

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

Prepared by:
Finance Department

INTRODUCTORY SECTION

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i
FINANCIAL SECTION	
Independent Auditor's Report.....	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	15
Statement of Revenues, Expenditures, and Changes in Fund	
Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Financial Statements	18-34
Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual (GAAP Basis)	35 and 36
American Rescue Plan Fund – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual (GAAP Basis)	37
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances – Nonmajor Governmental Funds	39
Supplementary Schedule:	
Schedule of Projects Constructed with Proceeds from Transportation	
Special Purpose Local Option Sales Tax (TSPLOST)	40

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council of the
City of Chattahoochee Hills, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Chattahoochee Hills, Georgia** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, 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 (*Government Auditing Standards*). 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 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'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 GAAS 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 GAAS 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'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'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 General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis), and the American Rescue Plan Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis) 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's basic financial statements. The accompanying combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to 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 and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of the City'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'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 the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 25, 2023

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

As management of the City of Chattahoochee Hills, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Chattahoochee Hills for the year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- Assets of the City exceeded its liabilities by \$9,054,230 (net position), representing a \$2,142,468 or 31.0% increase over the prior year.
- Unrestricted net position increased from \$4,229,163 to \$5,667,750, an increase of \$1,438,587 or 34.1%.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$6,565,101, an increase of \$1,976,702 or 43.1% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Chattahoochee Hills' basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide the reader with a broad overview of the City of Chattahoochee Hills' financial position in a manner similar to private-sector business. These statements include the Statement of Net Position and the Statement of Activities and can be found on pages 13 and 14 of this report.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. for uncollected taxes and earned, but unused employee leave).

Both of the government-wide financial statements report functions for the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The City of Chattahoochee Hills' governmental activities include general government, judicial, public safety, public works, culture and recreation, and community development. The City currently does not have any business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City are governmental funds.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

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

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

The City of Chattahoochee Hills maintains three major funds and two non-major governmental funds. The City's major governmental funds are the General Fund; American Rescue Plan Fund; and the TSPLOST fund. The City's non-major funds are the Technology Fee Fund and the Hotel/Motel Tax Fund.

The basic governmental fund financial statements are presented on pages 15 through 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18 through 34 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The budgetary comparison schedule is intended to demonstrate the City's compliance with the legally adopted and amended budgets. Required supplementary information can be found on pages 35 through 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2023 the City's assets exceeded liabilities by \$9,054,230. This represents a \$2,142,468 or 31.0% increase over the prior year as the City continues to generate significant revenues in excess of expenses. A significant portion of the City's net position, \$2,307,286 is its investment in capital assets (land, buildings, infrastructure, and equipment), less any related debt to acquire those assets. Because the City uses these capital assets to provide services to its residents, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

The City also reported \$1,079,194 in restricted net position for funds which can only be spent for designated purposes as required by state law or contractual agreements. In the City's case, \$75,092 is restricted for tourism and \$1,004,102 is restricted for capital projects.

The remaining portion of the City's net position represents unrestricted net position in the amount of \$5,667,750 and is primarily attributable to operating revenues in excess of expenditures from the inception of the City through the current period.

The following table provides a summary of the City's governmental net position for the fiscal years 2023 and 2022.

City of Chattahoochee Hills Net Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Inc (Dec)</u>	<u>Percent</u>
Assets				
Current Assets	\$ 8,280,286	\$ 5,792,444	\$ 2,487,842	42.95 %
Capital assets, net of accumulated depreciation	<u>3,133,538</u>	<u>2,856,718</u>	<u>276,820</u>	<u>9.69</u>
Total assets	<u>11,413,824</u>	<u>8,649,162</u>	<u>2,764,662</u>	<u>31.96</u>
Liabilities				
Current liabilities	1,385,935	1,235,702	150,233	12.16
Long-term liabilities	<u>575,732</u>	<u>501,698</u>	<u>74,034</u>	<u>14.76</u>
Total liabilities	1,961,667	1,737,400	224,267	12.91
Deferred Inflows of Resources				
Leasing arrangements	397,927	-	397,927	-
Net Position				
Net Investment in capital assets	2,307,286	2,168,747	138,539	6.39
Restricted for Tourism	75,092	232,765	(157,673)	(67.74)
Restricted for capital projects	1,004,102	281,087	723,015	257.22
Unrestricted	<u>5,667,750</u>	<u>4,229,163</u>	<u>1,438,587</u>	<u>34.02</u>
Total net position	<u>\$ 9,054,230</u>	<u>\$ 6,911,762</u>	<u>\$ 2,142,468</u>	<u>31.00 %</u>

Changes in net position. The table on the following page indicates the change in net position for the fiscal years ended June 30, 2023 and 2022.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

City of Chattahoochee Hills Changes in Net Position
for the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent</u>	
Revenues:					
Program Revenues:					
Charges for services	\$ 839,603	\$ 865,724	\$ (26,121)	(3.02)	%
Operating grants and contributions	631,036	273,869	357,167	130.42	
Capital grants and contributions	883,659	764,760	118,899	15.55	
General Revenues:					
Property taxes	2,839,606	2,456,843	382,763	15.58	
Sales Taxes	1,015,393	974,943	40,450	4.15	
Hotel Motel Taxes	411,150	390,052	21,098	5.41	
Franchise Taxes	162,061	163,888	(1,827)	(1.11)	
Business Taxes	327,013	290,937	36,076	12.40	
Investment earnings	104,746	6,074	98,672	1,624.50	
Gain on sale of capital assets	3,666	-	3,666	-	
Total revenues	<u>7,217,933</u>	<u>6,187,090</u>	<u>1,030,843</u>	<u>16.66</u>	
Expenses:					
General government	657,907	579,782	78,125	13.47	
Judicial	189,700	190,648	(948)	(0.50)	
Public safety	2,440,558	2,145,229	295,329	13.77	
Public works	865,913	1,951,819	(1,085,906)	(55.64)	
Culture and recreation	551,571	328,158	223,413	68.08	
Community development	349,073	258,781	90,292	34.89	
Interest expenses	20,743	17,348	3,395	19.57	
Total expenses	<u>5,075,465</u>	<u>5,471,765</u>	<u>(396,300)</u>	<u>(7.24)</u>	
			-		
Income	<u>2,142,468</u>	<u>715,325</u>	<u>\$ 1,427,143</u>	<u>199.51</u>	%
Net position beginning of year	<u>6,911,762</u>	<u>6,196,437</u>			
Net position end of year	<u>\$ 9,054,230</u>	<u>\$ 6,911,762</u>			

