

CITY OF HAPEVILLE, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Prepared By:
Finance Department

CITY OF HAPEVILLE, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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INTRODUCTORY SECTION



ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

May 4, 2022

To the Mayor, City Council,
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. However, an extension may be granted for an additional six months if deemed appropriate. Pursuant to that state requirement, enclosed is the Annual Comprehensive Financial Report (ACFR) of the City for the fiscal year ended June 30, 2021.

This ACFR consists of City management's representations concerning the finances of the 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, management of the City has established internal controls that are designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's 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's financial statements for the fiscal year ended June 30, 2021 have been audited by Mauldin & Jenkins, LLC, an auditing firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City, as of and for the fiscal year ended June 30, 2021, 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. Mauldin & Jenkins, LLC, concluded, based upon the completed audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

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's MD&A can be found immediately following the independent auditors' report.

Community Service
3474 N. Fulton Avenue
404-669-2120

Economic Development
3468 N. Fulton Avenue
404-669-8269

Fire Department
606 King Arnold Street
404-669-2141

Police Department
700 Doug Davis Drive
404-768-7171

Recreation Department
3444 N. Fulton Avenue
404-669-2136

Profile of the City Government

The City, located in the south/central portion of Georgia on I-75, has its corporate limits contiguous to those of the City of Atlanta. The City has an easy seven-mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I-85, I-75 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 world. The City encompasses 2.5 square miles and serves a population of 6,553 according to the 2020 U.S. Census.

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 four-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 budget public hearing to obtain citizen comments. After the public hearing, the Council 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 the City operates.

Local Economy

During the fiscal year, despite the continuing COVID-19 Pandemic, the City's overall local economy experienced improvement in performance while the performance of the regional and national economies was slow-moving. The City has seen its real & personal property tax assessments increase by 54% from year 2016 to year 2021. In contending with 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 and moderate climate, as well as the availability of utilities, a skilled work force, and business incentives. The City has rail transportation through the City. It is also adjacent to the Hartsfield-Jackson International Airport and is bordered on west by Interstate I-85 and on the east by Interstate I-75. 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:

- Continuing renovations of several parks and grounds facilities
- Refurbishing the Water, Sewer and Storm water infrastructure
- Renovation/landscaping of North Central Avenue business district
- Continuation of art projects enhancing the brand a city for the arts

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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 improved financial management.

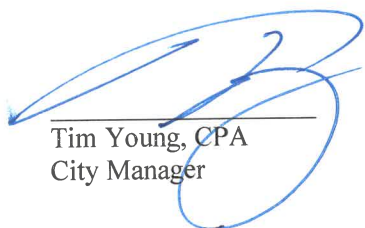
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the seventh year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy generally accepted accounting principles, applicable legal requirements and GFOA standards.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's reporting standards and we are submitting it to GFOA to determine its eligibility for another certificate.

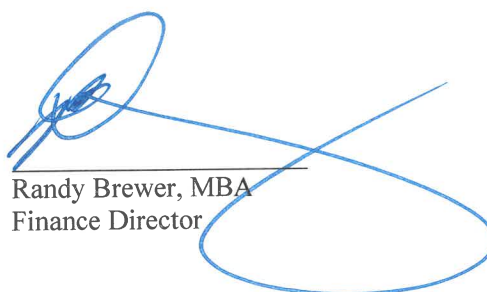
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We also wish to extend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

Maintaining the highest standards of professionalism in the management of the City's finances and financial reporting is made possible by the unfailing support and encouragement of the City Manager, the Mayor and the City Council for their recognition of the importance of the ACFR information for the citizens, vendors and creditors of the City.

