



FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2024

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, each major fund, and the aggregate remaining fund information of the City of Hoschton, Georgia, as of and for the year ended December 31, 2024, 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, each major fund, and the aggregate remaining fund information of the City of Hoschton, Georgia, as of December 31, 2024, 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 (GAAS) 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.

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, the Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual for the General, ARPA and Impact Fee Funds, and the Schedule of projects Funded With Special Sales Tax Proceeds, 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 Non-Major Governmental Fund Combining Balance Sheet, Non-Major Governmental Fund Combining Schedule of Revenues, Expenditures and Change in Net Position, Schedule of Functional Allocations – Proprietary Fund Schedule of Net Position, and the Schedule of Functional Allocations – Proprietary Fund Schedule of Revenues, Expenses and Change in Net Position 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. In our opinion, the combining Non-Major financial statements and Schedules of Functional Allocations, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2025, 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.

A handwritten signature in blue ink that reads "Alexander Almand & Bangs, LLP".

Alexander, Almand & Bangs, LLP
Gainesville, Georgia
April 10, 2025

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS





MANAGEMENT'S DISCUSSION AND ANALYSIS, December 31, 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, 2024. 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 \$ 50.6 million (net position). Of this, nearly \$ 12 million (23%) 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 slightly over \$ 19 million. This represents an increase of \$ 6.1 million (46%) 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 \$ 31.5 million. This represents an increase of nearly \$ 9 million (40%) 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 nearly \$ 7 million (36%). The increase is due to investments in expanding the recreational and public safety facilities, purchase of property, with and without a related loan, infrastructure and continued water and sewer service improvements. The City also reduced governmental debt owed for the purchase of facilities for its departments by \$ 103,000 (6%).
- The City's total government-wide expenditures were slightly over \$ 6 million, an increase of 25% above the prior fiscal year. This is primarily due to general cost increases within the general government and the significant increase in local population for services required. In addition, total government-wide revenues increased to \$ 21 million, an increase of 43% 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, and property tax revenues.
- The City imposes a property tax which 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 \$ 1,352,703 in property tax for the general fund during fiscal year 2024.

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 *Statement 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 or 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 three major and two non-major governmental funds. The City's major governmental funds are the General, Special Purpose Local Option Sales Tax (SPLOST), and the Impact Fee Funds. The City's non-major governmental funds are the American Rescue Plan Act: Local Fiscal Recovery Fund (ARPA) and the Downtown Development Authority Fund (DDA). Individual fund data for each of these non-major funds is provided in the form of combining statements in the supplementary information section of this report. 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 43-44 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 2024 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 4th fastest growing county and area in the United States, with a resident population of 20,000 or more. 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 44% for governmental activities and increased by 26% 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 25% for the fiscal year. The City's investments in governmental assets increased the net investment in capital assets by 63%. 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 two sources: funding impact fees 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. 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.

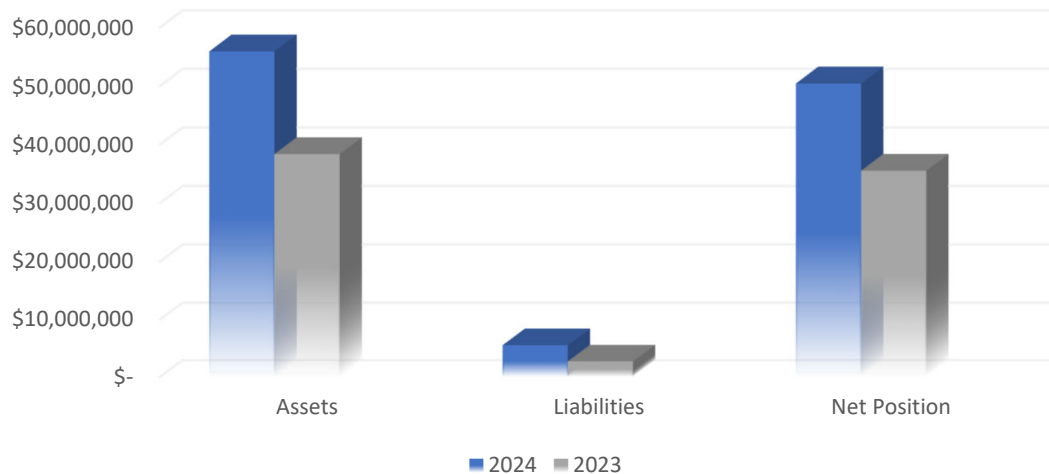
Out of the City's total governmental revenues, approximately 59% came from charges for services. The remaining governmental revenues primarily came from intergovernmental revenues (10%) and local sales or other taxes (32%).

Out of the City's total business-type revenues, 41% 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 26% from the prior year. The increase is primarily due to general costs of goods 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	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 11,832,429	\$ 8,924,648	\$ 16,935,568	\$ 10,187,156	\$ 28,767,997	\$ 19,111,804
Capital assets	10,668,436	6,350,765	16,040,696	12,844,669	26,709,132	19,195,434
Total assets	22,500,865	15,275,413	32,976,264	23,031,825	55,477,129	38,307,238
Current liabilities	1,750,784	1,340,928	1,443,386	487,738	3,194,170	1,828,666
Long-term and other liabilities	2,217,001	1,002,759	6,598	6,554	2,223,599	1,009,313
Total liabilities	3,967,785	2,343,687	1,449,984	494,292	5,417,769	2,837,979
Net position:						
Net investment in capital assets	9,014,493	5,503,822	16,040,696	12,844,669	25,055,189	18,348,491
Restricted	2,824,455	2,534,474	10,745,127	5,936,102	13,569,582	8,470,576
Unrestricted	7,251,819	4,893,430	4,740,457	3,756,762	11,992,276	8,650,192
Total net position	\$ 19,090,767	\$ 12,931,726	\$ 31,526,280	\$ 22,537,533	\$ 50,617,047	\$ 35,469,259