Governmental activities increased the City's net position by \$2,142,468 in fiscal 2023 and \$715,325 in fiscal year 2022 as the City continues to generate revenues in excess of expenses. Total revenues increased \$1,030,843 or 16.66% from the prior year. Operating grants increased \$357,167 or 130.42% as the City expended funds received under the American Rescue Plan Act. Capital Grants and contributions increased \$118,899 or 15.55% as TSPLOST revenue allocations have increased as the general economy continues to improve. Property tax revenues increased \$382,763 or 15.58%, as a result of significant increases in assessed values of property. Sales taxes increased \$40,450 or 4.15% as state and local economic conditions continue to improve. Hotel/Motel taxes have increased \$21,098 or 5.41% as the travel and vacation sector of the economy continues to recover from the pandemic. Investment earnings have increased \$98,672 or 1,624.5% as the Federal Reserve has raised interest rates from near zero to approximately 4%.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Total expenses have decreased \$396,300 or 7.24%. General government expenses increased \$78,125 or 13.47% primarily from increases in legislative-related expenses. Public Safety expenses increased \$295,329 or 13.77% primarily from increases in salaries and benefits. Public works expenses decreased \$1,085,906 or 55.64% as the City expended TSPLOST funds for road resurfacing in the prior fiscal year. Culture and recreation expenses increased \$223,413 or 68.08% primarily from increased spending of Hotel/Motel tax revenues as required by law for such revenues. Community development expenses increased \$90,292 or 34.89% as a result of additional professional fees for GIS mapping of the City.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

City of Chattahoochee Hills
Comparison of Revenues, Expenditures, and Changes in Fund Balances
for the Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)	Percent	
Revenues:					
Property taxes	\$ 2,805,714	\$ 2,457,635	\$ 348,079	14.16	%
Sales taxes	1,015,393	974,943	40,450	4.15	
Hotel/Motel taxes	411,150	390,052	21,098	5.41	
Franchise taxes	162,061	163,888	(1,827)	(1.11)	
Business Taxes	327,013	290,937	36,076	12.40	
Licenses and permits	217,055	175,580	41,475	23.62	
Fines and forfeitures	230,473	289,470	(58,997)	(20.38)	
Charges for services	196,335	354,736	(158,401)	(44.65)	
Intergovernmental	1,499,176	1,010,543	488,633	48.35	
Contributions	5,909	27,340	(21,431)	(78.39)	
Interest earned	114,356	6,819	107,537	1,577.02	
Miscellaneous	195,740	45,939	149,801	326.09	
Total Revenue	<u>7,180,375</u>	<u>6,187,882</u>	<u>992,493</u>	<u>16.04</u>	
Expenditures:					
General government	719,518	573,070	146,448	25.55	
Judicial	189,673	190,615	(942)	(0.49)	
Public safety	2,689,690	2,167,873	521,817	24.07	
Public works	838,761	1,856,417	(1,017,656)	(54.82)	
Culture and recreation	560,932	403,339	157,593	39.07	
Community development	347,910	258,419	89,491	34.63	
Debt service	<u>203,541</u>	<u>170,228</u>	<u>33,313</u>	<u>19.57</u>	
Total Expenditures	<u>5,550,025</u>	<u>5,619,961</u>	<u>(69,936)</u>	<u>(1.24)</u>	%
Excess of revenues over expenditures	<u>1,630,350</u>	<u>567,921</u>	<u>1,062,429</u>		
Other financing sources (uses):					
Issuance of note payable	325,000	336,359	(11,359)		
Sale of capital assets	<u>21,352</u>	<u>62,000</u>	<u>(40,648)</u>		
Net change in fund balances	1,976,702	966,280	1,010,422		
Beginning fund balances	<u>4,588,399</u>	<u>3,622,119</u>	<u>966,280</u>		
Ending fund balances	<u>\$ 6,565,101</u>	<u>\$ 4,588,399</u>	<u>\$ 1,976,702</u>		

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Governmental funds reported fund balances of \$6,565,101 at June 30, 2023. This is a \$1,976,702 increase over the prior year as the City continues to generate revenues in excess of expenditures.

Revenues have increased \$992,493 or 16.04% over the prior year. Property taxes have increased \$348,079 or 14.16% as a result of increases in assessed property values. Business taxes and licenses and permit revenues have increased \$36,076 (12.4%) and \$41,475 (23.62%), respectively, as the general economy continues to improve. Fines and forfeitures decreased \$58,997 or 20.38% as a result of officers writing more warnings to ensure voluntary compliance as part of a community policing initiative. Charges for services decreased \$158,401 or 44.65%, because the prior year revenue benefitted from certain development fees for several large projects. Intergovernmental revenues increased \$488,633 or 48.35% primarily from recognitions of revenues under the American Recovery Plan Act. Interest income increased \$107,537 or 1,577% as interest rates have increased from near zero to approximately 4%.

