

# CITY OF HAPEVILLE, GEORGIA



## Fiscal Year 2013 - 2014 Comprehensive Annual Financial Report



conceptual image, design phase of N. Fulton streetscape project

FISCAL YEAR

ENDING JUNE 30, 2014

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**CITY OF HAPEVILLE, GEORGIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
JUNE 30, 2014**

**Prepared by:  
Department of Financial Services**

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# City of Hapeville, Georgia

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INTRODUCTORY SECTION



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**ALAN HALLMAN**  
MAYOR

**ANN RAY**  
ADLERMAN AT LARGE

**MICHAEL RANDMAN**  
COUNCILMAN AT LARGE

**JOSHUA POWELL**  
COUNCILMAN WARD I

**DIANE DIMMICK**  
COUNCILMAN WARD II

February 23, 2015

To the City Council, the Citizens  
of the City of Hapeville, Georgia  
and the Financial Community

### ***Introduction***

Georgia law requires all local governments to prepare a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited by a certified public accounting firm. These financial statements are required by the State of Georgia (State) to be prepared within six months of the end of each fiscal year. The City of Hapeville, Georgia (the City) has a fiscal year ending June 30, therefore the mandated deadline is December 31. Pursuant to that state requirement, enclosed is the Comprehensive Annual Financial Report (CAFR) of the City for the Fiscal Year ended June 30, 2014.

This CAFR consists of City management's representations concerning the finances of City. Therefore management assumes full responsibility for the completeness and reliability of all the information contained in the report. To provide a reasonable basis for making these representations, the management of City has established internal controls that are designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City financial statements in conformity with GAAP. Because the high cost of internal controls should not outweigh their benefits, the City framework of internal controls has been designed to provide for reasonable rather than absolute assurance that the financial statements will be free from material misstatements. Management asserts that, to the best of our knowledge and belief, this annual financial report is complete and reliable in all material respects.

The City financial statements for Fiscal Year ended June 30, 2014 have been audited by J. K. Boatwright & Co, P.C., an auditing firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of City for the Fiscal Year ended June 30, 2014, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. J. K. Boatwright & Co, P.C concluded, based upon the completed audit, that there was a reasonable basis for rendering an unqualified opinion that the City financial statements for the year ended June 30, 2014 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that City management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A) report. In addition to the MD&A, this Letter of Transmittal is designed to complement the City's MD&A and should be read in conjunction with it. The City MD&A can be found immediately following the independent auditors' report.

## ***Profile of the City Government***

The City of Hapeville is located in the southcentral portion of Georgia on I-75. Hapeville is in Fulton County with its corporate limits contiguous to those of the City of Atlanta and has an easy seven mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I85, I75 and the Metropolitan Atlanta Regional Transit Authority (Marta). MARTA also provides extensive bus service to supplement the rail system. For travel inside and outside the State, the Hartsfield-Jackson International Airport is within two miles of the City and remains one of the busiest airports in the nation. The City encompasses 2.5 square miles and serves a population of 6,186 according to the 2010 U.S. Census. Hapeville's population has increased 0.1% from 2000 to 2010.

Created on September 16, 1891 by an act of the Georgia General Assembly, the City has been operating under a commission-administrator form of government for many years. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. For the past seven years the City has operated under the Council-Manager form under which the policy-making and legislative authority are vested in the mayor and five-member City Council elected by the voters through at-large elections on a city-wide basis. The mayor and council members serve four year staggered terms. The mayor presides at the Council meetings and only votes in the event of a tie. The City Manager is the City's chief executive officer with oversight of all city departments and operations.

The City Council, as the City's governing authority, is responsible for establishing policy for City operations, enacting ordinances and resolutions to promote the city's health, safety, and welfare. The City Council annually adopts an operating budget and millage rate which funds City services.

The City's Annual Budget represents the plan for providing needed public services for each fiscal year and serves as the foundation for the City's financial planning and control. All City department directors are required to submit requests for appropriations to the City Manager and Finance Director, who in turn, prepare and submit a recommended budget to the City Council. The Council reviews the recommended budget and conducts a state-required public budget hearing to obtain citizen comments. After the public hearing, the Board then adopts the budget no later than June 30 of each year. The approved budget is prepared by fund and department.

## ***Factors Affecting Financial Conditions***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which City operates.

### ***Local Economy***

During the fiscal year, the local City economy continued little improvement in performance that mirrored the regional and national economies. The City has seen its overall real property tax assessments decline by over 21% since 2008 in the aftermath of the collapse of the residential real estate bubble which inflated real values through toxic mortgages. To combat these unfavorable economic times, the Mayor, City Council and City management, including the development authority, have worked to promote the City and have succeeded in largely sustaining the City.

In addition, the City staff continued to aggressively recruit new businesses and industrial prospects by showcasing the City's great location, moderate climate, the availability of utilities, skilled work force, and business incentives. The City has rail transportation through the City. It is also adjacent to the Atlanta Airport and is bordered on west by Interstate I85 and on the east by Interstate I75. Interstate 20 runs east-west about 10 miles north of the City.

Below are the projects that are impacting the local economy during the fiscal year:

- The Porsche Cars North America's headquarters construction is underway – this is a 26.4 acre complex with 400 workers and 100 new jobs.
- Renovating the Hapeville Depot as a Museum and plaza area for events

- Having previously acquired the site in the downtown business sector, build-out of the Hapeville Performing Arts Center underway.
- Renovation of several parks and grounds facilities.
- Refurbishing the Water and Sewer infrastructure

Some of the other economic developments of 2014 included:

- Maintained State Opportunity Zone Designation and leveraged job tax credit program for businesses;
- The Blue Print 2020 completed and continued ongoing initiatives with a future action item prioritization retreat scheduled;
- Researched regional efforts and made initial investment joining in the creation of a Community Improvement District in the tri-city area;
- Hosted Georgia Planner Association for a community tour highlighting the City's economic development and planning and zoning initiatives.

### ***Long-Term Financial Planning and Major Initiatives***

The City is in the process of developing long-term financial planning. Beginning in fiscal year 2014 and continuing through fiscal year 2015, the Finance Department will be proposing financial policies with analyses and presentations that will address:

- General financial condition of the City;
- Sustainable Operating budgets and equity levels;
- Capital improvement program for new and renovated facilities;
- Debt issuance and management policies;
- Revenue development, administration and collection;
- Accounting, auditing and financial reporting policies;
- Cash and investment management policies.

### ***Awards and Acknowledgements***

As demonstrated by the statements and schedules included in the financial and required supplemental information sections of this report, the City continues meeting its responsibility for sound financial management during the Fiscal Year ended June 30, 2014.

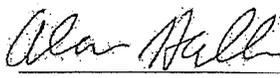
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the first year that the government has achieved this prestigious award and the first in fourteen years that the Annual Financial Report was submitted to the State on time. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

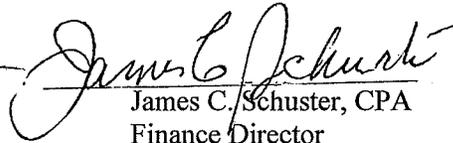
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We also wish to extend our appreciation to the auditing firm of J. K. Boatwright & Co, P.C for their professionalism in conducting the audit of the City's basic financial statements and related note disclosures.

Credit also must be given to the former City manager and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City finances.

Respectfully submitted,



Alan Hallman  
Mayor



James C. Schuster, CPA  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

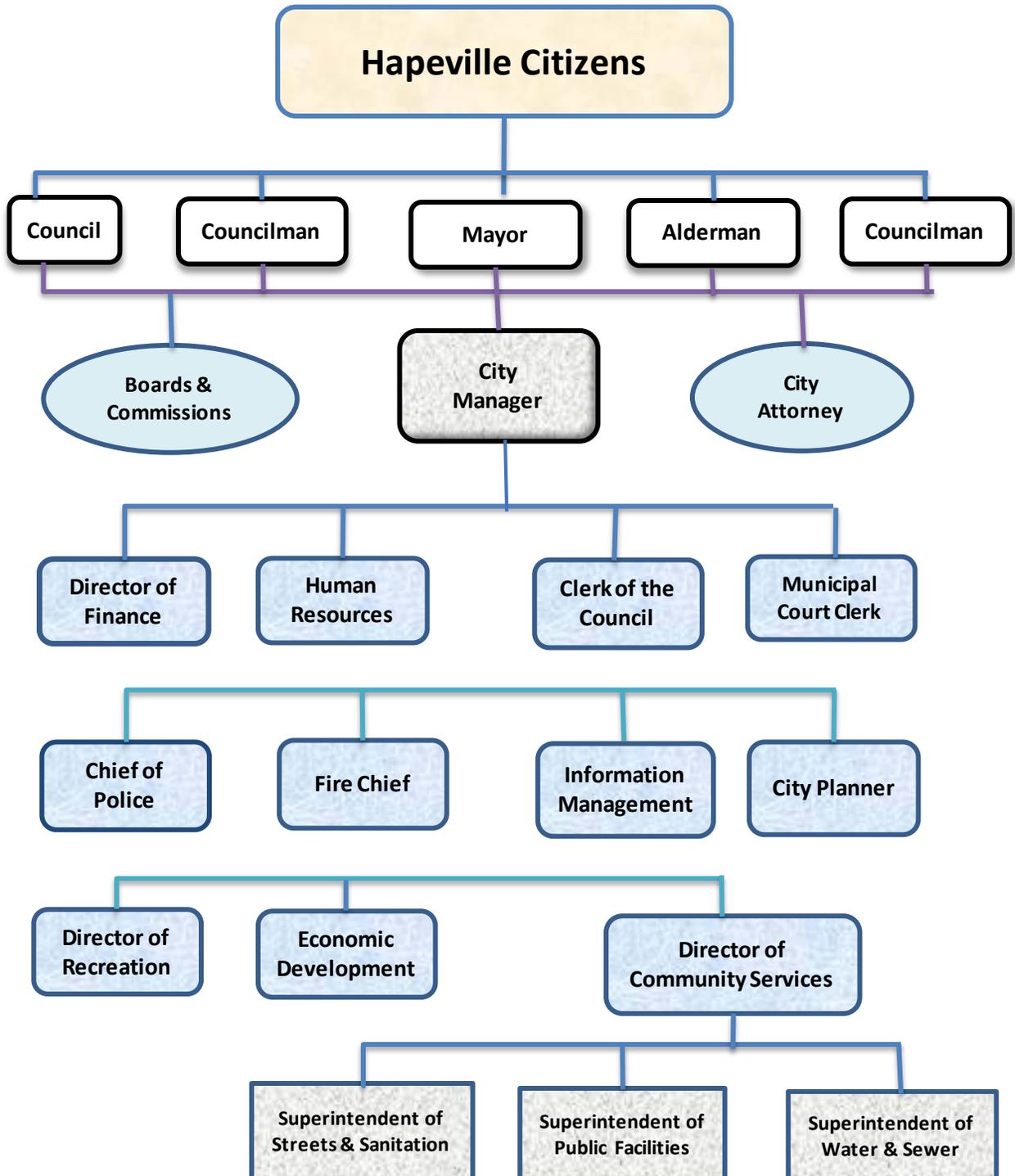
**City of Hapeville  
Georgia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# City of Hapeville, Georgia Organization Chart June 30, 2014



**City of Hapeville, Georgia**  
**List of Elected and Appointed Officials**  
**June 30, 2014**

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**ELECTED OFFICIALS**

Mayor	Alan Hallman
Alderman at Large	Ann Ray
Councilman at Large	Michael Randman
Councilman (1 <sup>st</sup> Ward)	Josh Powell
Councilman (2 <sup>nd</sup> Ward)	Diane Dimmick

**APPOINTED OFFICIALS**

City Manager	Bill Werner
Director of Finance	James C. Schuster
Director of Community Services	Lee Sudduth
Chief of Police	Rick Glavosek
Fire Chief	Tom E. Morris, Jr.
City Clerk	Jennifer Elkins
Court of Clerk	Jenny Coley
Manager of Information Technology	Corey Daniel
Manager of Planning and Zoning	Bill Johnston (contracted position)
Manager of Recreation	Tod Nichols
City Attorney	Daley, Koster and LaVallee, LLC
City Auditor	J. K. Boatwright & Co., P. C.

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FINANCIAL SECTION



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15 North Lafayette Square LaGrange, Georgia 30240  
P.O. Box 1107 LaGrange, Georgia 30241  
Phone: 706-884-4605 Fax: 706-845-0057

February 23, 2015

Independent Auditors' Report

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hapeville, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Hotel/Motel Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information on pages 19 through 28 and 71 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Hapeville, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015 on our consideration of City of Hapeville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Yours truly,



J. K. BOATWRIGHT & CO., P. C.  
Certified Public Accountants

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the annual financial report for City of Hapeville (the City), the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### FISCAL YEAR 2014 FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$17,086,798 (total net position) as of June 30, 2014.
- Total net position is comprised of the following:
  - (1) The net investment in capital assets of \$19,914,020 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
  - (2) Net position of \$1,523,413 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  - (3) Unrestricted net position is a deficit of \$4,350,635.
- The City's governmental funds reported total ending fund balance of \$1,080,443 at June 30, 2014. This compares to the prior year restated ending fund balance of \$1,527,687 showing a decrease of \$447,244 during the current year. Unassigned fund balance of \$816,807 at June 30, 2014 shows a \$1,408,754 decrease from the prior year amount at June 30, 2013.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$816,807 or 7.8% of total General Fund expenditures.
- The failing economy has played havoc with many of the City's 2014 revenue streams.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior fiscal year.

#### Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, parks, culture and recreation, parks and grounds, planning and zoning, and trade, tourism and development. Business-type activities include the water and sewer system and sanitation activities.

The government-wide financial statements are presented on pages 31 - 33 of this report.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. 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. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The general fund's budget to actual comparison statement is presented as a basic financial statement.

The basic governmental fund financial statements are presented on pages 34 - 39 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as three enterprise funds and a single internal service fund. The enterprise fund essentially encompasses the same function reported as business-type activities in the government-wide statements. The internal service fund is reported as part of the business-type activities at the government-wide financial reporting level.

The basic proprietary fund financial statements are presented on pages 40 - 42 of this report.

*Fiduciary funds* (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City's single-employer pension plan (a pension trust fund) is reported in these financial statements as a fiduciary fund. The basic fiduciary fund financial statements are presented on pages 43 - 44 of this report.

### **Notes to the Basic Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on pages 47 of this report.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's single employer pension plan. The required supplementary information can be found on pages 71 - 76 of this report.

**Supplementary Information**

As discussed, the City reports major funds in the basic financial statements. Comparative information for major funds and combining and individual statements and schedules for nonmajor funds, including budgetary comparison schedules, are presented in a supplementary information section of this report beginning on page 80.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

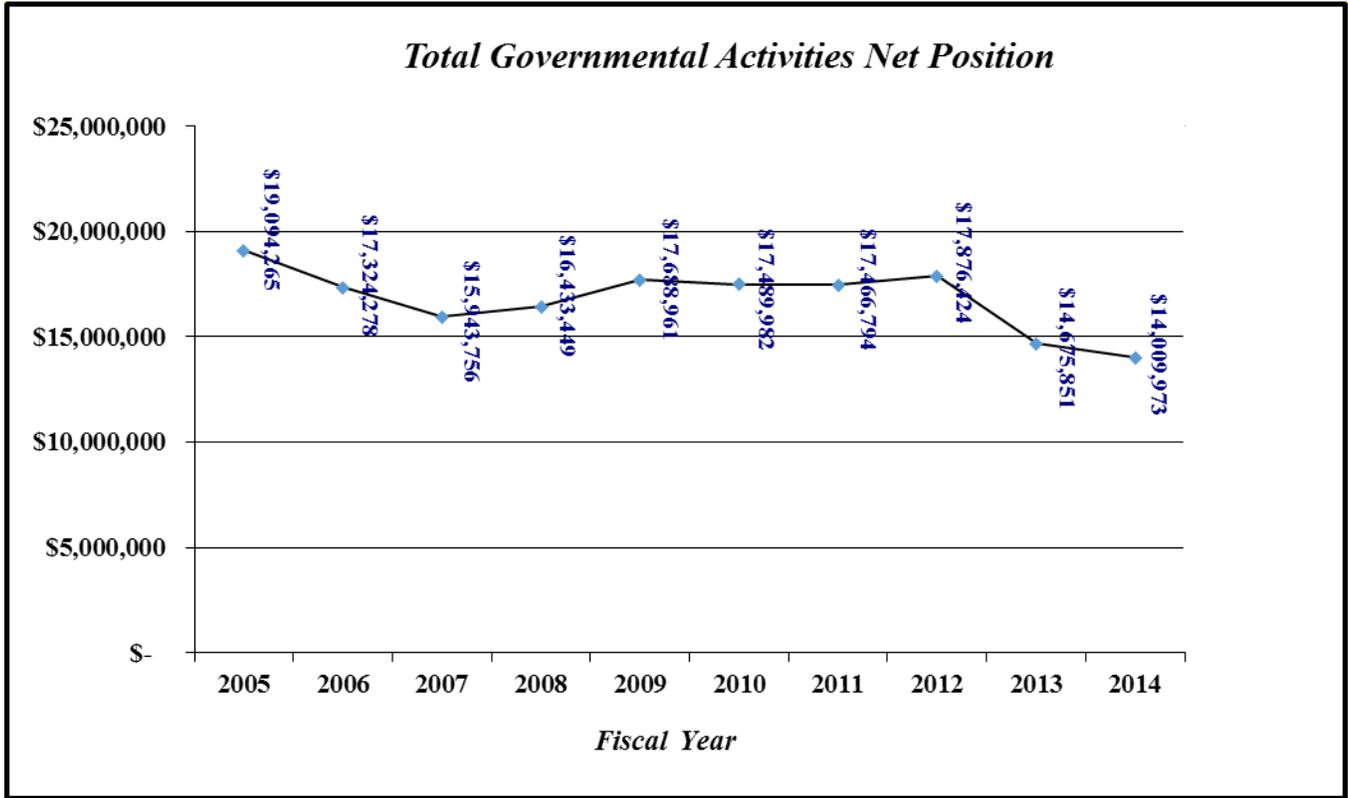
Note in this fiscal year, the City reported the Hapeville Development Authority as a blended component unit. In prior years it had been reported as a discretely presented component unit, therefore some of the comparisons of the data between fiscal years may be affected.

The City's net position at fiscal year-end is \$17,086,798. The following table provides a summary of the City's net position on a comparative basis:

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total	
		Restated		Restated		Restated
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets	\$ 1,685,108	\$ 2,685,840	\$ 8,600,578	\$ 2,506,725	\$ 10,285,686	\$ 5,192,565
Noncurrent assets						
Other	37,791	-	2,826,314	2,829,012	2,864,105	2,829,012
Capital	15,371,779	15,501,083	13,168,658	13,560,695	28,540,437	29,061,778
Total assets	17,094,678	18,186,923	24,595,550	18,896,432	41,690,228	37,083,355
Liabilities:						
Current liabilities	922,927	1,257,217	5,940,365	6,485,186	6,863,292	7,742,403
Long-term liabilities	2,161,778	2,253,855	15,578,360	10,237,772	17,740,138	12,491,627
Total liabilities	3,084,705	3,511,072	21,518,725	16,722,958	24,603,430	20,234,030
Net position:						
Net investment in capital assets	14,818,698	14,765,829	5,095,322	8,653,295	19,914,020	23,419,124
Restricted	263,636	17,710	1,259,777	695,907	1,523,413	713,617
Unrestricted (deficit)	(1,072,361)	(107,688)	(3,278,274)	(7,175,728)	(4,350,635)	(7,283,416)
Total net position	\$ 14,009,973	\$ 14,675,851	\$ 3,076,825	\$ 2,173,474	\$ 17,086,798	\$ 16,849,325

The following chart reports the City's total restated governmental activities net position balances from fiscal year 2005 - 2014.



Since 2005, the City's position has decreased \$5,084,292 or 26.6%.

Current assets in governmental activities decreased \$1,000,732 and business-type activities increased \$6,092,853 in fiscal year June 30, 2014.

The City reported positive balances in net position for both governmental and business-type activities. During 2014 (excluding the restatement), net position decreased \$665,878 for governmental activities and increased \$903,351 for business-type activities. The City's overall financial position improved during fiscal year 2014. The City remains in an improved financial position, in spite of a depressed economy.

Note that approximately 89.9% of the governmental activities' total assets are tied up in capital assets. The City uses these capital assets to provide services to its citizens. Business-type capital assets make up 53.5% of total assets. The City uses these capital assets to provide utility services to its customers. Combining governmental activities with business type activities, the City has 68.5% of its total assets tied up in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the City's changes in net position for the years ended June 30, 2014 and 2013:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	Restated 2013	2014	Restated 2013	2014	Restated 2013
Revenues:						
Program:						
Charges for services & fines	\$ 1,011,165	\$ 1,048,170	\$ 4,700,291	\$ 4,330,287	\$ 5,711,456	\$ 5,378,457
Operating grants	49,232	77,234	-	-	49,232	77,234
Capital grants	725,947	1,150,331	-	-	725,947	1,150,331
General:						
Property taxes	4,066,615	4,185,266	-	-	4,066,615	4,185,266
Sales taxes	1,668,856	1,596,392	-	-	1,668,856	1,596,392
Other taxes	3,756,711	3,432,706	-	-	3,756,711	3,432,706
Other	28,005	29,397	-	-	28,005	29,397
Total revenues	11,306,531	11,519,496	4,700,291	4,330,287	16,006,822	15,849,783
Program Expenses:						
General government	2,148,678	1,753,542	-	-	2,148,678	1,753,542
Public safety	5,923,757	6,239,602	-	-	5,923,757	6,239,602
Public works	1,101,104	1,263,217	-	-	1,101,104	1,263,217
Culture and recreation	557,634	603,976	-	-	557,634	603,976
Parks and grounds	1,051,603	1,012,004	-	-	1,051,603	1,012,004
Planning/community development	273,602	272,553	-	-	273,602	272,553
Trade and tourism	594,325	633,880	-	-	594,325	633,880
Interest	16,782	19,129	-	-	16,782	19,129
Water and sewer	-	-	2,898,611	2,898,013	2,898,611	2,898,013
Solid waste management	-	-	544,970	563,392	544,970	563,392
Development authority	-	-	658,283	418,527	658,283	418,527
Total expenses	11,667,485	11,797,903	4,101,864	3,879,932	15,769,349	15,677,835
Revenues over expenses	(360,954)	(278,407)	598,427	450,355	237,473	171,948
Transfers in and out	(304,924)	(39,202)	304,924	39,202	-	-
Changes in net position	(665,878)	(317,609)	903,351	489,557	237,473	171,948
Prior period adjustment	-	5,749,688	-	(5,749,688)	-	-
Beginning net position	14,675,851	9,243,772	2,173,474	7,433,605	16,849,325	16,677,377
Ending net position	\$ 14,009,973	\$ 14,675,851	\$ 3,076,825	\$ 2,173,474	\$ 17,086,798	\$ 16,849,325

**Governmental Activity Revenues**

The City is heavily reliant on both property taxes and sales taxes to support governmental operations. Property taxes provided 36% of the City's total revenues as compared to a restated 36.3% in fiscal year 2013, Sales and use taxes provided 14.8% of the City's total revenues as compared to a restated 13.9% in fiscal year 2013. As noted, currently property tax revenue is flat. Sales taxes are slightly above the fiscal year 2013 amount.

Note that program revenues covered just 15.3% of governmental operating expenditures as compared to 26.4% in fiscal year 2013. This means that the government's taxpayers and the City's other general revenues normally fund 84.7% of the governmental activities, primarily from property and sales taxes. As a result, the general economy and the success of local businesses have a major impact on the City's revenue streams.

**Governmental Activity Expenses**

The following table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	<b>Governmental Activities</b>			
	<u>Total Cost of Services</u>	<u>Percentage of Total</u>	<u>Net Cost of Services</u>	<u>Percentage of Total</u>
General government	\$ 2,148,678	18.4%	\$ 1,262,218	12.8%
Public safety	5,923,757	50.8%	5,227,905	52.9%
Public works	1,101,104	9.4%	1,101,104	11.1%
Culture and recreation	557,634	4.8%	490,288	5.0%
Parks and grounds	1,051,603	9.0%	1,051,603	10.6%
Planning and zoning	273,602	2.3%	221,124	2.2%
Trade, tourism and development	594,325	5.1%	510,117	5.3%
Interest and fiscal charges	16,782	0.0%	16,782	0.1%
Total	<u>\$ 11,667,485</u>	<u>100.0%</u>	<u>\$ 9,881,141</u>	<u>100.0%</u>

The public safety expenditures, both gross and net of program revenues total over 50% of costs. After reporting program revenues for general government, net costs total only 12.8% as compared to 18.4% of gross costs.

**Business-Type Activities**

**Overall Analysis** – Note that the 2013 amounts have been restated to include the development authority, which was presented as a discretely presented component unit in fiscal year, and not as an enterprise fund. Total operating revenues increased \$384,138 or 8.4%. Operating expenses decreased just \$3,891 or 1/10<sup>th</sup> of 1%. In total, the operating income increased \$379,528 over the restated fiscal year 2013 amount.

The operating income for each utility was as follows:

	<u>2014</u>	<u>2013</u>
Water and sewerage system	\$ 1,311,096	\$ 988,382
Sanitation	( 43,334)	( 88,655)
Development authority	( 6,067)	( 17,560)

The following includes an analysis of the fiscal year 2014 financial activities for each enterprise fund.

**Water and Sewerage System** - The operating income of \$1,311,096 in fiscal year 2014 compares to an operating income of \$988,386 in fiscal year 2013. Operating revenues in fiscal year 2014 were up \$347,025 or 9.1% above the fiscal year 2013 amount. There was a 2 1/2 % increase in rates in the latter part of fiscal year 2013, and this increase is in effective for all of fiscal year 2014.

Operating expenses increased just \$24,311 or 9/10<sup>th</sup> of 1%. Repair and maintenance costs increased \$64,941 or 63.7% due to emergency work on collapsed sewer lines and pipe breaks.

The Development Authority transferred \$876,424 to this fund to be used to pay the balance of the memorandum of understanding with the City of Atlanta, which was anticipated to be retired from the new bond issue.

The Water and Sewerage Fund transferred \$205,695 to the general fund to cover the cost allocation of administration costs. This fund also transferred \$366,668 to the Downtown Development Authority to cover the accrued interest cost due July 1, 2015.

At year-end, net position totaled \$10,666,103, up from the June 30, 2013 total of \$9,078,600 or 17.5%.

**Sanitation Fund** - The total assets decreased \$66,771 or 28.6%. Total liabilities decreased \$4,240 or 3.5%. The operating loss of \$43,334 in fiscal year 2014 compares to operating loss of \$88,655 in fiscal year 2013. The fiscal year 2014 operating revenues increased \$23,362 or 4.9% from fiscal year 2013. Total operating expenses decreased \$21,959 or 3.9%.

