In conclusion, the City of Hoschton completed the year with many ongoing projects, favorable net position, and increases in total position in most funds. Good fiscal management has been a contributing factor to the City's success while providing the necessary services for the citizens of the City.

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:

City of Hoschton
City Clerk
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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents - unrestricted	$ 4,273,450	$ 3,863,969	$ 8,137,419
Cash and cash equivalents - restricted	2,746,174	5,936,102	8,682,276
Accounts receivable	700,312	381,501	1,081,813
Leases receivable	92,072	-	92,072
Investments	1,000,000	-	1,000,000
Prepaid items	28,495	5,584	34,079
Total current assets	8,840,503	10,187,156	19,027,659
Non-current assets			
Leases receivable	84,145	-	84,145
Capital Assets			
Capital assets not being depreciated			
Land	1,253,277	401,765	1,655,042
Construction in progress	619,271	904,144	1,523,415
Depreciable assets, net of depreciation	4,478,217	11,538,760	16,016,977
Total capital assets, net of depreciation	6,350,765	12,844,669	19,195,434
TOTAL ASSETS	$ 15,275,413	$ 23,031,825	$ 38,307,238

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 30,689	$ 115,298	$ 145,987
Current portion of long term debt	31,752	-	31,752
Deposits and performance bond payable	12,000	372,440	384,440
Unearned revenues	1,266,487	-	1,266,487
Total current liabilities	1,340,928	487,738	1,828,666
Long-term liabilities			
Compensated absences (due within one year)	11,351	6,554	17,905
Long-term debt (net of current portion)	815,191	-	815,191
Total long-term liabilities	826,542	6,554	833,096
Total liabilities	2,167,470	494,292	2,661,762
DEFERRED INFLOW OF RESOURCES			
Leases	176,217	-	176,217
Total deferred inflow of resources	176,217	-	176,217
NET POSITION			
Net investment in capital assets	5,503,822	12,844,669	18,348,491
Restricted for:			
General government	12,000	-	12,000
Capital projects	315,793	5,563,662	5,879,455
Specified functions	2,206,681	-	2,206,681
Customer deposits	-	372,440	372,440
Unrestricted	4,893,430	3,756,762	8,650,192
Total net position	12,931,726	22,537,533	35,469,259
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 15,275,413	$ 23,031,825	$ 38,307,238

CITY OF HOSCHTON, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

		Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 864,135	$ 145,647	$ -	$ -
Judicial	39,667	101,705	-	-
Public works	364,708	-	-	1,058,489
Public safety	423,530	419,617	-	-
Culture/recreation	125,936	592,259	1,000	89,618
Housing and business development	175,935	1,771,020	-	-
Total Government Activities	1,993,911	3,030,248	1,000	1,148,107
Business-Type Activities				
Water and sewer	2,580,250	3,144,941	-	3,982,264
Solid waste	292,205	427,146	-	-
Storm-water	28,136	282,275	-	-
Total Business-Type Activities	2,900,591	3,854,362	-	3,982,264
Total-Primary Government	$ 4,894,502	$ 6,884,610	$ 1,000	$ 5,130,371
GENERAL REVENUES:				
Taxes: Sales				
Property				
Alcoholic Beverage				
Franchise				
Other				
Interest earned				
TRANSFERS:				
Total general revenues and transfers				
Change in net position				
NET POSITION - beginning of year				
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, 2023

Net (Expense) Revenue and Changes In Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (718,488)	$ -	$ (718,488)
62,038	-	62,038
693,781	-	693,781
(3,913)	-	(3,913)
556,941	-	556,941
1,595,085	-	1,595,085
2,185,444	-	2,185,444
-	4,546,955	4,546,955
-	134,941	134,941
-	254,139	254,139
-	4,936,035	4,936,035
2,185,444	4,936,035	7,121,479
769,017	-	769,017
1,023,012	-	1,023,012
77,343	-	77,343
329,163	-	329,163
236,833	-	236,833
41,288	269,092	310,380
(512,531)	512,531	-
1,964,125	781,623	2,745,748
4,149,569	5,717,658	9,867,227
8,782,157	16,819,875	25,602,032
$ 12,931,726	$ 22,537,533	$ 35,469,259