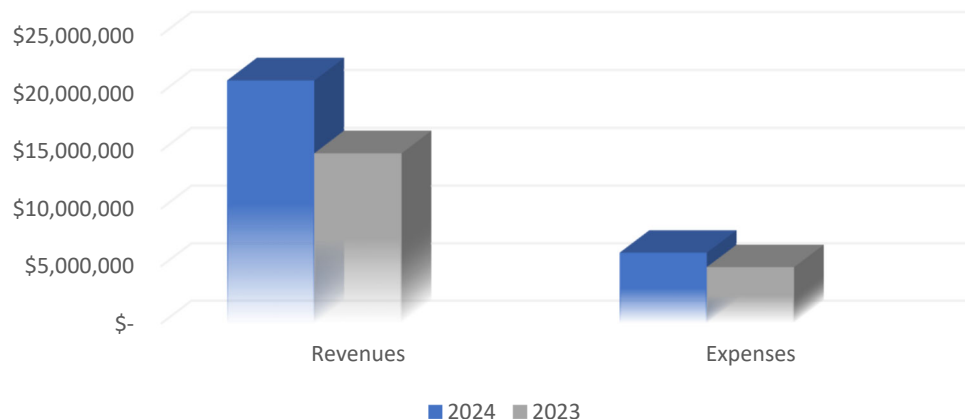
GOVERNMENT-WIDE STATEMENT OF NET POSITION TOTALS, BY YEAR



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

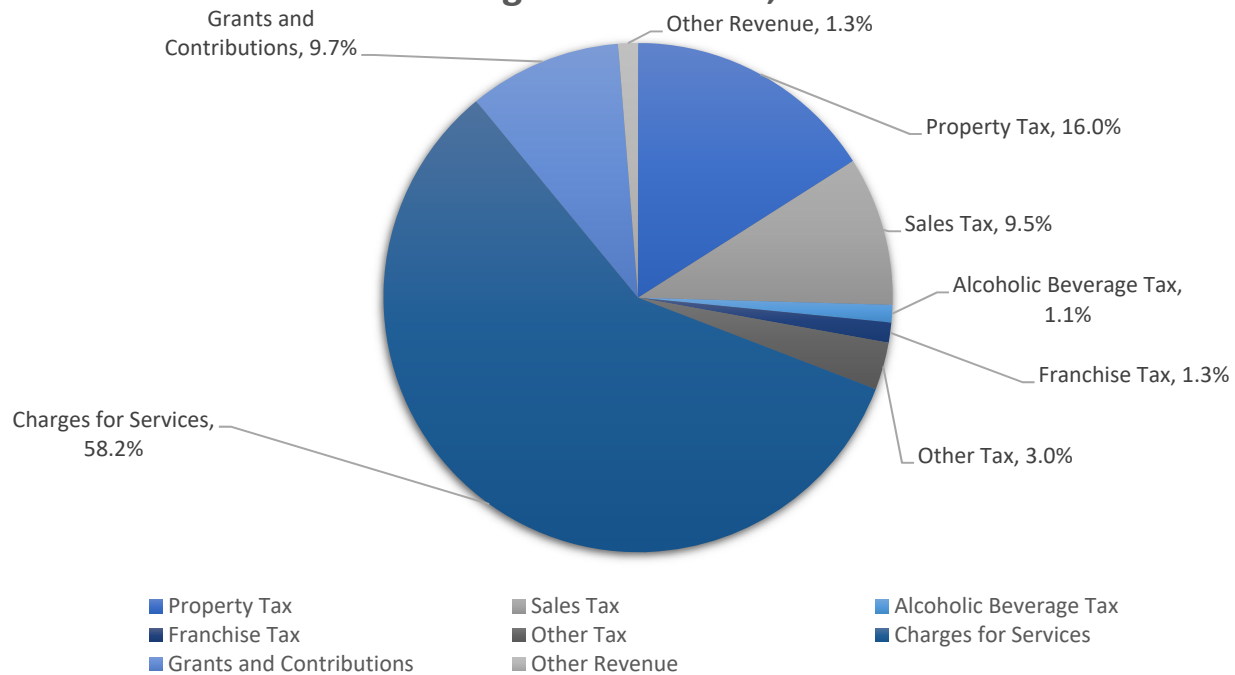
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 4,927,032	\$ 3,030,248	\$ 5,147,047	\$ 3,854,362	\$ 10,074,079	\$ 6,884,610
Grants & contributions						
Operating	-	1,000	-	-	-	1,000
Capital	822,915	1,148,107	7,053,797	3,982,264	7,876,712	5,130,371
General revenues:						
Taxes	2,838,206	2,435,368	-	-	2,838,206	2,435,368
Interest	42,615	41,288	440,782	269,092	483,397	310,380
Total Revenues	8,630,768	6,656,011	12,641,626	8,105,718	21,272,394	14,761,729
Expenses:						
General government	883,603	864,135	-	-	883,603	864,135
Judicial	47,052	39,667	-	-	47,052	39,667
Public works	433,863	364,708	-	-	433,863	364,708
Public safety	246,899	423,530	-	-	246,899	423,530
Culture/recreation	497,613	125,936	-	-	497,613	125,936
Housing and development	363,783	175,935	-	-	363,783	175,935
Water and sewer	-	-	3,652,879	2,580,250	3,652,879	2,580,250
Solid waste	-	-	-	292,205	-	292,205
Storm-water	-	-	-	28,136	-	28,136
Total Expense	2,472,813	1,993,911	3,652,879	2,900,591	6,125,692	4,894,502
Increase in net position before transfers	6,157,955	4,662,100	8,988,747	5,205,127	15,146,702	9,867,227
Transfers	-	(512,531)	-	512,531	-	-
Change in net position	6,157,955	4,149,569	8,988,747	5,717,658	15,146,702	9,867,227
Net position - beginning	12,931,726	8,782,157	22,537,533	16,819,875	35,469,259	25,602,032
Net position - ending	\$ 19,089,681	\$ 12,931,726	\$ 31,526,280	\$ 22,537,533	\$ 50,615,961	\$ 35,469,259

GOVERNMENT-WIDE REVENUE AND EXPENSE TOTALS, BY YEAR



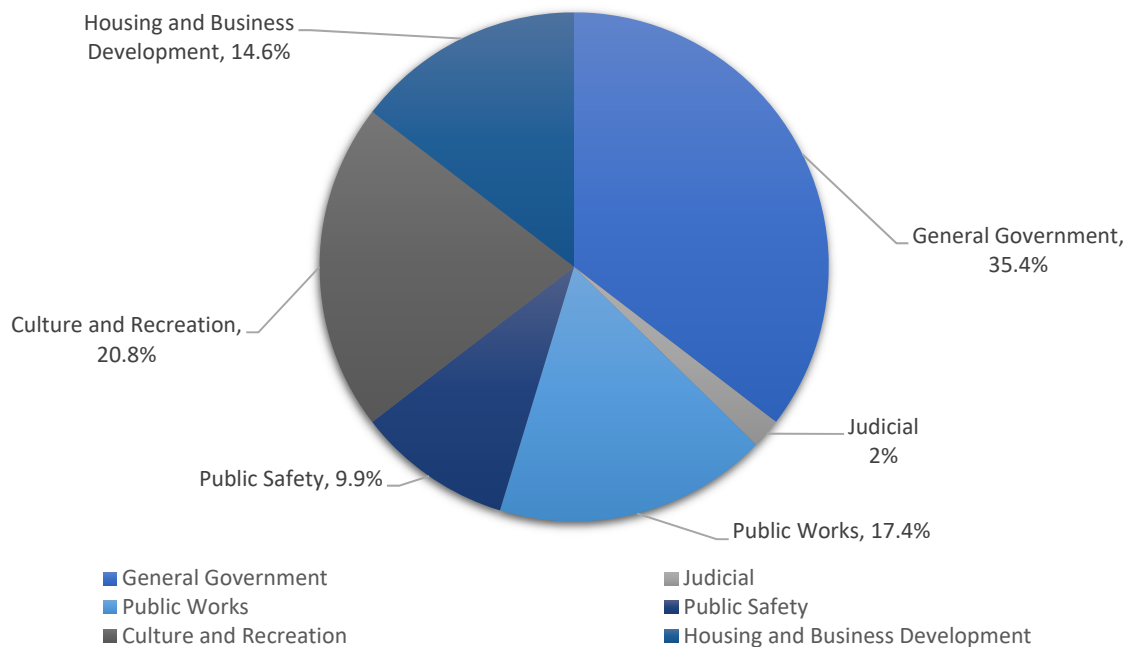
The following chart illustrates revenues of the governmental activities for the fiscal year:

Revenues by Source - Governmental Activities For the Year Ending December 31, 2024



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

Expenses - Governmental Activities For the Year Ending December 31, 2024



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 nearly \$ 10.1 million, with \$ 47,641 reported as non-spendable, \$ 2.8 million reported as restricted, and the remaining \$ 7.2 million 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, 2024, was an increase of \$ 2.3 million. The significant increase in the balance for the year is attributable to taxes (primarily sales and property) and charges for services (primarily licenses and permits) for general fund revenue increase of 34% 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 27%. 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 1.72 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 started receiving 3.00% of the County proceeds from SPLOST VII during the prior year and generated revenue of \$ 694,734 and expended \$ 300,000 for the partial purchase of the future site of the City Municipal Building. The SPLOST fund received \$ 21,592 in interest revenue during the year leaving a remaining fund balance on December 31, 2024 of \$ 732,119 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 expended the remaining fund balance (\$ 315,950) during the year on public works capital upgrades.

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, 2024, was a decrease of \$ 120,753. The primary decrease is due to the partial purchase of the future site of the City Municipal Building and the purchase and loan payments for park land.

The Downtown Development Authority Fund was created to promote and revitalize the City for businesses and citizens. During the year, the DDA earned minimal income before transfers, but utilized the prior years' earning for historical archives and safety lighting in the downtown area.

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, 2024, was an increase of \$ 8.9 million. Much of the increase is attributable to fees that will be used to expand the water and sewer infrastructure of the City and grants for infrastructure.

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 \$ 340,000 due to conservative spending and timing of capital projects.

The ARPA and Impact Fee Fund budgets were amended during the year to reflect the expenditure for the public works project and the revenue that is recognized with the expenditure.

CAPITAL ASSETS

On December 31, 2024, the City reported capital assets net of accumulated depreciation of \$ 26.7 million. This is an increase of 39% from the 2023 fiscal year.

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

- Properties purchased
- Public works building
- Public works vehicles and equipment
- Police vehicles

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

- Vehicles and equipment
- Paving
- Improvements to water and sewer systems
- Improvements to wells

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

RENT AND LEASE PROPERTIES

The City completed revised long-term lease agreements during the fiscal year to lease City owned property to private businesses. In doing so, the City collected rental income of roughly \$ 110,000 during the year. Other short-term rental properties such as the Community Room at City Hall produced an additional \$ 13,000.

LONG-TERM OBLIGATIONS

The City added debt of \$ 910,000 for the purchase of land. The City reduced debt by \$ 103,000 and therefore reported long-term debt of \$ 1,653,943 as of December 31, 2024. This is a reduction on the properties purchased in the current year as well as 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 Manager
79 City Square St.
Hoschton, Georgia 30548

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents - unrestricted	\$ 6,155,400	\$ 5,613,457	\$ 11,768,857
Cash and cash equivalents - restricted	2,752,088	10,745,127	13,497,215
Accounts receivable	1,567,839	568,740	2,136,579
Leases receivable	100,425	-	100,425
Investments	1,000,000	-	1,000,000
Prepaid items	35,641	8,244	43,885
Total current assets	<u>11,611,393</u>	<u>16,935,568</u>	<u>28,546,961</u>
Non-current assets			
Leases receivable	221,036	-	221,036
Capital Assets			
Capital assets not being depreciated			
Land	4,208,123	401,765	4,609,888
Construction in progress	948,406	3,073,436	4,021,842
Depreciable assets, net of depreciation	<u>5,511,907</u>	<u>12,565,495</u>	<u>18,077,402</u>
Total capital assets, net of depreciation	<u>10,668,436</u>	<u>16,040,696</u>	<u>26,709,132</u>
TOTAL ASSETS	<u><u>\$ 22,500,865</u></u>	<u><u>\$ 32,976,264</u></u>	<u><u>\$ 55,477,129</u></u>

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
December 31, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 37,722	\$ 529,272	\$ 566,994
Current portion of long term debt	129,076	-	129,076
Current portion of compensated absences	469	-	469
Deposits and performance bond payable	12,000	484,434	496,434
Unearned revenues	1,365,562	429,680	1,795,242
Total current liabilities	1,544,829	1,443,386	2,988,215
Long-term liabilities			
Compensated absences (due within one year)	11,435	6,598	18,033
Long-term debt (net of current portion)	1,524,867	-	1,524,867
Total long-term liabilities	1,536,302	6,598	1,542,900
Total liabilities	3,081,131	1,449,984	4,531,115
DEFERRED INFLOW OF RESOURCES			
Lease related	328,967	-	328,967
Total deferred inflow of resources	328,967	-	328,967
NET POSITION			
Net investment in capital assets	9,014,493	16,040,696	25,055,189
Restricted for:			
General government	12,000	-	12,000
Capital projects	732,119	10,260,693	10,992,812
Specified functions	2,080,336	-	2,080,336
Customer deposits	-	484,434	484,434
Unrestricted	7,251,819	4,740,457	11,992,276
Total net position	19,090,767	31,526,280	50,617,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 22,500,865	\$ 32,976,264	\$ 55,477,129

CITY OF HOSCHTON, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

		Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 883,603	\$ 134,877	\$ -	\$ -
Judicial	47,052	141,589	-	-
Public works	433,863	292,775	-	650,069
Public safety	246,899	612,087	-	-
Culture/recreation	497,613	749,468	-	172,846
Housing and business development	363,783	2,996,236	-	-
Total Government Activities	<u>2,472,813</u>	<u>4,927,032</u>	<u>-</u>	<u>822,915</u>
Business-Type Activities				
Water and sewer	3,652,879	5,147,047	-	7,053,797
Solid waste	-	-	-	-
Total Business-Type Activities	<u>3,652,879</u>	<u>5,147,047</u>	<u>-</u>	<u>7,053,797</u>
Total-Primary Government	<u>\$ 6,125,692</u>	<u>\$ 10,074,079</u>	<u>\$ -</u>	<u>\$ 7,876,712</u>

GENERAL REVENUES:

Taxes: Sales
Property
Alcoholic Beverage
Franchise
Other
Interest earned

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, 2024

Net (Expense) Revenue and Changes In Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (748,726)	\$ -	\$ (748,726)
94,537	-	94,537
508,981	-	508,981
365,188	-	365,188
424,701	-	424,701
2,632,453	-	2,632,453
<u>3,277,134</u>	<u>-</u>	<u>3,277,134</u>
-	8,547,965	8,547,965
<u>-</u>	<u>-</u>	<u>-</u>
-	8,547,965	8,547,965
<u>3,277,134</u>	<u>8,547,965</u>	<u>11,825,099</u>
802,118	-	802,118
1,352,703	-	1,352,703
94,194	-	94,194
334,357	-	334,357
254,834	-	254,834
42,615	440,782	483,397
<u>2,880,821</u>	<u>440,782</u>	<u>3,321,603</u>
6,157,955	8,988,747	15,146,702
<u>12,931,726</u>	<u>22,537,533</u>	<u>35,469,259</u>
<u>\$ 19,089,681</u>	<u>\$ 31,526,280</u>	<u>\$ 50,615,961</u>

CITY OF HOSCHTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	Major Funds		
	General	SPLOST	Impact Fee Fund
ASSETS			
Cash and cash equivalents - unrestricted	\$ 6,155,400	\$ -	\$ -
Cash and cash equivalents - restricted	-	671,752	2,034,874
Receivables (net):			
Intergovernmental receivable	1,477,868	60,367	-
Other receivables	29,604	-	-
Lease receivable	321,461	-	-
Investments	1,000,000	-	-
Prepaid items	35,641	-	-
TOTAL ASSETS	\$ 9,019,974	\$ 732,119	\$ 2,034,874
LIABILITIES			
Accounts payable	10,317	-	-
Accrued expenses	27,405	-	-
Performance bond payable	12,000	-	-
Unearned revenue	1,365,562	-	-
Total liabilities	1,415,284	-	-
DEFERRED INFLOW OF RESOURCES			
Lease related	328,967	-	-
Total deferred inflow of resources	328,967	-	-
FUND BALANCE			
Non-spendable:			
Prepaid items	35,641	-	-
Restricted:			
Performance bond payable	12,000	-	-
Capital outlay	-	732,119	-
Functions of impact	-	-	2,034,874
Grant projects	-	-	-
Downtown development	-	-	-
Assigned assets	-	-	-
Unassigned:	7,228,082	-	-
Total Fund Balances	7,275,723	732,119	2,034,874
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 9,019,974	\$ 732,119	\$ 2,034,874

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ 6,155,400
45,462	2,752,088
-	1,538,235
-	29,604
-	321,461
-	1,000,000
-	35,641
<u>\$ 45,462</u>	<u>\$ 11,832,429</u>
-	10,317
-	27,405
-	12,000
-	1,365,562
<u>-</u>	<u>1,415,284</u>
-	328,967
<u>-</u>	<u>328,967</u>
-	35,641
-	12,000
-	732,119
-	2,034,874
-	-
45,462	45,462
-	-
-	7,228,082
<u>45,462</u>	<u>10,088,178</u>
<u>\$ 45,462</u>	<u>\$ 11,832,429</u>

CITY OF HOSCHTON, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2024

	<u>2024</u>	
TOTAL GOVERNMENTAL FUND BALANCES		\$ 10,088,178
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	\$ 12,587,126	
Accumulated depreciation	<u>(1,918,690)</u>	
Total capital assets, net depreciation		10,668,436
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Loans payable	(1,653,943)	
Compensated absences payable	<u>(11,904)</u>	
		<u>(1,665,847)</u>
Total liabilities		
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 19,090,767</u></u>

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, 2024

	Major Funds		
	General	SPLOST	Impact Fee Fund
REVENUES			
Taxes	\$ 2,473,453	\$ -	\$ -
Charges for services	959,989	-	1,072,777
Licenses and permits	2,363,331	-	-
Intergovernmental revenues	473,265	694,734	-
Rental and other income	150,217	-	-
Interest earned	38,842	21,592	86,670
Total Revenues	<u>6,459,097</u>	<u>716,326</u>	<u>1,159,447</u>
EXPENDITURES			
Current operating:			
General government	1,318,160	300,000	100,025
Judicial	47,052	-	-
Public works	1,548,926	-	-
Public safety	614,395	-	544,250
Culture/recreation	153,957	-	635,925
Housing and business development	357,665	-	-
Total Expenditures	<u>4,040,155</u>	<u>300,000</u>	<u>1,280,200</u>
EXCESS REVENUES (EXPENDITURES)	2,418,942	416,326	(120,753)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(60,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,358,942	416,326	(120,753)
FUND BALANCES - beginning of year	<u>4,916,781</u>	<u>315,793</u>	<u>2,155,627</u>
FUND BALANCES - end of year	<u>\$ 7,275,723</u>	<u>\$ 732,119</u>	<u>\$ 2,034,874</u>

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, 2024

Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,473,453
293,210	2,325,976
-	2,363,331
-	1,167,999
-	150,217
3,773	150,877
<u>296,983</u>	<u>8,631,853</u>
-	1,718,185
-	47,052
315,950	1,864,876
-	1,158,645
46,625	836,507
-	357,665
<u>362,575</u>	<u>5,982,930</u>
(65,592)	2,648,923
<u>60,000</u>	<u>-</u>
(5,592)	2,648,923
<u>51,054</u>	<u>7,439,255</u>
<u>\$ 45,462</u>	<u>\$ 10,088,178</u>

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, 2024

	<u>2024</u>	
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 2,648,923
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 these 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	\$ 4,710,249	
Depreciation expense	<u>(392,579)</u>	
		4,317,670
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Earned but unavailable property tax revenues		(1,085)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.		
Long term debt issued	910,000	
Principal payments on long-term debt	<u>(103,000)</u>	
		(807,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Current year liability - compensated absences	(11,904)	
Prior year liability - compensated absences	<u>11,351</u>	
		<u>(553)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 6,157,955</u>

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2024

	<u>Utilities Fund</u>	
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	\$ 5,613,457	
Cash and cash equivalents - restricted	10,745,127	
Receivables (net of allowance for uncollectible):		
Accounts	568,740	
Prepaid expense	<u>8,244</u>	
Total current assets		\$ 16,935,568
Non-current assets:		
Capital assets:		
Capital assets not being depreciated		
Land	401,765	
Construction in progress	3,073,436	
Depreciable capital assets, net of depreciation	<u>12,565,495</u>	
Total non-current assets		<u>16,040,696</u>
TOTAL ASSETS		<u><u>\$ 32,976,264</u></u>