**Development Authority Fund** – Beginning in this fiscal year, the Development Authority was reclassified as a blended component unit, rather than presented as a discretely presented component unit. In this fiscal year, this fund reported only \$13,750 in revenues and \$19,817 in expenses. As indicated above this fund transferred \$876,424 to the water and sewer fund.

## FUND ANALYSIS

### Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,080,443 compared to a restated balance of \$1,527,687 at June 30, 2013.

Of this year-end total, \$816,807 is unassigned indicating availability for continuing City service delivery requirements.

Legally restricted fund balances include just \$263,636, which is set aside for program purposes. The total ending fund balances of governmental funds show a decrease of \$447,244.

### Major Governmental Funds

**General Fund** - The General Fund is the City's primary operating fund, and the largest source of day-to-day service delivery. The ending unassigned fund balance of \$816,807 is considered adequate, although not excessive, representing the equivalent of 7.8% of annual expenditures.

Total general fund property taxes decreased just \$14,448 or 3/10<sup>th</sup> of 1%. Local option sales taxes revenue increased \$72,464 or 4.5% above the 2013 amount, a sign of an improving economy.

Licenses and permits were down \$73,429 below the 2013 amount as building permits were down about 50% from fiscal 2013. Charges for services were up \$896,727 below the 2013 amount as payments from HATT were previously reported as charges for services are now reported as transfers in.

In fiscal year 2014, the City recognized \$846,341 or 8.9% below the 2013 total revenues.

Total General Fund's expenditures decreased \$944,377 or 8.2% below the fiscal year 2013 amount. The most significant changes from fiscal year 2013 are described below.

General government expenditures increased \$414,339 or 24.6% over fiscal year 2013 as there were various increases in costs for liability and medical insurance and pension plan costs. Public safety costs decreased \$610,682 or 11.3% due to some reclassification of certain costs. Planning and zoning costs were \$615,446 below the fiscal year 2013 amount and trade and tourism expenditures increased \$541,265 since the costs of tourism were reclassified between the two functions.

All other functional expenditures were similar to the prior year.

**Hotel/Motel Fund** – The Hotel/Motel Fund receives a 7% lodging tax which is then transferred to the General Fund and the Association of Tourism and Trade Special Revenue Fund. Taxes received increased approximately \$220,000 from \$1,732,000 to almost \$1,952,000 from year end June 30, 2013 to year end June 30, 2014 respectively.

### **Proprietary Funds**

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the City's enterprise funds.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final revenue budget was not amended during fiscal year 2014. In total, revenues realized of \$8,624,691 were \$873,809 or 9.2% below the final amended budget.

Total taxes were \$831,930 below the budget. Most of the difference relates to property taxes. Because of all the property assessment appeals the last three years in Fulton County, many which were granted, it was extremely difficult to accurately estimate the amount of property taxes to be recognized.

Licenses and permits were \$60,948 below the budget because of fewer building permits issued as explained above.

The expenditure budget was amended upward by \$112,500 or about 1% above the original budget.

In total, expenditures totaled 95.9% of the final budget. The total expenditures were under spent by \$450,304 or 4.1%.

The general government costs were \$194,526 below the final budget because the budget included resources for financial accounting services, not all of which was used, due to the reduction of a contractor.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2014, was \$15,371,779 and \$13,168,658 respectively. The change in this net investment was an 8/10<sup>th</sup> of 1% decrease for governmental activities and a 2.9% decrease for business-type activities. See Note 3-C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

*(Discussion continues on the subsequent page.)*

The following table provides a summary of capital asset activity:

	<b>Capital Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Non-depreciable assets:						
Land	\$ 1,367,730	\$ 1,367,730	\$ -	\$ -	\$ 1,367,730	\$ 1,367,730
Construction in progress	1,508,841	1,687,348	-	-	1,508,841	1,687,348
Total non-depreciable	<u>2,876,571</u>	<u>3,055,078</u>	<u>-</u>	<u>-</u>	<u>2,876,571</u>	<u>3,055,078</u>
Depreciable assets:						
Buildings and improvements	6,224,908	5,368,854	-	-	6,224,908	5,368,854
Land improvements	3,701,973	3,692,290	-	-	3,701,973	3,692,290
Auto, trucks and equipment	8,117,597	8,027,020	845,536	845,536	8,963,133	8,872,556
Intangible	-	-	4,881,436	4,881,436	4,881,436	4,881,436
Infrastructure	<u>22,176,540</u>	<u>22,003,946</u>	<u>13,415,425</u>	<u>13,415,425</u>	<u>35,591,965</u>	<u>35,419,371</u>
Total depreciable assets	40,221,018	39,092,110	19,142,397	19,142,397	59,363,415	58,234,507
Less accumulated depreciation	<u>27,725,810</u>	<u>26,646,105</u>	<u>5,973,739</u>	<u>5,581,702</u>	<u>33,699,549</u>	<u>32,227,807</u>
Book value - depreciable assets	<u>12,495,208</u>	<u>12,446,005</u>	<u>13,168,658</u>	<u>13,560,695</u>	<u>25,663,866</u>	<u>26,006,700</u>
Percentage depreciated	<u>69%</u>	<u>68%</u>	<u>31%</u>	<u>29%</u>	<u>57%</u>	<u>55%</u>
Total book value	<u>\$ 15,371,779</u>	<u>\$ 15,501,083</u>	<u>\$ 13,168,658</u>	<u>\$ 13,560,695</u>	<u>\$ 28,540,437</u>	<u>\$ 29,061,778</u>

At June 30, 2014, the depreciable capital assets for governmental activities were 69% depreciated. This compares to a similar percentage at June 30, 2013. This comparison indicates that the City is replacing its assets at almost the same rate as they are depreciating which is a positive indicator. However, the City's capital assets have now approached being two-thirds depreciated, which is an indicator that the City needs to consider replacing some of its older assets. With the City's business type activities, 31% of the asset values were depreciated at June 30, 2014 compared to 29% at June 30, 2013.

The additions of buildings and improvements included construction of the depot.

**Long-term Debt**

During fiscal year 2014, the City retired \$1,010,000 or 9.2% of outstanding debt for business-type activities.

*(Discussion continues on the subsequent page.)*

The following table reports long-term debt balances at June 30, 2014 and 2013:

**Outstanding Borrowings**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	(Restated) 2013	2014	(Restated) 2013
Note payable	\$ 553,081	\$ 735,254	\$ -	\$ -	\$ 553,081	\$ 735,254
Revenue bonds payable	-	-	16,395,000	11,020,000	16,395,000	11,020,000
Compensated absences	516,112	435,315	70,399	68,037	586,511	503,352
Total	<u>\$ 1,069,193</u>	<u>\$ 1,170,569</u>	<u>\$ 16,465,399</u>	<u>\$ 11,088,037</u>	<u>\$ 17,534,592</u>	<u>\$ 12,258,606</u>

During fiscal year, the City issued \$6,385,000 in revenue bonds, the proceeds to be used for certain improvements to the city hall complex, the welcome center and for various water and sewerage infrastructure system projects.

See Note 3-D for additional information about the City’s long-term debt.

**A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE CITY**

The City is included in the Atlanta, Georgia Metropolitan area, very close to Hartsfield-Jackson International airport. The total estimated 2010 population was 6,342. The total 2010 housing units total 2,901. The median value of owner occupants is \$126,300.

The primary revenue streams for the City are property taxes, sales taxes and hotel/motel taxes. This is a good revenue mix as property taxes are classified as “inelastic” and sales taxes and hotel/motel taxes are classified as “elastic.” Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic downturn has definitely affected the City’s 2014 revenue streams and the fiscal year 2014 budget is a no-frills operational budget with departmental belt tightening and very few capital projects. We are hopeful the economy will recover by mid-year and we will constantly monitor our economic condition to make the necessary adjustments.

The fiscal year 2015-budget highlights follow:

- The general fund budget was balanced using unassigned fund balance.
- The historic drop in taxable values has not shown any significant recovery; however, the tax digest for the 2015 budget year increased just 1.3%.
- Public safety costs make up over 50% of the total budgeted costs.

The general fund millage rate remained the same at 16.610 mils. The millage rate as remained the same since fiscal year 2007. Since 2005, the tax digest has decreased from approximately \$326 million to approximately \$260 million or a percentage reduction of 20.3%.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

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 request for additional information should be addressed to the Finance Director, 3468 North Fulton Avenue, Hapeville, GA 30354.

# BASIC FINANCIAL STATEMENTS



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**City of Hapeville, Georgia**  
**Statement of Net Position**  
**June 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 412,916	\$ 1,603,552	\$ 2,016,468
Investments	36,526	-	36,526
Restricted Cash	147,527	6,288,025	6,435,552
Receivables:			
Water, Sewer and Sanitation, Net	-	673,333	673,333
Property Tax	336,316	-	336,316
Other Taxes	388,566	-	388,566
Other Receivables	80,191	3,918	84,109
Intergovernmental	283,509	-	283,509
Notes, Current Portion	-	7,002	7,002
Internal Balance	(24,748)	24,748	-
Prepaid Assets	24,305	-	24,305
<b>Total Current Assets</b>	<u>1,685,108</u>	<u>8,600,578</u>	<u>10,285,686</u>
<b>Noncurrent Assets</b>			
Notes Receivable, Noncurrent Portion	-	136,008	136,008
Net Pension Asset	37,791	4,304	42,095
Property Held for Resale	-	2,686,002	2,686,002
Capital Assets:			
Nondepreciable	2,876,571	-	2,876,571
Depreciable, Net	12,495,208	9,062,173	21,557,381
Intangible Assets, Net	-	4,106,485	4,106,485
<b>Total Noncurrent Assets</b>	<u>15,409,570</u>	<u>15,994,972</u>	<u>31,404,542</u>
<b>Total Assets</b>	<u>17,094,678</u>	<u>24,595,550</u>	<u>41,690,228</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	100,355	357,873	458,228
Accrued Liabilities	238,432	17,770	256,202
Compensated Absences	362,345	28,025	390,370
Accrued Interest Payable	-	118,449	118,449
Current Portion of Long-Term Debt	125,551	390,000	515,551
Liabilities Payable from Restricted Cash:			
Accounts Payable	-	4,084,608	4,084,608
Customer Deposits	96,244	172,158	268,402
Accrued Interest Payable	-	111,482	111,482
Current Portion of Long-Term Debt	-	660,000	660,000
<b>Total Current Liabilities</b>	<u>922,927</u>	<u>5,940,365</u>	<u>6,863,292</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences	153,767	42,374	196,141
Noncurrent Portion of Long-Term Debt	427,530	15,345,000	15,772,530
Net OPEB Liability	1,580,481	190,986	1,771,467
<b>Total Noncurrent Liabilities</b>	<u>2,161,778</u>	<u>15,578,360</u>	<u>17,740,138</u>
<b>Total Liabilities</b>	<u>3,084,705</u>	<u>21,518,725</u>	<u>24,603,430</u>
<b>Net Position</b>			
Net Investment in Capital Assets	14,818,698	5,095,322	19,914,020
Restricted for:			
Program Purposes	263,636	-	263,636
Capital Outlay	-	1,259,777	1,259,777
Unrestricted (Deficit)	<u>(1,072,361)</u>	<u>(3,278,274)</u>	<u>(4,350,635)</u>
<b>Total Net Position</b>	<u>\$ 14,009,973</u>	<u>\$ 3,076,825</u>	<u>\$ 17,086,798</u>

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

**City of Hapeville, Georgia**  
**Statement of Activities**  
**For The Year Ended June 30, 2014**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ 2,148,678	\$ 127,993	\$ 32,520	\$ 725,947	\$ (1,262,218)	\$ -	\$ (1,262,218)
Public Safety	5,923,757	679,140	16,712	-	(5,227,905)	-	(5,227,905)
Public Works	1,101,104	-	-	-	(1,101,104)	-	(1,101,104)
Culture and Recreation	557,634	67,346	-	-	(490,288)	-	(490,288)
Parks and Grounds	1,051,603	-	-	-	(1,051,603)	-	(1,051,603)
Planning and Zoning	273,602	52,478	-	-	(221,124)	-	(221,124)
Trade, Tourism and Development	594,325	84,208	-	-	(510,117)	-	(510,117)
Interest Expense	<u>16,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,782)</u>	<u>-</u>	<u>(16,782)</u>
Total Governmental Activities	<u>11,667,485</u>	<u>1,011,165</u>	<u>49,232</u>	<u>725,947</u>	<u>(9,881,141)</u>	<u>-</u>	<u>(9,881,141)</u>
Business-type Activities							
Water and Sewer Sanitation	2,898,611	4,180,950	-	-	-	1,282,339	1,282,339
Development Authority	544,970	499,281	-	-	-	(45,689)	(45,689)
	<u>658,283</u>	<u>20,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(638,223)</u>	<u>(638,223)</u>
Total Business-type Activities	<u>4,101,864</u>	<u>4,700,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,427</u>	<u>598,427</u>
Total Primary Government	<u>\$ 15,769,349</u>	<u>\$ 5,711,456</u>	<u>\$ 49,232</u>	<u>\$ 725,947</u>	<u>\$ (9,881,141)</u>	<u>\$ 598,427</u>	<u>\$ (9,282,714)</u>

(Continued)

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

**City of Hapeville, Georgia**  
**Statement of Activities**  
**For The Year Ended June 30, 2014**

(Continued)

<b>Changes in Net Position</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
General Revenues			
Taxes			
Property Taxes	\$ 4,066,615	\$ -	\$ 4,066,615
Sales Taxes	1,668,856	-	1,668,856
Occupation Taxes	265,775	-	265,775
Franchise Taxes	643,481	-	643,481
Insurance Premium Tax	351,426	-	351,426
Tourism Development (Hotel/Motel) Taxes	1,951,860	-	1,951,860
Other Taxes	544,169	-	544,169
Total Taxes	9,492,182	-	9,492,182
Interest Income	121	-	121
Gain on Sale of Capital Assets	86	-	86
Other Revenues	27,798	-	27,798
Transfers	(304,924)	304,924	-
Total General Revenues and Transfers	9,215,263	304,924	9,520,187
Change in Net Position	(665,878)	903,351	237,473
Net Position - Beginning of Year	8,926,163	7,923,162	16,849,325
Prior Period Adjustment	5,749,688	(5,749,688)	-
Net Position - End of Year	\$ 14,009,973	\$ 3,076,825	\$ 17,086,798

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

**City of Hapeville, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<u>General Fund</u>	<u>Hotel/ Motel Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 381,998	\$ -	\$ 28,872	\$ 410,870
Restricted Cash	147,527	-	-	147,527
Investments	36,526	-	-	36,526
Receivables				
Property Taxes	336,316	-	-	336,316
Other Taxes	10,741	377,826	-	388,567
Other Receivables	24,638	-	55,553	80,191
Intergovernmental	283,509	-	-	283,509
Interfund Receivable	<u>220,288</u>	<u>-</u>	<u>215,900</u>	<u>436,188</u>
Total Assets	<u>\$ 1,441,543</u>	<u>\$ 377,826</u>	<u>\$ 300,325</u>	<u>\$ 2,119,694</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 70,744	\$ -	\$ 29,610	\$ 100,354
Accrued Liabilities	212,081	-	-	212,081
Customer Deposits	96,244	-	-	96,244
Interfund Payable	<u>-</u>	<u>377,826</u>	<u>58,362</u>	<u>436,188</u>
Total Liabilities	<u>379,069</u>	<u>377,826</u>	<u>87,972</u>	<u>844,867</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	<u>194,384</u>	<u>-</u>	<u>-</u>	<u>194,384</u>
<b>Fund Balance</b>				
Restricted for:				
Program Purposes	51,283	-	212,353	263,636
Unassigned	<u>816,807</u>	<u>-</u>	<u>-</u>	<u>816,807</u>
Total Fund Balance	<u>868,090</u>	<u>-</u>	<u>212,353</u>	<u>1,080,443</u>
Total Liabilities and Fund Balance	<u>\$ 1,441,543</u>	<u>\$ 377,826</u>	<u>\$ 300,325</u>	<u>\$ 2,119,694</u>

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

**City of Hapeville, Georgia**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2014**

Total Governmental Fund Balances	\$	1,080,443
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.		
Cost of capital assets	43,097,589	
Less accumulated depreciation	<u>(27,725,810)</u>	15,371,779
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Property taxes		194,384
 Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.		
		37,791
 Interfund payable to Enterprise Funds from eliminating entries of Internal Service Fund		
		(24,748)
 Liabilities not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable		(516,112)
Notes payable		(553,081)
Net OPEB obligation		(1,580,481)
Rounding		<u>(2)</u>
Net Position of Governmental Activities	\$	<u>14,009,973</u>

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

**City of Hapeville, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For The Year Ended June 30, 2014**

	<b>General Fund</b>	<b>Hotel/ Motel Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes				
Property	\$ 4,199,957	\$ -	\$ -	\$ 4,199,957
Sales	1,668,856	-	-	1,668,856
Occupation	265,775	-	-	265,775
Franchise	643,481	-	-	643,481
Insurance Premium	351,426	-	-	351,426
Hotel-Motel	-	1,951,860	-	1,951,860
Other Taxes	519,075	-	25,093	544,168
Licenses and Permits	162,052	-	-	162,052
Charges for Services	261,808	-	79,822	341,630
Fines and Forfeitures	499,030	-	16,712	515,742
Interest Income	121	-	-	121
Contributions and Donations	21,244	-	-	21,244
Grant Revenue	-	-	736,294	736,294
Other Revenue	31,866	-	5,316	37,182
Total Revenues	<u>8,624,691</u>	<u>1,951,860</u>	<u>863,237</u>	<u>11,439,788</u>
<b>Expenditures</b>				
General				
General Government	2,098,323	-	-	2,098,323
Public Safety	5,383,574	-	191,276	5,574,850
Public Works	630,731	-	-	630,731
Culture and Recreation	518,014	-	12,326	530,340
Parks and Grounds	889,047	-	-	889,047
Planning and Zoning	216,639	-	-	216,639
Trade, Tourism and Development	583,485	-	-	583,485
Capital Outlay	-	-	859,824	859,824
Debt Service				
Principal	182,172	-	-	182,172
Interest	16,782	-	-	16,782
Total Expenditures	<u>10,518,767</u>	<u>-</u>	<u>1,063,426</u>	<u>11,582,193</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,894,076)</u>	<u>1,951,860</u>	<u>(200,189)</u>	<u>(142,405)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	86	-	-	86
Transfers In	1,856,761	-	1,336,517	3,193,278
Transfers Out	(616,176)	(1,951,860)	(930,167)	(3,498,203)
Total Other Financing Sources (Uses)	<u>1,240,671</u>	<u>(1,951,860)</u>	<u>406,350</u>	<u>(304,839)</u>
Net Change in Fund Balances	(653,405)	-	206,161	(447,244)
<b>Fund Balance, Beginning of Year</b>	2,343,243	-	6,192	2,349,435
<b>Prior Period Adjustment</b>	(821,748)	-	-	(821,748)
<b>Fund Balance, End of Year</b>	<u>\$ 868,090</u>	<u>\$ -</u>	<u>\$ 212,353</u>	<u>\$ 1,080,443</u>

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

**City of Hapeville, 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, 2014**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(447,244)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>		
Depreciation expense	\$ (1,079,705)	
Capital outlay	950,401	(129,304)
<p>Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Deferred at June 30, 2014	194,384	
Deferred at June 30, 2013	(327,727)	(133,343)
<p>Repayment of the capital leases payable (including accrued interest) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		182,172
<p>Some expenses reported in the government-wide statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences		(80,797)
Change in net pension asset		37,791
<p>Net OPEB Obligation in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.</p>		
		(70,750)
<p>Decrease in internal balances due to elimination of internal service funds that were generated in business activities</p>		
		3,456
<p>The net revenue (expense) of the internal service fund is included in the Government-Wide Statement of Activities and Changes in Net Position.</p>		
		(27,859)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(665,878)</b>

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

**City of Hapeville, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**General Fund**  
**For The Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,480,500	\$ 8,480,500	\$ 7,648,570	\$ (831,930)
Licenses and Permits	223,000	223,000	162,052	(60,948)
Charges for Services	269,500	269,500	261,808	(7,692)
Fines and Forfeitures	500,000	500,000	499,030	(970)
Interest Income	-	-	121	121
Contributions and Donations	3,000	3,000	21,244	18,244
Other Local Revenue	22,500	22,500	31,866	9,366
Total Revenues	<u>9,498,500</u>	<u>9,498,500</u>	<u>8,624,691</u>	<u>(873,809)</u>
<b>Expenditures</b>				
General				
General Government				
Administration	<u>1,876,942</u>	<u>2,292,849</u>	<u>2,098,323</u>	<u>194,526</u>
Public Safety				
Police Services	3,326,070	2,998,717	2,888,683	110,034
Fire Services	<u>2,507,653</u>	<u>2,530,348</u>	<u>2,469,948</u>	<u>60,400</u>
Total Public Safety	<u>5,803,723</u>	<u>5,499,065</u>	<u>5,383,574</u>	<u>115,491</u>
Public Works	<u>689,470</u>	<u>713,673</u>	<u>630,731</u>	<u>82,942</u>
Culture and Recreation	<u>586,221</u>	<u>547,525</u>	<u>518,014</u>	<u>29,511</u>
Parks and Grounds	<u>845,539</u>	<u>899,531</u>	<u>889,047</u>	<u>10,484</u>
Planning and Zoning	<u>258,479</u>	<u>247,385</u>	<u>216,639</u>	<u>30,746</u>
Trade, Tourism and Development	<u>624,949</u>	<u>592,702</u>	<u>583,485</u>	<u>9,217</u>
Debt Service	<u>171,248</u>	<u>176,341</u>	<u>198,954</u>	<u>(22,613)</u>
Total Expenditures	<u>10,856,571</u>	<u>10,969,071</u>	<u>10,518,767</u>	<u>450,304</u>
Excess of Revenues				
Over Expenditures	<u>(1,358,071)</u>	<u>(1,470,571)</u>	<u>(1,894,076)</u>	<u>(423,505)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	86	86
Transfers In	1,674,424	1,674,424	1,856,761	182,337
Transfers Out	<u>(579,830)</u>	<u>(579,830)</u>	<u>(616,176)</u>	<u>(36,346)</u>
Total Other Financing Sources (Uses)	<u>1,094,594</u>	<u>1,094,594</u>	<u>1,240,671</u>	<u>146,077</u>
Net Change in Fund Balances	<u>(263,477)</u>	<u>(375,977)</u>	<u>(653,405)</u>	<u>(277,428)</u>
<b>Fund Balance, Beginning of Year</b>	2,343,243	2,343,243	2,343,243	-
<b>Prior Period Adjustment</b>	<u>-</u>	<u>-</u>	<u>(821,748)</u>	<u>821,748</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,079,766</u>	<u>\$ 1,967,266</u>	<u>\$ 868,090</u>	<u>\$ 544,320</u>

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

**City of Hapeville, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**Hotel/Motel Fund**  
**For The Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Hotel/Motel Tax	\$ 1,988,875	\$ 1,988,875	\$ 1,951,860	\$ (37,015)
<b>Expenditures</b>	-	-	-	-
Excess of Revenues Over Expenditures	\$ 1,988,875	\$ 1,988,875	\$ 1,951,860	\$ (37,015)
<b>Other Financing Uses</b>				
Transfers Out	(1,988,875)	(1,988,875)	(1,951,860)	37,015
Total Other Financing Uses	(1,988,875)	(1,988,875)	(1,951,860)	37,015
Net Change in Fund Balances	-	-	-	-
<b>Fund Balance, Beginning of Year</b>	-	-	-	-
<b>Fund Balance, End of Year</b>	\$ -	\$ -	\$ -	\$ -

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

**City of Hapeville, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental</b>
	<b>Water and Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Development Authority</b>	<b>Combining Adjustment</b>	<b>Totals</b>	<b>Activity - Internal Service Fund</b>
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 1,612,566	\$ (23,624)	\$ 14,610	\$ -	\$ 1,603,552	\$ 2,045
Restricted Cash	845,985	-	5,442,040	-	6,288,025	-
Accounts Receivable, net	604,108	73,143	-	-	677,251	-
Notes Receivable, Current Portion	-	-	7,002	-	7,002	-
Prepaid Expenses	-	-	-	-	-	24,305
Total Current Assets	<u>3,062,659</u>	<u>49,519</u>	<u>5,463,652</u>	<u>-</u>	<u>8,575,830</u>	<u>26,350</u>
<b>Noncurrent Assets</b>						
Note Receivable, Noncurrent Portion	-	-	136,008	-	136,008	-
Net Pension Asset	2,468	1,836	-	-	4,304	-
Property Held for Resale	-	-	2,686,002	-	2,686,002	-
Capital and Intangible Assets, Net	13,053,010	115,648	-	-	13,168,658	-
Total Noncurrent Assets	<u>13,055,478</u>	<u>117,484</u>	<u>2,822,010</u>	<u>-</u>	<u>15,994,972</u>	<u>-</u>
<b>Total Assets</b>	<u>16,118,137</u>	<u>167,003</u>	<u>8,285,662</u>	<u>-</u>	<u>24,570,802</u>	<u>26,350</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts Payable	4,436,587	5,894	-	(4,084,608)	357,873	-
Accrued Liabilities	9,729	8,041	-	-	17,770	26,350
Compensated Absences	15,564	12,461	-	-	28,025	-
Accrued Interest Payable	-	-	118,449	-	118,449	-
Current Portion of Long-Term Debt	-	-	390,000	-	390,000	-
Liabilities Payable from Restricted Cash						
Accounts Payable				4,084,608	4,084,608	
Customer Deposits	172,158	-	-	-	172,158	-
Accrued Interest Payable	13,827	-	97,655	-	111,482	-
Current Portion of Long-Term Debt	660,000	-	-	-	660,000	-
Total Current Liabilities	<u>5,307,865</u>	<u>26,396</u>	<u>606,104</u>	<u>-</u>	<u>5,940,365</u>	<u>26,350</u>
<b>Noncurrent Liabilities</b>						
Compensated Absences	10,683	31,691	-	-	42,374	-
Noncurrent Portion of Long-Term Debt	-	-	15,345,000	-	15,345,000	-
Net OPEB Liability	133,486	57,500	-	-	190,986	-
Total Noncurrent Liabilities	<u>144,169</u>	<u>89,191</u>	<u>15,345,000</u>	<u>-</u>	<u>15,578,360</u>	<u>-</u>
<b>Total Liabilities</b>	<u>5,452,034</u>	<u>115,587</u>	<u>15,951,104</u>	<u>-</u>	<u>21,518,725</u>	<u>26,350</u>
<b>Net Position</b>						
Net Investment in Capital Assets	8,511,574	115,648	(3,531,900)	-	5,095,322	-
Restricted for Water and Sewer AP	-	-	4,084,608	(4,084,608)	-	-
Restricted for Capital Projects	-	-	1,259,777	-	1,259,777	-
Unrestricted	2,154,529	(64,232)	(9,477,927)	4,084,608	(3,303,022)	-
<b>Total Net Position</b>	<u>\$ 10,666,103</u>	<u>\$ 51,416</u>	<u>\$ (7,665,442)</u>	<u>\$ -</u>	<u>3,052,077</u>	<u>\$ -</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					24,748	
Net Position of Business-type Activities					<u>\$ 3,076,825</u>	