Respectfully submitted,



Tim Young, CPA
City Manager



Randy Brewer, MBA
Finance Director

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City Hall 404.669.2100 www.hapeville.org

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hapeville
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN AT LARGE

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

List of Elected and Appointed Officials as of June 30, 2021

- Alan Hallman – Mayor
- Michael Rast – Alderman at Large
- Travis Horsley – Councilman at Large
- Mark Adams – Councilman, Ward 1
- Chloe Alexander – Councilman, Ward 2
- Tim Young – City Manager
- Sharee Steed – City Clerk
- Rick Glavosek – Police Chief
- David Bloodworth – Fire Chief
- Randy Brewer – Finance Director
- Smith, Welch, Webb & White – City Attorney

3468 North Fulton Avenue, Hapeville, Georgia 30354
City Hall 404.669.2100 www.hapeville.org

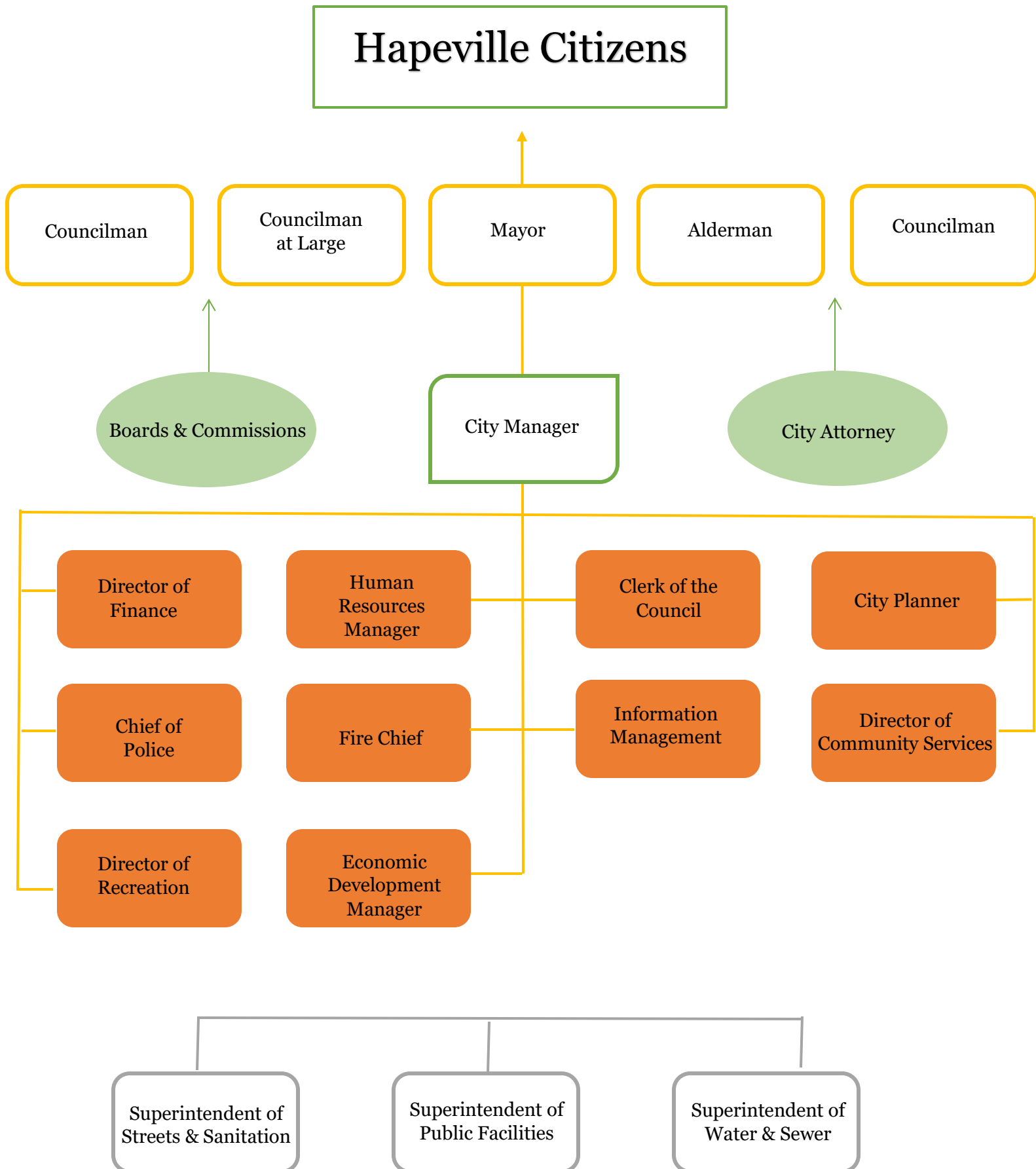
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the 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 the **City of Hapeville, Georgia** (the "City") as of and for the fiscal year ended June 30, 2021, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, ARP Fund, and Hotel/Motel Tax Fund for the fiscal 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 (on pages 4 through 13), the Schedule of City Contributions – Retirement Plan (on page 60), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 59), and the Schedules of Changes in the City's Total OPEB Liability and Related Ratios (on page 61) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 4, 2022