Total expenditures decreased slightly by \$69,936 or 1.24%. General government expenditures increased by \$146,448 or 25.55% primarily from increases in legislative expenses. Public safety expenditures increased \$521,817 or 24.07% as a result of increases in staffing and general increases in salaries and benefits. Public works expenditures decreased \$1,017,656 or 54.82% as management expended significant SPLOST funds for road resurfacing in the prior year. Culture and recreation expenditures increased \$157,593 or 39.07% as the city expends Hotel/Motel revenues as required by law. Community development expenditures have increased \$89,491 or 34.63% primarily as a result of consulting fees for GIS mapping of the City. Debt service expenditures have increased \$33,313 or 19.57%, as a result of financing for additional public works equipment and a fire truck.

General Fund. The General Fund is the primary operating fund and the largest source of day-to-day service delivery. It accounts for the City's core services such as law enforcement, fire protection, planning and development, roads, streets, and bridges, culture and recreation, municipal court, and administration. The General Fund currently has a fund balance of \$5,407,914, an increase of \$1,397,576 from the prior year.

The City has adopted a fund balance reserve policy to retain in reserve an amount which represents no less than two months of operating and debt expenditures, approximately 16.7% of the current year's estimated operating and debt expenditures. The policy took into consideration that upon incorporation, no reserves existed and allowed for a period of three to five years to establish the required amount. The current fund balance stands at \$5,407,914 or 116.76% of current year expenditures.

General fund revenues increased \$476,009 or 9.39%. Property tax revenues increased \$348,079 or 14.16%, primarily from increases in assessed values. Miscellaneous revenues increased \$154,560 or 602% primarily from special event public safety reimbursements.

General fund expenditures increased \$589,969 or 14.6%. General government expenditures increased \$141,714 or 24.8% primarily from increases in legislative expenditures. Public safety expenditures increased \$292,620 or 14.06% primarily from increases in salaries and benefits. Community development expenditures increased \$81,608 or 31.77% primarily from additional professional expenditures for implementing a GIS mapping system for the City.

American Rescue Plan Fund. The American Rescue Plan Fund accounts for the City's revenues and expenditures from the Coronavirus State and Local Fiscal Recovery Funds grant. Revenues and expenditures were \$469,900 and \$89,841 for fiscal 2023 and 2022, respectively, an increase \$380,059 or 423.04% as the City paid employee bonuses and purchased supplies and equipment. At June 30, 2023, the City has \$678,785 remaining to spend under the grant award.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

Transportation Special Purpose Local Option Sales Tax (TSPLOST) Fund. The TSPLOST Fund is used to account for the revenues received by the City to be expended on capital projects identified in the voter approved TSPLOST referendum. The City received \$722,757 and \$615,960 for fiscal years 2023 and 2022, respectively. The City spent \$9,352 and \$1,175,556 for road improvement projects in fiscal 2023 and 2022, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

A comparison of budgeted to actual results can be found on pages 35 and 36 of the financial report. Total revenues were \$979,467 better than budgeted, primarily, as property taxes, sales taxes, fines and forfeitures, and miscellaneous revenues were significantly higher than budgeted. Total budgeted expenditures were \$4,646,712 and actual expenditures were \$4,631,631, a variance of \$15,081 or less than 1%.

The City employs a formal budget adjustment process as needed in order to re-align original appropriations made during the annual budget process with significant changes in revenue and/or expenditures; ensuring appropriations are in alignment with expected resources. Differences between the original budget and final, amended budget are then resolved through official City Council action.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the City's investment in capital assets for its governmental activities totaled \$3,133,538. These assets primarily reflect the infrastructure assets of roads, streets, bridges, culverts, and park land.

City of Chattahoochee Hills
Capital Assets (net of depreciation)
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Inc (Dec)</u>	<u>Percent</u>	
Land	\$ 1,056,643	\$ 1,056,643	\$ -	-	%
Construction in progress	-	-	-	-	
Buildings and improvements	403,412	290,964	112,448	38.65	
Machinery and equipment	596,721	633,902	(37,181)	(5.87)	
Vehicles	838,983	627,460	211,523	33.71	
Infrastructure	<u>237,779</u>	<u>247,749</u>	<u>(9,970)</u>	<u>(4.02)</u>	
Total	<u>\$ 3,133,538</u>	<u>\$ 2,856,718</u>	<u>\$ 276,820</u>	<u>9.69</u>	%

Additional information on the City's capital assets can be found in Note 7 on page 30 of the report. Significant asset additions for 2023 included a new fire truck, wayfinding signage and additional parking facilities at City recreational areas.

Long-term debt

The City's long-term debt consists primarily of notes payable for vehicles and equipment. Additional information on the City's debt can be found in Note 8 beginning on page 31 of this report.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors are expected to have some noteworthy effects on the City's financial position or results of operations and were taken into account in developing the fiscal year 2024 budget. They will also be an ongoing concern throughout the fiscal year.

- With the projected development of additional housing throughout the City even in the current market, the City kept the millage rate at 9.00 with a projected net tax increase of 23% which should yield an additional \$602,121 in ad valorem tax.
- The City has chosen to remain conservative on revenue projections for Sales and Use Taxes, Licenses and Permits, Charges for Services, Fines and Forfeitures, and Contributions and Donations. However, with increased activity in the film industry and the City of Chattahoochee Hills being a popular area for locations scouts, the City anticipates an increase in the Licenses and Permits account from the revenues generated from these permits.
- Gas prices are up 7.84% since the beginning of 2023.
- Consumer price index for all items energy increased 4% over last year.
- The annual inflation rate in the U.S. slowed to 3% in June of 2023, the lowest since March of 2021 and compared to 4% in May and expectations of 3.1%.
- Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7% in 2022 to 1.3% in 2023.
- The real estate market has been trending sharply upward locally and nationally.
- In Atlanta, GA, where the housing market has been particularly hot, some experts predict that mortgage interest rates will remain stable in the mid 5% to low 6% throughout 2023. This matches the 40-year historical averages for home mortgages.
- This trend will be reflected in Fulton County's 2024 Property Assessment notices, which were mailed in June 2023.
- The Net M&O Digest went from \$296,560,107 to \$363,462,391 (22% increase).
- The Net Taxes Levied last year was \$2,669,041 compared to this year at \$3,271,162 which is a 23% increase. This should yield an additional \$602,121 in property tax revenue.
- The median home price in Atlanta was \$350,000 in January 2023, according to the U.S. News Housing Market Index, based on Redfin data. That's a 1.5% increase from a year prior. It's also in line with the national median existing-home sale price in January, which was \$359,000, per the NAR. That's a 1.3% uptick year over year.