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

**City of Hapeville, Georgia**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2014**

	<u>Business-type Activities - Enterprise Funds</u>				<b>Governmental</b>
	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Development Authority</u>	<u>Totals</u>	<b>Activity - Worker Comp Internal Service Fund</b>
<b>Operating Revenues</b>					
Water Sales	\$ 2,530,699	\$ -	\$ -	\$ 2,530,699	\$ -
Sewer Charges	1,474,763	-	-	1,474,763	-
Sanitation Charges	-	479,383	-	479,383	-
Other Services or Charges	175,488	19,899	13,750	209,137	57,135
Total Operating Revenue	<u>4,180,950</u>	<u>499,282</u>	<u>13,750</u>	<u>4,693,982</u>	<u>57,135</u>
<b>Operating Expenses</b>					
Salaries	239,468	213,536	-	453,004	-
Payroll Taxes and Employee Benefits	85,397	66,437	-	151,834	-
Water Purchased	1,747,270	-	-	1,747,270	-
Insurance and Claims	53,709	58,427	-	112,136	84,529
Utilities	22,784	-	-	22,784	-
Repairs and Maintenance	166,831	35,134	13,366	215,331	-
Contracted Services	23,504	-	-	23,504	-
Supplies and Miscellaneous	39,612	12,914	6,451	58,977	465
Vehicle and Equipment Expenses	29,327	35,040	-	64,367	-
Professional Fees	84,358	105,837	-	190,195	-
Dues	848	-	-	848	-
Depreciation	279,117	15,291	-	294,408	-
Amortization	97,629	-	-	97,629	-
Total Operating Expenses	<u>2,869,854</u>	<u>542,616</u>	<u>19,817</u>	<u>3,432,287</u>	<u>84,994</u>
Operating Income (Loss)	1,311,096	(43,334)	(6,067)	1,261,695	(27,859)
<b>Non-Operating Revenues (Expenses)</b>					
Interest Income	-	-	6,310	6,310	-
Bond Issuance Costs	-	-	(164,353)	(164,353)	-
Interest Expense	(27,654)	-	(474,114)	(501,768)	-
Income (Loss) Before Transfers	1,283,442	(43,334)	(638,224)	601,884	(27,859)
<b>Transfers</b>					
Transfers In	876,424	-	896,483	1,772,907	-
Transfers Out	(572,363)	(19,197)	(876,424)	(1,467,984)	-
Change in Net Position	1,587,503	(62,531)	(618,165)	906,807	(27,859)
<b>Net Position, Beginning of Year</b>	9,078,600	113,947	(1,297,589)		27,859
<b>Prior Period Adjustment</b>	-	-	(5,749,688)		-
<b>Net Position, End of Year</b>	<u>\$ 10,666,103</u>	<u>\$ 51,416</u>	<u>\$ (7,665,442)</u>		<u>\$ -</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(3,456)	
Change in Net Position of Business-Type Activities				<u>\$ 903,351</u>	

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

**City of Hapeville, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Fund	Sanitation Fund	Development Authority	Totals	Activity - Internal Service Fund
<b>Cash Flows from Operating Activities</b>					
Receipts from Customers and Users	\$ 4,033,919	\$ 470,817	\$ 13,750	\$ 4,518,486	\$ 57,135
Payments to Suppliers	(2,764,417)	(247,985)	(21,320)	(3,033,722)	(74,347)
Payments to Employees	(334,678)	(285,416)	-	(620,094)	-
Net Cash Provided (Used) by Operating Activities	934,824	(62,584)	(7,570)	864,670	(17,212)
<b>Cash Flows from Non-Capital and Related Financing Activities</b>					
Transfers In	876,424	-	896,483	1,772,907	-
Transfers (Out)	(572,363)	(19,197)	(876,424)	(1,467,984)	-
Net Cash Flows Provided (Used) by Non-Capital and Related Financing Activities	304,061	(19,197)	20,059	304,923	-
<b>Cash Flows from Capital and Related Financing Activities</b>					
Principal Received on Note	-	-	3,316	3,316	-
Interest Received on Note	-	-	6,310	6,310	-
Proceeds from 2014 Bond Issue	-	-	6,385,000	6,385,000	-
Principal Paid on Long-term Debt	(630,000)	-	(380,000)	(1,010,000)	-
Bond Issuance Costs	-	-	(164,353)	(164,353)	-
Interest Paid on Long-term Debt	(40,853)	-	(418,827)	(459,680)	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	(670,853)	-	5,431,446	4,760,593	-
Net Increase (Decrease) in Cash	568,032	(81,781)	5,443,935	5,930,186	(17,212)
Cash, Beginning of Year	1,890,519	58,157	12,715	1,961,391	19,257
Cash, End of Year	\$ 2,458,551	\$ (23,624)	\$ 5,456,650	\$ 7,891,577	\$ 2,045
Classified As:					
Unrestricted	\$ 1,612,566	\$ (23,624)	\$ 14,610	\$ 1,603,552	\$ 2,045
Restricted	845,985	-	5,442,040	6,288,025	-
	\$ 2,458,551	\$ (23,624)	\$ 5,456,650	\$ 7,891,577	\$ 2,045
<b>Cash Flows from Operating Activities</b>					
Operating Income (Loss)	\$ 1,311,096	\$ (43,334)	\$ (6,067)	\$ 1,261,695	\$ (27,859)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities					
Depreciation and Amortization	376,746	15,291	-	392,037	-
Changes in Assets, Decrease (Increase)					
Net Accounts Receivable	(135,846)	(28,465)	-	(164,311)	-
Prepaid Expenses	-	-	-	-	265
Changes in Liabilities, (Decrease) Increase					
Accounts Payable	(596,174)	(633)	-	(596,807)	(1,279)
Accrued Expenses	(9,813)	(5,443)	(1,503)	(16,759)	11,661
Customer Utility Deposits	(11,185)	-	-	(11,185)	-
Net Cash Provided (Used) by Operating Activities	\$ 934,824	\$ (62,584)	\$ (7,570)	\$ 864,670	\$ (17,212)

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

**City of Hapeville, Georgia**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

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	<b>Pension Trust Fund</b>
<b>Assets</b>	
Employer Contribution Receivable	\$ <u>          -</u>
Investments at Fair Value	
Pooled Separate Accounts	
Large Capital and Growth Funds	9,227,342
Bond Funds	4,539,265
Mid Capital and Growth funds	4,223,470
Money Market and Fixed Income Funds	2,987,249
Real Estate Funds	2,679,395
Small Capital Funds	<u>1,374,691</u>
Total Assets	<u>25,031,412</u>
 <b>Net Position Held in Trust for Pension Benefits</b>	 <b>\$ <u>25,031,412</u></b>

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

**City of Hapeville, Georgia**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2014**

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	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions	
Employer	\$ 1,158,240
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	3,823,656
Total Additions	4,981,896
<b>Deductions</b>	
Benefit Payments	2,217,473
Total Deductions	2,217,473
Change in Net Position	2,764,423
<b>Net Position Held in Trust for Pension Benefits</b>	
Beginning of Year	22,266,989
End of Year	\$ 25,031,412

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

# NOTES TO FINANCIAL STATEMENTS



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**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 1 – Summary of Significant Accounting Policies**

The financial statements of the City of Hapeville, Georgia (the “City”) have been prepared in accordance with generally accepted accounting principles in the United State of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the city are described below.

**1-A. Reporting Entity**

The City was incorporated in 1891, under the provisions of the State of Georgia. The City operates under a council/manager form of government. Major operations include police and fire protection, public works, highways and streets, sanitation, culture, recreation, community development, planning and zoning, and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the city’s operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Component units had previously been reported discretely but are now being blended.

The Hapeville Development Authority (Development Authority) has been included as a blended component unit in the accompanying financial statements. The City appoints all of the members of the Development Authority’s Board. The Development Authority has the authority to issue bonded debt, its debt issuance and operational budgets must be approved by the City Council. Debt payments on bonds issued by the Development Authority are now being paid by the City’s enterprise and general funds. The Development authority is presented as a major enterprise fund.

The Hapeville Association for Tourism and Trade, Inc. (Association of Tourism and Trade) has also been included as a blended component unit in the accompanying financial statements. The Association of Tourism and Trade’s purpose is to improve the availability of basic goods and services within the City of Hapeville, develop the educational, cultural and economic potential of the City, improve and maintain the appeal of the City and increase City revenues by stabilizing the tax base, enhancing property values and increasing retail sales in the City of Hapeville. The City appoints all directors. Funds received by the Association of Tourism and Trade originate from Hotel/Motel tax revenues and are used to support economic development and infrastructural projects of the City. This fund is presented as a special revenue fund.

Financial information for the component units is available from the City Finance Director’s office, 3468 N. Fulton Avenue, Hapeville, Georgia 30297.

**1-B. Basis of Presentation**

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include 1) charges to customers or applicants 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.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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Fiduciary activities are not included at the government-wide reporting level. The operating activity of the internal service fund is also eliminated to avoid duplicating revenues and expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**1-C. Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) 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 the government receives cash.

The City reports the following major governmental funds:

- The **general fund** is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.
- The **hotel/motel fund** (a special revenue fund) accounts for the collection of hotel/motel tax proceeds and related expenses.

The City reports on the following major proprietary funds:

- The **water and sewer fund** is used to account for water and sewer service operations to the residents of the City. Activities of the fund include administration, operations and maintenance of the system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt.
- The **sanitation fund** is used to account for the collection of fees for garbage collection, disposal and recycling programs and related expenses.
- The **development authority fund** is used to account for income from investment properties. The fund

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.

The City reports the following fiduciary fund:

- The ***pension trust fund*** accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are by the City at rates determined by actuarial computations.

Additionally, the City reports the following fund types:

- The ***special revenue funds*** account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.
- The ***capital projects funds*** account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets (excluding capital-related outflows financed by proprietary funds).
- The ***internal service fund*** accounts for workers' compensation services provided to other departments or agencies of the City on a cost-reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer and sanitation funds and the government's internal service fund are charges to customers for sales and services. The principal operating revenue of the development authority is derived from rental income. Operating expenses for water and sewer, sanitation and development authority funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### ***1-D. Assets, Liabilities and Fund Equity***

##### ***1-D-1 Cash, Cash Equivalents, and Investments***

For the purpose of the Statement of Net Assets, "Cash and Cash Equivalents" includes all demand savings accounts and certificates of deposits of the City. For the purposes of the Proprietary Fund Statement of Cash Flows, "Cash and Cash Equivalents" includes all demand and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less when purchased are considered to be cash equivalents. Investments are carried at fair value. Additional cash and investment disclosures are presented in Note 2-A and Note 3-A.

##### ***1-D-2 Receivables and Payables***

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/due from other funds." On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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and business-type activities, which are reclassified and presented as internal balances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Property taxes are levied based on a calendar year (January 1 through December 31). The property tax assessment is formally levied on September 1, based on property values as of the previous January 1 (the lien date). Tax bills are mailed in September, and due forty-five days later. On the forty-sixth day after they are mailed out the bills become delinquent and penalties and interest are assessed by the City.

**1-D-3 Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items in both government-wide and fund financial statements. Expenses or expenditures are reported when the service is provided.

**1-D-4 Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statement for proprietary funds. The City’s infrastructure consists of roads, curbs, and gutters, sidewalks, bridges, drainage, traffic signals, and water and sewer lines. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over two years of useful life. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. In the case of the initial capitalization of general infrastructure items (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date. All reported capital assets are depreciated except for land and construction in progress. Depreciation has been calculated on each class of depreciable property, using the straight-line method.

The estimated useful lives are as follows:

	<u>Years</u>
Infrastructure	10-30
Buildings and Building Improvements	15-50
Land Improvements	10-20
Furniture and Equipment	10-15
Autos, Trucks, and Equipment	5-10
Water and Sewer System	50

**1-D-5 Compensated Absences**

The City’s policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded in the government-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. 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.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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**1-D-6 Long – Term Obligations**

The accounting treatment of long-term obligations depends on whether the related assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of, bonds payable and accrued compensated absences. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements. Bond issuance costs, whether or not withheld from proceeds are reported as expenses/expenditures when incurred.

**1-D-7 Deferred Outflows/Inflows of Resources**

The City implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, and Statement No. 65, “Items Previously Reported as Assets and Liabilities,” as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of deferred inflow – unavailable revenue, which arise only under a modified accrual basis of accounting and qualifies for reporting in this category on the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

**1-D-8 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 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** – amounts that are not in a spendable form or are required to be maintained intact.
- **Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- **Assigned** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. City Council has the authority to assign fund balance through ordinance.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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- **Unassigned** – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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 deferred outflows of resources and liabilities and deferred inflow of resources in government-wide financial statements and proprietary fund financial statements, which utilize the economic resources measurement focus. Net position in the statement of net position is distinguished between amounts as follows:

- **Net investment in capital assets** – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted** – consists of net position designated internally and undesignated.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### **1-D-9 Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted). Transfers between funds reported in the governmental activities column are eliminated. Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

### **1-D-10 Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

### **Note 2 – Stewardship, Compliance and Accountability**

By its nature as a local government entity, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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**2-A. Budgets and Budgetary Accounting**

Prior to July 1, the Director of Finance submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council.

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding do not constitute expenditures or liabilities and are re-appropriated in the subsequent year. Unencumbered appropriations lapse at year-end.

The budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. Proprietary fund type budgets are adopted for management control purposes only.

**2-B. Deposits and Investments Laws and Regulations**

In accordance with state law, the City is required to obtain pledges of collateral from depository institutions for all uninsured deposits of municipal funds in financial institutions. As reflected in Note 3-A, all deposits of the City were fully insured or collateralized.

Investments of the City are limited by state law to obligations to this state (Georgia) or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of this state. For the year ended June 30, 2014, the City complied, in all material respects, with these investment restrictions.

**2-C. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
E-911 Revenue	E-911 Emergency Services Purposes
Hotel/Motel Tax	Tourism and Trade
Water and Sewer Revenue	Debt Service and Utility Operations

For the year ended June 30, 2014, the City complied, in all material respects, with these revenue restrictions.

**2-D. Debt Restrictions**

General Obligation Debt – Article 9, Section 5 of the Georgia Constitution limits the amount of outstanding general obligation bonded debt of the municipality to no more than 10% of the assessed value of all taxable property in the City. For the year ended June 30, 2014, the City had no outstanding general obligation debt.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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**Note 3 – Detail Notes on Transaction Classes/Accounts**

**3-A. Cash and Investments**

**Primary Government**

**Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$9,745,230 at June 30, 2014, that was completely secured with depository insurance or collateral held by the City or by its agent in the City's or blended component units' name.

**Investments – Credit Risk**

As of June 30, 2014, the City had the following investments:

	<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
<b>Governmental Funds:</b>			
Georgia Extended Asset Pool	\$ 36,526	varies	\$ 36,526

**Interest Rate Risk** – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State statutes authorize the City to invest in obligations of the State of Georgia; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the Georgia Extended Asset Pool, established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The City has no investment policy that would further limit its investment choices.

Georgia Extended Asset Pool, created by the Official Code of Georgia Annotated ("OCGA") 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAA rated money market funds. However, Georgia Extended Asset Pool operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The regulatory oversight agency for this pool is the Office of State Treasurer. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

**Concentration of Credit Risk** – The City places no limit on the amount the City may invest in any one issuer.

**Pension Trust Fund**

The Pension Trust Fund's policy in regard to investments, including the allocation of invested assets, is established and may be amended by the Board of Trustees.

**Credit Risk** – The City's Pension Trust fund's policy is an asset allocation mix to obtain the long-term average annual return target of 7.5%. The asset allocation mix is Fixed Income, with an allocation range between 27% and 35%, and Equities, with an allocation range between 63% and 75%. At June 30, 2014 the allocation was 30% in Fixed Income and 70% in Equities.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

**Concentration** – At June 30, 2014, The Pension Trust Fund did not have any debt or equity investments in any one organization which represented greater than 5% of plan fiduciary net position.

**Rate of Return** – For the year ended June 30, 2014, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 18.1%.

**3-B. Receivables**

Accounts receivable for the business-type activities consist of utilities receivable for water, sewerage and sanitation. Accounts receivable of the governmental activities consist primarily of franchise tax, property tax, occupation tax, hotel/motel tax, sales tax and intergovernmental receivables arising from grants. An allowance for doubtful accounts was recorded for the utility receivables at \$51,050 for year ended June 30, 2014.

**3-C. Capital Assets**

Capital asset activity for the year ended June 30, 2014, was as follows:

<b>Governmental activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers and Reclassifications</b>	<b>Ending Balance</b>
Non-depreciable					
Land	\$ 1,367,730	\$ -	\$ -	\$ -	\$ 1,367,730
Construction in Progress	1,687,348	244,169	-	(422,676)	1,508,841
Total non-depreciable assets	<u>3,055,078</u>	<u>244,169</u>	<u>-</u>	<u>(422,676)</u>	<u>2,876,571</u>
Depreciable					
Buildings and Improvements	5,368,854	433,378	-	422,676	6,224,908
Land Improvements	3,692,290	9,683	-	-	3,701,973
Autos, Trucks and Equipment	8,027,020	90,577	-	-	8,117,597
Infrastructure	22,003,946	172,594	-	-	22,176,540
Total depreciable assets	<u>39,092,110</u>	<u>706,232</u>	<u>-</u>	<u>422,676</u>	<u>40,221,018</u>
Less accumulated depreciation					
Buildings and Improvements	(2,306,630)	(138,479)	-	-	(2,445,109)
Land Improvements	(2,081,117)	(124,570)	-	-	(2,205,687)
Autos, Trucks and Equipment	(5,894,946)	(339,852)	-	-	(6,234,798)
Infrastructure	(16,363,412)	(476,804)	-	-	(16,840,216)
Total accumulated depreciation	<u>(26,646,105)</u>	<u>(1,079,705)</u>	<u>-</u>	<u>-</u>	<u>(27,725,810)</u>
Net depreciable assets	<u>12,446,005</u>	<u>(373,473)</u>	<u>-</u>	<u>422,676</u>	<u>12,495,208</u>
Governmental activities capital assets, net	<u>\$ 15,501,083</u>	<u>\$ (129,304)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,371,779</u>

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

<b>Business-type activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers and Reclassifications</b>	<b>Ending Balance</b>
<b>Depreciable Assets</b>					
Water and Sewer System	\$ 13,415,425	\$ -	\$ -	\$ -	\$ 13,415,425
Autos, Trucks and Equipment	<u>845,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,536</u>
Total depreciable assets	<u>14,260,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,260,961</u>
<b>Less accumulated depreciation</b>					
Water and Sewer System	(4,270,904)	(259,580)	-	-	(4,530,484)
Autos, Trucks and Equipment	<u>(633,476)</u>	<u>(34,828)</u>	<u>-</u>	<u>-</u>	<u>(668,304)</u>
Total accumulated depreciation	<u>(4,904,380)</u>	<u>(294,408)</u>	<u>-</u>	<u>-</u>	<u>(5,198,788)</u>
Net depreciable assets	<u>9,356,581</u>	<u>(294,408)</u>	<u>-</u>	<u>-</u>	<u>9,062,173</u>
<b>Intangible Assets</b>					
Right to Capacity	4,881,436	-	-	-	4,881,436
Less Accumulated Amortization	<u>(677,322)</u>	<u>(97,629)</u>	<u>-</u>	<u>-</u>	<u>(774,951)</u>
Net intangible assets	<u>4,204,114</u>	<u>(97,629)</u>	<u>-</u>	<u>-</u>	<u>4,106,485</u>
Business-type activities capital assets, net	<u>\$ 13,560,695</u>	<u>\$ (392,037)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,168,658</u>

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

**Governmental activities**

General Government	\$ 45,478
Public Safety	309,663
Public Works	459,770
Culture and Recreation	43,911
Parks and Grounds	153,175
Trade, Tourism and Development	<u>67,708</u>
Total Depreciation Expense	<u>\$ 1,079,705</u>

**Business-type activities**

Water and Sewer	\$ 376,746
Sanitation	<u>15,291</u>
	<u>\$ 392,037</u>

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

**3-D. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<b>(Restated)</b>				
	<b>Beginning</b>			<b>Ending</b>	<b>Due Within</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>One Year</b>
<b>Governmental Activities</b>					
Note Payable I - Vehicles	\$ 456,010	\$ -	\$ 118,329	\$ 337,681	\$ 70,503
Note Payable II - Vehicles/Equipment	279,244	-	63,844	215,400	55,048
Compensated Absences	435,315	584,991	504,194	516,112	362,345
Total	<u>\$ 1,170,569</u>	<u>\$ 584,991</u>	<u>\$ 686,367</u>	<u>\$ 1,069,193</u>	<u>\$ 487,896</u>
<b>Business-Type Activities</b>					
Revenue Bonds Payable					
Series 2001	\$ 1,290,000	\$ -	\$ 630,000	\$ 660,000	\$ 660,000
Series 2004A	4,480,000	-	75,000	4,405,000	75,000
Series 2004B	3,415,000	-	205,000	3,210,000	215,000
Series 2007	1,835,000	-	100,000	1,735,000	100,000
Series 2014A-1	-	5,765,000	-	5,765,000	-
Series 2014A-2	-	620,000	-	620,000	-
Compensated Absences	68,037	36,909	34,547	70,399	28,025
Total	<u>\$ 11,088,037</u>	<u>\$ 6,421,909</u>	<u>\$ 1,044,547</u>	<u>\$ 16,465,399</u>	<u>\$ 1,078,025</u>

For governmental funds, compensated absences are liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the water and sewer fund and the sanitation fund.

**Note Payable I**

In December 2010, the City financed the purchase of vehicles through SunTrust Bank. The original amount of the note was \$825,477 with payments to be made over 120 months ranging from \$13,372 through December 2013, \$7,111 through December 2015, \$5,063 through December 2017 and \$3,363 through June 2018 per month including interest at 2.75%. The remaining note payable currently outstanding is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year Ending June 30,			
2015	\$ 70,503	\$ 7,717	\$ 78,220
2016	66,610	6,435	73,045
2017	55,939	4,819	60,758
2018	47,239	3,318	50,557
2019	38,160	2,202	40,362
2020-2021	59,230	1,229	60,459
	<u>\$ 337,681</u>	<u>\$ 25,720</u>	<u>\$ 363,401</u>

**Note Payable II**

In January 2013, the City financed the purchase of vehicles and equipment through SunTrust Bank. The original amount of the note was \$303,455 with payments to be made over 36 months for \$5,303 per month including interest at 1.885%. The remaining note payable currently outstanding is as follows:

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Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 55,048	\$ 3,292	\$ 58,340
2016	61,148	2,496	63,644
2017	62,310	1,334	63,644
2018	36,894	232	37,126
	<u>\$ 215,400</u>	<u>\$ 7,354</u>	<u>\$ 222,754</u>

**Revenue Bonds Payable – Series 2001**

In December 2001, the City issued \$6,590,000 in Water and Sewer Authority Revenue Bonds with an average rate of 4.2% to advance refund \$5,080,000 of outstanding 1994 Series bonds with an average interest rate of 6.1% and to pay off \$682,000 of capital leases. The net proceeds of \$5.7 million (after payment of \$143,400 in underwriting fees, insurance, other issuance costs and capital lease payment) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Series bonds. As a result, the 1994 Series bonds were considered to be defeased and the liability for those bonds was removed from the books. On July 1, 2004, the bonds were called and paid in full. Series 2001 Revenue Bonds Payable currently outstanding are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>\$ 660,000</u>	<u>\$ 13,827</u>	<u>\$ 673,827</u>

**Revenue Bonds Payable - Series 2004A**

In June 2004, the Development Authority issued Tax Exempt Revenue Bonds – Series 2004A, in the amount of \$4,855,000 to be used for paying off capital leases held by the City in the amount of \$886,133 payable to Georgia Municipal Association, developing and maintaining a streetscape project, constructing improvements to the City's existing water and sewer system, paying capitalized interest and paying the costs of issuance of the bonds. \$3,550,043 was deposited into the 2004A Project Account to pay cost of the Project including cost of issuing the Series 2004A Bonds. Fees to the placement agent were \$48,550 and \$370,275 was deposited into the 2004A Capitalized Interest Account with the project fund. The bond rate is 4.80% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 each year. Interest is payable semi-annually on February 1 and August 1 each year. Series 2004A Revenue Bonds currently outstanding are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 75,000	\$ 209,640	\$ 284,640
2016	490,000	196,080	686,080
2017	515,000	171,960	686,960
2018	540,000	146,640	686,640
2019	565,000	120,120	685,120
2020-2024	2,095,000	211,320	2,306,320
2025	125,000	3,000	128,000
	<u>\$ 4,405,000</u>	<u>\$ 1,058,760</u>	<u>\$ 5,463,760</u>

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**Revenue Bonds Payable – Series 2004B**

In conjunction with the issuance of the Series 2004A bonds, the Development Authority also issued Taxable Revenue Bonds – Series 2004B, in the amount of \$4,435,000 dated June 29, 2004 and to mature on August 1, 2024 at a rate based on the Wall Street Journal LIBOR Daily Floating Rate plus 2.5%. The application of the Series 2004B Bond is as follows: \$3,296,417 deposited into the 2004B Project Account to pay costs of the 2004B project, including costs of issuance, \$682,000 to pay off the Authority’s debt to the City, \$44,350 paid to the Placement Agent for its fee and \$412,233 to be deposited into the 2004B Capitalized Interest Account with the Project Fund. The bond principal payments are due on August 1 each year. Interest is payable semi-annually on February 1 and August 1 each year. Series 2004B Revenue Bonds currently outstanding (with interest computed at 2.75%) are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 215,000	\$ 84,308	\$ 299,308
2016	230,000	78,259	308,259
2017	245,000	72,008	317,008
2018	255,000	65,004	320,004
2019	270,000	57,867	327,867
2020-2024	1,615,000	166,096	1,781,096
2025	380,000	5,150	385,150
	<u>\$ 3,210,000</u>	<u>\$ 528,692</u>	<u>\$ 3,738,692</u>

**Revenue Bonds Payable – Series 2007**

In January 2007 the Development Authority issued Tax Exempt Revenue Bonds, Series 2007, in the amount of \$2,180,000 to be used to finance all or a portion of the costs of certain public infrastructure projects of the City. The interest rate of the bonds is 4% through February 1, 2015, 4.25% from August 1, 2015 through February 1, 2023 and 4.275% from August 1, 2023 through February 1, 2027.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 100,000	\$ 74,281	\$ 174,281
2016	105,000	70,281	175,281
2017	110,000	65,819	175,819
2018	120,000	61,144	181,144
2019	120,000	56,044	176,044
2020-2024	695,000	198,194	893,194
2025-2027	485,000	43,094	528,094
	<u>\$ 1,735,000</u>	<u>\$ 568,857</u>	<u>\$ 2,303,857</u>

**Revenue Bonds Payable – Series 2014A-1 and 2014A-2**

In January 2014, the Development Authority issued Tax Exempt Revenue Bonds, Series 2014A-1, in the amount of \$5,765,000 and Taxable Revenue Bonds, Series 2014A-2, in the amount of \$620,000. The Series 2014 Bonds are being issued for the provision of certain improvements to its city hall complex, welcome center and various water and sewerage infrastructure system along with costs of issuance. The interest rate on the Series 2014A-1 is 3.83% per annum and the interest rate on the Series 2014A-2 is 2.7% per annum. The series 2014A-1 bonds mature on July 1, 2028 and the Series 2014A-2 bonds mature on July 1, 2016. Principal is payable on July 1 and interest is payable on January 1 and July 1 as follows:

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**Series 2014A-1**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2015	\$ -	\$ 201,173	\$ 201,173
2016	-	220,800	220,800
2017	105,000	218,789	323,789
2018	380,000	209,501	589,501
2019	395,000	194,660	589,660
2020-2024	2,210,000	730,190	2,940,190
2025-2029	<u>2,675,000</u>	<u>263,790</u>	<u>2,938,790</u>
	<u>\$ 5,765,000</u>	<u>\$ 2,038,903</u>	<u>\$ 7,803,903</u>

**Series 2014A-2**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2015	\$ -	\$ 15,252	\$ 15,252
2016	355,000	11,948	366,948
2017	<u>265,000</u>	<u>3,577</u>	<u>268,577</u>
	<u>\$ 620,000</u>	<u>\$ 30,777</u>	<u>\$ 650,777</u>

**3-E. Interfund Receivables, Payables and Transfers**

The composition of interfund balances reported in the fund financial statements as of June 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hotel/Motel	\$ 161,926
	<u>Non-Major Governmental</u>	
General Fund	Special Revenue	31,447
General Fund	Capital Projects	26,915
Hotel/Motel	Special Revenue	<u>215,900</u>
		<u>\$ 436,188</u>

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.