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2024

	<u>Utilities Fund</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 518,167
Accrued expenses	11,105
Customer deposits payable	484,434
Unearned revenue	<u>429,680</u>
Total current liabilities	\$ 1,443,386
Long-term liabilities:	
Compensated absences (due within one year)	<u>6,598</u>
Total long-term liabilities	<u>6,598</u>
TOTAL LIABILITIES	1,449,984
NET POSITION	
Net investment in capital assets	16,040,696
Restricted	10,745,127
Unrestricted	<u>4,740,457</u>
TOTAL NET POSITION	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>31,526,280</u> <u>\$ 32,976,264</u>

CITY OF HOSCHTON, GEORGIA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2024

	<u>Utilities Fund</u>
OPERATING REVENUES	
Charges for services	\$ 4,659,371
Other service fees	<u>487,676</u>
Total operating revenues	\$ 5,147,047
OPERATING EXPENSES	
Personnel services and benefits	716,755
Purchased and contractual services	1,119,858
Supplies	1,162,910
Depreciation	<u>653,356</u>
Total operating expenses	<u>3,652,879</u>
OPERATING INCOME (LOSS)	1,494,168
NON-OPERATING INCOME (LOSS)	
Interest earned	<u>440,782</u>
Total non-operating income (loss)	<u>440,782</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,934,950
Capital contributions - tap fees and grants	<u>7,053,797</u>
Total transfers in (out) and capital contributions	<u>7,053,797</u>
CHANGE IN NET POSITION	8,988,747
NET POSITION - beginning of year	<u>22,537,533</u>
NET POSITION - end of year	<u><u>\$ 31,526,280</u></u>

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2024

	<u>Utilities Fund</u>	
Cash flows from operating activities:		
Cash receipts from customers	\$ 5,502,092	
Cash payments for goods and services	(1,872,204)	
Cash payments to employees for services and benefits	<u>(716,571)</u>	
Net cash provided by (used in) operating activities		\$ 2,913,317
Cash flows from capital and related financing activities:		
Acquisition, construction and disposal of capital assets	(3,849,383)	
Proceeds from capital contributions	6,003,875	
Proceeds from grant, net	<u>1,049,922</u>	
Net cash provided by capital and related financing activities		3,204,414
Cash Flows from investing activities:		
Interest received	<u>440,782</u>	
Net cash provided by investing activities		<u>440,782</u>
Net increase (decrease) in cash and cash equivalents		6,558,513
Cash and equivalents - beginning of year		<u>9,800,071</u>
Cash and equivalents - end of year		<u><u>\$ 16,358,584</u></u>

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2024

	<u>Utilities Fund</u>
Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities:	
Operating income	\$ 1,494,168
Adjustments	
Depreciation	653,356
(Increase) decrease in assets and deferred outflows of resources	
Accounts receivable	55,158
Prepaid expense	(2,660)
Increase (decrease) in liabilities and deferred inflows of resources	
Accounts payable	413,834
Accrued expenses	140
Compensated absences payable	44
Customer deposits	111,994
Due to other funds	(242,397)
Unearned revenue	<u>429,680</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	<u>\$ 2,913,317</u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	\$ 5,613,457
Cash and cash equivalents - restricted	<u>10,745,127</u>
Total cash and cash equivalents	<u>\$ 16,358,584</u>

See accompanying notes to the basic financial statements.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hoschton, Georgia (the “City”) is located in the Northeast 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 significance 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 significance 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 unit (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).

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 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 Funds

The Special Revenue / American Rescue Plan Act ("ARPA") is used for grant revenues and contributions received through the Coronavirus Economic Stimulus Bill. The ARPA fund was previously reported as a major-fund but no longer qualifies as such.

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 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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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, 2024, 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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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

The City of Hoschton recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed above, one type of leave qualifies for liability recognition for compensated absences – personal leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignation or retirement. The liability for compensated absences includes salary-related benefits, where applicable.

- Personal leave: Employees earn personal leave at the rate of 40 hours per year for an employment term of 3 months to 1 year; 160 hours per year for an employment term of 1 to 4 years; 200 hours for an employment term of 5 to 9 years; and a rate of 240 hours for an employment term of 10 years and longer. Upon request, employees can cash out their personal leave, twice a year, for a minimum of 20 hour and a maximum of 40 hours. Employees are only allowed to carry over 160 hours of personal leave each year, any amount over these hours will be forfeited without pay.

(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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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

(p) Leases (Cont'd)

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 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 is not 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 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 that provide the goods or services 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 of 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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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

(s) Operating and Non-operating Transactions (Cont'd)

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.

(t) Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/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 expenditure/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. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement 62*. The requirements for this Statement are effective for fiscal years beginning after June 15, 2023. A summary of the impact of this standard on the City's fund balance is detailed in Note 7.

The City adopted GASB Statement No. 102, *Certain Risk Disclosures*. The requirements for this Statement are effective for fiscal years beginning after June 15, 2024, with early application encouraged. There was no major impact on the financial statements with implementation.

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 \$ 25,742,290 are insured and adequately collateralized as of December 31, 2024.

(b) Restricted Cash

The City has restricted assets in the form of cash and cash equivalents as of December 31, 2024:

	SPLOST	Impact Fee Fund	Non-major Governmental Funds	Utilities Fund	Total
Restricted					
Performance bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Culture & recreation	-	-	45,462	-	45,462
Capital projects	671,752	-	-	10,260,694	10,932,446
Grant specific projects	-	-	-	-	-
Development impact	-	2,034,874	-	-	2,034,874
Customer deposits	-	-	-	484,433	484,433
Total Restricted Cash	\$ 671,752	\$ 2,034,874	\$ 45,462	\$ 10,745,127	\$ 13,497,215

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 on December 31, 2024, consist of the following:

	General	SPLOST	Utilities Fund	Total
Receivables				
Utility bills collectible	\$ -	\$ -	\$ 635,150	\$ 635,150
Intergovernmental receivable	1,683,828	60,367	-	1,744,195
Other taxes receivable	22,098	-	-	22,098
Gross receivables	<u>\$ 1,705,926</u>	<u>\$ 60,367</u>	<u>\$ 635,150</u>	<u>\$ 2,401,443</u>

During the fiscal year ended December 31, 2024, the City, entered into several long-term leases as lessor for the use of properties in the City limits. An initial lease receivable was recorded in the amount of \$ 414,000. The leases vary from 36-60 months. The lease receivable is measured at the present value of the future minimum rent payments expected to be received during the term of the lease. At the end of the current year, the value of the lease receivable is \$ 321,461. The lessees are required to make monthly fixed payments of \$ 10,733. The leases do not contain an interest rate and therefore have estimated implicit interest rates that range between 3.92 and 4.81%, based on the start of the lease term. The value of the deferred inflow of resources at the end of the current year is \$ 328,967. The City recognized lease revenue of \$ 107,581 and interest revenue of \$ 3,219 on leases during the current fiscal year.