The City restricts the use of one-time revenues to fund recurring operating expenses. Growth in expenditures is limited based on the City Council approval of service levels, the level of effort needed to provide the service levels and the measurement of the outcomes of providing service.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Chattahoochee Hills Finance Department, 6505 Rico Road, Chattahoochee Hills, Georgia 30268. You may also visit our website at www.chatthillsga.us.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2023

	Primary Government	Component Unit
	Governmental Activities	Chattahoochee Hills Convention and Visitors Bureau
ASSETS		
Cash and cash equivalents	\$ 6,927,294	\$ -
Accounts receivable	9,607	-
Taxes receivable, net of allowance	65,830	-
Intergovernmental receivable	404,498	-
Lease receivable	409,890	-
Due from primary government	-	90,589
Prepays	66,080	-
Land held for development	397,087	-
Capital assets:		
Nondepreciable	1,056,643	-
Depreciable, net of accumulated depreciation	2,076,895	-
Total assets	11,413,824	90,589
LIABILITIES		
Accounts payable	204,708	-
Accrued liabilities	103,415	-
Due to component unit	90,589	-
Unearned revenue	678,785	-
Compensated absences due within one year	57,918	-
Notes payable from direct borrowings due within one year	250,520	-
Notes payable from direct borrowings due in more than one year	575,732	-
Total liabilities	1,961,667	-
DEFERRED INFLOWS OF RESOURCES		
Leasing arrangements	397,927	-
NET POSITION		
Net investment in capital assets	2,307,286	-
Restricted for tourism	75,092	90,589
Restricted for capital projects	1,004,102	-
Unrestricted	5,667,750	-
Total net position	\$ 9,054,230	\$ 90,589

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

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Chattahoochee Hills Convention and Visitors Bureau
Primary government:						
Governmental activities:						
General government	\$ 657,907	\$ 473,005	\$ 167,448	\$ -	\$ (17,454)	\$ -
Judicial	189,700	80	6,312	-	(183,308)	-
Public safety	2,440,558	255,805	313,431	-	(1,871,322)	-
Public works	865,913	-	123,857	883,659	141,603	-
Culture and recreation	551,571	465	10,520	-	(540,586)	-
Community development	349,073	110,248	9,468	-	(229,357)	-
Interest on long-term debt	20,743	-	-	-	(20,743)	-
Total governmental activities	<u>5,075,465</u>	<u>839,603</u>	<u>631,036</u>	<u>883,659</u>	<u>(2,721,167)</u>	<u>-</u>
Total primary government	<u>\$ 5,075,465</u>	<u>\$ 839,603</u>	<u>\$ 631,036</u>	<u>\$ 883,659</u>	<u>(2,721,167)</u>	<u>-</u>
Component unit:						
Chattahoochee Hills Convention and Visitors Bureau	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
General revenues:						
Property taxes					2,839,606	-
Sales taxes					1,015,393	-
Hotel/Motel taxes					411,150	-
Franchise taxes					162,061	-
Business taxes					327,013	-
Intergovernmental revenue					-	90,589
Unrestricted investment earnings					104,746	-
Gain on disposal of capital assets					3,666	-
Total general revenues					<u>4,863,635</u>	<u>90,589</u>
Change in net position					2,142,468	90,589
Net position, beginning of year					6,911,762	-
Net position, end of year					<u>\$ 9,054,230</u>	<u>\$ 90,589</u>

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

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS	General Fund	American Rescue Plan Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 5,706,096	\$ -	\$ 936,253	\$ 284,945	\$ 6,927,294
Accounts receivable	9,607	-	-	-	9,607
Taxes receivable, net of allowance	27,302	-	-	38,528	65,830
Intergovernmental receivable	336,549	-	67,949	-	404,498
Lease receivable	409,890	-	-	-	409,890
Due from other funds	155,485	678,785	-	77,993	912,263
Prepays	66,080	-	-	-	66,080
Land held for development	397,087	-	-	-	397,087
Total assets	<u>\$ 7,108,096</u>	<u>\$ 678,785</u>	<u>\$ 1,004,202</u>	<u>\$ 401,466</u>	<u>\$ 9,192,549</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 202,301	\$ -	\$ -	\$ 2,407	\$ 204,708
Accrued liabilities	87,288	-	-	-	87,288
Due to other funds	756,778	-	100	155,385	912,263
Due to component unit	-	-	-	90,589	90,589
Unearned revenue	-	678,785	-	-	678,785
Total liabilities	<u>1,046,367</u>	<u>678,785</u>	<u>100</u>	<u>248,381</u>	<u>1,973,633</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	3,177	-	-	-	3,177
Unavailable revenue - insurance premium taxes	252,711	-	-	-	252,711
Leasing arrangements	397,927	-	-	-	397,927
Total deferred inflows of resources	<u>653,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,815</u>
FUND BALANCES					
Fund balances:					
Nonspendable for prepaids	66,080	-	-	-	66,080
Nonspendable for land held for redevelopment	397,088	-	-	-	397,088
Nonspendable for leasing arrangements	11,963	-	-	-	11,963
Restricted for tourism	-	-	-	75,092	75,092
Restricted for capital projects	-	-	1,004,102	-	1,004,102
Assigned for public safety	-	-	-	77,993	77,993
Unassigned	4,932,783	-	-	-	4,932,783
Total fund balances	<u>5,407,914</u>	<u>-</u>	<u>1,004,102</u>	<u>153,085</u>	<u>6,565,101</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,108,096</u>	<u>\$ 678,785</u>	<u>\$ 1,004,202</u>	<u>\$ 401,466</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					3,133,538
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.					(900,297)
Some revenues are not available in the current period and, therefore, are not reported in the governmental funds.					255,888
Net position of governmental activities					<u>\$ 9,054,230</u>