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Interfund transfers:

Transfers In	Transfers Out						Total
	General	Hotel/ Motel	Non-Major Special Revenue	Water & Sewer	Sanitation	Development Authority	
General Fund	\$ -	\$ 836,511	\$ 795,359	\$ 205,695	\$ 19,197	\$ -	\$ 1,856,762
<u>Non-Major Governmental</u>							
Special Revenue	86,361	1,115,349	-	-	-	-	1,201,710
Capital Projects	-	-	134,808	-	-	-	134,808
Water & Sewer	-	-	-	-	-	876,424	876,424
Development Authority	529,815	-	-	366,668	-	-	896,483
Total	<u>\$ 616,176</u>	<u>\$1,951,860</u>	<u>\$ 930,167</u>	<u>\$572,363</u>	<u>\$ 19,197</u>	<u>\$ 876,424</u>	<u>\$ 4,966,187</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounts in other funds in accordance with budgetary authorizations.

**3-F. Pension Plan**

**Plan Description.** City of Hapeville Retirement Plan (the "Plan"), a single-employer defined benefit pension plan, provides retirement, disability benefits, and death benefits to plan members and beneficiaries. The Plan is administered by a Board of Trustees, who executed a trust agreement with MassMutual Financial Group to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan under a group annuity contract. All full time City employees and City Officials are eligible to participate in the plan. Benefits vest after ten years of service. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 50 or 55, depending on the classification. Benefits are calculated at 1.00% to 2.50% of the average monthly earnings for the period of the five highest years prior to retirement, payable monthly for life. The City Council of Hapeville has the authority to establish or amend all Plan provisions. The Plan does not issue a separate financial statement.

**Plan Membership.** At January 1, 2013, the date of the most recent actuarial valuation, there were 232 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	97
Terminated members entitled to but not yet receiving benefits	27
Active plan participants	<u>108</u>
Total	<u><u>232</u></u>

**Funding Policy.** The contribution requirements of the City are established and may be amended by City Council. The City is required to contribute at an actuarially determined rate. The City Council provides for the benefits and funding through a City ordinance and maintains the authority to change the policy. The City's plan is non-contributory, and the City's policy is to contribute 100% of an actuarially determined rate. The current rate approximates 24% of annual covered payroll. The annual required contributions for the current year was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) a rate of return on the investments of present and future assets of 7.5% per year and net of investment expenses and (b) projected salary increases of 3.0% per year with the next two years at 0%, which includes 2.50% for inflation.

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**Plan Disclosures.** Effective July 1, 2013, the Plan implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, which significantly changed the disclosures required related to the Plan. The information disclosed below is presented in accordance with this new standard. The Plan does not issue separate financial statements.

**Net Pension Liability of the City.** The components of net pension liability of the City at June 30, 2014, were as follows:

Total Pension Liability	\$ 28,073,290
Plan Fiduciary Net Position	<u>25,031,412</u>
City's Net Pension Liability	<u>\$ 3,041,878</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.16%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of January 1, 2013 with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2014. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	Zero for 2 years then .5%
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based on the 1983 GAM Mortality table.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following table presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's Net Pension Liability	\$ 6,097,851	\$ 3,041,879	\$ 486,891

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of event far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2014 and the current sharing pattern of costs between employer and employee.

**Employer Disclosures.** Until the City implements the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of FASB Statement No. 27*, effective July 1, 2014, the provisions of GASB Statement No. 27 continue to be followed in the financial statements from the employer perspective. The information disclosed below is presented in accordance with GASB Statement No. 27 and these measures and disclosed amounts differ from those used by the Plan under GASB Statement No. 67 as previously discussed.

The Actuarial value of assets (AVA) includes the discounted value of the remaining employer contributions due for the preceding fiscal year. AVA is also smoothed over 5 years taking 1/5 of the difference between the expected and actual asset values. The period for amortizing the unfunded actuarial accrued liability (UAAL) is amortized over closed periods using level dollar payments. The amortization period is 15 years for gains and losses, 20 years for plan changes and 30 years for assumption changes. The UAAL for the recommended contribution was fresh started as of 1/1/2007 and amortized over 15 years. The UAAL for the minimum contribution was fresh started as of 1/1/2009 and amortized over 15 years.

**Annual Pension Cost and Net Pension Obligation.** The annual required contribution, annual pension cost and net pension obligation (asset) for fiscal year 2014 was determined as part of the January 1, 2013 actuarial valuation. The chart below shows the components of the annual pension cost for the current year along with the percentage actually contributed by the City.

Required Contribution	\$ 1,128,928
Adjustment to annual required contribution	29,312
Annual pension cost	1,158,240
Contributions made	1,415,226
Decrease in net pension obligations	256,986
Net pension obligation - beginning of year	214,891
Net pension asset - end of year	\$ (42,095)

The annual pension cost, actual contributions, and the net pension obligation (asset) for the current and previous two years are as follows:

Trend Information				
Fiscal Year Ended <u>June 30,</u>	Annual Pension <u>Cost</u>	Annual Pension <u>Contribution</u>	Percentage <u>contributed</u>	Net Pension <u>Obligation (Asset)</u>
2012	\$ 1,288,513	\$ 1,288,513	100.00%	\$ -
2013	1,408,978	1,194,087	84.75%	214,891
2014	1,158,240	1,415,226	122.19%	(42,095)

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As of the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2013	\$ 22,790,990	\$ 23,629,638	\$ 838,648	96.45%	\$ 4,769,000	17.59%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**3-G. Restatement of 2013 Net Position – Prior Period Adjustment**

In conformity with GAAP, as set forth in GASB Statement No. 61, component unit (CU) – Hapeville Development Authority – met the requirements to now be blended instead of discretely presented. In the past, this CU reported proceeds from a bond issue as due from City of Hapeville once those funds were disbursed. The City had previously reported the funds received as other financing sources in the general fund. The amount of receivable on the books of the Development Authority as of June 30, 2013, \$5,749,688, has now been adjusted through net position as a transfer from a prior period. At the same time, the City also recorded debt payments on a bond issue as due from the CU. These payments, totaling \$821,748, on the fund level have been adjusted through fund balance as a prior year transfer.

**Note 3 – Budgetary Overages**

Debt Service expenditures exceeded appropriations in the general fund by \$22,613 for the year ended June 30, 2014. The excess was funded by a transfer of \$19,197 in funds from Sanitation Enterprise Fund and \$3,416 from available fund balance of the General Fund.

**Note 4 – Other Notes**

**4-A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee disability and natural disasters. The City maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City.

**Workers' Compensation Insurance.** The City is partially self-insured for workers' compensation claims. The City has purchased insurance for individual claims exceeding \$300,000 and aggregate claims per year exceeding \$1,000,000. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2014	\$ 14,689	\$ 39,327	\$ 27,666	\$ 26,350
2013	95,800	45,030	126,141	14,689
2012	55,272	169,253	128,725	95,800

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**4-B. Post Employment Healthcare Plan**

**Plan Description.** The City maintains two single-employer defined benefit post-retirement health care plans, ("OPEB Plans") to provide medical and dental benefits (Plan 1) and life insurance benefits Plan 2) to its eligible retirees. The benefits are provided in accordance with City ordinances and policies.

Eligible retirees are offered the same health and prescription drug coverage as active employees. Each fiscal year, the City determines the plan benefits and the premium rate for participants (active and retirees). However, dependent coverage which is not available for active employees has a co-pay of 50% of the active premium cost. The City also provides retiree life insurance with a face value of \$19,500. Medical coverage changes to a Medicare supplement at age 65. All full-time employees who are also eligible to retire and receive unreduced benefits under the Defined Benefit Pension Plans are eligible for participation in the Plans.

As of July 1, 2013, employee membership data related to the two OPEB plans was as follows:

	Medical and <u>Dental</u>	Life <u>Insurance</u>
Retirees and beneficiaries currently receiving benefits	63	46
Active plan participants	109	109
Total	172	155

The benefits provided are not guaranteed and are subject to change at any time. In addition, the benefits provisions are subject to annual appropriation of funds by the City's Mayor and Council members. The Plans do not provide for automatic or ad hoc postretirement benefit increases; however the benefits provisions provided by the Plans may be amended, established or terminated at any time by a vote of the City's Mayor and Council members. The Plans do not issue stand-alone financial reports.

**Funding Policy.** The Plans are not funded but rather operated on a "pay-as-you-go" basis. The required contributions are based on projected "pay-as-you-go" financing requirements as determined annually by the City. The premiums are paid by the City for retirees at 100%. Any spouses included contribute 50% of the premium.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the Plans, and changes in the City's net OPEB obligation to the Plans:

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	Medical and <u>Dental</u>	Life <u>Insurance</u>	<u>Total</u>
Determination of Annual Required Contribution			
Normal Cost at year end	\$ 214,275	\$ 14,764	\$ 229,039
Amortization of UAAL	<u>381,308</u>	<u>35,171</u>	<u>416,479</u>
 Annual Required Contribution (ARC)	 <u>\$ 595,583</u>	 <u>\$ 49,935</u>	 <u>\$ 645,518</u>
Determination of Net OPEB Obligation			
Annual Required Contributions	\$ 595,583	\$ 49,935	\$ 645,518
Interest on net OPEB obligations	73,289	5,254	78,543
Adjustment to ARC	<u>(98,218)</u>	<u>(5,979)</u>	<u>(104,197)</u>
 Annual OPEB cost	 570,654	 49,210	 619,864
Contributions made:			
Employer *	<u>(521,784)</u>	<u>(19,500)</u>	<u>(541,284)</u>
 Increase (Decrease) in net OPEB obligation	 48,870	 29,710	 78,580
Net OPEB obligation - beginning of year	<u>1,595,759</u>	<u>97,138</u>	<u>1,692,897</u>
 Net OPEB obligation - end of year	 <u>\$ 1,644,629</u>	 <u>\$ 126,848</u>	 <u>\$ 1,771,477</u>

\*Employer contributions will be equal to the net expected employer benefits payments (gross benefit cost offset by the retiree's contributions) during the 2014 fiscal year plus any additional funds the City will place in a GASB 45 qualifying trust. GASB 45 defines contributions for this purpose to be actual benefit payments during the year plus contributions, if any, to a separate irrevocable trust. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
Medical and Dental Benefits			
6/30/2012	\$ 640,032	55.36%	\$ 1,463,319
6/30/2013	\$ 563,327	76.49%	\$ 1,595,750
6/30/2014	\$ 570,654	91.44%	\$ 1,644,619
Life Insurance			
6/30/2012	\$ 45,008	116.78%	\$ 72,911
6/30/2013	\$ 48,911	50.47%	\$ 97,139
6/30/2014	\$ 49,210	39.63%	\$ 126,848

**Funded Status and Funding Progress.** As of July 1, 2013, based on an actuarial valuation as of July 1, 2012 rolled forward, the actuarial accrued liability (AAL) for benefits was \$7,790,844 for medical and dental and \$668,564 for life insurance. The City's funding includes employer and participant contributions. These amounts are also the unfunded actuarial accrued liability (UAAL).

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual

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required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress shows multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculators.

In the actuarial valuation dated July 1, 2012, the projected unit credit cost method was used. The actuarial assumptions include a 4.0 percent discount rate for unfunded. Other actuarial assumptions include mortality rates using the 1983 GAM, withdrawal rates based on the age of the employee, disability rates, retirement rates and an annual healthcare cost trend rate of 5.0 percent. The UAAL is being amortized over open periods using level dollar payments. The amortization period is currently 26 years and will grade down to 15 years.

See required supplementary information for a history of funding progress which presents a multiyear trend about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### ***4-C. Deferred Compensation and Other Employee Benefit Plans***

The City provides an opportunity for employees to participate in a deferred compensation plan. The Plan was created under Internal Revenue Code Sections 457 and 401(a). The Plan is administered by Mass Mutual. All employees who work at least 30 hours per week are eligible to participate in the Plan.

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan, up to the maximum allowable by federal law. The City does not make contributions to the Plan. During the year, Plan members made voluntary contributions of \$55,628 to the plan.

The City also provides an opportunity for one employee to participate in a defined contribution money-purchase pension plan, known as City of Hapeville/City Manager Plan, administered by ICMA Retirement Corporation, whereby the City contributes 25% of the employee's salary. Mandatory participant contributions are required to be eligible for the employer contribution. There is no vesting period. Loans are not permitted under the Plan. Pension expense contributions made by the City under this plan for the year ended June 30, 2014 were \$32,575.

The City has no fiduciary relationship with the plans, and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans.

#### ***4-D. Joint Ventures***

**Regional Commissions.** Under Georgia law, the City, in conjunction with other cities and counties in the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, if assessed. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational 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 ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

**City of Hapeville, Georgia**  
**Notes to Financial Statements**  
**June 30, 2014**

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***4-E. Hotel/Motel Lodging Tax***

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(4.5). The City is required to spend an amount equal to 28.58 percent of the total taxes collected at the rate of 7 percent for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues of \$1,951,860 were received. Of this amount, \$836,511 was transferred to the General Fund of the City of Hapeville and the remaining \$1,115,349 was transferred to the Association of Tourism and Trade Special Revenue Fund – a blended component unit and also a separate 501(c)(3) organization.

REQUIRED SUPPLEMENTARY INFORMATION



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City of Hapeville, Georgia  
Schedule of Required Supplementary Information  
Defined Benefit Pension Plan  
Schedule of Changes in Net Pension Liability and Related Ratios

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June 30, 2014

<b>Total Pension Liability</b>	
Service cost	\$ 121,891
Interest on total pension liability	2,034,184
Differences between expected and actual experience	45,428
Benefit payments	<u>(2,217,473)</u>
<b>Net change in total pension liability</b>	(15,970)
<b>Total pension liability - beginning</b>	<u>28,089,260</u>
<b>Total pension liability - ending</b>	<u><u>\$ 28,073,290</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	1,158,240
Net investment income	3,892,858
Benefit payments	(2,217,473)
Administrative expenses	<u>(69,202)</u>
<b>Net change in plan fiduciary net position</b>	2,764,423
<b>Plan fiduciary net position - beginning</b>	<u>22,266,989</u>
<b>Plan fiduciary net position - ending</b>	<u><u>\$ 25,031,412</u></u>
<b>Net pension liability - ending</b>	<u><u>\$ 3,041,878</u></u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	89.16%
<b>Covered employee payroll</b>	\$ 4,913,000
<b>Net pension liability as a percentage of covered employee payroll</b>	61.91%

**Notes to the Schedule:**

This schedule will present 10 years of information once it is accumulated.

**City of Hapeville, Georgia**  
**Schedule of Required Supplementary Information**  
**Defined Benefit Pension Plan**  
**Schedule of Contributions**

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	June 30, 2014
Actuarially determined contribution	\$ 1,158,240
Contributions in relation to the actuarially determined contribution	1,158,240
Contribution deficiency (excess)	\$ -
Covered employee payroll	4,912,290
Contributions as a percentage of covered-employee payroll	23.58%

**Notes to the Schedule:**

Valuation date	June 30, 2014
Cost method	Individual Entry Age
Actuarial Asset Valuation Method	Market
Assumed Rate of Return on Investments	7.5% net of investment expenses
Projected Salary Increases	3.0% for inflation plus merit increases of .4 to 2.4%
Cost-of-living Adjustment	N/A
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	Varies by Source of Amortization

This schedule will present 10 years of information once it is accumulated.

**City of Hapeville, Georgia**  
**Schedule of Required Supplementary Information**  
**Defined Benefit Pension Plan**  
**Schedule of Pension Investment Returns**

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June 30, 2014

Annual money-weighted rate of return, net of investment expenses for City of Hapeville's Pension Plan	18.10%
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**Notes to the Schedule:**

This schedule will present 10 years of information once it is accumulated.

**City of Hapeville, Georgia**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
1/1/2013	\$ 22,790,990	\$ 23,629,638	\$ 838,648	96.45%	\$ 4,769,000	17.59%
1/1/2012	20,894,095	23,329,058	2,434,963	89.56%	4,880,000	49.90%
1/1/2011	20,612,085	23,469,080	2,856,995	87.83%	4,913,000	58.15%
1/1/2010	21,464,632	21,499,692	35,060	99.84%	4,692,000	0.75%
1/1/2009	22,473,567	21,223,571	(1,249,996)	105.89%	4,805,000	-26.01%
1/1/2008	25,440,801	25,696,305	255,504	99.01%	3,893,000	6.56%
1/1/2007	25,271,778	26,328,510	1,056,732	95.99%	5,177,000	20.41%
1/1/2006	24,742,151	34,133,906	9,391,755	72.49%	5,315,000	176.70%
1/1/2005	23,273,947	33,691,472	10,417,525	69.08%	5,274,000	197.53%
1/1/2004	22,114,732	32,366,209	10,251,477	68.33%	5,273,000	194.41%

Note: See assumptions used for the Schedule of Funding Progress in Note 3-F to the financial statements.

**City of Hapeville, Georgia**  
**Required Supplementary Information**  
**Defined Benefit Pension Plan**  
**Schedule of Employer Contributions**

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<b><u>Fiscal</u></b> <b><u>Year Ended</u></b>	<b><u>Annual Required</u></b> <b><u>Contribution</u></b>	<b><u>Percentage</u></b> <b><u>Contributed</u></b>
2014	\$ 1,158,200	122.19%
2013	1,408,978	84.75%
2012	1,288,513	100.00%
2011	1,147,023	100.00%
2010	1,060,044	100.00%
2009	546,923	100.00%
2008	1,587,630	100.00%
2007	1,735,216	100.00%

Data prior to 2007 is not available.

**City of Hapeville, Georgia**  
**Required Supplementary Information**  
**Postemployment Healthcare Plan - Medical and Dental**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
7/1/2013	\$ -	\$ 7,790,844	\$ 7,790,844	0.00%	\$ 4,769,000	163.36%
7/1/2012	-	7,707,690	7,707,690	0.00%	4,880,000	157.94%
7/1/2011	-	8,115,734	8,115,734	0.00%	4,913,000	165.19%
1/1/2010	-	9,241,537	9,241,537	0.00%	4,692,000	196.96%
1/1/2009	-	8,885,190	8,885,190	0.00%	4,805,000	184.92%

**City of Hapeville, Georgia**  
**Required Supplementary Information**  
**Postemployment Healthcare Plan - Life Insurance**  
**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
7/1/2013	\$ -	\$ 668,564	\$ 668,564	0.00%	\$ 4,769,000	14.02%
7/1/2012	-	652,858	652,858	0.00%	4,880,000	13.38%
7/1/2011	-	645,517	645,517	0.00%	4,913,000	13.14%
1/1/2010	-	531,152	531,152	0.00%	4,692,000	11.32%
1/1/2009	-	489,413	489,413	0.00%	4,805,000	10.19%

OTHER SUPPLEMENTARY INFORMATION



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# City of Hapeville, Georgia

## Non-Major Governmental Funds

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### Special Revenue Funds

Asset Forfeitures Fund is used to account for the funds received for seized assets by the Police Department and transferred to the General Fund to use as needed for expenditures approved by City Council.

Emergency Communications Fund is used to account for the funds billed to wireless telecommunication connection subscribers by various wireless communication providers and transferred to the City related expenditures for E-911 equipment, maintenance and other related expenditures.

Rental Motor Vehicle Excise Tax Fund is used to account for excise taxes collected from vehicle rentals within the City. The excise taxes are used for improvements to recreation facilities, improvements to pedestrian walkways, improvements to right of way and all related repairs and maintenance.

Association of Tourism and Trade Fund is a blended component unit that receives hotel/motel taxes to be used for trade, tourism, economic development and infrastructural projects of the City.

Other Special Revenues Fund is used to account for various other small projects funded with restricted funds.

### Capital Projects Funds

Depot Museum and Tourist Information Center Fund is used to account for the Federal and local revenues and expenditures of grant funds that are restricted to use for construction, restoration, and expansion of the Depot Museum and Tourist Information Center.

Loop Access Road Fund is used to account for the Federal and local revenues and expenditures of grant funds that are restricted to use in the preliminary engineering and construction project for the completion of the Loop Road.

North Central Avenue Streetscape Fund is used to account for the revenues and expenditures of grant funds that are restricted to the construction project for North Central Avenue.

Dogwood Drive/North Avenue Streetscape Fund is used to account for the Federal and local revenues and expenditures for the Transportation Improvement Program/State Transportation Improvement Program (TIP/STIP) for scoping, preliminary engineering and construction phases of Dogwood Drive improvements.

North Fulton Streetscape Fund is used to account for the Federal and local revenues and expenditures from the Transportation Enhancement Program to construct streetscape improvements to five corridors in Hapeville, beginning at North Central Avenue and ending at King Arnold Street.

Rail Facilities and Corridor Fund is used to account for the Federal revenues and expenditures for Transportation Facility Improvements along the railroad track side of North and South Central Avenues including any necessary infrastructure changes as agreed to in coordination with the Norfolk Southern Railroad and GDOT. The project locations run from Sunset Avenue to Dogwood Drive and 1-75 to Perkins Court.

Other Capital Projects Fund is used to account for various other long-term and shorter-term projects. The projects included for this fiscal year consist of: MARTA Bus Stops Grant; LMIG Grant and improvements to buildings purchased for renovation and enhancement of City property.

**City of Hapeville, Georgia**  
**Combining Balance Sheet - Summary**  
**Non-Major Governmental Funds**  
**June 30, 2014**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 26,955	\$ 1,917	\$ 28,872
Interfund Receivable	215,900	-	215,900
Other Receivables	<u>1,301</u>	<u>54,252</u>	<u>55,553</u>
Total Assets	<u>\$ 244,156</u>	<u>\$ 56,169</u>	<u>\$ 300,325</u>
<b>Liabilities</b>			
Accounts Payable	\$ 356	\$ 29,254	\$ 29,610
Interfund Payable	<u>31,447</u>	<u>26,915</u>	<u>58,362</u>
Total Liabilities	31,803	56,169	87,972
<b>Fund Balance</b>			
Restricted for:			
Program Purposes	<u>212,353</u>	<u>-</u>	<u>212,353</u>
Total Liabilities and Fund Balance	<u>\$ 244,156</u>	<u>\$ 56,169</u>	<u>\$ 300,325</u>

City of Hapeville, Georgia  
Combining Balance Sheet  
Non-Major Special Revenue Funds  
June 30, 2014

	Non-Major Special Revenue Funds					Total Non-Major Special Revenue Funds
	Asset Forfeiture	Emergency Communications	Rental Motor Vehicle Excise Tax	Association of Tourism and Trade	Other Special Revenues	
<b>Assets</b>						
Cash and Cash Equivalents	\$ 19,206	\$ -	\$ -	\$ 4,153	\$ 3,596	\$ 26,955
Interfund Receivable	-	-	-	215,900	-	215,900
Other Receivables	-	-	-	-	1,301	1,301
Total Assets	<u>\$ 19,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,053</u>	<u>\$ 4,897</u>	<u>\$ 244,156</u>
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 356	\$ 356
Interfund Payable	-	-	-	30,485	962	31,447
Total Liabilities	-	-	-	30,485	1,318	31,803
<b>Fund Balance</b>						
Restricted for Program Purposes	19,206	-	-	189,568	3,579	212,353
Total Liabilities and Fund Balance	<u>\$ 19,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,053</u>	<u>\$ 4,897</u>	<u>\$ 244,156</u>

City of Hapeville, Georgia  
Combining Balance Sheet  
Non-Major Capital Projects Funds  
June 30, 2014

	Non-Major Capital Projects Funds							
	Depot Museum and Tourist Information Center	Loop Access Road	North Central Ave Streetscape	Dogwood/ North Ave Streetscape	North Fulton Streetscape	Rail Facilities and Corridor	Other Capital Projects	Total Non-Major Capital Projects Funds
<b>Assets</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 77	\$ 1,840	\$ -	\$ -	\$ 1,917
Other Receivables	-	1,224	7,456	307	-	45,265	-	54,252
Total Assets	<u>\$ -</u>	<u>\$ 1,224</u>	<u>\$ 7,456</u>	<u>\$ 384</u>	<u>\$ 1,840</u>	<u>\$ 45,265</u>	<u>\$ -</u>	<u>\$ 56,169</u>
<b>Liabilities</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ 384	\$ 1,840	\$ 27,030	\$ -	\$ 29,254
Interfund Payable	-	1,224	7,456	-	-	18,235	-	26,915
Total Liabilities	-	1,224	7,456	384	1,840	45,265	-	56,169
<b>Fund Balance</b>								
Restricted for Construction of Capital Assets	-	-	-	-	-	-	-	-
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 1,224</u>	<u>\$ 7,456</u>	<u>\$ 384</u>	<u>\$ 1,840</u>	<u>\$ 45,265</u>	<u>\$ -</u>	<u>\$ 56,169</u>