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS



CITY OF HOSCHTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	Major Funds		
	General	SPLOST	ARPA
ASSETS			
Cash and cash equivalents - unrestricted	$ 4,273,450	$ -	$ -
Cash and cash equivalents - restricted	-	246,718	313,015
Receivables (net):			
Intergovernmental receivable	385,020	69,075	-
Other receivables	246,217	-	-
Lease receivable	-	-	-
Investments	1,000,000	-	-
Prepaid items	28,495	-	-
TOTAL ASSETS	$ 5,933,182	$ 315,793	$ 313,015
LIABILITIES			
Accounts payable	6,866	-	-
Accrued expenses	23,823	-	-
Performance bond payable	12,000	-	-
Unearned revenue	973,712	-	292,775
Total liabilities	1,016,401	-	292,775
DEFERRED INFLOW OF RESOURCES			
Leases	-	-	-
Total deferred inflow of resources	-	-	-
FUND BALANCE			
Non-spendable:			
Prepaid items	28,495	-	-
Restricted:			
Performance bond payable	12,000	-	-
Capital outlay	-	315,793	-
Functions of impact	-	-	-
Grant projects	-	-	20,240
Downtown development	-	-	-
Assigned assets	-	-	-
Unassigned:	4,876,286	-	-
Total Fund Balances	4,916,781	315,793	20,240
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 5,933,182	$ 315,793	$ 313,015

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

Impact Fee Fund	Non-major Governmental Fund - DDA	Total Governmental Funds
$ -	$ -	$ 4,273,450
2,155,627	30,814	2,746,174
-	-	454,095
-	-	246,217
-	-	-
-	-	1,000,000
-	-	28,495
$ 2,155,627	$ 30,814	$ 8,748,431
-	-	6,866
-	-	23,823
-	-	12,000
-	-	1,266,487
-	-	1,309,176
-	-	-
-	-	-
-	-	28,495
-	-	12,000
-	-	315,793
2,155,627	-	2,155,627
-	-	20,240
-	30,814	30,814
-	-	-
-	-	4,876,286
2,155,627	30,814	7,439,255
$ 2,155,627	$ 30,814	$ 8,748,431

CITY OF HOSCHTON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2023

	2023	
TOTAL GOVERNMENTAL FUND BALANCES		$ 7,439,255
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	$ 7,876,875	
Accumulated depreciation	(1,526,110)	
Total capital assets, net depreciation		6,350,765
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Loans payable	(846,943)	
Compensated absences payable	(11,351)	
		(858,294)
Total liabilities		
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 12,931,726

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, 2023

	Major Funds		
	General	SPLOST	ARPA
REVENUES			
Taxes	$ 2,159,360	$ -	$ -
Charges for services	622,802	-	-
Licenses and permits	1,411,721	-	-
Intergovernmental revenues	314,566	570,426	521,316
Rental and other income	104,346	-	-
Interest earned	23,378	17,808	17,910
Total Revenues	4,636,173	588,234	539,226
EXPENDITURES			
Current operating:			
General government	1,821,796	-	-
Judicial	39,667	-	-
Public works	639,010	-	521,316
Public safety	393,426	-	-
Culture/recreation	117,799	100,000	-
Housing and business development	169,817	-	-
Total Expenditures	3,181,515	100,000	521,316
EXCESS REVENUES (EXPENDITURES)	1,454,658	488,234	17,910
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(267,264)	(512,531)	-
NET CHANGE IN FUND BALANCES	1,187,394	(24,297)	17,910
FUND BALANCES - beginning of year	3,729,387	340,090	2,330
FUND BALANCES - end of year	$ 4,916,781	$ 315,793	$ 20,240

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, 2023

Impact Fee Fund	Non-Major Governmental Funds - DDA	Total Governmental Funds
$ -	$ -	$ 2,159,360
826,065	12,279	1,461,146
-	-	1,411,721
-	-	1,406,308
-	1,000	105,346
52,945	-	112,041
879,010	13,279	6,655,922
-	-	1,821,796
-	-	39,667
-	-	1,160,326
-	-	393,426
-	55,669	273,468
-	-	169,817
-	55,669	3,858,500
879,010	(42,390)	2,797,422
217,264	50,000	(512,531)
1,096,274	7,610	2,284,891
1,059,353	23,204	5,154,364
$ 2,155,627	$ 30,814	$ 7,439,255