The accompanying notes are an integral part of these statements.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	American Rescue Plan Fund	TSPLOST Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 2,805,714	\$ -	\$ -	\$ -	\$ 2,805,714
Sales taxes	1,015,393	-	-	-	1,015,393
Hotel/Motel taxes	-	-	-	411,150	411,150
Franchise taxes	162,061	-	-	-	162,061
Business taxes	327,013	-	-	-	327,013
Licenses and permits	217,055	-	-	-	217,055
Fines and forfeitures	230,473	-	-	-	230,473
Charges for services	196,335	-	-	-	196,335
Intergovernmental	306,519	469,900	722,757	-	1,499,176
Contributions	5,909	-	-	-	5,909
Interest earned	99,891	-	9,610	4,855	114,356
Miscellaneous	180,220	-	-	15,520	195,740
Total revenues	<u>5,546,583</u>	<u>469,900</u>	<u>732,367</u>	<u>431,525</u>	<u>7,180,375</u>
Expenditures:					
Current:					
General government	713,206	6,312	-	-	719,518
Judicial	183,361	6,312	-	-	189,673
Public safety	2,374,523	313,431	-	1,736	2,689,690
Public works	705,552	123,857	9,352	-	838,761
Culture and recreation	113,006	10,520	-	437,406	560,932
Community development	338,442	9,468	-	-	347,910
Debt service:					
Principal	186,719	-	-	-	186,719
Interest	16,822	-	-	-	16,822
Total expenditures	<u>4,631,631</u>	<u>469,900</u>	<u>9,352</u>	<u>439,142</u>	<u>5,550,025</u>
Excess (deficiency) of revenues over expenditures	<u>914,952</u>	<u>-</u>	<u>723,015</u>	<u>(7,617)</u>	<u>1,630,350</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	21,352	-	-	-	21,352
Issuance of note payable	325,000	-	-	-	325,000
Transfers in	136,272	-	-	-	136,272
Transfers out	-	-	-	(136,272)	(136,272)
Total other financing sources (uses)	<u>482,624</u>	<u>-</u>	<u>-</u>	<u>(136,272)</u>	<u>346,352</u>
Net change in fund balances	1,397,576	-	723,015	(143,889)	1,976,702
Fund balances, beginning of year	<u>4,010,338</u>	<u>-</u>	<u>281,087</u>	<u>296,974</u>	<u>4,588,399</u>
Fund balances, end of year	<u>\$ 5,407,914</u>	<u>\$ -</u>	<u>\$ 1,004,102</u>	<u>\$ 153,085</u>	<u>\$ 6,565,101</u>

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

CITY OF CHATTAHOOCHEE HILLS, 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 JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,976,702
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	294,506
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	33,892
Governmental funds report the proceeds from the sale of capital assets; however, the statement of activities reports the gain or loss on disposal. Therefore, the change in net position will differ from the change in fund balance by the net book value of the capital assets disposed.	(17,686)
The issuance of long-term debt provides current financial resources to the governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position. This amount is the net effect of the differences in the treatment of long-term debt and related item.	
Proceeds from note payable	(325,000)
Principal retirement - loan payable	186,719
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(6,665)
Change in net position - governmental activities	<u>\$ 2,142,468</u>

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

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City, which was incorporated in 2007, operates under a charter adopted December 1, 2007, as a municipal corporation governed by an elected mayor and a five-member council. The government provides such services as police protection, fire and rescue services, cultural and recreational activities, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The City's discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Chattahoochee Hills Convention and Visitors Bureau (the "Bureau") has been included as a discretely presented component unit in the accompanying financial statements. The City appoints a majority of the Bureau's board and has the ability to impose its will on the Bureau by removing those board members, as well as approving its budget. Financial information with regard to the Bureau can be obtained from the Bureau's administrative office at 6505 Rico Road, Chattahoochee Hills, Georgia, 30268. Separate financial statements for the Bureau are not prepared.

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. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, insurance premium taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental 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 **American Rescue Plan Fund** accounts for the City's Coronavirus State and Local Fiscal Recovery Funds program activity.

The **Transportation Special Purpose Local Option Sales Tax (TSPLOST) Fund** is used to account for the revenues received by the City to be expended on capital projects identified in the voter approved TSPLOST referendum.

Additionally, the City reports the following fund type:

The **Special Revenue Fund** is used to account for revenue sources, such as Hotel/Motel tax revenues, which are restricted to expenditure for specific purposes.

The **Capital Project Fund** is used to account for revenue sources that will be used by the City for the purpose of capital outlay.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Formal budgetary accounting is employed as a management control device for the General, Special Revenue, and Capital Projects Funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for each governmental fund. During the fiscal period ended June 30, 2023, the original budget was amended through supplemental appropriations.

All unencumbered budget appropriations lapse at the end of each year.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Leases

Lessor

The City is a lessee for a noncancelable lease of a cellular tower to a third party. The City recognizes a lease receivable and deferred inflows of resources at both the fund level and the government-wide level of reporting.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Leases (Continued)

Key estimates and judgments related to leases receivable include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged as the discount rate. When the interest rate charged is not specified, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable 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 and residual value guarantee payments that are fixed in substance.

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

H. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as other outstanding balances between funds are reported as “due to/from other funds.”