**City of Hapeville, Georgia**  
**Combining Statement of Revenues, Expenditures and changes in Fund Balances - Summary**  
**Non-Major Governmental Funds**  
**For The Year Ended June 30, 2014**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues</b>			
Other Taxes	\$ 25,093	\$ -	\$ 25,093
Charges for Services	79,822	-	79,822
Fines and Forfeitures	16,712		16,712
Grant Revenues	11,277	725,017	736,294
Other Revenues	<u>5,316</u>	<u>-</u>	<u>5,316</u>
Total Revenue	<u>138,220</u>	<u>725,017</u>	<u>863,237</u>
<b>Expenditures</b>			
Current:			
Public Safety	191,276	-	191,276
Culture and Recreation	12,326	-	12,326
Capital Outlay	<u>-</u>	<u>859,824</u>	<u>859,824</u>
Total Expenditures	<u>203,602</u>	<u>859,824</u>	<u>1,063,426</u>
Excess Revenues Over (Under) Expenditures	(65,382)	(134,807)	(200,189)
<b>Other Financing Sources (Uses)</b>			
Transfers In	1,201,710	134,807	1,336,517
Transfers (Out)	<u>(930,167)</u>	<u>-</u>	<u>(930,167)</u>
Net Change in Fund Balances	206,161	-	206,161
<b>Fund Balance, Beginning of Year</b>	<u>6,192</u>	<u>-</u>	<u>6,192</u>
<b>Fund Balance, End of Year</b>	<u>\$ 212,353</u>	<u>\$ -</u>	<u>\$ 212,353</u>

City of Hapeville, Georgia  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Non-Major Special Revenue Funds  
June 30, 2014

	Non-Major Special Revenue Funds					Total Non-Major Special Revenue Funds
	Asset Forfeiture	Emergency Communications	Rental Motor Vehicle Excise Tax	Association of Tourism and Trade	Other Special Revenues	
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ 25,093	\$ -	\$ -	\$ 25,093
Charges for Services	-	79,822	-	-	-	79,822
Fines and Forfeitures	16,712	-	-	-	-	16,712
Grant Revenues	-	-	-	-	11,277	11,277
Other Revenues	-	-	-	4,386	930	5,316
Total Revenue	<u>16,712</u>	<u>79,822</u>	<u>25,093</u>	<u>4,386</u>	<u>12,207</u>	<u>138,220</u>
<b>Expenditures</b>						
Public Safety	-	166,183	25,093	-	-	191,276
Culture and Recreation	-	-	-	-	12,326	12,326
Total Expenditures	<u>-</u>	<u>166,183</u>	<u>25,093</u>	<u>-</u>	<u>12,326</u>	<u>203,602</u>
Excess Revenues Over (Under) Expenditures	16,712	(86,361)	-	4,386	(119)	(65,382)
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	86,361	-	1,115,349	-	1,201,710
Transfers (Out)	-	-	-	(930,167)	-	(930,167)
Net Change in Fund Balances	16,712	-	-	189,568	(119)	206,161
<b>Fund Balance, Beginning of year</b>	<u>2,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,698</u>	<u>6,192</u>
<b>Fund Balance, End of Year</b>	<u>\$ 19,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,568</u>	<u>\$ 3,579</u>	<u>\$ 212,353</u>

City of Hapeville, Georgia  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Non-Major Capital Projects Funds  
 For The Year Ended June 30, 2014

	Non-Major Capital Projects Funds							
	Depot Museum and Tourist Information Center	Loop Access Road	North Central Ave Streetscape	Dogwood/ North Ave Streetscape	North Fulton Streetscape	Rail Facilities and Corridor	Other Capital Projects	Total Non-Major Capital Projects Funds
<b>Revenues</b>								
Grant Revenues	\$ 368,845	\$ 13,576	\$ 19,656	\$ 20,395	\$ -	\$ 154,685	\$ 147,860	\$ 725,017
<b>Expenditures</b>								
Capital Outlay	433,378	16,970	29,659	25,494	16,490	154,685	183,148	859,824
Excess Revenues Over (Under) Expenditures	(64,533)	(3,394)	(10,003)	(5,099)	(16,490)	-	(35,288)	(134,807)
<b>Other Financing Sources (Uses)</b>								
Transfers In	64,533	3,394	10,003	5,099	16,490	-	35,288	134,807
<b>Fund Balance, Beginning of Year</b>	-	-	-	-	-	-	-	-
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Hapeville, Georgia**  
**Asset Forfeiture Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**For the Year Ended June 30, 2014**

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	<b>Final</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Budgeted</b>	<b>Amounts</b>	<b>Final Budget</b>
	<b>Amounts</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenue</b>			
Fines and Forfeitures	\$ -	\$ 16,712	\$ 16,712
<b>Expenditures</b>			
Public Safety	-	-	-
Excess of Revenues Over (Under)			
Expenditures	-	16,712	16,712
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Net Change in Fund Balances	-	16,712	16,712
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>2,494</u>	<u>2,494</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 19,206</u>	<u>\$ 19,206</u>

**City of Hapeville, Georgia**  
**Emergency Communications Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**For The Year Ended June 30, 2014**

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	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>Revenue</b>			
Charges for Services	\$ 145,000	\$ 79,822	\$ (65,178)
<b>Expenditures</b>			
Public Safety	<u>155,000</u>	<u>166,183</u>	<u>(11,183)</u>
Excess of Revenues Over (Under)			
Expenditures	(10,000)	(86,361)	(76,361)
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>10,000</u>	<u>86,361</u>	<u>76,361</u>
Net Change in Fund Balances	-	-	-
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Hapeville, Georgia**  
**Rental Motor Vehicle Excise Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**For The Year Ended June 30, 2014**

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	<b>Final</b>		
	<b>Budgeted</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Amounts</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenue</b>			
Taxes	\$ 30,000	\$ 25,093	\$ (4,907)
<b>Expenditures</b>			
Public Safety	<u>30,000</u>	<u>25,093</u>	<u>4,907</u>
Excess of Revenues Over (Under)			
Expenditures	-	-	-
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
<b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Hapeville, Georgia**  
**Association of Tourism and Trade**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**For The Year Ended June 30, 2014**

---

	<b>Final</b>		
	<b>Budgeted</b>	<b>Actual</b>	<b>Variance with</b>
	<b>Amounts</b>	<b>Amounts</b>	<b>Final Budget</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenue</b>			
Other Revenues	\$ -	\$ 4,386	\$ 4,386
<b>Expenditures</b>			
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under)			
Expenditures	<u>-</u>	<u>4,386</u>	<u>4,386</u>
 <b>Other Financing Sources (Uses)</b>			
Transfers In	-	1,115,349	1,115,349
Transfers (Out)	<u>-</u>	<u>(930,167)</u>	<u>(930,167)</u>
Net Change in Fund Balances	-	189,568	189,568
 <b>Fund Balance, Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>
 <b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 189,568</u>	<u>\$ 189,568</u>

**City of Hapeville, Georgia**  
**Other Special Revenues Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**For The Year Ended June 30, 2014**

---

	<u>Final</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Budgeted</u>	<u>Amounts</u>	<u>Final Budget</u>
	<u>Amounts</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenue</b>			
Grant Revenues			
Bright Start Grant Revenue	\$ -	\$ 11,277	\$ 11,277
Other Revenues			
Donations for Park Fountain	-	930	930
Total Revenue	-	12,207	12,207
<b>Expenditures</b>			
Culture and Recreation:			
Bright Start	-	11,906	(11,906)
Park Fountain	-	420	(420)
Total Expenditures	-	12,326	(12,326)
Excess of Revenues Over (Under)			
Expenditures	-	(119)	(119)
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	-	-
Net Change in Fund Balance	-	(119)	(119)
<b>Fund Balance, Beginning of Year</b>	-	3,698	3,698
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ 3,579</u>	<u>\$ 3,579</u>

**City of Hapeville, Georgia**  
**Depot Museum and Tourist Information Center Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

---

	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Budget</b>
<b>Revenues:</b>				
Intergovernmental - Transportation Enhancement (TE) Grant	\$ 295,135	\$ 368,845	\$ 663,980	\$ 641,460
<b>Expenditures:</b>				
Capital Outlay - Depot Museum	422,676	433,379	856,055	821,474
Excess Revenues Over (Under) Expenditures	(127,541)	(64,534)	(192,075)	(180,014)
<b>Other Financing Sources (Uses)</b>				
Transfers In	127,541	64,534	192,075	160,365
Net Change in Fund Balances	-	-	-	(19,649)
<b>Fund Balance, Beginning of Year</b>		-		
<b>Fund Balance, End of Year</b>		\$ -		

**City of Hapeville, Georgia**  
**Loop Access Road Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

---

	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Project</u> <u>Budget</u>
<b>Revenues:</b>				
Intergovernmental - Living Centers				
Initiative (LCI) Grant - Preliminary Engineering	\$ 441,379	\$ 13,576	\$ 454,955	\$ 600,000
<b>Expenditures:</b>				
Capital Outlay - Preliminary Engineering	<u>548,266</u>	<u>16,970</u>	<u>565,236</u>	<u>750,000</u>
Excess Revenues Over (Under)				
Expenditures	(106,887)	(3,394)	(110,281)	(150,000)
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>106,887</u>	<u>3,394</u>	<u>110,281</u>	<u>150,000</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>		<u>-</u>		
<b>Fund Balance, End of Year</b>		<u>\$ -</u>		

**City of Hapeville, Georgia**  
**North Central Avenue Streetscape Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

---

	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Budget</b>
<b>Revenues:</b>				
Intergovernmental - Living Centers				
Initiative (LCI) Grant - Preliminary Phase	\$ 160,266	\$ 19,656	\$ 179,922	\$ 218,400
<b>Expenditures:</b>				
Capital Outlay - North Central Renovations	<u>200,332</u>	<u>29,659</u>	<u>229,991</u>	<u>273,000</u>
Excess Revenues Over (Under)				
Expenditures	(40,066)	(10,003)	(50,069)	(54,600)
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>40,066</u>	<u>10,003</u>	<u>50,069</u>	<u>54,600</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning of Year</b>		<u>-</u>		
<b>Fund Balance, End of Year</b>		<u><u>\$ -</u></u>		

**City of Hapeville, Georgia**  
**Dogwood Drive/North Avenue Streetscape Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

---

	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Budget</b>
<b>Revenues:</b>				
Intergovernmental - Living Centers				
DOT Grant - Construction Phase	\$ 158,488	\$ 20,395	\$ 158,488	\$ 200,000
<b>Expenditures:</b>				
Capital Outlay - Scoping Phase	5,045	-	5,045	5,000
Capital Outlay - Construction Infrastructure	198,110	25,494	198,110	250,000
Total Expenditures	203,155	25,494	203,155	255,000
Excess Revenues Over (Under)				
Expenditures	(44,667)	(5,099)	(44,667)	(55,000)
<b>Other Financing Sources (Uses)</b>				
Transfers In	44,667	5,099	44,667	55,000
Net Change in Fund Balances	-	-	-	-
<b>Fund Balance, Beginning of Year</b>		-		
<b>Fund Balance, End of Year</b>		<u>\$ -</u>		

**City of Hapeville, Georgia**  
**North Fulton Streetscape Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

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	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Budget</b>
<b>Revenues:</b>				
Intergovernmental Agreement - Transportation				
North Fulton (TE) Grant	\$ -	\$ -	\$ -	\$ 455,000
<b>Expenditures:</b>				
Capital Outlay - Infrastructure	74,380	16,490	90,870	568,750
Excess Revenues Over (Under)				
Expenditures	(74,380)	(16,490)	(90,870)	(113,750)
<b>Other Financing Sources (Uses)</b>				
Transfers In	74,380	16,490	90,870	113,750
Net Change in Fund Balances	-	-	-	-
<b>Fund Balance, Beginning of Year</b>		-		
<b>Fund Balance, End of Year</b>		\$ -		

**City of Hapeville, Georgia**  
**Rail Facilities and Corridor Grant**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

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	Prior Years	Current Year	Total to Date	Project Budget
<b>Revenues:</b>				
Intergovernmental - DOT Grant				
DOT Grant for Railroad	\$ 130,670	\$ 154,685	\$ 285,355	\$ 425,000
<b>Expenditures:</b>				
Capital Outlay - Preliminary Expenses	130,670	154,685	285,355	425,000
Excess Revenues Over (Under)				
Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
<b>Fund Balance, Beginning of Year</b>		-		

**City of Hapeville, Georgia**  
**Other Capital Projects**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2014**

---

	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Project Budget</b>
<b>Revenues:</b>				
Intergovernmental - DOT				
Grant Revenues	\$ -	\$ 147,860	\$ 147,860	\$ 157,500
<b>Expenditures:</b>				
Capital Outlay	107,869	183,148	291,017	157,500
Excess Revenues Over (Under)				
Expenditures	(107,869)	(35,288)	(143,157)	-
<b>Other Financing Sources (Uses)</b>				
Transfers In	107,869	35,288	143,157	108,740
Net Change in Fund Balances	-	-	-	108,740
<b>Fund Balance, Beginning of Year</b>		-		
<b>Fund Balance, End of Year</b>		\$ -		

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STATISTICAL SECTION



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**City of Hapeville, Georgia**  
***Introduction to Statistical Section***  
***(Unaudited)***

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This part of City of Hapeville's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary financial information. This information is unaudited.

**Contents**

***Exhibits***

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**Financial Trends**

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

I - XI-A

**Revenue Capacity**

These tables contain information that may assist the reader in assessing the viability of the City's most significant "own-source" revenue sources, property taxes.

XII-XXIII

**Debt Capacity**

These tables contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

XXIV-XXVI

**Demographic and Economic Information**

These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.

XXVII-XXVIII

**Operating Information**

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs. The City has not been accumulating operating statistics but will begin in fiscal year 2014.

XXIX-XXXII

***Data Source:***

Unless otherwise noted, the information in these tables is derived from the annual financial report for the applicable year.

**City of Hapeville, Georgia**  
**Changes in Net Position - Governmental Activities (Unaudited)**  
**Last Ten Fiscal Years <sup>1</sup>**  
**(accrual basis of accounting)**

	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
Governmental Activities										
General government	\$ 1,240,899	\$ 1,400,815	\$ 1,280,910	\$ 1,788,672	\$ 1,989,413	\$ 1,485,410	\$ 1,656,739	\$ 1,663,338	\$ 1,753,542	\$ 2,148,678
Public safety	6,510,744	7,008,144	6,424,365	5,486,095	5,484,335	6,203,308	6,352,891	6,282,263	6,239,602	5,923,757
Public works	1,758,487	1,625,190	1,367,043	1,245,904	1,258,880	1,393,790	1,221,317	1,283,554	1,263,217	1,101,104
Culture and recreation	634,886	447,121	777,705	566,842	398,171	501,631	505,923	599,769	603,976	557,634
Parks and grounds	624,976	717,302	892,599	653,652	716,252	735,937	806,653	895,269	1,012,004	1,051,603
Planning and zoning <sup>1</sup>	644,406	734,039	677,387	566,481	649,217	944,020	997,670	851,305	893,210	273,602
Trade, tourism and development <sup>1</sup>	59,039	67,786	122,165	30,260	1,115,853	927,722	966,864	894,111	1,002,938	594,325
Debt-related expenses	23,096	77,577	84,994	95,207	144,944	175,689	336,976	332,543	314,830	16,782
<b>Total Primary Government Expenses</b>	<b>11,496,533</b>	<b>12,077,974</b>	<b>11,627,168</b>	<b>10,433,113</b>	<b>11,757,065</b>	<b>12,367,507</b>	<b>12,845,033</b>	<b>12,802,152</b>	<b>13,083,319</b>	<b>11,667,485</b>
<b>Program Revenues:</b>										
Governmental Activities										
Charges for services	1,156,888	1,099,399	1,370,694	1,939,215	1,862,404	1,543,971	1,740,491	1,710,470	1,958,670	1,011,165
Operating grants and contributions	17,272	26,147	57,318	13,939	20,570	20,100	29,354	81,631	77,234	49,232
Capital grants and contributions	4,715,261	705,254	212,251	145,148	284,917	590,972	2,236,472	1,651,861	1,411,890	725,947
<b>Total Primary Government Program Revenues</b>	<b>5,889,421</b>	<b>1,830,800</b>	<b>1,640,263</b>	<b>2,098,302</b>	<b>2,167,891</b>	<b>2,155,043</b>	<b>4,006,317</b>	<b>3,443,962</b>	<b>3,447,794</b>	<b>1,786,344</b>
<b>Net (Expense) Revenue</b>	<b>(5,607,112)</b>	<b>(10,247,174)</b>	<b>(9,986,905)</b>	<b>(8,334,811)</b>	<b>(9,589,174)</b>	<b>(10,212,464)</b>	<b>(8,838,716)</b>	<b>(9,358,190)</b>	<b>(9,635,525)</b>	<b>(9,881,141)</b>
<b>General Revenues:</b>										
Governmental activities										
Taxes										
Property	3,940,895	4,030,352	3,830,563	4,866,883	5,001,623	4,785,375	4,521,462	3,924,999	4,185,266	4,066,615
Sales	1,373,830	1,563,603	1,648,432	1,664,596	1,487,305	1,492,207	1,503,326	1,598,359	1,596,392	1,668,856
Occupation	296,011	333,616	313,062	241,132	320,264	280,330	251,795	260,999	231,405	265,775
Franchise	693,113	702,545	731,273	622,223	678,640	661,534	682,581	762,675	549,260	643,481
Insurance premium	287,689	312,780	323,831	337,842	355,584	350,546	344,731	308,470	327,079	351,426
Hotel/motel	754,101	847,323	1,042,157	896,036	1,838,555	1,613,809	1,622,430	1,545,360	1,732,001	1,951,860
Other	520,156	623,453	637,102	576,005	947,893	572,989	421,820	649,075	592,961	544,169
Other local revenue	44,843	21,887	40,158	28,782	22,938	313,017	24,505	41,212	26,018	27,884
Unrestricted investment earnings	108,071	98,780	50,685	48,684	10,259	5,354	1,084	1,872	979	121
Transfers	378,893	(475,876)	(497,052)	(872,030)	(190,419)	-	141,143	290,322	258,899	(304,924)
<b>Total Primary Government General Revenues</b>	<b>8,397,602</b>	<b>8,058,463</b>	<b>8,120,211</b>	<b>8,410,153</b>	<b>10,472,642</b>	<b>10,075,161</b>	<b>9,514,877</b>	<b>9,383,343</b>	<b>9,500,260</b>	<b>9,215,263</b>
<b>Total Primary Government Change in Net Position</b>	<b>\$ 2,790,490</b>	<b>\$ (2,188,711)</b>	<b>\$ (1,866,694)</b>	<b>\$ 75,342</b>	<b>\$ 883,468</b>	<b>\$ (137,303)</b>	<b>\$ 676,161</b>	<b>\$ 25,153</b>	<b>\$ (135,265)</b>	<b>\$ (665,878)</b>

**Data Source:**  
Applicable years' annual financial report.

**Notes:**  
<sup>1</sup> In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

**City of Hapeville, Georgia**  
**Changes in Net Position - Governmental Activities - Percentage of Total (Unaudited)**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	<b>For the Fiscal Year Ended June 30,</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Expenses:</b>										
Governmental Activities										
General government	10.8%	11.6%	11.0%	17.1%	16.9%	12.0%	12.9%	13.0%	13.4%	18.4%
Public safety	56.6%	58.0%	55.3%	52.6%	46.6%	50.2%	49.5%	49.1%	47.7%	50.8%
Public works	15.3%	13.5%	11.8%	11.9%	10.7%	11.3%	9.5%	10.0%	9.7%	9.4%
Culture and recreation	5.5%	3.7%	6.7%	5.4%	3.4%	4.1%	3.9%	4.7%	4.6%	4.8%
Parks and grounds	5.4%	5.9%	7.7%	6.3%	6.1%	6.0%	6.3%	7.0%	7.7%	9.0%
Planning and zoning <sup>1</sup>	5.6%	6.1%	5.8%	5.4%	5.5%	7.6%	7.8%	6.6%	6.8%	2.3%
Trade, tourism and development <sup>1</sup>	0.5%	0.6%	1.1%	0.3%	9.5%	7.5%	7.5%	7.0%	7.7%	5.1%
Debt-related expenses	0.2%	0.6%	0.7%	0.9%	1.2%	1.4%	2.6%	2.6%	2.4%	0.2%
<b>Total Primary Government Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Program Revenues:</b>										
Governmental Activities										
Charges for services	20%	60%	84%	92%	86%	72%	43%	50%	57%	57%
Operating grants and contributions	0%	1%	3%	1%	1%	1%	1%	2%	2%	3%
Capital grants and contributions	80%	39%	13%	7%	13%	27%	56%	48%	41%	40%
<b>Total Primary Government Program Revenues</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>General Revenues:</b>										
Governmental activities										
Taxes										
Property	46.9%	50.0%	47.2%	57.9%	47.8%	47.5%	47.5%	41.8%	44.1%	44.1%
Sales	16.4%	19.4%	20.3%	19.8%	14.2%	14.8%	15.8%	17.0%	16.8%	18.1%
Occupation	3.5%	4.1%	3.9%	2.9%	3.1%	2.8%	2.6%	2.8%	2.4%	2.9%
Franchise	8.3%	8.7%	9.0%	7.4%	6.5%	6.6%	7.2%	8.1%	5.8%	7.0%
Insurance premium	3.4%	3.9%	4.0%	4.0%	3.4%	3.5%	3.6%	3.3%	3.4%	3.8%
Hotel/motel	9.0%	10.5%	12.8%	10.7%	17.6%	16.0%	17.1%	16.5%	18.2%	21.2%
Other	6.2%	7.7%	7.8%	6.8%	9.1%	5.7%	4.4%	6.9%	6.2%	5.9%
Other local revenue	0.5%	0.3%	0.5%	0.3%	0.2%	3.1%	0.3%	0.4%	0.3%	0.3%
Unrestricted investment earnings	1.3%	1.2%	0.6%	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Transfers	4.5%	-5.9%	-6.1%	-10.4%	-1.8%	0.0%	1.5%	3.1%	2.7%	-3.3%
<b>Total Primary Government General Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**

<sup>1</sup> In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
*Changes in Net Position - Business-type Activities (Unaudited)*  
*Last Ten Fiscal Years*  
*(accrual basis of accounting)*

Source	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
Water and sewer	\$ 2,978,050	\$ 3,321,382	\$ 2,932,767	\$ 3,194,968	\$ 2,743,568	\$ 2,915,006	\$ 3,335,691	\$ 3,025,737	\$ 2,898,013	\$ 2,898,611
Solid waste management	794,507	614,126	488,764	381,659	410,936	506,144	538,295	557,955	563,392	544,970
Development authority <sup>1</sup>	-	-	-	-	-	-	-	-	-	658,283
<b>Total Expenses</b>	<u>3,772,557</u>	<u>3,935,508</u>	<u>3,421,531</u>	<u>3,576,627</u>	<u>3,154,504</u>	<u>3,421,150</u>	<u>3,873,986</u>	<u>3,583,692</u>	<u>3,461,405</u>	<u>4,101,864</u>
<b>Program Revenues:</b>										
Charges for services	<u>3,454,088</u>	<u>3,621,120</u>	<u>3,472,504</u>	<u>3,123,013</u>	<u>3,180,364</u>	<u>3,242,115</u>	<u>3,604,871</u>	<u>4,258,491</u>	<u>4,311,342</u>	<u>4,700,291</u>
<b>Total Program Revenues</b>	<u>3,454,088</u>	<u>3,621,120</u>	<u>3,472,504</u>	<u>3,123,013</u>	<u>3,180,364</u>	<u>3,242,115</u>	<u>3,604,871</u>	<u>4,258,491</u>	<u>4,311,342</u>	<u>4,700,291</u>
<b>Net (Expense) Revenue</b>	<u>(318,469)</u>	<u>(314,388)</u>	<u>50,973</u>	<u>(453,614)</u>	<u>25,860</u>	<u>(179,035)</u>	<u>(269,115)</u>	<u>674,799</u>	<u>849,937</u>	<u>598,427</u>
<b>General Revenues:</b>										
Unrestricted investment income	44,926	45,501	60,565	35,119	-	-	-	-	-	-
Other	148,584	211,735	280,439	239,902	122,462	147,757	-	-	-	-
Transfers	<u>(378,893)</u>	<u>475,876</u>	<u>497,052</u>	<u>872,030</u>	<u>190,419</u>	<u>-</u>	<u>(141,143)</u>	<u>(290,322)</u>	<u>(258,899)</u>	<u>304,924</u>
<b>Total General Revenues</b>	<u>(185,383)</u>	<u>733,112</u>	<u>838,056</u>	<u>1,147,051</u>	<u>312,881</u>	<u>147,757</u>	<u>(141,143)</u>	<u>(290,322)</u>	<u>(258,899)</u>	<u>304,924</u>
<b>Change in Net Position</b>	<u>\$ (503,852)</u>	<u>\$ 418,724</u>	<u>\$ 889,029</u>	<u>\$ 693,437</u>	<u>\$ 338,741</u>	<u>\$ (31,278)</u>	<u>\$ (410,258)</u>	<u>\$ 384,477</u>	<u>\$ 591,038</u>	<u>\$ 903,351</u>

**Data Source:**

Applicable years' annual financial report.

**Notes:**<sup>1</sup> Beginning in fiscal year 2014, the Development Authority was reclassified from a discretely presented component unit to a blended component unit.