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, 2023

	2023	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 2,284,891
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.		
Capital outlay reported in general government function	$ 2,203,308	
Depreciation expense	(307,231)	
		1,896,077
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effet of premiums, discounts and similar items when debt if first issued, where as these amounts are deferred and amortized in the statement of activities.		
Principal payments on long-term debt		(29,824)
Some expenses reported in the statement of activities do not require the use of current financial resourcses and, therefore, are not reported as expenditures in the governmental funds.		
Current year liability - compensated absences	(11,351)	
Prior year liability - compensated absences	9,776	
		(1,575)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 4,149,569

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
PROPRIETARY FUND
December 31, 2023

	Utilities Fund	
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	$ 3,863,969	
Cash and cash equivalents - restricted	5,936,102	
Receivables (net of allowance for uncollectible):		
Accounts	381,501	
Prepaid expense	5,584	
Total current assets		$ 10,187,156
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Land	401,765	
Construction in progress	904,144	
Depreciable capital assets, net of depreciation	11,538,760	
Total non-current assets		12,844,669
TOTAL ASSETS		$ 23,031,825

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2023

	Utilities Fund	
LIABILITIES		
Current liabilities:		
Accounts payable	$ 104,333	
Accrued expenses	10,965	
Customer deposits payable	372,440	
Unearned revenue	-	
Total current liabilities		$ 487,738
Long-term liabilities:		
Compensated absences (due within one year)	6,554	
Total long-term liabilities		6,554
TOTAL LIABILITIES		494,292
NET POSITION		
Net investment in capital assets	12,844,669	
Restricted	5,936,102	
Unrestricted	3,756,762	
TOTAL NET POSITION		22,537,533
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		$ 23,031,825

CITY OF HOSCHTON, GEORGIA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2023

	Utilities Fund	
OPERATING REVENUES		
Charges for services	$ 3,737,761	
Other service fees	116,601	
Total operating revenues		$ 3,854,362
OPERATING EXPENSES		
Personnel services and benefits	742,146	
Purchased and contractual services	577,634	
Supplies	1,025,469	
Depreciation	512,598	
Total operating expenses		2,857,847
OPERATING INCOME (LOSS)		996,515
NON-OPERATING INCOME (LOSS)		
Interest and other fiscal charges	(42,744)	
Interest earned	269,092	
Total non-operating income (loss)		226,348
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		1,222,863
Capital contributions - tap fees and grants	3,982,264	
Transfers in (out)	512,531	
Total transfers in (out) and capital contributions		4,494,795
CHANGE IN NET POSITION		5,717,658
NET POSITION - beginning of year		16,819,875
NET POSITION - end of year		$ 22,537,533

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2023

	Utilities Fund	
Cash flows from operating activities:		
Cash receipts from customers	$ 3,722,647	
Cash payments for goods and services	(1,582,321)	
Cash payments to employees for services and benefits	(743,242)	
Net cash provided by (used in) operating activities		$ 1,397,084
Cash flows from capital and related financing activities:		
Acquisition, construction and disposal of capital assets	(763,046)	
Proceeds from capital contributions	3,970,525	
Proceeds from grant, net	11,739	
Principal paid on debt	(2,000,000)	
Interest paid on debt	(42,744)	
Proceeds from transfers for debt reduction	512,531	
Net cash provided by capital and related financing activities		1,689,005
Cash Flows from investing activities:		
Use of certificates of deposit	-	
Interest received	269,092	
Net cash provided by investing activities		269,092
Net increase (decrease) in cash and cash equivalents		3,355,181
Cash and equivalents - beginning of year		6,444,890
Cash and equivalents - end of year		$ 9,800,071

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2023

	Utilities Fund	
Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities:		
Operating income	$ 996,515	
Adjustments		
Depreciation	512,598	
(Increase) decrease in assets and deferred outflows of resources		
Accounts receivable	(97,161)	
Prepaid expense	3,716	
Increase (decrease) in liabilities and deferred inflows of resources		
Accounts payable	17,066	
Accrued expenses	(1,410)	
Compensated absences payable	314	
Customer deposits	69,946	
Unearned revenue	(104,500)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		$ 1,397,084
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 3,863,969	
Cash and cash equivalents - restricted	5,936,102	
Total cash and cash equivalents		$ 9,800,071

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 City of Hoschton, Georgia (the City) is located in the Northeaster area of Georgia off of Interstate 85 in Jackson County, about 35 miles northeast of the Atlanta Perimeter. Hoschton is within close proximity to the convenience of urban areas such as Athens, Gainesville, and metro Atlanta.