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

J. Capital Assets

Capital assets, which include buildings and improvements, machinery and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City has reported all infrastructure that it currently owns and has a responsibility for maintaining. Donated capital assets are recorded at estimated acquisition value at the date of donation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings and improvements	20-50 years
Machinery and equipment	5-40 years
Vehicles	5-8 years
Infrastructure	10-50 years

Fully depreciated assets still in service are carried in the capital asset accounts.

K. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and insurance premium taxes as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

The City also reports as deferred inflows of resources items that arise from leases, where the City is a lessor. Lease-related amounts are recognized at the inception of leases in which the City is a lessor and are recorded in an amount equal to the corresponding lease receivable, plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflow of resources is recognized as revenue in a systemic and rational manner over the term of the lease.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental fund types recognize the face amount of the long-term debt issued as other financing sources and the repayment of debt as debt service expenditures.

N. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment, also through a resolution.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager or his or her designee to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. The City intends to maintain an unassigned fund balance in the General Fund equal to approximately 16% of the current year's expenditures. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Use of 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$900,297 difference are as follows:

Notes payable	\$ (826,252)
Compensated absences	(57,918)
Accrued interest	<u>(16,127)</u>
Net adjustment to decrease fund balance - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (900,297)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$294,506 difference are as follows:

Capital outlay	\$ 613,188
Depreciation expense	<u>(318,682)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 294,506</u>

Another element of the reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.” The details of this \$6,665 difference are as follows:

Compensated absences	\$ (2,744)
Accrued interest	<u>(3,921)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ (6,665)</u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

A. Budgets and Budgetary Accounting, Continued

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Finance Director and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

B. Expenditures in Excess of Appropriations

For the fiscal year ended June 30, 2023, excesses of actual expenditures over appropriations were as follows:

General Fund

General government - Executive	\$	88
Judicial - Municipal court		69,886
Public safety - police		56,859
Public works		49,580
Culture and recreation		19,609

American Rescue Plan Fund

General government		312
Judicial		312
Public safety		17,185
Public works		59,857
Culture and recreation		2,520
Community development		3,468

These excess expenditures were funded by greater than anticipated revenues and available fund balance.

NOTE 4. DEPOSITS

Total deposits as of June 30, 2023 are summarized as follows:

Statement of net position:

Cash and cash equivalents	\$	6,927,294
	\$	6,927,294
Cash deposited with financial institutions	\$	6,927,294
	\$	6,927,294

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS (CONTINUED)

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2023, the financial institution holding all of the City's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the state. As of June 30, 2023, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by state statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Fulton County to bill and collect property taxes. The taxes were levied on October 15 based on the assessed value of property as listed on the previous January 1 and were due 60 days following the billing date each year. Property taxes are recorded as receivables and unavailable revenues when levied as they are intended to fund that fiscal year. Revenues are recognized when available.

Receivables at June 30, 2023, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>TSPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 46,009	\$ -	\$ 38,528	\$ 84,537
Accounts	9,607	-	-	9,607
Lease	409,890	-	-	409,890
Intergovernmental	336,549	67,949	-	404,498
Total receivables	802,055	67,949	38,528	908,532
Less allowance for uncollectible	18,707	-	-	18,707
Net total receivable	<u>\$ 783,348</u>	<u>\$ 67,949</u>	<u>\$ 38,528</u>	<u>\$ 889,825</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LEASE RECEIVABLE

In August 2021, the City entered into a lease agreement with a third party, whereby the City leases land for the installation of a cellular telephone tower. The commencement date of this lease began in January of 2023, when the third party commenced installation of equipment on the land. The City receives annual payments in the amount of \$26,000 beginning in January of 2023 through January of 2043. Payments are increased by 2% annually, through the term of the agreement. The total amount of lease revenue, including the amortization of deferred inflows and interest revenue, recognized during the fiscal year ended June 30, 2023 was \$35,796. At June 30, 2023, the City's receivable for lease payments was \$409,890. At June 30, 2023, City has a deferred inflow of resources of \$397,927 associated with this lease that will be recognized over the lease term.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2023 is as follows:

	Balance at June 30, 2022	Increases	Decreases	Transfers	Balance at June 30, 2023
Governmental activities:					
Nondepreciable capital assets					
Land	\$ 1,056,643	\$ -	\$ -	\$ -	\$ 1,056,643
Total	<u>1,056,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,056,643</u>
Capital assets, being depreciated:					
Buildings and improvements	490,786	143,721	-	-	634,507
Machinery and equipment	1,411,936	88,812	-	-	1,500,748
Vehicles	1,361,510	380,655	(35,323)	-	1,706,842
Infrastructure	2,876,561	-	-	-	2,876,561
Total	<u>6,140,793</u>	<u>613,188</u>	<u>(35,323)</u>	<u>-</u>	<u>6,718,658</u>
Less accumulated depreciation for:					
Buildings and improvements	(199,822)	(31,273)	-	-	(231,095)
Machinery and equipment	(778,034)	(125,993)	-	-	(904,027)
Vehicles	(734,050)	(151,446)	17,637	-	(867,859)
Infrastructure	(2,628,812)	(9,970)	-	-	(2,638,782)
Total	<u>(4,340,718)</u>	<u>(318,682)</u>	<u>17,637</u>	<u>-</u>	<u>(4,641,763)</u>
Total capital assets being depreciated, net	<u>1,800,075</u>	<u>294,506</u>	<u>(17,686)</u>	<u>-</u>	<u>2,076,895</u>
Governmental activities capital assets, net	<u>\$ 2,856,718</u>	<u>\$ 294,506</u>	<u>\$ (17,686)</u>	<u>\$ -</u>	<u>\$ 3,133,538</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	\$	10,749
Public safety		133,694
Public works		170,545
Culture and recreation		2,889
Housing Development		805
Total depreciation expense - governmental activities	\$	<u>318,682</u>

NOTE 8. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity of the City for the year ended June 30, 2023:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable					
from direct borrowings	\$ 687,971	\$ 325,000	\$ (186,719)	\$ 826,252	\$ 250,520
Compensated absences	<u>55,174</u>	<u>81,832</u>	<u>(79,088)</u>	<u>57,918</u>	<u>57,918</u>
Governmental activity					
Long-term liabilities	<u>\$ 743,145</u>	<u>\$ 406,832</u>	<u>\$ (265,807)</u>	<u>\$ 884,170</u>	<u>\$ 308,438</u>

For governmental activities, compensated absences are generally liquidated by the General Fund. The City reports the entire balance of compensated absences as due within one year consistent with historical usage patterns by the City's employees.