**City of Hapeville, Georgia**  
**Changes in Net Position - Total (Unaudited)**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

Source	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses:</b>										
Governmental activities <sup>1</sup>	\$ 11,496,533	\$ 12,077,974	\$ 11,627,168	\$ 10,433,113	\$ 11,757,065	\$ 12,367,507	\$ 12,845,033	\$ 12,802,152	\$ 13,083,319	\$ 11,667,485
Business-type activities <sup>2</sup>	3,772,557	3,935,508	3,421,531	3,576,627	3,154,504	3,421,150	3,873,986	3,583,692	3,461,405	4,101,864
<b>Total Expenses</b>	<b>15,269,090</b>	<b>16,013,482</b>	<b>15,048,699</b>	<b>14,009,740</b>	<b>14,911,569</b>	<b>15,788,657</b>	<b>16,719,019</b>	<b>16,385,844</b>	<b>16,544,724</b>	<b>15,769,349</b>
<b>Program Revenues:</b>										
Governmental activities <sup>1</sup>	5,889,421	1,830,800	1,640,263	2,098,302	2,167,891	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344
Business-type activities <sup>2</sup>	3,454,088	3,621,120	3,472,504	3,123,013	3,180,364	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291
<b>Total Program Revenues</b>	<b>9,343,509</b>	<b>5,451,920</b>	<b>5,112,767</b>	<b>5,221,315</b>	<b>5,348,255</b>	<b>5,397,158</b>	<b>7,611,188</b>	<b>7,702,453</b>	<b>7,759,136</b>	<b>6,486,635</b>
<b>Net (Expense) Revenue</b>	<b>(5,925,581)</b>	<b>(10,561,562)</b>	<b>(9,935,932)</b>	<b>(8,788,425)</b>	<b>(9,563,314)</b>	<b>(10,391,499)</b>	<b>(9,107,831)</b>	<b>(8,683,391)</b>	<b>(8,785,588)</b>	<b>(9,282,714)</b>
<b>General Revenues:</b>										
Governmental activities <sup>1</sup>	8,397,602	8,058,463	8,120,211	8,410,153	10,472,642	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263
Business-type activities <sup>2</sup>	(185,383)	733,112	838,056	1,147,051	312,881	147,757	(141,143)	(290,322)	(258,899)	304,924
<b>Total General Revenues</b>	<b>8,212,219</b>	<b>8,791,575</b>	<b>8,958,267</b>	<b>9,557,204</b>	<b>10,785,523</b>	<b>10,222,918</b>	<b>9,373,734</b>	<b>9,093,021</b>	<b>9,241,361</b>	<b>9,520,187</b>
<b>Change in Net Position</b>	<b>\$ 2,286,638</b>	<b>\$ (1,769,987)</b>	<b>\$ (977,665)</b>	<b>\$ 768,779</b>	<b>\$ 1,222,209</b>	<b>\$ (168,581)</b>	<b>\$ 265,903</b>	<b>\$ 409,630</b>	<b>\$ 455,773</b>	<b>\$ 237,473</b>

**Notes:**<sup>1</sup> See Exhibit I<sup>2</sup> See Exhibit III

**City of Hapeville, Georgia**  
**Government-wide Net Position by Category (Unaudited)<sup>2</sup>**  
**Last Ten Fiscal Years<sup>1</sup>**  
*(accrual basis of accounting)*

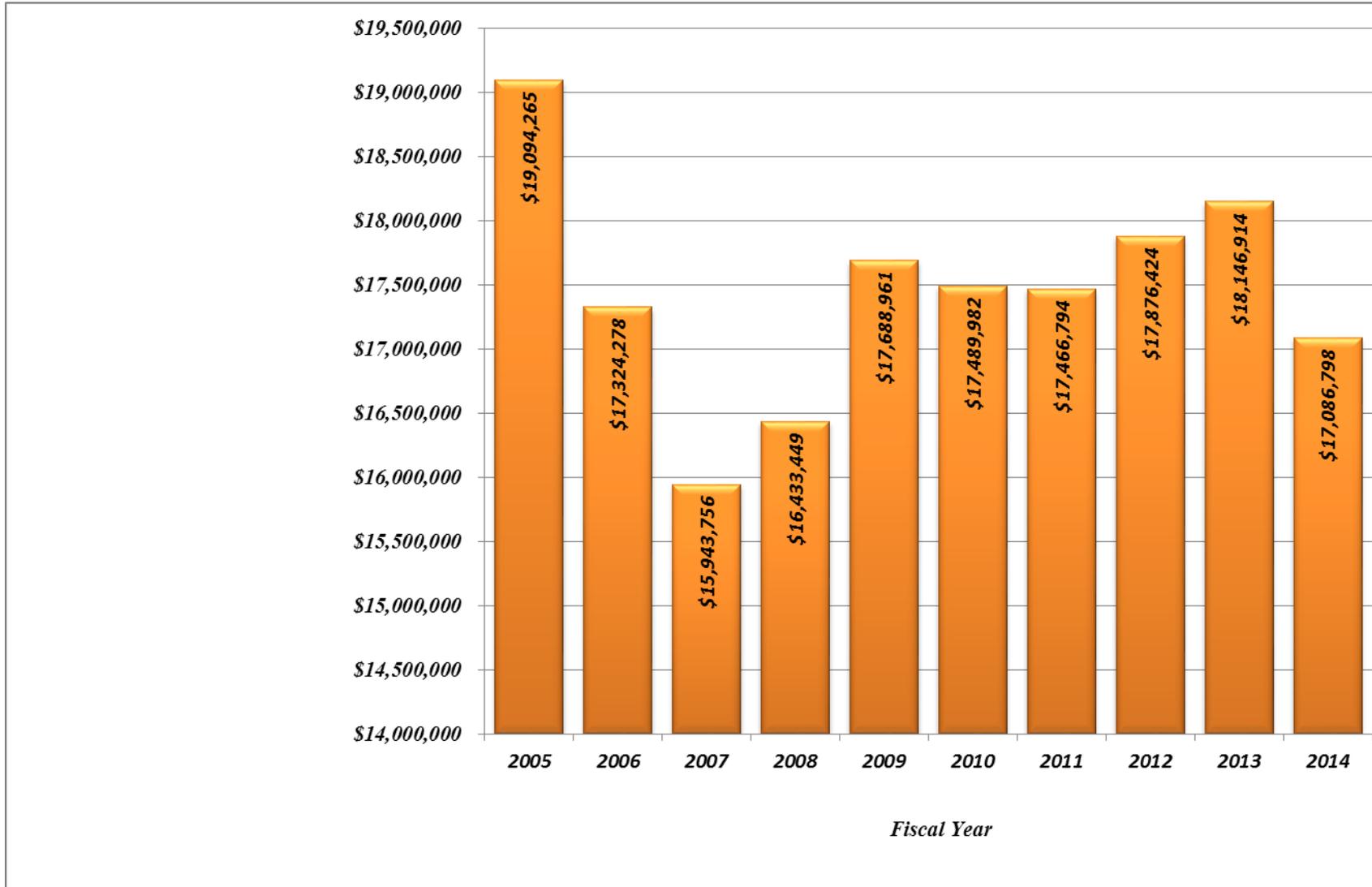
	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 <sup>2</sup>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 10,339,330	\$ 8,755,346	\$ 6,793,080	\$ 4,988,189	\$ 4,340,118	\$ 5,316,912	\$ 6,735,028	\$ 7,959,122	\$ 9,016,141	\$ 14,818,698
Restricted	-	-	-	-	-	-	47,232	17,664	17,710	263,636
Unrestricted	1,203,844	599,117	694,689	2,295,836	3,830,678	2,765,640	2,111,016	941,643	(107,688)	(1,072,361)
<b>Subtotal Governmental Activities Net Position</b>	<b>11,543,174</b>	<b>9,354,463</b>	<b>7,487,769</b>	<b>7,284,025</b>	<b>8,170,796</b>	<b>8,082,552</b>	<b>8,893,276</b>	<b>8,918,429</b>	<b>8,926,163</b>	<b>14,009,973</b>
<b>Business-type Activities</b>										
Net investment in capital assets	6,322,460	6,189,381	7,244,111	6,896,947	7,625,029	7,829,260	8,106,862	8,309,831	8,066,581	5,095,322
Restricted	574,791	595,179	617,611	651,970	681,498	271,948	668,862	682,055	695,907	1,259,777
Unrestricted	653,840	1,185,255	594,265	1,600,507	1,600,507	906,222	(202,206)	(33,891)	458,263	(3,278,274)
<b>Subtotal Business-type Activities Net Position</b>	<b>7,551,091</b>	<b>7,969,815</b>	<b>8,455,987</b>	<b>9,149,424</b>	<b>9,907,034</b>	<b>9,007,430</b>	<b>8,573,518</b>	<b>8,957,995</b>	<b>9,220,751</b>	<b>3,076,825</b>
<b>Primary Government</b>										
Net investment in capital assets	16,661,790	14,944,727	14,037,191	11,885,136	11,965,147	13,146,172	14,841,890	16,268,953	17,082,722	19,914,020
Restricted	574,791	595,179	617,611	651,970	681,498	649,998	716,094	699,719	713,617	1,523,413
Unrestricted	1,857,684	1,784,372	1,288,954	3,896,343	5,042,316	3,693,812	1,908,810	907,752	350,575	(4,350,635)
<b>Total Primary Government Net Position</b>	<b>\$ 19,094,265</b>	<b>\$ 17,324,278</b>	<b>\$ 15,943,756</b>	<b>\$ 16,433,449</b>	<b>\$ 17,688,961</b>	<b>\$ 17,489,982</b>	<b>\$ 17,466,794</b>	<b>\$ 17,876,424</b>	<b>\$ 18,146,914</b>	<b>\$ 17,086,798</b>

**Notes:**

<sup>1</sup> Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Georgia or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. There are no restrictions currently reported as a result of enabling legislation.

<sup>2</sup> Beginning in fiscal year 2014, the Development Authority was reclassified from a discretely presented component unit to a blended component unit.

**City of Hapeville, Georgia**  
*Total Government-wide Net Position (Unaudited)*  
*Last Ten Fiscal Years*  
*(accrual basis of accounting)*



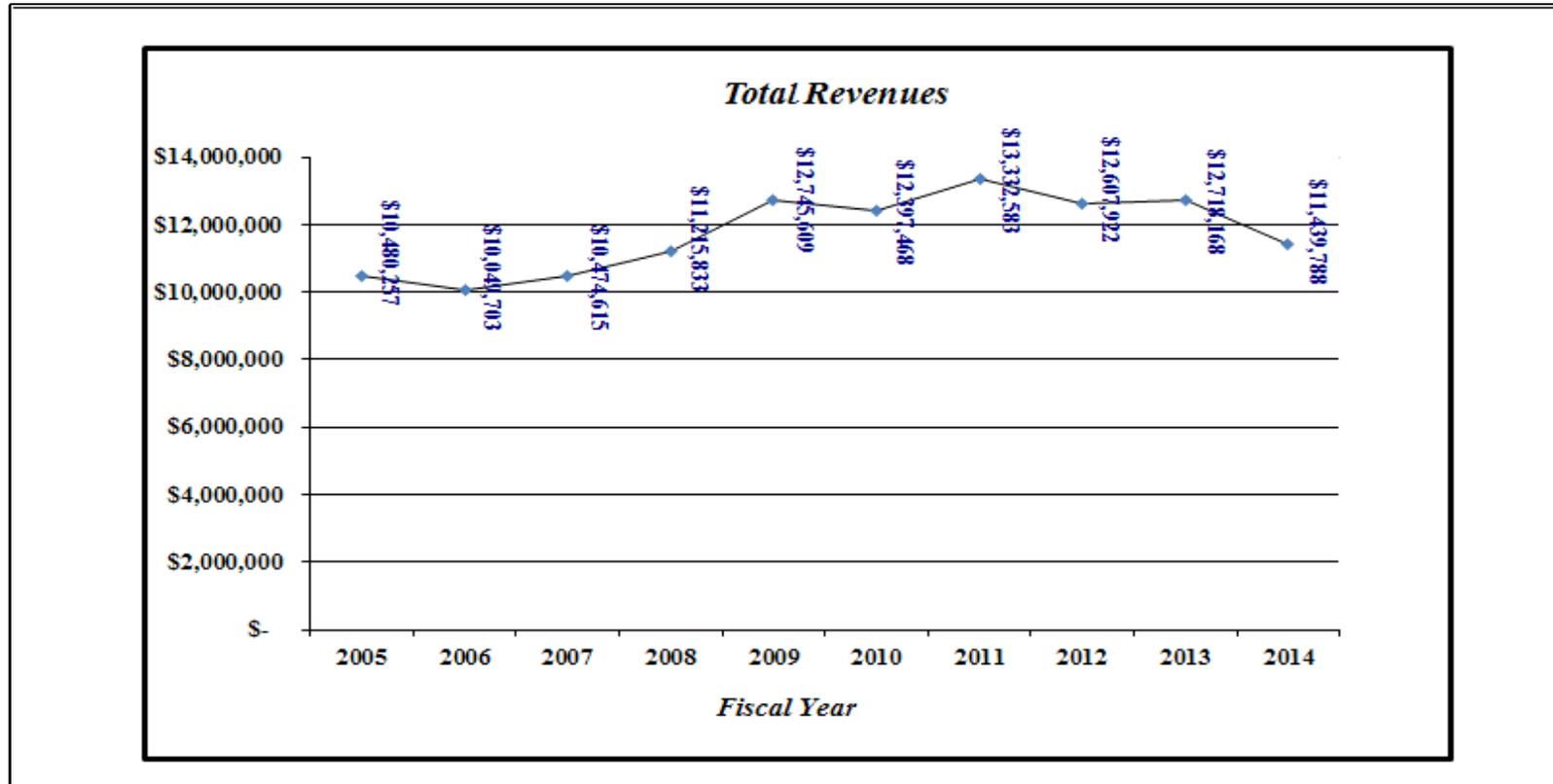
**City of Hapeville, Georgia**  
**General Governmental Revenues by Source (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenue Source</b>	<b>Amounts</b>									
Taxes	\$ 7,820,204	\$ 8,098,236	\$ 8,758,540	\$ 9,120,904	\$ 10,374,440	\$ 9,919,404	\$ 9,283,461	\$ 9,121,022	\$ 9,243,503	\$ 9,625,523
Licenses and permits	183,714	278,740	333,729	481,863	211,765	184,368	217,233	202,589	235,481	162,052
Charges for services	311,387	302,493	428,531	831,618	1,138,522	1,027,030	1,006,773	1,054,535	1,224,244	341,630
Fines and forfeitures	661,787	518,166	608,434	551,570	488,274	336,133	529,436	445,239	494,250	515,742
Intergovernmental	1,377,470	714,242	245,804	145,925	198,372	28,707	1,226,856	1,244,920	1,205,269	736,294
Contributions	4,570	17,159	23,765	13,162	20,570	20,100	22,288	20,140	20,945	21,244
Investment earnings	108,071	98,780	50,685	48,684	6,981	804	861	1,726	979	121
Other local revenue	13,054	21,887	25,127	22,107	306,685	880,922	1,045,675	517,751	293,497	37,182
<b>Total revenues</b>	<b>\$ 10,480,257</b>	<b>\$ 10,049,703</b>	<b>\$ 10,474,615</b>	<b>\$ 11,215,833</b>	<b>\$ 12,745,609</b>	<b>\$ 12,397,468</b>	<b>\$ 13,332,583</b>	<b>\$ 12,607,922</b>	<b>\$ 12,718,168</b>	<b>\$ 11,439,788</b>
% change from prior year	36.0%	-4.1%	4.2%	7.1%	13.6%	-2.7%	7.5%	-5.4%	0.9%	-10.1%
	<b>Percentage of Total</b>									
Taxes	74.6%	80.6%	83.6%	81.3%	81.4%	80.0%	69.6%	72.3%	72.7%	84.1%
Licenses and permits	1.8%	2.8%	3.2%	4.3%	1.7%	1.5%	1.6%	1.6%	1.9%	1.4%
Charges for services	3.0%	3.0%	4.1%	7.4%	8.9%	8.3%	7.6%	8.4%	9.6%	3.0%
Fines and forfeitures	6.3%	5.2%	5.8%	4.9%	3.8%	2.7%	4.0%	3.5%	3.9%	4.5%
Grant revenue	13.1%	7.1%	2.3%	1.3%	1.6%	0.2%	9.2%	9.9%	9.5%	6.4%
Contributions	0.0%	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Investment earnings	1.0%	1.0%	0.5%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	0.1%	0.2%	0.2%	0.2%	2.4%	7.1%	7.8%	4.1%	2.3%	0.3%
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**  
<sup>1</sup> Includes all governmental fund types.

**Data Source:**  
 Applicable years' annual financial report.

**City of Hapeville, Georgia**  
*Chart-General Governmental Revenues*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*



**City of Hapeville, Georgia**  
**Tax Revenues by Source - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

<b>For The Fiscal Year Ended June 30,</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Occupation</b>	<b>Franchise</b>	<b>Insurance Premium</b>	<b>Hotel/ Motel</b>	<b>Other</b>	<b>Total</b>
<b>Amounts</b>								
2005	\$ 3,940,895	\$ 1,373,830	\$ 296,011	\$ 693,113	\$ 287,689	\$ 754,101	\$ 520,156	\$ 7,865,795
2006	3,714,916	1,563,603	333,615	702,545	312,780	847,323	623,453	8,098,235
2007	4,062,683	1,648,432	313,062	731,273	323,831	1,042,157	637,102	8,758,540
2008	4,783,070	1,664,596	241,132	622,223	337,842	896,036	576,005	9,120,904
2009	4,746,199	1,487,305	320,264	678,640	355,584	1,838,555	947,893	10,374,440
2010	4,947,989	1,492,207	280,330	661,534	350,546	1,613,808	572,990	9,919,404
2011	4,456,779	1,503,326	251,795	682,581	344,731	695,373	1,348,876	9,283,461
2012	3,996,085	1,589,359	260,999	762,675	308,470	662,341	1,532,093	9,112,022
2013	4,185,266	1,596,392	231,405	549,260	327,079	1,732,001	592,961	9,214,364
2014	4,199,957	1,668,856	265,775	643,481	351,426	1,951,860	544,168	9,625,523
<b>% Change in Dollars Over 10 Years</b>	6.6%	21.5%	-10.2%	-7.2%	22.2%	158.8%	4.6%	22.4%
<b>Percentage of Total</b>								
2005	50.1%	17.5%	3.8%	8.8%	3.7%	9.6%	6.6%	100.0%
2006	45.9%	19.3%	4.1%	8.7%	3.9%	10.5%	7.7%	100.0%
2007	46.4%	18.8%	3.6%	8.3%	3.7%	11.9%	7.3%	100.0%
2008	52.4%	18.3%	2.6%	6.8%	3.7%	9.8%	6.3%	100.0%
2009	45.7%	14.3%	3.1%	6.5%	3.4%	17.7%	9.1%	100.0%
2010	49.9%	15.0%	2.8%	6.7%	3.5%	16.3%	5.8%	100.0%
2011	48.0%	16.2%	2.7%	7.4%	3.7%	7.5%	14.5%	100.0%
2012	43.9%	17.4%	2.9%	8.4%	3.4%	7.3%	16.8%	100.0%
2013	45.4%	17.3%	2.5%	6.0%	3.5%	18.8%	6.4%	100.0%
2014	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

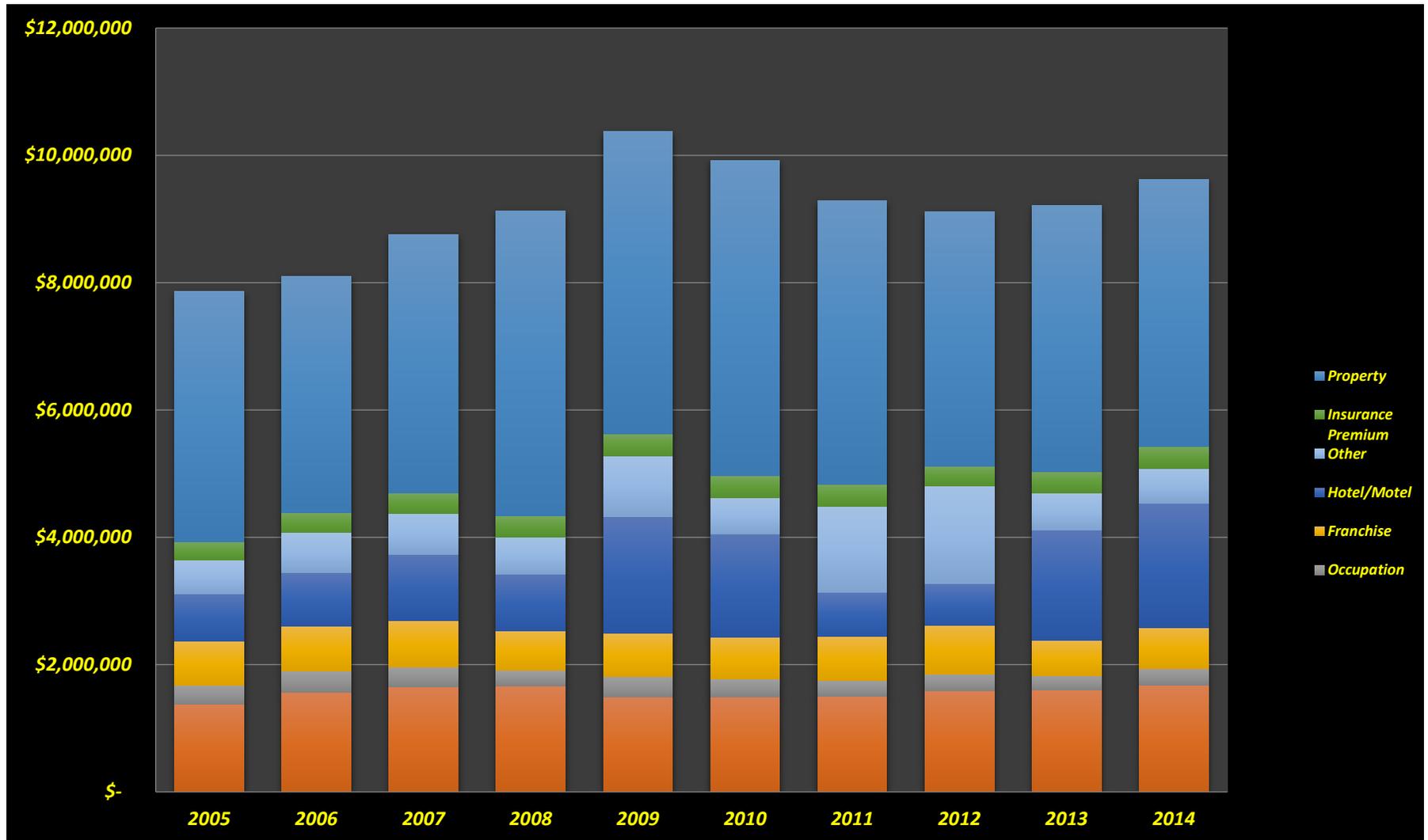
**Notes:**

<sup>1</sup> Includes insurance premium taxes, alcoholic beverage taxes, hotel/motel taxes and other taxes.

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
*Chart-Tax Revenues by Source - Governmental Funds (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*



**City of Hapeville, Georgia**  
**General Governmental Expenditures by Function (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

For the Fiscal Year Ended June 30,										
Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Current:</b>										
General government	\$ 1,432,699	\$ 1,240,862	\$ 1,227,667	\$ 1,576,348	\$ 1,662,792	\$ 1,558,009	\$ 1,533,387	\$ 1,608,800	\$ 1,683,984	\$ 2,098,323
Public safety	6,243,572	6,988,566	6,476,580	4,899,888	5,146,535	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850
Public works	821,330	1,070,878	1,444,407	530,255	604,873	747,055	686,546	693,347	720,074	630,731
Culture and recreation	637,908	760,103	654,730	539,595	411,293	459,633	510,646	555,723	553,773	530,340
Parks and ground	961,237	927,230	871,245	631,359	707,962	716,645	819,179	793,280	885,678	889,047
Planning and zoning <sup>2</sup>	639,980	732,567	675,915	547,960	534,349	696,950	782,569	787,873	832,085	216,639
Trade, tourism and development <sup>2</sup>	58,820	67,786	122,165	30,260	1,115,853	962,202	981,864	905,111	1,031,935	583,485
<b>Total Current</b>	<b>10,795,546</b>	<b>11,787,992</b>	<b>11,472,709</b>	<b>8,755,665</b>	<b>10,183,657</b>	<b>11,135,750</b>	<b>11,513,946</b>	<b>11,525,791</b>	<b>11,901,067</b>	<b>10,523,415</b>
<b>% Change From Prior Year</b>	<b>12.2%</b>	<b>9.2%</b>	<b>-2.7%</b>	<b>-23.7%</b>	<b>16.3%</b>	<b>9.3%</b>	<b>3.4%</b>	<b>0.1%</b>	<b>3.3%</b>	<b>-11.6%</b>
<b>Capital Outlay</b>										
	-	-	-	1,634,076	1,190,398	804,119	2,276,910	1,630,974	1,413,254	859,824
<b>% Change From Prior Year</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>-27.2%</b>	<b>-32.4%</b>	<b>183.2%</b>	<b>-28.4%</b>	<b>-13.3%</b>	<b>-39.2%</b>
<b>Debt Service</b>										
Principal	244,133	250,000	284,720	93,755	305,386	446,534	409,437	468,762	482,944	182,172
Interest and fees	23,096	77,577	109,874	146,856	124,782	169,382	343,699	379,562	280,102	16,782
<b>Total Debt Service</b>	<b>267,229</b>	<b>327,577</b>	<b>394,594</b>	<b>240,611</b>	<b>430,168</b>	<b>615,916</b>	<b>753,136</b>	<b>848,324</b>	<b>763,046</b>	<b>198,954</b>
<b>% Change From Prior Year</b>	<b>-81.6%</b>	<b>22.6%</b>	<b>20.5%</b>	<b>-39.0%</b>	<b>78.8%</b>	<b>43.2%</b>	<b>22.3%</b>	<b>12.6%</b>	<b>-10.1%</b>	<b>-73.9%</b>
<b>Total Expenditures</b>	<b>\$ 11,062,775</b>	<b>\$ 12,115,569</b>	<b>\$ 11,867,303</b>	<b>\$ 10,630,352</b>	<b>\$ 11,804,223</b>	<b>\$ 12,555,785</b>	<b>\$ 14,543,992</b>	<b>\$ 14,005,089</b>	<b>\$ 14,077,367</b>	<b>\$ 11,582,193</b>
<b>% Change From Prior Year</b>	<b>-0.1%</b>	<b>9.5%</b>	<b>-2.0%</b>	<b>-10.4%</b>	<b>11.0%</b>	<b>6.4%</b>	<b>15.8%</b>	<b>-3.7%</b>	<b>0.5%</b>	<b>-17.7%</b>
<b>Debt Service as a % of Noncapital Expenditures</b>	<b>2.4%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>2.7%</b>	<b>4.1%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>6.0%</b>	<b>1.9%</b>

**Notes:**

<sup>1</sup> Includes all governmental fund types.