The City provides a range of governmental services, including public safety, recreational programs, and economic development as well as water and sewer service. The City 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.

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

(a) Reporting Entity

As required by GAAP, the financial statements of the reporting entity include those of the City (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significant of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit described below is included in the City's reporting entity because of the significant of its operational and functional relationship with the City. In conformity with GAAP, as set forth in Statement of GASB No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34,* the City's relationships with other governments have been examined. The financial statements of the component unit are either presented as a discretely presented component unity (shown separately from in the government-wide financial statements) or a blended component unit (shown as if it were a fund of the City).

The Hoschton Downtown Development Authority is a blended component unit that began when the Mayor and City Council approved the obligation of the City to the Hoschton Downtown Development Authority for the revitalization and redevelopment of the central business district for the City. As required by the Official Code of Georgia Annotated (O.C.G.A) Section 36-42-4, the Mayor and City Council of Hoschton selected 7 members to the Board of Directors for the Authority. The Downtown Development Authority serves the City solely and receives substantially all its revenue from the City. Because the Authority cannot stand alone without the support of the City, and all members of its Board of Directors are appointed by the City Council, it is reported as a component unit. The Authority is not a separate legal entity, therefore, the financial position, sources of revenues and uses of resources of the Authority are presented as a special revenue in the City's financial statements.

(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 primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. During the current fiscal year, the City of Hoschton had one discretely presented component unit (the Hoschton Downtown Development Authority) and one business-type activity (the Utilities Fund which operates the water and sewer, solid waste, and storm-water functions).

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

(b) Government Wide and Fund Financial Statements (Cont'd)

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. The City has no fiduciary funds.

(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.

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

(c) Government Fund Equity (Cont'd)

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.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purpose, committed, fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(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 measurable 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.

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.

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

(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 Special Revenue / 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.

The Special Revenue / American Rescue Plan Act ("ARPA") is used for grant revenues and contributions received through the Coronavirus Economic Stimulus Bill.

The Proprietary Fund ("Utilities Fund") is for the operation of the City's water and sewer, solid waste collection, and storm-water services for the citizens. Activities of the fund include administration, operation, and maintenance of the water, sewer and storm-water systems, billing and collection activities for water, sewer, solid waste collections and storm-water 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 / Downtown Development Authority is used to support housing, development and events for the City.

(g) Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds include included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included in internal balances in the business activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column

(h) 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)

(i) 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, 2023, 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 items related to insurance policies.

(j) 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

(k) 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 performance bond obligations (General Fund); capital projects (SPLOST Fund); grant projects (ARPA Fund); development impact (Impact Fee Fund); and customer utility deposits (Proprietary Fund). These restrictions are presented on the Statement of Net Position.

(l) 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.

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

(l) Deferred Outflows/Inflows of Resources – Government-Wide Statements (Cont'd)

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 governmental fund reports unavailable revenues from property tax and long-term leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(m) Compensated Absences

Employees earn personal leave at the rate of 40 hours per year for employment term 3 months to 1 year; 160 hours per year for an employment term of 1 year to 4 years; 200 hours for an employment term of 5 years to 9 years; and a rate of 240 hours for employment term 10 years and longer. 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.

(n) 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.

(o) Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grand proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

(p) Leases

The City has implemented GASB State *87, Leases*, effective July 1, 2021. This statement establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Under this statement, a lease is required to be recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, thereby enhancing the relevance and consistency of information about governments leasing activities. Leases receivables are measured at the present value of lease payments expected to be received during the lease terms.

The City is a lessor of building spaces. The City recognizes leases receivable and deferred inflows of resources at both the fund level and government-wide level of reporting.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of

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

(p) Leases

the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgements related to lease receivables include how the City determined the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments.

- The City uses the interest rate charged as the discount rate. When the interest rate charged in no specified the City uses its estimated incremental leasing rate as the discount rate for leases.

- The lease included the non-cancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments due to the City over the term of the lease.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable and deferred inflows of resources.

(q) 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.

(r) Property Taxes

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for fiscal year 2024, based upon the assessments of January 1, 2023, and levied in October and due in December 2023. The first property tax for the City of Hoschton began in October 2022 for the 2023 fiscal year. The City utilizes the Jackson County Tax Commissioner to bill and collect property taxes.