Notes Payable from Direct Borrowings

In October 2016, the City entered into an agreement through the Georgia Municipal Association to borrow \$494,370 for the purchase of a motor grader, backhoe and dump truck. Annual payments of \$76,651, including interest at a rate of 2.09% began in October 2017 and will continue through October 2023. The outstanding balance at June 30, 2023 is \$75,863.

In November 2020, the City entered into an agreement through the Georgia Municipal Association to borrow \$249,632 for the purchase of a fire tanker. Annual payments of \$53,115, including interest at a rate of 2.1% began in November 2021 and will continue through November 2025. The outstanding balance at June 30, 2023 is \$152,881.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Notes Payable from Direct Borrowings (Continued)

In September 2021, the City entered into an agreement through the Georgia Municipal Association to borrow \$336,359 for the purchase of three Deere tractors and equipment. Annual payments of \$72,630, including interest at a rate of 2.08% began in September 2022 and will continue through September 2026. The outstanding balance at June 30, 2023 is \$272,508.

In November 2022, the City entered into an agreement through the Georgia Municipal Association to borrow \$325,000 for the purchase of a Fouts fire pumper. Annual payments of \$72,382, including interest at a rate of 3.64% begin in November 2023 and will continue through November 2027. The outstanding balance at June 30, 2023 is \$325,000.

The total debt service requirements to maturity for the City's outstanding notes payable from direct borrowings are as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 250,520	\$ 24,616	\$ 275,136
2025	180,917	17,210	198,127
2026	186,025	12,102	198,127
2027	138,950	6,842	145,792
2028	69,840	2,542	72,382
	<u>\$ 826,252</u>	<u>\$ 63,312</u>	<u>\$ 889,564</u>

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	TSPLOST Fund	\$ 100
General Fund	Nonmajor governmental funds	155,385
American Rescue Plan Fund	General Fund	678,785
Nonmajor governmental funds	General Fund	77,993
		<u>\$ 912,263</u>

All interfund balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 136,272</u>

Transfers are used to move unrestricted revenues from the Hotel/Motel Tax Fund to the General Fund.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11. DEFINED CONTRIBUTION RETIREMENT PLAN

The City of Chattahoochee Hills' Profit Sharing Plan is a single employer defined contribution plan established and administered by ICMA-RC for all City employees. At June 30, 2023, there were 52 plan members. The City matches 100% for each dollar of employee contributions up to 3.75% of the employee's salary. Employees are required to contribute 3.75% of their compensation to the plan. Employees are eligible and fully vested immediately upon entering the plan. Plan provisions and contribution requirements are established and may be amended by the City Council. For the fiscal year ended June 30, 2023, employee contributions to the plan were \$97,932 and the City's contributions were \$97,932.

The City also offers employees the opportunity to contribute to a 457 deferred compensation plan. The plan is administered by ICMA-RC. All full-time employees have the option to participate in the plan and may contribute the maximum allowed under IRS guidelines. Effective July 1, 2015 the City matches employee contributions up to 3% into a 401a plan which is also administered by ICMA-RC. For the fiscal year ended June 30, 2023 there were 30 participants in the plan and the City contributions to the plan were \$107,583.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Fulton County has paid on behalf of the City of Chattahoochee Hills. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC 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 the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 229 Peachtree St NE, STE 100, Atlanta, Georgia 30303.

NOTE 13. HOTEL/MOTEL LODGING TAX

The City has levied a 7% lodging tax. The Official Code of Georgia Annotated (O.C.G.A.) 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. During the year ended June 30, 2023, the City received \$411,150 in Hotel/Motel taxes and expended \$573,678 for the promotion of tourism, conventions, or trade shows.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	\$ 2,302,000	\$ 2,550,834	\$ 2,805,714	\$ 254,880
Sales taxes	770,000	770,000	1,015,393	245,393
Franchise taxes	150,000	150,000	162,061	12,061
Business taxes	255,000	292,711	327,013	34,302
Licenses and permits	145,000	148,266	217,055	68,789
Fines and forfeitures	150,000	150,000	230,473	80,473
Charges for services	158,000	158,000	196,335	38,335
Intergovernmental	273,055	276,292	306,519	30,227
Interest earned	2,000	22,674	99,891	77,217
Contributions	-	3,575	5,909	2,334
Miscellaneous	12,000	44,764	180,220	135,456
Total revenues	4,217,055	4,567,116	5,546,583	979,467
Expenditures:				
Current:				
General government:				
City council	271,343	271,343	234,054	37,289
Executive	155,376	155,376	155,464	(88)
General operations	313,626	369,035	323,688	45,347
Total general government	740,345	795,754	713,206	82,548
Judicial:				
Municipal court	113,475	113,475	183,361	(69,886)
Total judicial	113,475	113,475	183,361	(69,886)
Public safety:				
Police	1,014,929	1,014,929	1,071,788	(56,859)
Fire	1,102,634	1,427,634	1,302,735	124,899
Total public safety	2,117,563	2,442,563	2,374,523	68,040
Public works	655,972	655,972	705,552	(49,580)
Culture and recreation	93,397	93,397	113,006	(19,609)
Community development	342,010	342,010	338,442	3,568
Debt service:				
Principal	186,179	186,719	186,719	-
Interest	17,362	16,822	16,822	-
Total debt service	203,541	203,541	203,541	-
Total expenditures	4,266,303	4,646,712	4,631,631	15,081
Excess (deficiency) of revenues over expenditures	(49,248)	(79,596)	914,952	994,548