<sup>2</sup> In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
**General Governmental Current Expenditures by Function (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Function	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Amounts</b>										
<b>Current:</b>										
General government	\$ 1,432,699	\$ 1,240,862	\$ 1,227,667	\$ 1,576,348	\$ 1,662,792	\$ 1,558,009	\$ 1,533,387	\$ 1,608,800	\$ 1,683,984	\$ 2,098,323
Public safety	6,243,572	6,988,566	6,476,580	4,899,888	5,146,535	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850
Public works	821,330	1,070,878	1,444,407	530,255	604,873	747,055	686,546	693,347	720,074	630,731
Culture and recreation	637,908	760,103	654,730	539,595	411,293	459,633	510,646	555,723	553,773	530,340
Parks and grounds	961,237	927,230	871,245	631,359	707,962	716,645	819,179	793,280	885,678	889,047
Planning and zoning <sup>2</sup>	639,980	732,567	675,915	547,960	534,349	696,950	782,569	787,873	832,085	216,639
Trade, tourism and development <sup>2</sup>	58,820	67,786	122,165	30,260	1,115,853	962,202	981,864	905,111	1,031,935	583,485
<b>Total Current</b>	<b>\$ 10,795,546</b>	<b>\$ 11,787,992</b>	<b>\$ 11,472,709</b>	<b>\$ 8,755,665</b>	<b>\$ 10,183,657</b>	<b>\$ 11,135,750</b>	<b>\$ 11,513,946</b>	<b>\$ 11,525,791</b>	<b>\$ 11,901,067</b>	<b>\$ 10,523,415</b>
<b>Percentage of Total</b>										
<b>Current:</b>										
General government	13.3%	10.5%	10.7%	18.0%	16.3%	14.0%	13.3%	14.0%	14.1%	19.9%
Public safety	57.8%	59.3%	56.5%	56.0%	50.5%	53.8%	53.8%	53.6%	52.0%	53.0%
Public works	7.6%	9.1%	12.6%	6.1%	5.9%	6.7%	6.0%	6.0%	6.1%	6.0%
Culture and recreation	5.9%	6.4%	5.7%	6.2%	4.0%	4.1%	4.4%	4.8%	4.7%	5.0%
Parks and grounds	8.9%	7.9%	7.6%	7.2%	7.0%	6.4%	7.1%	6.9%	7.4%	8.4%
Planning, zoning and development	5.9%	6.2%	5.9%	6.3%	5.2%	6.3%	6.8%	6.8%	7.0%	2.1%
Trade and tourism	0.5%	0.6%	1.1%	0.3%	11.0%	8.6%	8.5%	7.9%	8.7%	5.5%
<b>Total Current</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**

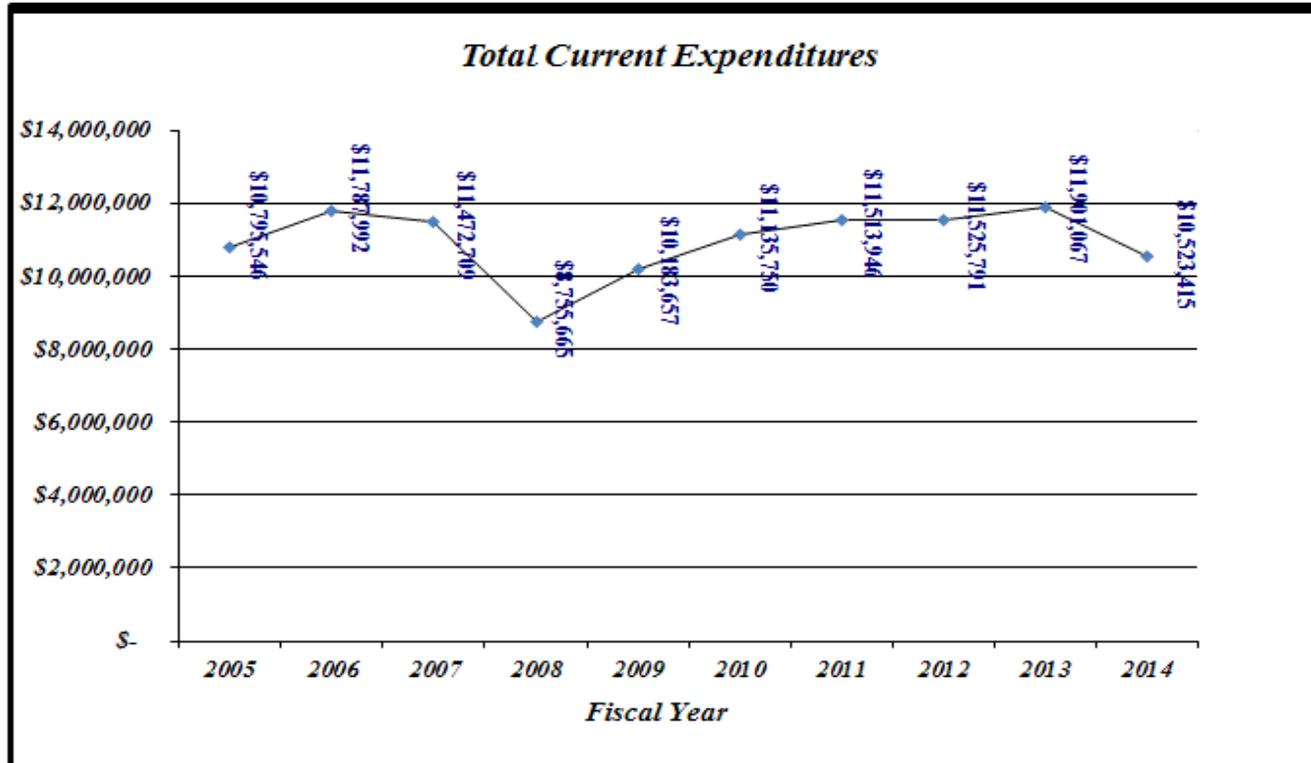
<sup>1</sup> Includes all governmental fund types.

<sup>2</sup> In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
*Chart-General Governmental Current Expenditures (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*



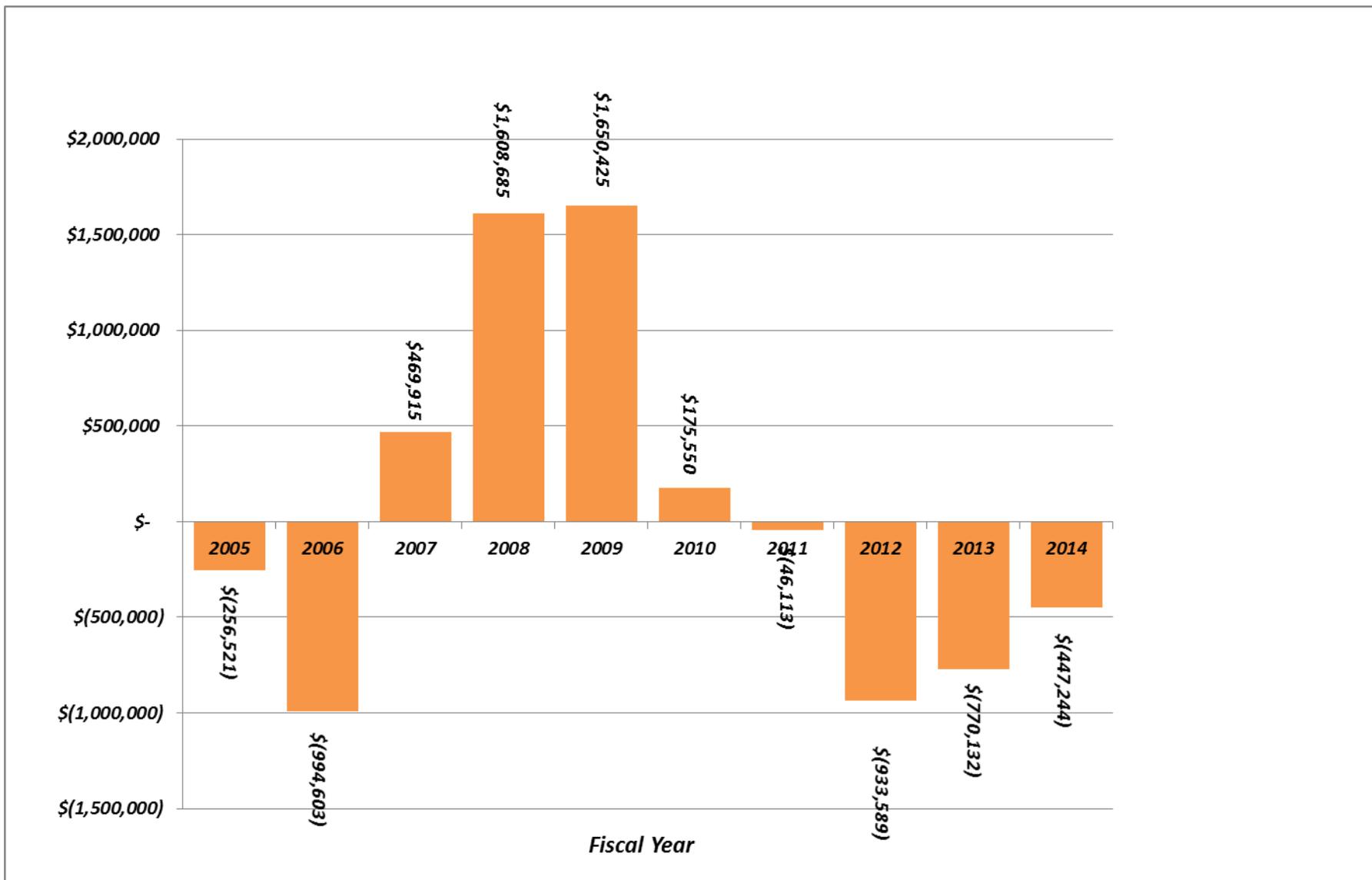
**City of Hapeville, Georgia**  
**Summary of Changes in Fund Balances - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Source	For the Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total Revenues</b>	\$ 10,480,257	\$ 10,049,703	\$ 10,474,615	\$ 11,215,833	\$ 12,745,609	\$ 12,397,468	\$ 13,332,583	\$ 12,607,922	\$ 12,718,168	\$ 11,439,788
<b>Total Expenditures</b>	11,062,775	12,115,569	11,867,303	10,630,352	11,804,223	12,555,785	14,543,992	14,005,089	14,077,367	11,582,193
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(582,518)	(2,065,866)	(1,392,688)	585,481	941,386	(158,317)	(1,211,409)	(1,397,167)	(1,359,199)	(142,405)
<b>Other Financing Sources (Uses)</b>										
Aid from component unit	-	-	2,089,792	878,559	677,537	-	-	-	-	-
Capital leases inception	-	1,573,452	221,367	1,010,000	-	-	-	-	303,455	-
Proceeds from notes payable	-	-	-	-	-	-	812,942	-	-	-
Sale of capital assets	-	-	14,411	6,675	1,170	-	223	146	124	86
Sale of confiscated goods	-	-	620	-	-	-	-	-	-	-
Transfers in	685,479	1,128,910	1,636,939	931,580	2,335,876	1,349,713	851,051	927,753	1,125,676	3,193,278
Transfers out	(359,482)	(1,631,099)	(2,100,526)	(1,803,610)	(2,305,544)	(1,015,846)	(498,920)	(464,321)	(840,188)	(3,498,203)
<b>Total Other Financing Sources (Uses)</b>	325,997	1,071,263	1,862,603	1,023,204	709,039	333,867	1,165,296	463,578	589,067	(304,839)
<b>Net Change in Fund Balances</b>	\$ (256,521)	\$ (994,603)	\$ 469,915	\$ 1,608,685	\$ 1,650,425	\$ 175,550	\$ (46,113)	\$ (933,589)	\$ (770,132)	\$ (447,244)

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
**Chart-Changes in Fund Balances - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*



**City of Hapeville, Georgia**  
**Fund Balances - Governmental Funds (Unaudited)**  
**Fiscal Years 2005 - 2010**  
**(modified accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>						
Reserved	\$ 181,222	\$ 173,739	\$ 160,862	\$ 219,572	\$ 167,317	\$ 176,165
Unreserved	1,008,076	20,956	427,231	1,971,149	3,754,303	3,935,568
<b>Subtotal General Fund</b>	<u>1,189,298</u>	<u>194,695</u>	<u>588,093</u>	<u>2,190,721</u>	<u>3,921,620</u>	<u>4,111,733</u>
<b>General Fund Percentage Change</b>	<u>-17.7%</u>	<u>-83.6%</u>	<u>202.1%</u>	<u>272.5%</u>	<u>79.0%</u>	<u>4.8%</u>
<b>All Other Governmental Funds</b>						
Reserved, reported in:						
Hotel/Motel Fund	-	-	76,517	82,575	2,100	12,152
Asset/Forfeiture Fund	-	-	-	-	-	18,452
Debt Service Fund	-	-	-	-	-	(43,067)
<b>Subtotal All Other Governmental Funds</b>	<u>-</u>	<u>-</u>	<u>76,517</u>	<u>82,575</u>	<u>2,100</u>	<u>(12,463)</u>
<b>All Other Governmental Funds Percentage Change</b>	<u>0.0%</u>	<u>0.0%</u>	<u>100.0%</u>	<u>7.9%</u>	<u>-97.5%</u>	<u>-693.5%</u>
<b>Total Governmental Funds</b>						
Reserved	181,222	173,739	237,379	302,147	169,417	163,702
Unreserved	1,008,076	20,956	427,231	1,971,149	3,754,303	3,935,568
<b>Total Governmental Funds</b>	<u>\$ 1,189,298</u>	<u>\$ 194,695</u>	<u>\$ 664,610</u>	<u>\$ 2,273,296</u>	<u>\$ 3,923,720</u>	<u>\$ 4,099,270</u>
<b>All Governmental Funds Percentage Change</b>	<u>-17.7%</u>	<u>-83.6%</u>	<u>241.4%</u>	<u>242.0%</u>	<u>72.6%</u>	<u>4.5%</u>

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
**Fund Balances - Governmental Funds (Unaudited)**  
**Fiscal Years 2011 - 2014**  
**(modified accrual basis of accounting)**

	At June 30,			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ 176,165	\$ 183,844	\$ 106,164	\$ -
Restricted-Program Purposes	-	-	11,518	51,283
Assigned-Capital Outlay	350,000	11,000	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807
<b>Total General Fund</b>	<u>4,005,925</u>	<u>3,101,904</u>	<u>2,343,243</u>	<u>868,090</u>
<b>General Fund Percentage Change</b>	N/A	-22.6%	-24.5%	-62.9%
<b>All Other Governmental Funds</b>				
Restricted:				
Program Purposes	47,232	17,664	6,192	212,353
<b>All Other Governmental Funds</b>				
<b>Percentage Change</b>	N/A	-62.6%	-64.9%	33.3%
<b>Total Governmental Funds</b>				
Nonspendable	176,165	183,844	106,164	-
Restricted	-	17,664	17,710	263,636
Assigned	350,000	11,000	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807
<b>Total Governmental Funds</b>	<u>\$ 4,005,925</u>	<u>\$ 3,119,568</u>	<u>\$ 2,349,435</u>	<u>\$ 1,080,443</u>
<b>All Governmental Funds</b>				
<b>Percentage Change</b>	N/A	-15.8%	-24.7%	-54.0%

**Notes:**

The City implemented GASB Statement No. 54 in fiscal year 2011.

**Data Source:**

Applicable years' annual financial report.

**City of Hapeville, Georgia**  
**Taxable Assessed Value<sup>1</sup> and Estimated Actual Value of Property By Type (Unaudited)<sup>2</sup>**  
**Last Ten Calendar Years**

Amounts											
Fiscal Year Ended June 30, <sup>2</sup>	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property <sup>3</sup>	Less: Tax Exempt Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate <sup>4</sup>	Estimated Actual Value	Annual Percentage Change
2005	\$ 66,040,490	\$ 166,391,520	\$ 86,781,570	\$ 6,886,624	\$ 9,004,810	\$ -	\$ 9,123,147	\$ 325,981,867	12.610	\$ 814,954,668	0.9%
2006	69,587,550	172,078,350	87,959,630	6,438,505	8,392,380	-	9,582,350	334,874,065	12.610	837,185,163	2.7%
2007	75,862,700	166,100,910	72,656,800	5,272,105	8,661,560	-	16,167,193	312,386,882	12.610	780,967,205	-6.7%
2008	91,441,020	173,730,220	36,209,540	7,506,021	9,418,620	1,837	727,200	317,580,058	16.610	793,950,145	1.7%
2009	96,200,520	210,443,050	15,258,250	6,505,775	9,155,530	-	668,480	336,894,645	16.610	842,236,613	6.1%
2010	94,194,780	193,925,720	12,441,990	6,702,142	9,583,870	-	1,183,350	315,665,152	16.610	789,162,880	-6.3%
2011	68,910,360	201,627,220	10,193,640	6,112,266	31,045,390	-	1,234,570	316,654,306	16.610	791,635,765	0.3%
2012	47,365,500	199,574,110	10,193,640	6,112,266	8,666,570	-	1,357,480	270,554,606	16.610	676,386,515	-14.6%
2013	39,722,520	213,184,790	3,709,280	6,958,930	8,258,170	-	1,479,940	270,353,750	16.610	675,884,375	-0.1%
2014	46,201,180	199,786,880	9,342,080	5,585,087	7,102,350	19,080	8,292,600	259,744,057	16.610	649,360,143	-3.9%
*	\$ 69,552,662	\$ 189,684,277	\$ 34,474,642	\$ 6,407,972	\$ 10,928,925	\$ 2,092	\$ 4,981,631	\$ 306,068,939		\$ 765,172,347	
**	-30.0%	20.1%	-89.2%	-18.9%	-21.1%	100.0%	-9.1%	-20.3%		-20.3%	
Percentage of Total											
2005	19.7%	49.7%	25.9%	2.1%	2.7%	0.0%	2.8%	97.2%			
2006	20.2%	50.0%	25.5%	1.9%	2.4%	0.0%	2.9%	97.1%			
2007	23.1%	50.6%	22.1%	1.6%	2.6%	0.0%	5.2%	94.8%			
2008	28.7%	54.6%	11.4%	2.4%	3.0%	0.0%	0.2%	99.8%			
2009	28.5%	62.3%	4.5%	1.9%	2.7%	0.0%	0.2%	99.8%			
2010	29.7%	61.2%	3.9%	2.1%	3.0%	0.0%	0.4%	99.6%			
2011	21.7%	63.4%	3.2%	1.9%	9.8%	0.0%	0.4%	99.6%			
2012	17.4%	73.4%	3.7%	2.2%	3.2%	0.0%	0.5%	99.5%			
2013	14.6%	78.4%	1.4%	2.6%	3.0%	0.0%	0.5%	99.5%			
2014	17.2%	74.5%	3.5%	2.1%	2.6%	0.0%	3.1%	96.9%			

\* Dollar average for ten years.

\*\* Percentage change in dollars over ten years.

**Notes:**

<sup>1</sup> All property is assessed at 40% of fair market value.

<sup>2</sup> The tax year is one year prior to the fiscal year.

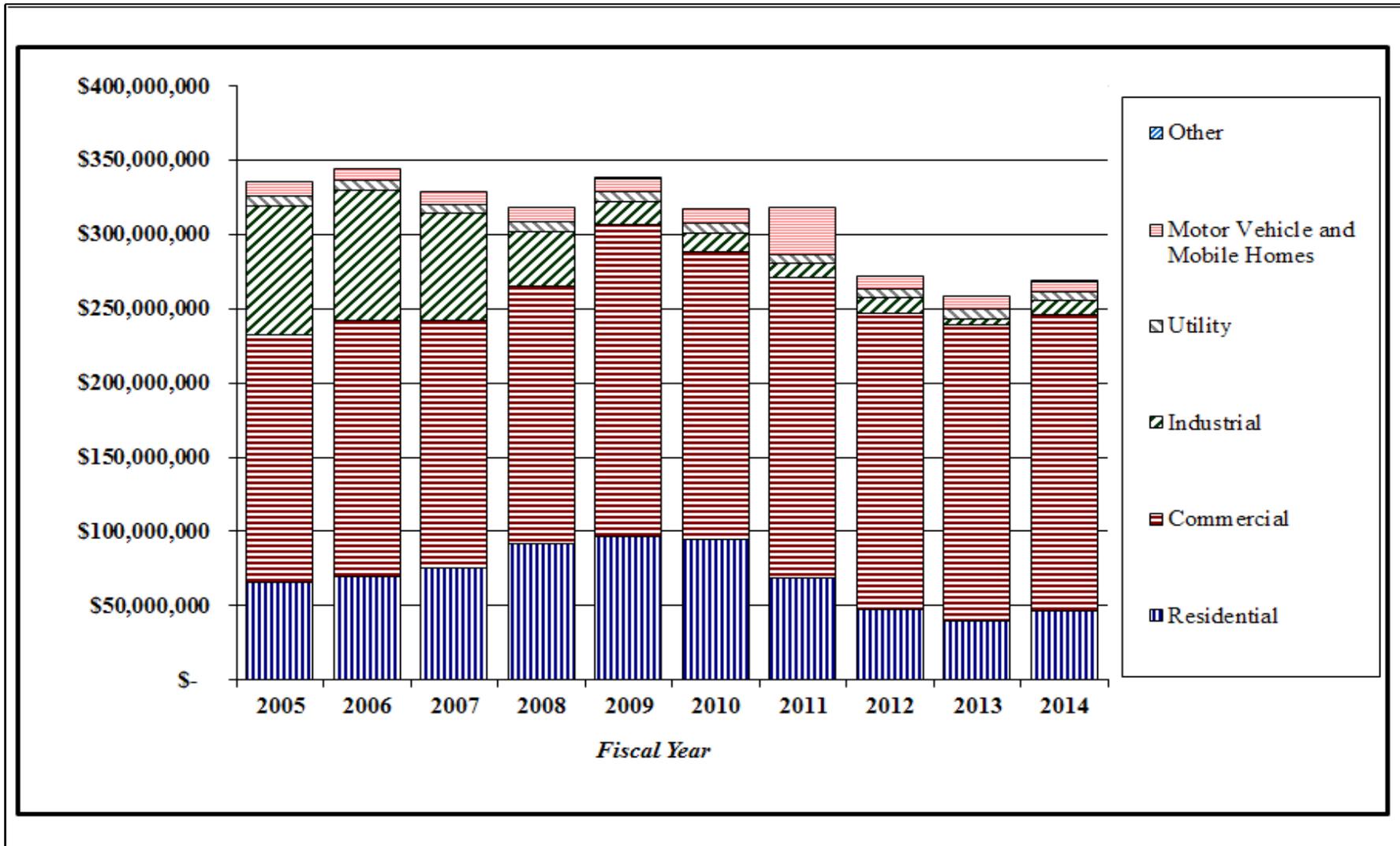
<sup>3</sup> Generally includes timber and heavy equipment.

<sup>4</sup> Tax rates expressed in rate per \$1,000

**Data Source:**

Georgia Department of Revenue, Tax Digest Consolidation Summary, <http://www.etax.dor.ga.gov/DigestConsolidation>

**City of Hapeville, Georgia**  
*Chart-Total Assessed Value (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*



**City of Hapeville, Georgia**  
**Direct and Overlapping Property Tax Rates (Unaudited)**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed taxable value)*

<b>Fiscal Year</b>	<b>Direct</b>		<b>Overlapping <sup>1</sup></b>	
	<b>City Rate</b>	<b>State of Georgia<sup>2</sup></b>	<b>Fulton County</b>	<b>Fulton County School Board</b>
2005	12.610	0.250	11.650	17.606
2006	12.610	0.250	11.650	18.107
2007	12.610	0.250	11.470	18.107
2008	16.610	0.250	10.281	18.091
2009	16.610	0.250	10.281	17.502
2010	16.610	0.250	10.281	17.502
2011	16.610	0.250	10.281	18.502
2012	16.610	0.250	10.551	18.502
2013	16.610	0.200	10.551	18.502
2014	16.610	0.150	10.211	18.502

**Notes:**

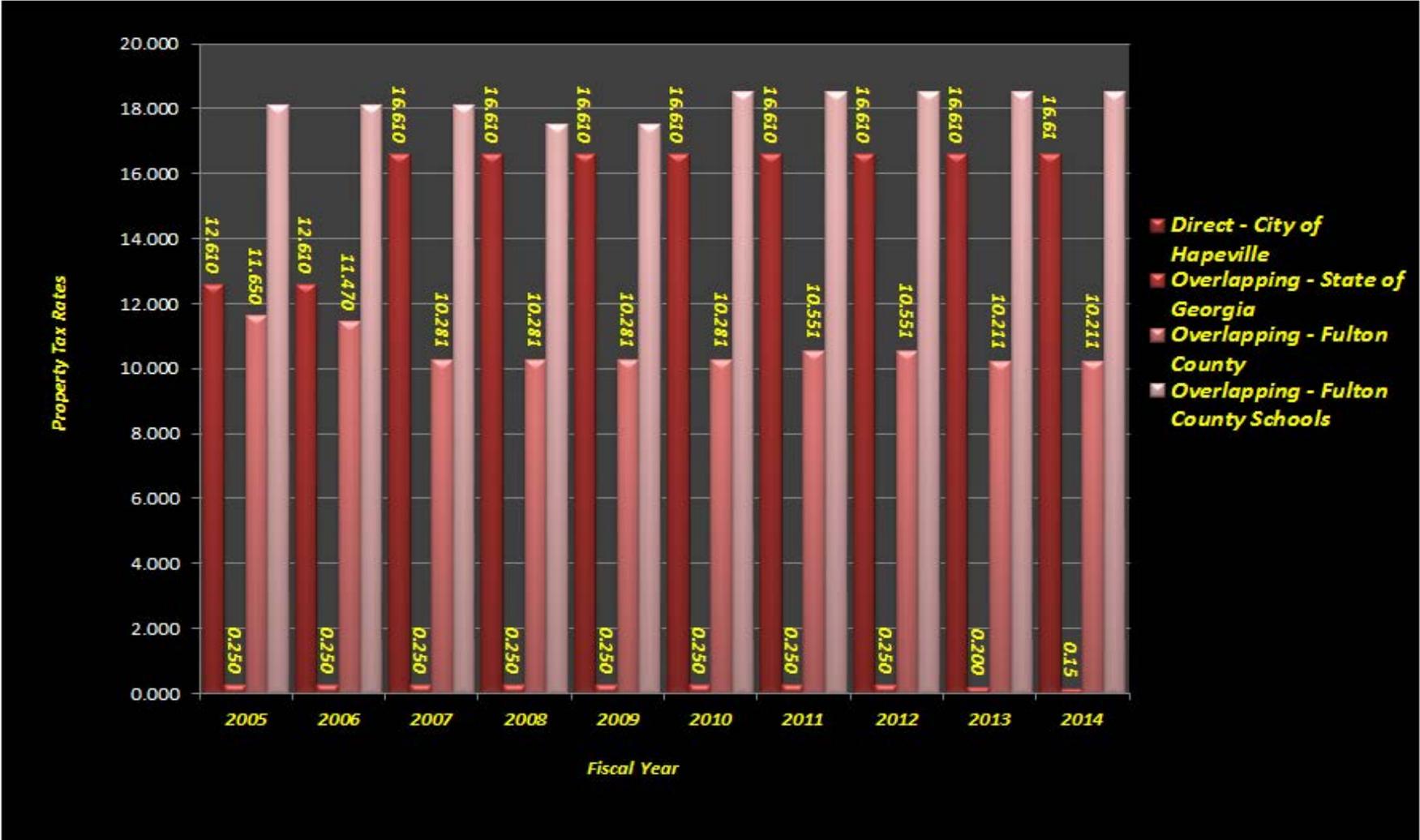
<sup>1</sup> Overlapping rates are those of governments that overlap the City's geographic boundaries.

<sup>2</sup> The State of Georgia levies one quarter of one mill on each City's taxable property to help finance their certification of each Georgia city's tax digest.

**Data Source:**

Georgia Department of Revenue - <http://dor.georgia.gov/county-tax-digest-mill-rates>

**City of Hapeville, Georgia**  
**Chart-Direct and Overlapping Property Tax Rates (Unaudited)**  
**Last Ten Fiscal Years**  
**(rate per \$1,000 of assessed taxable value)**



**City of Hapeville, Georgia**  
**Property Tax Levies and Collections (Unaudited)**  
**Last Ten Fiscal Years**  
*(in \$1,000)*

Fiscal Year	Taxes Levied for the Calendar Year	Collected Within the Fiscal Year of The Levy		Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes <sup>1</sup>	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2005	\$ 3,826	\$ 3,514	91.85%	\$ 312	\$ 3,826	100.00%	\$ -	0.00%
2006	4,030	3,606	89.48%	116	3,722	92.36%	308	7.64%
2007	3,830	3,727	97.31%	98	3,825	99.87%	5	0.13%
2008	4,762	4,558	95.72%	195	4,753	99.81%	9	0.19%
2009	4,880	4,671	95.72%	194	4,865	99.69%	15	0.31%
2010	4,812	4,597	95.53%	185	4,782	99.38%	30	0.62%
2011	4,506	4,351	96.56%	135	4,486	99.56%	20	0.44%
2012	3,981	3,842	96.51%	83	3,925	98.59%	56	1.41%
2013	4,172	3,950	94.68%	148	4,098	98.23%	74	1.77%
2014	3,968	3,845	96.90%	-	3,845	96.90%	123	3.10%

**Notes:**

<sup>1</sup> The amounts reported in the total uncollected taxes column are the uncollected taxes for each tax levy.