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, 2021. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2021 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$21,958,211 (total net position) as of June 30, 2021.
- Total net position is comprised of the following:
 - (1) The net investment in capital assets of \$38,992,705 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$2,107,791 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 \$19,142,285.
- The City's governmental funds reported total ending fund balance of \$4,962,975 at June 30, 2021. This compares to the prior fiscal year ending fund balance of \$3,786,915 showing a significant increase of \$1,176,060 during the current fiscal year. Unassigned fund balance of \$2,760,072 at June 30, 2021 reflects an increase of \$865,932 from the prior fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,760,072 or 20.07% of total General Fund expenditures.

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 the City's assets, deferred outflows/inflows of resources 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 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, highways and streets, parks and grounds, recreation, planning and zoning, and trade, tourism and development. Business-type activities include the water and sewer system, sanitation activities, stormwater activities and development authority activities.

The government-wide financial statements are presented on pages 14 and 15 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 fiscal 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 16 - 21 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 four enterprise funds. The enterprise fund essentially encompasses the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 22 - 24 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 page 25 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 and postemployment healthcare plans. The required supplementary information can be found on pages 59 - 62 of this report.

Supplementary Information

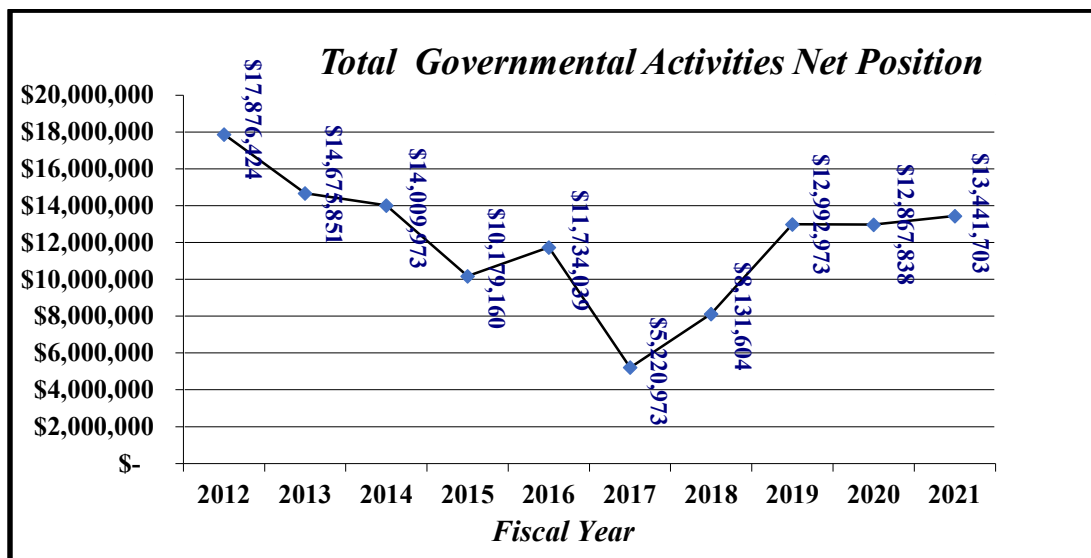
As discussed, the City reports major funds in the basic financial statements. Comparative information for major funds and combining and individual statements and schedules for nonmajor funds, including budgetary comparison schedules, are presented in a supplementary information section of this report beginning on page 62.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at fiscal year-end is \$21,958,211. 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets	\$ 5,717,102	\$ 3,912,848	\$ 5,094,135	\$ 4,775,198	\$ 10,811,237	\$ 8,688,046