Future lease receivables consist of the following as of December 31:

	Principal	Interest	Total
2025	\$ 100,425	\$ 3,875	\$ 104,300
2026	119,635	2,165	121,800
2027	64,545	823	65,368
2028	17,537	462	17,999
2029	17,821	179	18,000
2030 and thereafter	1,498	2	1,500
Total	321,461	7,506	328,967
Less current portion, including interest			104,300
Noncurrent portion of			
long-term lease receivable, including interest			<u>\$ 224,667</u>

(d) Interfund Balances

Interfund transactions are reflected in 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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 – ASSETS (CONT'D)

(d) Interfund Balances (Cont'd)

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. 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	General fund	610
Total		<u>\$ 610</u>

Internal balances within the Utility Fund functions have been eliminated on the Statement of Net Position, Proprietary Fund. Internal balances between the Utility Fund and General Fund have been eliminated on the Statement of Net Position. All interfund balances are expected to be paid within one year of the date of the financial statements. The existing balance at year end resulted from general expenses between the fund for personnel and services. The balance was paid subsequent to year-end. During the year, the general fund also transferred \$ 60,000 to the DDA to be used for restoration and safety features on the downtown City Square property.

(e) Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,253,277	\$ 2,954,846	\$ -	\$ 4,208,123
Construction in progress	619,271	850,451	521,316	948,406
Total capital assets not being depreciated	<u>1,872,548</u>	<u>3,805,297</u>	<u>521,316</u>	<u>5,156,529</u>
Depreciable capital assets:				
Buildings and improvements	4,137,765	359,730	-	4,497,495
Machinery and equipment	138,136	58,012	-	196,148
Vehicles	262,466	171,262	-	433,728
Infrastructure	1,465,960	837,266	-	2,303,226
Total depreciable capital assets	<u>6,004,327</u>	<u>1,426,270</u>	<u>-</u>	<u>7,430,597</u>
Accumulated depreciation:				
Buildings and improvements	536,819	232,958	-	769,777
Machinery and equipment	66,818	25,779	-	92,597
Vehicles	97,648	61,266	-	158,914
Infrastructure	824,825	72,577	-	897,402
Total accumulated depreciation	<u>1,526,110</u>	<u>392,580</u>	<u>-</u>	<u>1,918,690</u>
Total depreciable capital assets - net	<u>4,478,217</u>	<u>1,033,690</u>	<u>-</u>	<u>5,511,907</u>
Governmental activities capital assets, net	<u>\$ 6,350,765</u>	<u>\$ 4,838,987</u>	<u>\$ 521,316</u>	<u>\$ 10,668,436</u>

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

NOTE 2 – ASSETS (CONT'D)

(e) Capital Assets (Cont'd)

	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 401,765	\$ -	\$ -	\$ 401,765
Construction in progress	904,144	2,169,292	-	3,073,436
Total capital assets not being depreciated	1,305,909	2,169,292	-	\$ 3,475,201
Depreciable capital assets:				
Machinery and equipment	374,988	278,565	-	653,553
Infrastructure	16,417,502	1,401,531	-	17,819,033
Building and improvements	28,231	-	-	28,231
Total depreciable capital assets	16,820,721	1,680,096	-	18,500,817
Accumulated depreciation:				
Machinery and equipment	225,722	62,850	-	288,572
Infrastructure	5,056,244	587,683	-	5,643,927
Building and improvements	-	2,823	-	2,823
Total accumulated depreciation	5,281,966	653,356	-	5,935,322
Total depreciable capital assets - net	11,538,755	1,026,740	-	12,565,495
Business-type activities capital assets, net	<u>\$ 12,844,664</u>	<u>\$ 3,196,032</u>	<u>\$ -</u>	<u>\$ 16,040,696</u>
Depreciation expense was charged to function as follows:				
Governmental Activities				
General government		\$ 197,533		
Highways and streets		105,695		
Public Safety		58,911		
Culture and recreation		30,441		
		<u>\$ 392,580</u>		
Business-type Activities				
Utility Fund		<u>\$ 653,356</u>		

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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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, 2024.

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 2024 was \$ 21,233.

(c) Compensated Absences Liability

Compensated absences consisted of the following:

	Balance 12/31/2023	Net Change	Balance 12/31/2024	Due Within One Year
General fund	\$ 11,351	\$ 550	\$ 11,901	\$ 465
Water, sewer & garbage fund	6,554	44	6,598	-
Total compensated absences	<u>\$ 17,905</u>	<u>\$ 594</u>	<u>\$ 18,499</u>	<u>\$ 465</u>

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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. Generally, the City reports 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. During the current year, the City has \$ 465 in compensated absences payable to an employee as a current liability because the amount was due and paid subsequent to year end.

(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 to 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.

On February 22, 2024, the City entered into a loan agreement with a private citizen for the purchase on land located of West Broad Street, informally called the Blankenship property. The terms state that the total purchase price will be \$ 1,200,000 with a payment of \$ 290,000 at the closing and the remaining balance to be paid in monthly installments of \$ 8,000, no interest shall be charged on the purchase price.

Long-term obligation activity for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024	Due One Year
Government-type Activities					
29 West Broad Street	\$ 655,899	\$ -	\$ 23,653	\$ 632,246	\$ 25,193
15 First Street	191,044	-	7,347	183,697	7,883
Blankenship	-	910,000	72,000	838,000	96,000
Total Debt (General Fund)	\$ 846,943	\$ 910,000	\$ 103,000	\$ 1,653,943	\$ 129,076

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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

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

General Fund

Notes payable including interest matures as follows:

	Principal	Interest	Total
2024	129,076	32,761	161,837
2025	130,454	31,382	161,836
2026	131,890	29,946	161,836
2027	133,387	28,450	161,837
2028 - 2029	1,129,136	13,645	1,142,781
	<u>1,653,943</u>	<u>\$ 136,184</u>	<u>\$ 1,790,127</u>
Total	1,653,943	\$ 136,184	\$ 1,790,127
Less current portion	129,076		
Noncurrent portion of long-term obligations	<u>\$ 1,524,867</u>		

Proprietary Fund

On November 18, 2024, the City entered into a loan (CW 2022013) with Georgia Environmental Facilities Authority (GEFA) to borrow funds for wastewater treatment facility improvements. The loan is disbursed in advances requested by the City with a limit of \$ 12,000,000. The unpaid principal balance carries an interest rate of 2.85% calculated on the basis of a 360- day year. Interest shall be paid monthly until the project completion date, April 1, 2027 or the loan is fully disbursed. Once the earlier of the three conditions is reached the monthly payment will include principal and interest for 239 consecutive monthly payments, with a final payment equal to the unpaid principal balance and accrued interest.

On November 18, 2024, the City entered into a loan (GF 2024006) with Georgia Environmental Facilities Authority (GEFA) to borrow funds for water treatment facility improvements. The loan is disbursed in advances requested by the City with a limit of \$ 8,000,000. The unpaid principal balance carries an interest rate of 3.35% calculated on the basis of a 360- day year. Interest shall be paid monthly until the project completion date, April 1, 2027 or the loan is fully disbursed. Once the earlier of the three conditions is reached the monthly payment will include principal and interest for 239 consecutive monthly payments, with a final payment equal to the unpaid principal balance and accrued interest.