**Data Source:**

City Tax Office

**City of Hapeville, Georgia**  
*Principal Property Taxpayers (Unaudited)*  
*Fiscal Years Ended June 30, 2014 and 2005*

2014				2005			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Digital Doug Davis LLC	18,641,600	1	7.80%	Delta Airlines	\$20,609,450	1	6.38%
First State Investors	18,559,640	2	7.76%	Ford Motor Company	18,760,280	2	5.81%
Hapeville LTD Partnership	16,800,000	3	7.03%	Hapeville LTD Partnership	17,442,080	3	5.40%
IBM Credit LLC	14,942,560	4	6.25%	First State Investors	11,833,200	4	3.66%
Bell Fund IV Asbury Park Apts	13,259,600	5	5.55%	Hospitality Properties, Inc	3,652,680	5	1.13%
Delta Airlines	11,034,020	6	4.62%	Residence Inn III LLC	3,427,200	6	1.06%
Travelport LP	8,155,060	7	3.41%	Delta Credit Union	3,332,440	7	1.03%
Atlanta Airport PR1 LLC	6,826,590	8	2.86%	Atlanta Airport Motel, Inc	2,728,920	8	0.84%
Fedex Express Corp	4,662,642	9	1.95%	Apsilon Management, Inc	1,777,880	9	0.55%
Cisco Systems Cap Corp	4,512,640	10	1.89%	KGE Associates LTD Partnership	1,040,000	10	0.32%
<b>Total Principal Taxpayers</b>	117,394,352		49.11%	<b>Total Principal Taxpayers</b>	84,604,130		26.19%
<b>All Other Taxpayers</b>	121,661,451		50.89%	<b>All Other Taxpayers</b>	238,403,940		73.81%
<b>Total</b>	<u>\$ 239,055,803</u>		<u>100.00%</u>	<b>Total</b>	<u>\$ 323,008,070</u>		<u>100.00%</u>

**Data Source:**

2014 - City Tax Office

2005 - Fulton County Tax Assessor's Office

**City of Hapeville, Georgia**  
*Direct and Overlapping Sales and Use Tax Rates (Unaudited)*  
*Last Ten Calendar Years*

Calendar Year	Direct	Overlapping			MARTA <sup>3</sup>	Total Direct and Overlapping Rates
	City LOST <sup>1</sup>	Fulton County	State of Georgia	Fulton County Schools <sup>2</sup>		
2005	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2006	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2007	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2008	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2009	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2010	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2011	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2012	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2013	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2014	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%

**Notes:**

<sup>1</sup> The local option sales tax (LOST) was approved by referendum effective January 1, 1979 and is effective indefinitely. The City is required to reduce their property tax millage rate in the current year by the amount of these taxes collected in the prior year.

<sup>2</sup> The current education special purpose local option sales tax was approved effective July 1, 2012 and expires June 30, 2017. The latter tax is being used to construct new school buildings and renovate existing school buildings.

<sup>3</sup> This sales tax rate is levied in counties in the Metropolitan Atlanta Rapid Transit Authority (MARTA) district which have a service contract with MARTA, currently Fulton and DeKalb counties.

**Data Source:**

Georgia Department of Revenue, <http://dor.ga.gov>

**City of Hapeville, Georgia**  
**Sales Taxes Collected by Group (Unaudited) <sup>2</sup>**  
**Calendar Years 2009 - 2014**

By Group	2009		2010		2011		2012		2013		2014	
	Amount	Percentage										
<b>NAICS codes:<sup>4</sup></b>												
General merchandise	\$ 16,232,562	12.50%	\$ 27,467,089	12.73%	\$ 26,344,143	11.77%	\$ 22,335,661	6.58%	\$ 29,048,800	12.38%	\$ 30,104,069	12.20%
Food/bars	27,424,757	21.12%	43,489,917	20.16%	43,788,988	19.56%	45,907,866	13.53%	48,469,044	20.65%	51,715,777	20.95%
Manufacturing	8,681,075	6.69%	12,447,497	5.77%	11,876,878	5.31%	105,127,795	30.97%	13,031,405	5.55%	15,518,051	6.29%
Utilities	9,438,093	7.27%	15,516,232	7.19%	13,822,103	6.18%	14,974,480	4.41%	14,564,172	6.20%	15,691,932	6.36%
Other retail	16,732,759	12.89%	28,680,933	13.30%	28,304,008	12.65%	28,864,180	8.50%	27,439,327	11.69%	28,954,796	11.73%
Wholesale	7,679,644	5.92%	14,921,503	6.92%	19,717,692	8.81%	20,715,137	6.10%	22,707,086	9.67%	24,610,514	9.97%
Automotive	8,740,443	6.73%	14,541,053	6.74%	16,949,228	7.57%	18,495,932	5.45%	9,620,779	4.10%	5,440,737	2.20%
Home furnishings	10,807,468	8.32%	17,984,958	8.34%	18,723,733	8.37%	31,904,031	9.40%	19,541,967	8.33%	20,641,685	8.36%
Miscellaneous services	14,949,730	11.52%	24,842,900	11.52%	26,404,200	11.80%	30,138,227	8.88%	31,678,693	13.50%	32,236,430	13.06%
Other services	1,589,193	1.22%	3,161,945	1.47%	5,703,393	2.55%	7,900,889	2.33%	5,738,590	2.44%	6,339,155	2.57%
Accommodations	6,482,739	4.99%	11,134,572	5.16%	11,069,356	4.95%	11,675,195	3.44%	11,068,488	4.72%	13,120,840	5.32%
Construction	1,066,196	0.82%	1,508,165	0.70%	1,129,538	0.50%	1,364,639	0.40%	1,813,022	0.77%	2,452,704	0.99%
<b>Total Taxable Sales</b>	<b>\$ 129,824,659</b>	<b>100.00%</b>	<b>\$ 215,696,765</b>	<b>100.00%</b>	<b>\$ 223,833,260</b>	<b>100.00%</b>	<b>\$ 339,404,032</b>	<b>100.00%</b>	<b>\$ 234,721,373</b>	<b>100.00%</b>	<b>\$ 246,826,690</b>	<b>100.00%</b>
<b>Total percentage change</b>	-		66.1%		3.8%		51.6%		-30.8%		5.2%	

**Notes:**

<sup>1</sup> Only six years of data is available.

<sup>2</sup> Information only available for the total Fulton County.

<sup>3</sup> Beginning in May 2009, the Georgia Department of Revenue changed their sales classifications, therefore, only seven months reported.

<sup>4</sup> North American Industry Classification System (NAICS)

**Data Source:**

Georgia Department of Revenue

**City of Hapeville, Georgia**  
***Water Consumption Billed (Unaudited) <sup>1</sup>***  
***Last Six Fiscal Years***

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<b>Fiscal Year</b>	<b>Gallons</b>	<b>% Change</b>
2009	185,866,000	N/A
2010	190,486,000	2.5%
2011	225,972,000	18.6%
2012	225,724,000	-0.1%
2013	207,470,000	-8.1%
2014	212,189,000	2.3%

***Notes:***

Data not available prior to fiscal year 2009.

***Data Source:***

<sup>1</sup> City's billing department.

**City of Hapeville, Georgia**  
**Water Service Rates (Unaudited)**  
**Last Seven Fiscal Years**

	Fiscal Year Ended June 30,						
	2008	2009	2010	2011	2012	2013	2014
Minimum charge (0-2k gal)	\$ 14.00	\$ 14.00	\$ 15.72	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56
0-2k gal	7.00	7.00	7.86	8.78	8.78	8.78	8.78
2k-10k gal	7.00	7.00	7.86	8.78	8.78	8.78	8.78
10k-50k gal	7.65	7.65	8.51	9.43			
50k + gal	8.00	8.00	8.86	9.78			
10k-16k gal					10.98	10.98	10.98
16k+ gal					17.56	17.56	17.56

**Data Source:**

City Customer Service Department

**Notes:**

Only seven years of information available.

**City of Hapeville, Georgia**  
**Number of Water Customer Accounts at Year-end (Unaudited) <sup>2</sup>**  
**Last Seven Fiscal Years <sup>1</sup>**

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<u>Fiscal Year</u>	<u>Number</u>	<u>% Change</u>
2008	2,069	N/A
2009	2,078	0.4%
2010	2,070	-0.4%
2011	2,076	0.3%
2012	2,068	-0.4%
2013	2,085	0.8%
2014	2,075	-0.5%

**Notes:**

1 Only seven years of data is available

**Data Source:**

<sup>2</sup> City Customer Service Department.

*City of Hapeville, Georgia*  
*Ten Largest Customers - Water Service (Unaudited)*  
*Fiscal Years 2007 & 2014*

<u>Fiscal Year 2007<sup>1</sup></u>				<u>Fiscal Year 2014</u>		
<u>Rank</u>	<u>Customer</u>	<u>Consumption Gallons</u>	<u>%</u>	<u>Customer</u>	<u>Consumption Gallons</u>	<u>%</u>
1	Atlanta Airport Hilton	24,283	8.2%	Atlanta Airport Hilton	21,563	10.2%
2	Ashkouti (King Arnold Apts)	20,476	6.9%	Digital Doug Davis, LLC	11,150	5.3%
3	Incity Suites	6,781	2.3%	Bell Fund-Asbury Park Apts	7,122	3.4%
4	Wachovia Bank Ops Bldg	5,102	1.7%	Delta Airlines	5,059	2.4%
5	Del Mar Apts	4,279	1.4%	Del Mar Apts	4,853	2.3%
6	Hapeville Coin Laundry	3,897	1.3%	Incity Suites	3,985	1.9%
7	Apsilon Management (Best Western)	3,403	1.1%	Incity Suites	3,942	1.9%
8	Delta Airlines	3,324	1.1%	Wachovia Bank Ops Bldg	2,934	1.4%
9	Marriott, Inc	2,905	1.0%	QD Properties	2,740	1.3%
10	Delta Airlines	1,701	0.6%	Marriott, Inc	2,362	1.1%
	<b>Total Ten Largest Customers</b>	76,151	25.7%	<b>Total Ten Largest Customers</b>	65,710	31.0%
	<b>All Other Customers</b>	220,413	74.3%	<b>All Other Customers</b>	146,479	69.0%
	<b>Total</b>	296,564	100.0%	<b>Total</b>	212,189	100.0%

**Data Source:**

City Water Department

**Notes:**<sup>1</sup> New billing software installed

**City of Hapeville, Georgia**  
**Sewer Service Rates (Unaudited)**  
**Last Seven Fiscal Years**

	Fiscal Year Ended June 30,						
	2008	2009	2010	2011	2012	2013	2014
Minimum charge (0-2k gal)	\$ 7.50	\$ 7.50	\$ 7.50	\$ 7.50	\$ 8.25	\$ 8.44	\$ 12.24
0-2k gal	3.75	3.75	3.75	3.75	4.13	4.22	6.12
2k-10k gal	4.75	4.75	4.75	4.75	5.23	5.36	7.77
10k-50k gal	5.25	5.25	5.25	5.25			
50k +	5.50	5.50	5.50	5.50			
10k-16k gal					5.78	5.92	8.58
16k+					6.05	6.20	8.99

**Data Source:**

City Customer Service Department

**Notes:**

Only seven years of information available.

**City of Hapeville, Georgia**  
**Ratios of Total Debt Outstanding by Type (Unaudited) <sup>1</sup>**  
**Last Ten Fiscal Years**

June 30,	Governmental Activities				Business-type Activities		Grand Total	Percentage of Personal Income	Estimated <sup>2</sup> Population	Per Capita
	Certificates of Participation	Notes	Capital Leases	Total	Revenue Bonds					
2005	\$ -	\$ -	\$ 4,282	\$ 4,282	\$ 5,510,001	\$ 5,514,283	0.012%	818,737	\$ 7	
2006	-	-	-	-	5,055,000	5,055,000	0.010%	845,181	6	
2007	-	-	150,674	150,674	4,580,000	4,730,674	0.009%	869,329	5	
2008	990,000	-	259,897	1,249,897	4,085,000	5,334,897	0.010%	888,694	6	
2009	815,000	-	122,867	937,867	3,570,000	4,507,867	0.009%	905,511	5	
2010	515,000	-	61,298	576,298	3,035,000	3,611,298	0.007%	920,581	4	
2011	325,000	743,505	17,656	1,086,161	2,475,000	3,561,161	0.007%	949,777	4	
2012	165,000	589,743	-	754,743	1,895,000	2,649,743	0.005%	977,129	3	
2013	-	735,254	-	735,254	11,020,000	11,755,254	0.021%	984,293	12	
2014	-	553,081	-	553,081	16,395,000	16,948,081	0.029%	991,509	17	

**Notes:**

<sup>3</sup> In fiscal year 2014, the City issued \$6,385,000 of revenue and by reclassifying the Development Authority as a blended component unit, the revenue bonded debt assumed by the City, totaled \$9,730,000. Only the fiscal year 2013 was restated to reflect the Development Authority's debt.

**Data Sources:**

<sup>1</sup> Applicable years' annual financial report.

<sup>2</sup> Exhibit XXI.

**City of Hapeville, Georgia**  
**Direct and Overlapping Governmental Activities Debt (Unaudited)**  
**June 30, 2014**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable <sup>1</sup>	Estimated Share of Underlying Debt
<b>Overlapping Debt<sup>2</sup></b>			
Fulton County Schools General Obligation Bonds	\$ 87,460,000	1.0%	\$ 874,600
City of Union City Georgia, Revenue Bonds (Fulton County School District Project)	30,883,666	1.0%	<u>308,837</u>
<b>Total Overlapping Debt</b>			1,183,437
<b>City Direct Debt</b>			
Notes payable			<u>553,081</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 1,736,518</u></u>

**Notes:**

<sup>1</sup> Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's geographic boundaries and dividing it by each government's total assessed valuation.

<sup>2</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

**Data Source:**

<sup>3</sup> Each specific government

**City of Hapeville, Georgia**  
**Legal Debt Margin (Unaudited)**  
**Last Ten Fiscal Years**

	June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Taxable Assessed Value</b> <sup>1</sup>	\$ 325,981,867	\$ 334,874,065	\$ 312,386,882	\$ 317,580,058	\$ 336,894,645	\$ 315,665,152	\$ 316,654,306	\$ 270,554,606	\$ 270,353,750	\$ 259,744,057
<b>Legal Debt Margin</b>										
Debt limit (10% of assessed value) <sup>2</sup>	\$ 32,598,187	\$ 33,487,407	\$ 31,238,688	\$ 31,758,006	\$ 33,689,465	\$ 31,566,515	\$ 31,665,431	\$ 27,055,461	\$ 27,035,375	\$ 25,974,406
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
<b>Legal Debt Margin</b>	<u>\$ 32,598,187</u>	<u>\$ 33,487,407</u>	<u>\$ 31,238,688</u>	<u>\$ 31,758,006</u>	<u>\$ 33,689,465</u>	<u>\$ 31,566,515</u>	<u>\$ 31,665,431</u>	<u>\$ 27,055,461</u>	<u>\$ 27,035,375</u>	<u>\$ 25,974,406</u>
Total net debt applicable to the limit as a % of the debt limit	<u>0.00%</u>									

**Notes:**

<sup>2</sup> Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed value of the taxable property located

**Data Source:**

<sup>1</sup> Exhibit XII

**City of Hapeville, Georgia**  
**Demographic and Economic Statistics (Unaudited)**  
**Last Ten Calendar Years**

Calendar Year	Population <sup>1</sup>	(thousands of dollars) Personal Income <sup>2</sup>	Per Capita		Median Age <sup>4</sup>	Unemployment Rate		
			Personal Income <sup>3</sup>	Personal Income % of U.S. <sup>3</sup>		County <sup>5</sup>	State of Georgia <sup>6</sup>	United States <sup>7</sup>
2005	818,737	\$ 46,049,314	\$ 50,021	155%	N/A	5.5%	5.6%	5.1%
2006	845,181	49,656,730	53,949	159%	N/A	5.0%	5.1%	4.6%
2007	869,329	51,146,432	57,887	163%	N/A	4.7%	4.8%	4.6%
2008	888,694	54,379,042	60,980	162%	N/A	6.2%	6.3%	5.6%
2009	905,511	52,177,800	61,964	157%	N/A	10.5%	10.4%	9.5%
2010	920,581	51,034,971	59,604	146%	N/A	10.2%	10.3%	9.4%
2011	949,777	53,234,047	54,249	140%	N/A	10.2%	10.4%	9.1%
2012	977,129	56,258,497	55,407	139%	35.2	9.3%	8.9%	8.2%
2013	984,293	57,199,599	58,112	130%	N/A	8.6%	8.3%	7.5%
2014	991,509	58,171,992	58.670	132%	N/A	7.5%	7.8%	6.1%

**Notes:**

The population and personal income data only available for Fulton County. Note that the County data may not reflect similar trends within the City do to different demographics.

**Data Sources:**

<sup>1</sup> Real Estate Center, <http://recenter.tamu.edu/data/empc/LAUCN132850.htm> (2005-2013), estimated by management (2014)

<sup>2</sup> U.S. Bureau of Economic Analysis - <http://www.bea.gov/regional/reis/>, information only available for County

<sup>3</sup> Bureau of Economic Analysis - <http://www.bea.gov/regional/reis/drill.cfm>

<sup>4</sup> U.S. Census Bureau - <http://usgovinfo.about.com/gi/dynamic/offsite.htm?site=http://factfinder.census.gov/>

<sup>5</sup> Fulton County Board of Education - includes 100% of County enrollment

<sup>6</sup> Real Estate Center, <http://recenter.tamu.edu/data/empc/LAUCN132850.htm>

<sup>7</sup> U.S. Department of Labor, Bureau of Labor Statistics.

N/A - Not Available

**City of Hapeville, Georgia**  
**Principal Employers (Unaudited)**  
**For the Fiscal Year Ended June 30, 2014**

<b>Employer</b>	<b>Type of Business</b>
Delta Airlines	Airlines
Wachovia	Banking/Finance
Travelport	Hotel/Motel
Atlanta Dept of Aviation	Government airport
Hilton	Hotel/Motel
Delta Credit Union	Banking/Finance
Marriott	Hotel/Motel
Courtyard	Hotel/Motel
Red Roof Inn	Hotel/Motel
Best Western	Hotel/Motel

**Notes:**

<sup>1</sup> Estimated by Management - this information is only available on a County basis and none of the largest County employers are located in the City of Hapeville, therefore we have not presented this information.. No data is available prior to 2013 and the number of employees information is not available. However, Delta Airlines is by far the largest employer located in the City and would make up approximately 90% or more of all employers..

**Data Source:**

City Administration

**City of Hapeville, Georgia**  
**City Employees by Function/Program (Unaudited)**  
**Last Eight Fiscal Years**

<u>Function/program</u>	<u>Fiscal Year</u>							
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<i>General Government</i>								
<i>City clerk</i>	1	1	1	1	1	1	1	1
<i>Human resources</i>	1	1	1	1	1	1	1	1
<i>Finance and information technology</i>	2	5	9	7	5	5	5	5
<i>Purchasing</i>	5	-	-	-	-	-	-	-
<i>Planning</i>	1	1	1	1	1	1	1	-
<i>Parks, building and grounds</i>	11	11	7	7	12	12	12	15
<i>Courts</i>	2	2	2	3	3	3	3	3
<i>Police</i>	54	54	43	47	49	49	48	42
<i>Fire</i>	33	33	34	36	33	33	33	31
<i>Sanitation</i>	7	7	8	8	6	6	6	6
<i>Public works</i>	7	7	7	7	7	7	7	8
<i>Economic development</i>	4	4	2	3	6	6	6	3
<i>Recreation</i>	4	4	9	9	10	10	10	17
<i>Water and sewer</i>	11	11	7	7	6	6	6	6
<b>Total</b>	<b>143</b>	<b>141</b>	<b>131</b>	<b>137</b>	<b>140</b>	<b>140</b>	<b>139</b>	<b>138</b>
<b>Percentage Change From Prior Year</b>	-	-1.4%	-7.1%	4.6%	2.2%	0.0%	-0.7%	-0.7%

**Notes:**

Fiscal years 2005 and 2006 not available

**City of Hapeville, Georgia**  
*Capital Asset Statistics by Function/Program (Unaudited)*  
*Last Ten Fiscal Years*

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21	21	21	21	21
<b>Fire Stations</b>	2	2	2	2	2	2	2	2	2	2
<b>Refuse Collections</b>										
Collection Trucks	4	4	4	4	4	4	5	5	5	5
<b>Other Public Works</b>										
Streets*(miles)	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4	4	4	4	4	4	4	4	4	4
<b>Parks &amp; Recreation</b>										
Acreage	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67
Community Centers	1	1	1	2	2	2	2	2	2	2
<b>Water</b>										
Miles of water mains	21	21	21	21	21	21	21	21	21	21
<b>Sewer Service:</b>										
Miles of sanitary sewers	24	24	24	24	24	24	24	24	24	24

*Data Source*

Various City Departments

COMPLIANCE SECTION



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February 23, 2015

INDEPENDENT AUDITORS' 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

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

We have audited in accordance with the auditing standards generally accepted in the United States of American 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 Hapeville, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Hapeville, Georgia's basic financial statements and have issued our report thereon dated February 23, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements,, we considered City of Hapeville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hapeville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hapeville, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (Finding 2014-001).

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Hapeville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### City of Hapeville, Georgia's Response to Findings

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

### Purpose of this Report

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

Yours truly,

A handwritten signature in blue ink that reads "J. K. Boatwright & Co., P.C." in a cursive style.

J. K. BOATWRIGHT & CO., P. C.  
Certified Public Accountants

15 North Lafayette Square LaGrange, Georgia 30240  
P.O. Box 1107 LaGrange, Georgia 30241  
Phone: 706-884-4605 Fax: 706-845-0057

February 23, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited City of Hapeville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Hapeville, Georgia's major federal programs for the year ended June 30, 2014. City of Hapeville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Hapeville, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about City of Hapeville, Georgia's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, City of Hapeville, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control over Compliance**

Management of City of Hapeville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Hapeville, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB A-133, but not for the

purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Hapeville, Georgia's internal control over compliance.

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

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Yours truly,



J. K. BOATWRIGHT & CO., P. C.  
Certified Public Accountants

**City of Hapeville, Georgia**  
**Schedule of Expenditures of Federal Awards**  
**For The Year Ended June 30, 2014**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b><u>U. S. Department of Agriculture</u></b>			
Passed through Georgia Department of Early Care and Learning (Bright from the Start)			
Summer Food Service Program	10.559	8398	\$ <u>11,906</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Fulton County, Georgia			
Community Development Block Grant/Entitlement Grant			
Sidewalk Improvements	14.216	Fulton 2013	<u>94,876</u>
<b><u>U. S. Department of Transportation</u></b>			
Passed through Georgia Department of Transportation:			
Highway Planning and Construction -			
Earmark - Airport Loop Access Road	20.205	CSHPP-007-00(532)	13,576
Streetscape-LCI - N Central Ave	20.205	CSSTP-0008-00(903)	19,656
Streetscape-LCI - Dogwood Drive	20.205	PI# 0010329	20,395
TE Depot and Tourism Information Center	20.205	CSTEE-0009-00(052)	368,845
Transportation Facility Improvements - Rail Facilities and Corridor	20.205	PI#0007949	<u>154,685</u>
<b>Total for U.S. Department of Transportation</b>			<u>577,157</u>
<b>Total Federal Financial Awards</b>			<u>\$ 683,939</u>

**Note 1 - Basis of Presentation**

This schedule of expenditures of federal awards includes the federal grant activity of City of Hapeville, Georgia, and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**City of Hapeville, Georgia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of Auditors' report issued	Unmodified
Internal control over financial reporting: Material Weakness(es) identified?	None reported
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	None reported

Federal Awards

Internal Control over major programs: Material Weakness(es) identified?	None reported
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .501(a)?	None reported

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**City of Hapeville, Georgia**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2014**

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**Section II – Financial Statement Findings**

***Finding 2014-001***

**Criteria** – There is lack of adequate segregation of duties and oversight, thus subjecting the financial information to potential errors, omissions and fraud.

**Condition** – There is a shortage of employees in the accounting functions thereby making the separation of duties difficult. The responsibility for authorizing transactions, recording transactions, and maintaining custody of assets is not always assigned to different personnel. Financial information reporting is also not timely.

**Cause** – The lack of segregation of duties and timeliness of reports is due to the limited number of employees in the finance department.

**Effect** – Failure to properly segregate between recording, receipt/distribution, and reconciliation of accounts can result in intentional or unintentional errors that could occur without being promptly detected. Timeliness of financial information also impacts the year-end close resulting in an untimely audit.

**Recommendation** –The City should place a priority on hiring an additional qualified staff person in the finance department. Separation of duties is a basic internal control measure. No one person should have complete control over the financial records. This finding was noted in the prior year.

**Response** – *Cause* – The City has experienced declines in its financial position since the recession. Consequently most hiring has been frozen, including new finance staff. *Efforts* – However, the department has made some changes in its internal controls by improving documentation, speeding up the reconciliation process, having existing staff sign off on each other’s work, clarifying the chain of command, requiring authorization and review of transactions by department heads, etc. The City did fill a vacant position in the last quarter of the current fiscal year. Since that time though, the person hired has left and another person has now been hired. The additional person will allow further division of duties. *Constraints* – However, the City will remain a relatively small city with a correspondingly small staff, an inherent constraint on internal controls. The finance department will continue to implement techniques with better utilization of existing resources, and will work with the auditors to identify and prioritize opportunities to improve controls.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reported.

**City of Hapeville, Georgia  
Schedule of Prior Year Findings  
For the Year Ended June 30, 2014**

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***Finding 2013-1***

**Criteria** – There is lack of adequate segregation of duties and oversight, thus subjecting the financial information to potential errors, omissions and fraud.

**Condition** – There is a shortage of employees in the accounting functions thereby making the separation of duties difficult. The responsibility for authorizing transactions, recording transactions, and maintaining custody of assets is not always assigned to different personnel. Financial information reporting is also not timely.

**Cause** – The lack of segregation of duties and timeliness of reports is due to the limited number of employees in the finance department.

**Effect** – Failure to properly segregate between recording, receipt/distribution, and reconciliation of accounts can result in intentional or unintentional errors that could occur without being promptly detected. Timeliness of financial information also impacts the year-end close resulting in an untimely audit.

**Recommendation** – The City should place a priority on hiring an additional qualified staff person in the finance department. Separation of duties is a basic internal control measure. No one person should have complete control over the financial records. This finding was noted in the prior year.

**Status of Corrective Action** – While improvements have been made, there is still a lack of adequate segregation of duties. A new hire was made in the last quarter of the year. Repeat finding.