Noncurrent assets						
Other	692,309	692,309	736,335	1,077,379	1,428,644	1,769,688
Capital	28,109,651	27,119,452	14,039,523	14,474,065	42,149,174	41,593,517
Total assets	34,519,062	31,724,609	19,869,993	20,326,642	54,389,055	52,051,251
Deferred outflows of resources	10,627,738	10,161,736	734,803	787,813	11,362,541	10,949,549
Liabilities:						
Current liabilities	2,358,411	1,479,508	3,199,298	3,235,027	5,557,709	4,714,535
Long-term liabilities	25,727,313	22,668,119	8,640,134	10,095,048	34,367,447	32,763,167
Total liabilities	28,085,724	24,147,627	11,839,432	13,330,075	39,925,156	37,477,702
Deferred inflows of resources	3,619,373	4,870,880	248,856	341,863	3,868,229	5,212,743
Net position:						
Net investment in capital assets	26,015,801	25,503,707	12,976,904	13,427,038	38,992,705	38,930,745
Restricted	1,007,836	970,169	1,099,955	878,447	2,107,791	1,848,616
Unrestricted (deficit)	(13,581,934)	(13,606,038)	(5,560,351)	(6,862,968)	(19,142,285)	(20,469,006)
Total net position	\$ 13,441,703	\$ 12,867,838	\$ 8,516,508	\$ 7,442,517	\$ 21,958,211	\$ 20,310,355

The following chart reports the City's total governmental activities net position balances from fiscal years 2012 – 2021:



From 2012 to 2017, the City's net position from governmental activities decreased from \$17,876,424 to \$5,220,973 or by 70.79%. Since the low point of 2017, the City's net position from governmental activities has increased to \$13,441,703 or by 157.46%.

Current assets in governmental activities increased \$1,804,254 or 46.28% and business-type activities increased \$318,937 or 6.7% as of fiscal year June 30, 2021.

The City's overall financial position improved during fiscal year 2021. Net position for governmental activities increased by \$573,865 or 4.46%. Net position for business-type activities increased by \$1,073,991 or 14.43% in fiscal 2021.

Note that approximately 81% 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 approximately 71% 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 invested approximately 78% of its total assets in capital assets, as presented in the government-wide statement of net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Fiscal Year Ended June 30, 2021

City of Hapeville, Georgia

The following table provides a summary of the City's changes in net position for the fiscal years ended June 30, 2021 and 2020:

Summary of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program:						
Charges for services & fines	\$ 1,548,094	\$ 1,767,968	\$ 5,070,344	\$ 5,222,618	\$ 6,618,438	\$ 6,990,586
Operating grants	1,220,517	4,630	-	-	1,220,517	4,630
Capital grants	1,644,661	1,904,573	-	-	1,644,661	1,904,573
General:						
Property taxes	7,475,538	7,439,950	-	-	7,475,538	7,439,950
Sales taxes	2,030,907	1,867,684	-	-	2,030,907	1,867,684
Hotel/motel taxes	2,022,758	2,801,045	-	-	2,022,758	2,801,045
Other taxes	1,767,707	1,798,547	-	-	1,767,707	1,798,547
Gain on sale of capital assets	337,550	-	295,514	-	633,064	-
Other	100,390	91,858	59,626	548,965	160,016	640,823
Total revenues	18,148,122	17,676,255	5,425,484	5,771,583	23,573,606	23,447,838
Program Expenses:						
General government	3,181,487	3,064,547	-	-	3,181,487	3,064,547
Judicial	328,236	357,220	-	-	328,236	357,220
Public safety	7,757,447	7,803,633	-	-	7,757,447	7,803,633
Highways and streets	1,593,163	1,485,918	-	-	1,593,163	1,485,918
Culture and recreation	2,063,606	2,201,635	-	-	2,063,606	2,201,635
Planning and zoning	189,853	330,671	-	-	189,853	330,671
Trade, tourism and development	1,602,145	2,142,435	-	-	1,602,145	2,142,435
Interest	63,272	60,495	-	-	63,272	60,495
Water and sewer	-	-	4,118,383	3,802,086	4,118,383	3,802,086
Stormwater	-	-	190,984	286,534	190,984	286,534
Solid waste management	-	-	572,581	528,226	572,581	528,226
Development authority	-	-	264,593	458,689	264,593	458,689
Total expenses	16,779,209	17,446,554	5,146,541	5,075,535	21,925,750	22,522,089
Revenues over expenses	1,368,913	229,701	278,943	696,048	1,647,856	925,749
Transfers in and out	(795,048)	(354,836)	795,048	354,836	-	-
Changes in net position	573,865	(125,135)	1,073,991	1,050,884	1,647,856	925,749
Beginning net position	12,867,838	12,992,973	7,442,517	6,391,633	20,310,355	19,384,606
Ending net position	\$ 13,441,703	\$ 12,867,838	\$ 8,516,508	\$ 7,442,517	\$ 21,958,211	\$ 20,310,355

Governmental Activity - Revenues

Governmental revenues increased \$471,867 or 2.67%. Charges for services decreased \$219,874 or 12.44% due to significant decreases in probation fees and construction permits. Operating grants increased by \$1,215,887 primarily from revenues from the federal pandemic program, American Rescue Plan. Capital grants decreased \$259,912 or 13.65% as T-SPOST collections decreased. Hotel/Motel taxes decreased \$778,287 based on the impact of COVID-19 on travel related to Hartsfield-Jackson International Airport. Sales taxes increased \$163,223 or 8.74% as the retail economy continues to improve.

Governmental Activity Expenses

Overall governmental expenses decreased \$667,345. General government expenses increased \$116,940 or 3.82% primarily from increases in finance related professional services related to revenue enhancement. Public safety expenses were consistent with the prior fiscal year and decreased slightly by \$46,186 or 0.59%. Highways and street expenses increased \$107,245 or 7.22% primarily from increased depreciation allocations. Parks and recreation expenses decreased \$138,029 or 6.27% primarily from decreases in pension and retirement related allocations. Trade, Tourism and Development expenses decreased \$540,290 or 25.22% primarily from decreases in marketing services associated with the pandemic.

Business-Type Activities

Overall Analysis – Total operating revenues decreased \$641,613 or 11.12%. Total operating expenses increased \$250,367 or 5.39%. In total, the operating income decreased \$891,980 or 79.01% over fiscal year 2020 amount.

The operating income (loss) for each utility was as follows:

	2021	2020
Water and sewerage system	\$ 155,586	\$ 571,678
Storm water utility	56,184	(32,384)
Solid Waste	(19,699)	558,139
Development authority	44,943	31,561
	<u>\$ 237,014</u>	<u>\$ 1,128,994</u>

The following includes an analysis of the fiscal year 2021 financial activities for each enterprise fund.

Water and Sewer Utility Fund - The operating income of \$155,586 in fiscal year 2021 compares to an operating income of \$571,678 in fiscal year 2020. Operating revenues experienced a slight decrease of \$102,660 or 2.35% from \$4,369,900 to \$4,267,240. Total operating expenses increased \$313,432 or 8.25%, from \$3,798,222 in 2020 to \$4,111,654 in 2021. The increases were primarily related to increased allocations of OPEB costs along with increases in costs of wholesale water and sewerage costs and increases in repairs and maintenance. Transfers to other funds decreased \$376,439 or 27.84% as a result of decreased operating income. At fiscal year-end, net position totaled \$12,788,708 a decrease of \$826,626 or 6.07% from the prior fiscal year.