As of December 31, 2024, the City has not requested funds from either of the loans. Both loans require an origination fee of 1.5% of the total loan amount, which for CW 2022013 is \$ 180,000 and for GF 2024006 is \$ 120,000. The City was notified on November 14, 2024 that these payments would be withdrawn from their accounts subsequent to year end. These amounts are included in the accounts payable of the Utilities Fund and classified as fees.

NOTE 4 – PERFORMANCE BONDS PAYABLE

The City has collected and retains performance bonds in the amount of \$ 12,000 as of December 31, 2024. 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.

CITY OF HOSCHTON, GEORGIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2024

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 – CHANGES WITHIN FINANCIAL REPORTING ENTITY

During the current fiscal year, changes within the financial reporting entity were as follows:

	Reporting Units Affected by Restatements of Beginning Balances		
		Nonmajor Governmental	
	ARPA Fund	Fund	Total
January 1, 2024 (as previously reported)	\$ 20,240	\$ 30,814	\$ 51,054
Change from major to nonmajor fund	(20,240)	20,240	-
January 1, 2024 (as restated)	\$ -	\$ 51,054	\$ 51,054

NOTE 8 – UTILITY FUND BALANCE

At year end, the City combined the Storm Water, Solid Waste and the Water Sewer function. This combination was for a more cohesive reporting. There is no change to the Utility Fund net position due to this combination.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 10, 2025, the date the financial statements were available to be issued.

Subsequent to year end, the City has switched retirement plans from a SIMPLE IRA to a defined benefit retirement plan with the Georgia Municipal Employee Benefit System. The Mayor and City Council approved the change with an effective date of March 1, 2025.

REQUIRED SUPPLEMENTARY INFORMATION



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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,264,649	\$ 2,264,649	2,473,453	\$ 208,804
Charges for services	485,300	485,300	959,989	474,689
Licenses and permits	1,423,500	1,423,500	2,363,331	939,831
State and local grants	-	-	107,427	107,427
Intergovernmental revenues	32,000	32,000	365,838	333,838
Rental income	-	120,000	113,200	(6,800)
Other income	189,000	69,000	37,017	(31,983)
Interest earned	47,000	47,000	38,842	(8,158)
Total revenues	<u>4,441,449</u>	<u>4,441,449</u>	<u>6,459,097</u>	<u>2,017,648</u>
EXPENDITURES				
Current operating:				
General government	1,290,550	1,320,000	1,318,160	1,840
Judicial	49,000	49,000	47,052	1,948
Public works	1,521,288	1,550,000	1,548,926	1,074
Public safety	635,930	635,930	614,395	21,535
Culture/recreation	586,000	467,838	153,957	313,881
Housing and business development	358,681	358,681	357,665	1,016
Total expenditures	<u>4,441,449</u>	<u>4,381,449</u>	<u>4,040,155</u>	<u>341,294</u>
TOTAL REVENUES OVER EXPENDITURES	<u>-</u>	<u>60,000</u>	<u>2,418,942</u>	<u>2,358,942</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	(60,000)	(60,000)	-
Fund balance (surplus) use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	2,358,942	<u>\$ 2,358,942</u>
FUND BALANCES - beginning of year			<u>4,916,781</u>	
FUND BALANCES - end of year			<u>\$ 7,275,723</u>	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Grants	\$ -	\$ 320,000	292,775	\$ (27,225)
Interest earned	-	5,000	2,935	(2,065)
Total revenues	-	325,000	295,710	(29,290)
EXPENDITURES				
Current operating:				
General government	-	5,000	-	5,000
Judicial	-	-	-	-
Public works	-	320,000	315,950	4,050
Public safety	-	-	-	-
Culture/recreation	-	-	-	-
Housing and business development	-	-	-	-
Total expenditures	-	325,000	315,950	9,050
TOTAL REVENUES OVER EXPENDITURES	-	-	(20,240)	(20,240)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	-	-	-	-
Fund balance (surplus) use	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(20,240)	<u>\$ (20,240)</u>
FUND BALANCES - beginning of year			20,240	
FUND BALANCES - end of year			<u>\$ -</u>	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	\$ 553,066	\$ 1,295,000	1,072,777	\$ (222,223)
Interest earned	2,000	2,000	86,670	84,670
Total revenues	555,066	1,297,000	1,159,447	(137,553)
EXPENDITURES				
Current operating:				
General government	-	105,000	100,025	4,975
Judicial	-	-	-	-
Public works	-	-	-	-
Public safety	249,587	550,000	544,250	5,750
Culture/recreation	287,370	640,000	635,925	4,075
Housing and business development	-	-	-	-
Total expenditures	536,957	1,295,000	1,280,200	14,800
TOTAL REVENUES OVER EXPENDITURES	18,109	2,000	(120,753)	(122,753)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(16,109)	-	-	-
Fund balance (surplus) use	(2,000)	(2,000)	-	2,000
TOTAL OTHER FINANCING SOURCES (USES)	(18,109)	(2,000)	-	2,000
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(120,753)	\$ (120,753)
FUND BALANCES - beginning of year			2,155,627	
SPECIAL ITEM - prior period adjustment			-	
FUND BALANCES - beginning of year, restated			2,155,627	
FUND BALANCES - end of year			<u>\$ 2,034,874</u>	

See accompanying notes to the required supplementary information.

CITY OF HOSCHTON, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

NOTE 1 – BUDGETARY BASIS

The City's annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Impact Fee Fund. The Capital Projects Fund (SPLOST) is appropriated on a project-length basis.

The City establishes the budgetary data reflected in the accompanying financial statements by the City's finance department or other authorized individual preparing a proposed budget for consideration by the appointed Council. The Clerk prepares the proposed budget by fund, function and department. The City's management may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the Mayor and City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

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, the general fund, public works department 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.