(s) 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 Utilities 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)

(t) 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.

(u) New Accounting Pronouncements

The City adopted GASB Statement No. 101, *Compensated Absences.* The Statement is effective for fiscal years beginning after December 15, 2023, with early application allowable. This statement allows for a unified recognition and measurement that more appropriately reflects when a government incurs compensated absence liability. There was no material effect on the City's financial statements due to the implementation.

City of Hoschton implemented GASB Statement No. 99, *Omnibus*. The purpose of this Statement is to enhance comparability and to improve consistency. The statement addresses practice issues that have been identified during implementation and application of previous GASB Statements. It also addresses accounting and financial reporting for financial guarantees. The adoption of Statement 99 had no material impact on the financial statements.

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 $ 17,275,564 are insured and adequately collateralized as of December 31, 2023.

(b) Restricted Cash

The City has restricted assets in the form of cash and cash equivalents as of December 31, 2023:

	General	SPLOST	ARPA	Impact Fee Fund	Non-major Governmental Funds	Utilities Fund	Total
Restricted							
Performance bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Culture & recreation	-	-	-	-	30,814	-	30,814
Capital projects	-	246,718	-	-	-	5,563,662	5,810,380
Grant specific projects	-	-	313,015	-	-	-	313,015
Development impact	-	-	-	2,155,627	-	-	2,155,627
Customer deposits	-	-	-	-	-	372,440	372,440
Total Restricted Cash	$ -	$ 246,718	$ 313,015	$ 2,155,627	$ 30,814	$ 5,936,102	$ 8,682,276

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, 2023 consist of the following:

	General	SPLOST	Utilities Fund	Total
Receivables				
Utility bills collectible	$ -	$ -	$ 381,501	$ 381,501
Intergovernmental receivable	385,020	69,075	-	454,095
Other taxes receivable	246,217	-	-	246,217
Gross receivables	$ 631,237	$ 69,075	$ 381,501	$ 1,081,813

The City is a lessor for several building spaces. The City receives monthly payment that include both principal and interest components of the lease arrangements. The leases do no contain a specified interest rate, the City has used the incremental discount rate of 4.49 %. All current leases end in the 2026 fiscal year; therefore, there are no future payments beyond the 2026 fiscal year.

	Principal	Interest	Total
2024	92,072	4,328	96,400
2025	53,104	2,496	55,600
2026	31,041	1,459	32,500
Total	176,217	8,283	184,500
Less current portion			92,072
Noncurrent portion of long-term obligations			$ 84,145

(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 eliminated as part of the reconciliation to the government-wide presentation.

NOTE 2 – ASSETS (CONT'D)

(d) Interfund Balances (Cont'd)

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

Receivable Fund	Payable Fund	Amount
Major enterprise	Nonmajor enterprise	$ 242,397
Total		$ 242,397

Internal balances within the Utility Fund functions have been eliminated on the Statement of Net Position, Proprietary Fund.

All interfund balances are expected to be paid within one year of the date of the financial statements.

(e) Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,253,277	$ -	$ -	$ 1,253,277
Construction in progress	613,879	556,459	551,067	619,271
Total capital assets not being depreciated	1,867,156	556,459	551,067	1,872,548
Depreciable capital assets:				
Buildings and improvements	2,316,206	1,821,559	-	4,137,765
Machinery and equipment	106,477	31,659	-	138,136
Vehicles	207,748	54,718	-	262,466
Infrastructure	1,235,626	230,334	-	1,465,960
Total depreciable capital assets	3,866,057	2,138,270	-	6,004,327
Accumulated depreciation:				
Buildings and improvements	351,923	184,896	-	536,819
Machinery and equipment	52,587	14,231	-	66,818
Vehicles	51,069	46,579	-	97,648
Infrastructure	763,300	61,525	-	824,825
Total accumulated depreciation	1,218,879	307,231	-	1,526,110
Total depreciable capital assets - net	2,647,178	1,831,039	-	4,478,217
Governmental activities capital assets, net	$ 4,514,334	$ 2,387,498	$ 551,067	$ 6,350,765

NOTE 2 – ASSETS (CONT'D)

(e) Capital Assets (Cont'd)