Storm Water Utility Fund – The operating income for this fund was \$56,184 compared to a loss of \$32,384 in the prior fiscal year. Total operating revenues decreased slightly by \$6,982 or 2.75% from the prior fiscal year. Total operating expenses decreased \$95,550 or 33.35% due to decreases in repairs and maintenance costs and technical services. The net position of this fund at fiscal year end of June 30, 2021 was \$994,904.

Solid Waste Fund – Operating income for this fund decreased \$577,838 or 103.53%. Revenues decreased \$533,483 or 49.11% as the prior fiscal year benefitted from a \$548,965 reallocation of pension and OPEB costs. Operating expenses increased from \$528,226 to \$572,581, an increase of \$44,355 or 8.4% primarily from increased repair and maintenance costs.

Development Authority Fund – This fund is utilized as the bond agent for the City. In this fiscal year, this fund reported only \$62,680 in revenues and \$17,737 in expenses. For fiscal 2021, this fund reported a gain on sale of investment property of \$295,514. Interest expenses decreased \$182,226 or 42.47% as a result of refinancing of debt in prior fiscal years. Total transfers into this fund were \$1,826,459 which included a transfer from the general fund of \$850,976 to cover bond debt payments for the 2014, and 2019 bond issues. This fund also transferred in \$975,483 from the water and sewer fund, which covered a portion of the same bond issues.

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 fiscal year in comparison with upcoming financing requirements. Governmental funds reported fund balances of \$4,962,975 as of fiscal year end of June 30, 2021 compared to a balance of \$3,786,915 at fiscal year end of June 30, 2020, an increase of \$1,176,060.

Of this fiscal year-end total, \$2,760,072 is unassigned indicating availability for continuing City service delivery requirements. This is an increase of \$865,932 or 31.37% over the prior fiscal year. Non-spendable fund balances were \$1,224,247. Legally restricted fund balances include \$965,720 which are set aside for specific program purposes.

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. From our experience, the ending unassigned fund balance of \$2,760,072 is considered adequate for cash flow purposes, although not excessive, representing the equivalent of 20.07% of annual expenditures. Below is a comparison of General Fund revenues and expenditures for 2021 and 2020.

	General Fund			
	2021	2020	\$ Change	% Change
Revenues:				
Taxes	\$ 11,102,488	\$ 10,902,900	\$ 199,588	1.8%
Licenses and permits	580,767	707,583	(126,816)	-17.9%
Intergovernmental revenues	272,604	79,000	193,604	245.1%
Fines and forfeitures	492,613	462,517	30,096	6.5%
Charges for services	314,352	433,620	(119,268)	-27.5%
Interest income	13	5,847	(5,834)	-99.8%
Other	100,877	90,631	10,246	11.3%
Total revenues	12,863,714	12,682,098	181,616	1.4%
Expenditures:				
General government	2,803,651	2,497,277	306,374	12.3%
Public safety	5,797,168	6,241,058	(443,890)	-7.1%
Highways and streets	922,443	829,856	92,587	11.2%
Culture and recreation	1,688,070	1,752,167	(64,097)	-3.7%
Judicial	304,382	308,218	(3,836)	-1.2%
Planning and zoning	176,056	285,311	(109,255)	-38.3%
Trade tourism and development	1,639,296	2,678,510	(1,039,214)	-38.8%
Debt service				
Principal	361,245	375,794	(14,549)	-3.9%
Interest	63,028	58,310	4,718	8.1%
Total expenditures	13,755,339	15,026,501	(1,271,162)	-8.5%
Excess (deficiency) of revenues over (under) expenditures	(891,625)	(2,344,403)	1,452,778	-62.0%
Other financing sources (uses)				
Financed purchases	853,592	273,501	580,091	212.1%
Proceeds from sale of capital assets	337,550	-	337,550	-
Transfers in	2,300,444	3,104,916	(804,472)	-25.9%
Transfers out	(1,146,451)	(812,827)	(333,624)	41.0%
Total other financing sources (uses)	2,345,135	2,565,590	220,455	8.6%
Net change in fund balances	1,453,510	221,187	1,232,323	557.1%
Fund balances, beginning of fiscal year	3,175,914	2,954,727	221,187	7.5%
Fund balances, end of fiscal year	\$ 4,629,424	\$ 3,175,914	\$ 1,453,510	45.8%