SUPPLEMENTARY INFORMATION



CITY OF HOSCHTON, GEORGIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2024

	ARPA	Downtown Development Authority	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 45,462	\$ 45,462
Investments - short term CD	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>-</u>	<u>45,462</u>	<u>45,462</u>
LIABILITIES			
Unearned revenue	-	-	-
Accounts payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Restricted:			
Downtown business development	-	45,462	45,462
Restricted for grant specific projects	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>45,462</u>	<u>45,462</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 45,462</u>	<u>\$ 45,462</u>

CITY OF HOSCHTON, GEORGIA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2024

	ARPA	Downtown Development Authority	Total
REVENUES			
Charges for services	\$ 292,775	\$ 435	\$ 293,210
Interest income	2,935	838	3,773
TOTAL REVENUES	<u>295,710</u>	<u>1,273</u>	<u>296,983</u>
EXPENDITURES			
General government	-	-	-
Public works	315,950	-	315,950
Public safety	-	-	-
Culture/recreation	-	46,625	46,625
TOTAL EXPENDITURES	<u>315,950</u>	<u>46,625</u>	<u>362,575</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,240)</u>	<u>(45,352)</u>	<u>(65,592)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	60,000	60,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>60,000</u>	<u>60,000</u>
NET CHANGE IN FUND BALANCES	(20,240)	14,648	(5,592)
FUND BALANCE, BEGINNING	<u>20,240</u>	<u>30,814</u>	<u>51,054</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ 45,462</u></u>	<u><u>\$ 45,462</u></u>

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
PROPRIETARY FUND
SCHEDULE OF NET POSITION
December 31, 2024

	<u>Water / Sewer</u>	<u>Solid Waste</u>	<u>Storm-water</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents - unrestricted	\$ 5,613,457	\$ -	\$ -	\$ 5,613,457
Cash and cash equivalents - restricted	10,745,127	-	-	10,745,127
Receivables (net of allowance for uncollectible):				
Accounts	568,130	-	-	568,130
Prepaid expense	8,244	-	-	8,244
Internal balance receivable	610	-	-	610
	<u>16,935,568</u>	<u>-</u>	<u>-</u>	<u>16,935,568</u>
Total current assets				
	<u>16,935,568</u>	<u>-</u>	<u>-</u>	<u>16,935,568</u>
Non-current assets:				
Capital assets:				
Capital assets not being depreciated				
Land	401,765	-	-	401,765
Construction in progress	3,073,436	-	-	3,073,436
Depreciable capital assets, net of depreciation	12,565,495	-	-	12,565,495
	<u>16,040,696</u>	<u>-</u>	<u>-</u>	<u>16,040,696</u>
Total non-current assets				
	<u>16,040,696</u>	<u>-</u>	<u>-</u>	<u>16,040,696</u>
TOTAL ASSETS	<u>\$ 32,976,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,976,264</u>

CITY OF HOSCHTON, GEORGIA
SCHEDULE OF FUNCTIONAL ALLOCATIONS
PROPRIETARY FUND
SCHEDULE OF NET POSITION
December 31, 2024

	<u>Water / Sewer</u>	<u>Solid Waste</u>	<u>Storm-water</u>	<u>Total</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 518,167	\$ -	\$ -	\$ 518,167
Accrued expenses	11,105	-	-	11,105
Customer deposits payable	484,434	-	-	484,434
Internal balance payable	-	-	-	-
Unearned Revenue	429,680	-	-	429,680
	<u>1,443,386</u>	<u>-</u>	<u>-</u>	<u>1,443,386</u>
Total current liabilities				
	<u>1,443,386</u>	<u>-</u>	<u>-</u>	<u>1,443,386</u>
Long-term liabilities:				
Compensated absences (due within one year)	6,598	-	-	6,598
	<u>6,598</u>	<u>-</u>	<u>-</u>	<u>6,598</u>
Total long-term liabilities				
	<u>6,598</u>	<u>-</u>	<u>-</u>	<u>6,598</u>
TOTAL LIABILITIES	<u>1,449,984</u>	<u>-</u>	<u>-</u>	<u>1,449,984</u>
NET POSITION				
Net investment in capital assets	16,040,696	-	-	16,040,696
Restricted	10,745,127	-	-	10,745,127
Unrestricted	4,740,457	-	-	4,740,457
	<u>31,526,280</u>	<u>-</u>	<u>-</u>	<u>31,526,280</u>
TOTAL NET POSITION				
	<u>31,526,280</u>	<u>-</u>	<u>-</u>	<u>31,526,280</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 32,976,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,976,264</u>

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, 2024

	<u>Water / Sewer</u>	<u>Solid Waste</u>	<u>Storm-water</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 4,659,371	\$ -	\$ -	\$ 4,659,371
Other service fees	<u>487,676</u>	<u>-</u>	<u>-</u>	<u>487,676</u>
Total operating revenues	<u>5,147,047</u>	<u>-</u>	<u>-</u>	<u>5,147,047</u>
OPERATING EXPENSES				
Personnel services and benefits	716,755	-	-	716,755
Purchased and contractual services	1,119,858	-	-	1,119,858
Supplies	1,162,910	-	-	1,162,910
Depreciation	<u>653,356</u>	<u>-</u>	<u>-</u>	<u>653,356</u>
Total operating expenses	<u>3,652,879</u>	<u>-</u>	<u>-</u>	<u>3,652,879</u>
OPERATING INCOME (LOSS)	<u>1,494,168</u>	<u>-</u>	<u>-</u>	<u>1,494,168</u>
NON-OPERATING INCOME (LOSS)				
Interest and other fiscal charges	-	-	-	-
Interest earned	<u>440,782</u>	<u>-</u>	<u>-</u>	<u>440,782</u>
Total non-operating income (loss)	<u>440,782</u>	<u>-</u>	<u>-</u>	<u>440,782</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,934,950</u>	<u>-</u>	<u>-</u>	<u>1,934,950</u>
Capital grants	1,049,922	-	-	1,049,922
Capital contributions - tap fees	6,003,875	-	-	6,003,875
Transfers in (out)	<u>547,538</u>	<u>(372,459)</u>	<u>(175,079)</u>	<u>-</u>
Total transfers in (out) and contributions	<u>7,601,335</u>	<u>(372,459)</u>	<u>(175,079)</u>	<u>7,053,797</u>
CHANGE IN NET POSITION	9,536,285	(372,459)	(175,079)	8,988,747
NET POSITION - beginning of year	<u>21,989,995</u>	<u>372,459</u>	<u>175,079</u>	<u>22,537,533</u>
NET POSITION - end of year	<u>\$ 31,526,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$31,526,280</u>

OTHER REPORTING SECTION



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, each major fund, and the aggregate remaining fund information of City of Hoschton, Georgia, as of and for the year ended December 31, 2024, 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 April 10, 2025.

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*.

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.

A handwritten signature in blue ink that reads "Alexander Almand & Bangs LLP".

Alexander, Almand & Bangs, LLP
Gainesville, Georgia
April 10, 2025

STATE REPORTING SECTION



CITY OF HOSCHTON, GEORGIA
SPECIAL LOCAL OPTION SALES TAX
SCHEDULE OF PROJECTS FUNDED WITH SPECIAL SALES TAX PROCEEDS
From Inception Through December 31, 2024

<u>Project</u>	<u>Original Budget</u>	<u>Current Project Budget</u>	<u>Prior Year Project to Date</u>	<u>Current Year</u>	<u>Total</u>
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	-	300,000	300,000
Water, Sewer & Garbage Fund					
Water & Sewer Projects	<u>384,298</u>	<u>384,298</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,842,982</u>	<u>\$ 3,842,982</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>