(Continued)

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
Other financing sources:				
Sale of capital assets	\$ -	\$ -	\$ 21,352	\$ 21,352
Issuance of note payable	325,000	325,000	325,000	-
Transfers in	-	-	136,272	136,272
Total other financing sources	<u>325,000</u>	<u>325,000</u>	<u>482,624</u>	<u>157,624</u>
Net change in fund balance	275,752	245,404	1,397,576	1,152,172
Fund balance, beginning of year	<u>4,010,338</u>	<u>4,010,338</u>	<u>4,010,338</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,286,090</u>	<u>\$ 4,255,742</u>	<u>\$ 5,407,914</u>	<u>\$ 1,152,172</u>

Note: See footnotes 1 and 3 of the basic financial statements for budgetary policies.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
AMERICAN RESCUE PLAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 386,246	\$ 386,246	\$ 469,900	\$ 83,654
Total revenues	386,246	386,246	469,900	83,654
Expenditures:				
General government	6,000	6,000	6,312	(312)
Judicial	6,000	6,000	6,312	(312)
Public safety	296,246	296,246	313,431	(17,185)
Public works	64,000	64,000	123,857	(59,857)
Culture and recreation	8,000	8,000	10,520	(2,520)
Community development	6,000	6,000	9,468	(3,468)
Total expenditures	386,246	386,246	469,900	(83,654)
Net change in fund balances	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Hotel/Motel Tax Fund accounts for the collection of Hotel/Motel taxes within the City which are restricted for the promotion of tourism.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure of capital outlays.

Technology Fee – to account for technology fees that will be used by the City for the purpose of capital outlay.

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	
		<u>Technology Fee Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS	Hotel/Motel Tax Fund		
Cash	\$ 284,945	\$ -	\$ 284,945
Taxes receivable, net of allowance	38,528	-	38,528
Due from other funds	-	77,993	77,993
	<u>-</u>	<u>77,993</u>	<u>77,993</u>
Total assets	<u>\$ 323,473</u>	<u>\$ 77,993</u>	<u>\$ 401,466</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,407	\$ -	\$ 2,407
Due to other funds	155,385	-	155,385
Due to component unit	90,589	-	90,589
	<u>248,381</u>	<u>-</u>	<u>248,381</u>
Total liabilities	<u>248,381</u>	<u>-</u>	<u>248,381</u>
FUND BALANCES			
Restricted for tourism	75,092	-	75,092
Assigned for public safety	-	77,993	77,993
	<u>75,092</u>	<u>77,993</u>	<u>153,085</u>
Total fund balances	<u>75,092</u>	<u>77,993</u>	<u>153,085</u>
Total liabilities and fund balances	<u>\$ 323,473</u>	<u>\$ 77,993</u>	<u>\$ 401,466</u>

CITY OF CHATTAHOOCHEE HILLS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel/Motel Tax Fund</u>	<u>Technology Fee Fund</u>	
REVENUES			
Hotel/Motel taxes	\$ 411,150	\$ -	\$ 411,150
Interest earned	4,855	-	4,855
Miscellaneous	-	15,520	15,520
	<u>416,005</u>	<u>15,520</u>	<u>431,525</u>
EXPENDITURES			
Current:			
Public safety	-	1,736	1,736
Culture and recreation	437,406	-	437,406
	<u>437,406</u>	<u>1,736</u>	<u>439,142</u>
Excess (deficiency) of revenues over expenditures	<u>(21,401)</u>	<u>13,784</u>	<u>(7,617)</u>
OTHER FINANCING USES			
Transfers out	<u>(136,272)</u>	-	<u>(136,272)</u>
Total other financing uses	<u>(136,272)</u>	-	<u>(136,272)</u>
Net change in fund balances	(157,673)	13,784	(143,889)
FUND BALANCES, beginning of year	<u>232,765</u>	<u>64,209</u>	<u>296,974</u>
FUND BALANCES, end of year	<u><u>\$ 75,092</u></u>	<u><u>\$ 77,993</u></u>	<u><u>\$ 153,085</u></u>

SUPPLEMENTARY SCHEDULE

CITY OF CHATTAHOOCHEE HILLS, GEORGIA

SCHEDULE OF PROJECTS CONSTRUCTED WITH PROCEEDS FROM

TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX (TSPLOST)

FOR THE YEAR ENDED JUNE 30, 2023

PROJECT	ESTIMATED COST		EXPENDITURES			PROJECT COMPLETION
	ORIGINAL	CURRENT	PRIOR	CURRENT	TOTAL	
TSPLOST TIER 1						
Maintenance and Safety Enhancements	\$ 2,082,377	\$ 2,232,351	\$ 2,232,351	\$ -	\$ 2,232,351	100.00 %
Quick Response Projects	56,280	45,024	-	-	-	0.00 %
Project Management	112,561	111,618	63,909	9,352	73,261	65.64 %
TSPLOST TIER 2						
Maintenance and Safety Enhancements	369,464	369,464	69,959	-	69,959	18.94 %
Quick Response Projects	7,945	7,945	-	-	-	0.00 %
Project Management	19,865	19,865	-	-	-	0.00 %
TSPLOST TIER 3						
Maintenance and Safety Enhancements	369,464	369,464	-	-	-	0.00 %
Quick Response Projects	9,514	9,514	-	-	-	0.00 %
Project Management	19,864	19,864	-	-	-	0.00 %
TOTAL TSPLOST	\$ 3,047,334	\$ 3,185,109	\$ 2,366,219	\$ 9,352	\$ 2,375,571	