Total General Fund revenues increased slightly by \$181,616 or 1.4%. Tax revenues increased slightly by \$199,588 or 1.8% as assessed property values have increased. Licenses and permits decreased \$126,816 or 17.9% as the prior fiscal year benefitted from several significant building applications. Intergovernmental revenues increased \$193,604 or 245% as a result of federal pandemic relief funds. Charges for services decreased \$119,268 or 27.5% primarily from decreases in probation fees and recreation fees related to the pandemic.

Total General Fund expenditures decreased \$1,271,162 or 8.5%. General government expenditures increased \$306,374 or 12.3%, primarily for professional audit services for revenue enhancement as well as increased allocation of group insurance for retirees. Public safety expenditures decreased \$443,890 or 7.1% as a result of allocation of certain costs to the ARP fund for pandemic relief. Highways and street expenditures increased \$92,587 or 11.2% as a result of general increases in personnel costs and other operating costs. Culture and recreation expenditures decreased \$64,097 or 3.7% as a result of decreased services related to the pandemic. Planning and zoning costs decreased \$109,255 or 38.3% as result of decreased zoning applications in 2021 as well as expenditures incurred in the prior fiscal year which were covered by grant revenues. Trade tourism and development expenditures decreased \$1,039,214 or 35.8%, as prior fiscal year expenditures included significant outlays for capital projects not applicable to the current fiscal year, as well as certain marketing expenditures which decreased significantly as a result of the pandemic.

Hotel/Motel Tax Fund - The City has levied an 8% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(b). The City is required to spend an amount equal to 62.50% of the total taxes collected at the rate of 8% for promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues received were \$2,022,758 and \$2,801,045 in 2021 and 2020, respectively. The significant decrease is related to the effect of the COVID-19 pandemic on travel. In fiscal year 2021 and 2020, \$2,022,758 and \$2,801,045 were transferred to the General Fund, respectively, to be used for the legally specified purposes.

ARP fund (American Rescue Plan) – This fund accounts for federal funds received for Covid pandemic relief. The fund received \$1,220,017 and spent these funds as specified by the grant.

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

A comparison of budgeted and actual expenditures for the General Fund can be found on page 19 of this report. In total, revenues were \$1,049,402 better than budgeted; expenditures were \$403,047 better than budgeted. Overall, budgeted fund balance was \$1,453,510 better than projected.

Sales taxes were \$1,059,884 better than budgeted as the City was very conservative in estimating the impact of the pandemic on these revenues.

Trade, Tourism and Development expenditures were \$292,170 less than budgeted as theatre renovation costs were less than projected.

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, 2021, was \$28,109,651 and \$14,039,523, respectively. The net increase in governmental capital assets was \$990,199 or 3.65%. Business-type capital assets decreased \$434,452 or 3%. See Note 6 for additional information about changes in capital assets during the fiscal year and balances at the end of the fiscal year.