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 401,765	$ -	$ -	$ 401,765
Construction in progress	3,640,481	526,103	3,262,440	904,144
Total capital assets not being depreciated	4,042,246	526,103	3,262,440	$ 1,305,909
Depreciable capital assets:				
Machinery and equipment	311,669	63,319	-	374,988
Infrastructure	13,009,674	3,407,828	-	16,417,502
Building and improvements	-	28,236	-	28,236
Total depreciable capital assets	13,321,343	3,499,383	-	16,820,726
Accumulated depreciation:				
Machinery and equipment	180,744	44,978	-	225,722
Infrastructure	4,588,624	467,620	-	5,056,244
Total accumulated depreciation	4,769,368	512,598	-	5,281,966
Total depreciable capital assets - net	8,551,975	2,986,785	-	11,538,760
Business-type activities capital assets, net	$ 12,594,221	$ 3,512,888	$ 3,262,440	$ 12,844,669

Depreciation expense was charged to function as follows:	
Governmental Activities	
General government	$ 132,102
Highways and streets	84,293
Public Safety	67,365
Culture and recreation	23,471
	$ 307,231
Business-type Activities	
Utility Fund	$ 512,598

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 is 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 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.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The City reports no IBNR for the year ending December 31, 2023.

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.

There has not been any significant reduction in coverage from the prior year. The City is defendant in several lawsuits where the City itself has been dismissed but the suits remain outstanding against elected officials, staff and other associations with the City. Management intends to contest these open cases vigorously. The City's legal counsel is defending these cases and disputes the allegations.

(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 2023 was $ 20,089.

(c) Compensated Absences Liability

Compensated absences consisted of the following:

	Balance 12/31/2022	Net Change	Balance 12/31/2023	Due Within One Year
General fund	$ 9,776	$ 1,575	$ 11,351	$ 11,351
Water, sewer & garbage fund	6,240	314	6,554	6,554
Total compensated absences	$ 16,016	$ 1,889	$ 17,905	$ 17,905

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

(d) Compensated Absences Liability (Cont'd)

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 remain noncurrent.

(e) Notes Payable and Revenue Bonds Payable

General Fund

On May 23, 2022, the City entered into a loan agreement with Pinnacle Bank for the purchase of the building located at 29 West Broad Street. The terms state that beginning July 1, 2022, 83 consecutive monthly payments of $ 4,115 are the be made with an interest rate of 4.00 % per annum. One final balloon payment of $ 502,354 will be paid on the maturity date of June 1, 2029.

On May 22, 2022, the City entered into a loan agreement with Pinnacle Bank for the purchase of the building located at 15 First Street. The terms state that beginning Jul 1, 2022, 83 consecutive payments of $ 1,371 are to be made with an interest rate of 4.38 % per annum. One final balloon payment of $ 163,602 will be paid on the maturity date of July 1, 2029.

Long-term obligation activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Due One Year
Government-type Activities					
29 West Broad Street	$ 662,948	$ -	$ 7,049	$ 655,899	$ 24,207
15 First Street	213,818	-	22,774	191,044	7,545
Total Debt (General Fund)	$ 876,766	$ -	$ 29,823	$ 846,943	$ 31,752

Notes payable including interest matures as follows:

	Principal	Interest	Total
2024	31,752	34,084	65,836
2025	33,076	32,761	65,837
2026	34,454	31,382	65,836
2027	35,890	29,946	65,836
2028 - 2029	711,771	42,094	753,865
Total	846,943	$ 170,267	$ 1,017,210
Less current portion	31,752		
Noncurrent portion of long-term obligations	$ 815,191		

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

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

Proprietary Fund

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 December 31, 2036.

Long-term obligation activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Due One Year
Business-type Activities					
Note - 2013-L27WQ	$ 2,000,000	$ -	$ 2,000,000	$ -	$ -
Total Debt (Water & Sewer Fund)	$ 2,000,000	$ -	$ 2,000,000	$ -	$ -

NOTE 4 – PERFORMANCE BONDS PAYABLE

The City has collected and retains performance bonds in the amount of $ 12,000 as of December 31, 2023. 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. During the year, the City received annual safety Local Maintenance and Improvements Grants, including federally funded grants from the American Rescue Plan Act: Local Fiscal Recovery and the Appalachian Regional Commission funded by the United States Department of Agriculture.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 4, 2024, 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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 1,668,100	$ 1,668,100	2,159,360	$ 491,260
Charges for services	525,100	525,100	622,802	97,702
Licenses and permits	2,413,500	2,413,500	1,411,721	(1,001,779)
State grants	32,000	32,000	38,556	6,556
Intergovernmental revenues	-	-	276,010	276,010
Rental income	130,000	130,000	96,535	(33,465)
Other income	7,000	7,000	7,811	811
Interest earned	2,500	2,500	23,378	20,878
Total revenues	4,778,200	4,778,200	4,636,173	(142,027)
EXPENDITURES				
Current operating:				
General government	2,141,102	1,866,102	1,821,796	44,306
Judicial	19,000	44,000	39,667	4,333
Public works	1,415,400	1,340,400	639,010	701,390
Public safety	439,186	439,186	393,426	45,760
Culture/recreation	435,500	435,500	117,799	317,701
Housing and business development	370,012	370,012	169,817	200,195
Total expenditures	4,820,200	4,495,200	3,181,515	1,313,685
TOTAL REVENUES OVER EXPENDITURES	(42,000)	283,000	1,454,658	1,171,658
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	42,000	(283,000)	(267,264)	15,736
Fund balance (surplus) use	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	42,000	(283,000)	(267,264)	15,736
NET CHANGE IN FUND BALANCE	$ -	$ -	1,187,394	$ 1,187,394
FUND BALANCES - beginning of year			3,729,387	
FUND BALANCES - end of year			$ 4,916,781	

See accompanying notes to the required supplementary information.

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
ARPA FUND
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Grants	$ -	$ 600,000	521,316	$ (78,684)
Interest earned	-	18,000	17,910	(90)
Total revenues	-	618,000	539,226	(78,774)
EXPENDITURES				
Current operating:				
General government	-	-	-	-
Judicial	-	-	-	-
Public works	-	618,000	521,316	96,684
Public safety	-	-	-	-
Culture/recreation	-	-	-	-
Housing and business development	-	-	-	-
		-		
Total expenditures	-	618,000	521,316	96,684
TOTAL REVENUES OVER EXPENDITURES	-	-	17,910	17,910
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Fund balance (surplus) use	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	$ -	$ -	17,910	$ 17,910
FUND BALANCES - beginning of year			2,330	
FUND BALANCES - end of year			$ 20,240	

See accompanying notes to the required supplementary information.

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
IMPACT FEE FUND
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 1,082,626	$ 1,082,626	826,065	$ (256,561)
Interest earned	500	500	52,945	52,445
Total revenues	1,083,126	1,083,126	879,010	(204,116)
EXPENDITURES				
Current operating:				
General government	-	-	-	-
Judicial	-	-	-	-
Public works	-	-	-	-
Public safety	486,653	486,653	-	486,653
Culture/recreation	564,438	564,438	-	564,438
Housing and business development	-	-	-	-
		-		
Total expenditures	1,051,091	1,051,091	-	1,051,091
TOTAL REVENUES OVER EXPENDITURES	32,035	32,035	879,010	846,975
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(31,535)	(31,535)	217,264	248,799
Fund balance (surplus) use	(500)	(500)	-	500
TOTAL OTHER FINANCING SOURCES (USES)	(32,035)	(32,035)	217,264	249,299
NET CHANGE IN FUND BALANCE	$ -	$ -	1,096,274	$ 1,096,274
FUND BALANCES - beginning of year			1,059,353	
SPECIAL ITEM - prior period adjustment			-	
FUND BALANCES - beginning of year, restated			1,059,353	
FUND BALANCES - end of year			$ 2,155,627	

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. Supplemental appropriations for transfers and the public safety department were completed during the year.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

SCHEDULE OF FUNCTIONAL ALLOATIONS

CITY OF
HOSCHTON
79 City Square • Hoschton, GA 30548

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
PROPRIETARY FUND
SCHEDULE OF NET POSITION
December 31, 2023

	Water / Sewer	Solid Waste	Storm-water	Total
ASSETS				
Current assets:				
Cash and cash equivalents - unrestricted	$ 3,656,016	$ 137,964	$ 69,989	$ 3,863,969
Cash and cash equivalents - restricted	5,936,102	-	-	5,936,102
Receivables (net of allowance for uncollectible):				
Accounts	284,313	39,247	57,941	381,501
Prepaid expense	5,584	-	-	5,584
Interanl balance receivable	-	195,248	47,149	242,397
Total current assets	9,882,015	372,459	175,079	10,429,553
Non-current assets:				
Capital assets:				
Capital assets not being depreciated				
Land	401,765	-	-	401,765
Construction in progress	904,144	-	-	904,144
Depreciable capital assets, net of depreciation	11,538,760	-	-	11,538,760
Total non-current assets	12,844,669	-	-	12,844,669
TOTAL ASSETS	$ 22,726,684	$ 372,459	$ 175,079	$ 23,274,222

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
PROPRIETARY FUND
SCHEDULE OF NET POSITION
December 31, 2023

	Water / Sewer	Solid Waste	Storm-water	Total
LIABILITIES				
Current liabilities:				
Accounts payable	$ 104,333	$ -	$ -	$ 104,333
Accrued expenses	10,965	-	-	10,965
Customer deposits payable	372,440	-	-	372,440
Internal balance payable	242,397	-	-	242,397
Unearned Revenue	-	-	-	-
Total current liabilities	730,135	-	-	730,135
Long-term liabilities:				
Compensated absences (due within one year)	6,554	-	-	6,554
Total long-term liabilities	6,554	-	-	6,554
TOTAL LIABILITIES	736,689	-	-	736,689
NET POSITION				
Net investment in capital assets	12,844,669	-	-	12,844,669
Restricted	5,936,102	-	-	5,936,102
Unrestricted	3,209,224	372,459	175,079	3,756,762
TOTAL NET POSITION	21,989,995	372,459	175,079	22,537,533
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 22,726,684	$ 372,459	$ 175,079	$ 23,274,222

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
PROPRIETARY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023

	Water / Sewer	Solid Waste	Storm-water	Total
OPERATING REVENUES				
Charges for services	$ 3,028,340	$ 427,146	$ 282,275	$ 3,737,761
Other service fees	116,601	-	-	116,601
Total operating revenues	3,144,941	427,146	282,275	3,854,362
OPERATING EXPENSES				
Personnel services and benefits	742,146	-	-	742,146
Purchased and contractual services	285,429	292,205	-	577,634
Supplies	997,333	-	28,136	1,025,469
Depreciation	512,598	-	-	512,598
Total operating expenses	2,537,506	292,205	28,136	2,857,847
OPERATING INCOME (LOSS)	607,435	134,941	254,139	996,515
NON-OPERATING INCOME (LOSS)				
Interest and other fiscal charges	(42,744)	-	-	(42,744)
Interest earned	269,092	-	-	269,092
Total non-operating income (loss)	226,348	-	-	226,348
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	833,783	134,941	254,139	1,222,863
Capital grants	11,739	-	-	11,739
Capital contributions - tap fees	3,970,525	-	-	3,970,525
Transfers in (out)	512,531	-	-	512,531
Total transfers in (out) and contributions	4,494,795	-	-	4,494,795
CHANGE IN NET POSITION	5,328,578	134,941	254,139	5,717,658
NET POSITION - beginning of year	16,661,417	237,518	(79,060)	16,819,875
NET POSITION - end of year	$ 21,989,995	$ 372,459	$ 175,079	$22,537,533

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, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Hoschton, Georgia, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Hoschton, Georgia's basic financial statements, and have issued our report thereon dated June 4 , 2024.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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 4, 2024

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, 2023

Project	Original Budget	Current Project Budget	Prior Year Project to Date	Current Year	Total
SPLOST # 6					
General Fund					
Road, Streets, Bridges and Sidewalks	$ 225,330	$ 198,134	$ 198,134	$ -	$ 198,134
Recreation	56,332	100,000	-	100,000	100,000
Water, Sewer & Garbage Fund					
Water & Sewer Projects	844,988	1,712,549	1,200,018	512,531	1,712,549
	$ 1,126,650	$ 2,010,683	$ 1,398,152	$ 612,531	$ 2,010,683
SPLOST # 7					
General Fund					
Road, Streets, Bridges and Sidewalks	$ 576,447	$ 576,447	$ -	$ -	$ -
Recreation	960,746	960,746	-	-	-
Facilitates	1,921,491	1,921,491	-	-	-
Water, Sewer & Garbage Fund					
Water & Sewer Projects	384,298	384,298	-	-	-
	$ 3,842,982	$ 3,842,982	$ -	$ -	$ -