The following table provides a summary of capital asset activity:

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Fiscal Year Ended June 30, 2021

City of Hapeville, Georgia

Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 1,367,730	\$ 1,367,730	\$ -	\$ -	\$ 1,367,730	\$ 1,367,730
Construction in progress	1,386,203	106,959	-	-	1,386,203	106,959
Total non-depreciable	2,753,933	1,474,689	-	-	2,753,933	1,474,689
Depreciable assets:						
Water system	-	-	15,860,941	15,831,306	15,860,941	15,831,306
Rights to capacity	-	-	5,508,846	5,508,846	5,508,846	5,508,846
Buildings and improvements	9,354,288	9,354,288	-	-	9,354,288	9,354,288
Land improvements	4,557,379	4,548,602	-	-	4,557,379	4,548,602
Auto, trucks and equipment	11,047,940	10,101,637	1,021,291	985,005	12,069,231	11,086,642
Infrastructure	33,884,384	33,764,948	1,183,803	1,183,803	35,068,187	34,948,751
Total depreciable assets	58,843,991	57,769,475	23,574,881	23,508,960	82,418,872	81,278,435
Less accumulated depreciation	33,488,273	32,124,712	9,535,358	9,034,895	43,023,631	41,159,607
Book value - depreciable assets	25,355,718	25,644,763	14,039,523	14,474,065	39,395,241	40,118,828
Percentage depreciated	57%	56%	40%	38%	52%	51%
Total book value	\$ 28,109,651	\$ 27,119,452	\$ 14,039,523	\$ 14,474,065	\$ 42,149,174	\$ 41,593,517

Some of the significant additions to governmental capital assets in 2021 were \$1,116,447 in vehicle additions including \$549,927 for a new fire truck. Construction in progress includes additional costs for silent railroad crossings of \$1,154,568 and this project is expected to be completed in fiscal 2022.

Long-term Debt

The following table reports long-term debt balances at fiscal year ended June 30, 2021 and 2020:

Outstanding Borrowings						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Financed purchases payable	\$ 2,093,850	\$ 1,615,745	\$ -	\$ -	\$ 2,093,850	\$ 1,615,745
Revenue bonds payable	-	-	7,465,000	9,015,000	7,465,000	9,015,000
Notes payable	-	-	1,062,619	1,047,027	1,062,619	1,047,027
Net pension liability	10,856,997	8,531,654	712,049	651,636	11,569,046	9,183,290
Total OPEB liability	13,089,135	12,673,699	969,210	886,871	14,058,345	13,560,570
Compensated absences	745,459	662,418	103,088	86,561	848,547	748,979
	<u>\$ 26,785,441</u>	<u>\$ 23,483,516</u>	<u>\$ 10,311,966</u>	<u>\$ 11,687,095</u>	<u>\$ 37,097,407</u>	<u>\$ 35,170,611</u>

See Note 7 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 population of the City as of June 30, 2021 was estimated to be 6,553 and per capita income is estimated at \$24,546 which is 68.81% of the national average.

The unemployment rate for Fulton County, where the City is located is 4%.

The primary revenue streams for the City are property taxes, sales taxes, hotel/motel taxes and the recent addition of a TSPLOST tax. 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 situation has seen a bit of an upturn, with personal income in the U.S. improving. The City remains very conservative in preparing the 2022 budget.

Capital projects have been able to continue with the new T-SPLOST tax helping with those projects. We are hopeful the economy will continue toward good recovery and we will constantly monitor our economic condition to make any necessary adjustments.

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.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 2,672,181	\$ 2,903,794	\$ 5,575,975
Restricted cash	-	1,099,955	1,099,955
Cash with fiscal agent	-	517,558	517,558
Taxes receivable	1,054,532	-	1,054,532
Accounts receivable, net of allowances	-	794,746	794,746
Intergovernmental receivables	1,380,242	-	1,380,242
Other receivables	78,209	-	78,209
Prepaid items	302,881	-	302,881
Notes receivable, current	-	7,139	7,139
Notes receivable, noncurrent	-	88,417	88,417
Internal balances	229,057	(229,057)	-
Property held for redevelopment	692,309	647,918	1,340,227
Capital assets:			
Non-depreciable	2,753,933	-	2,753,933
Depreciable, net of accumulated depreciation	25,355,718	14,039,523	39,395,241
Total assets	34,519,062	19,869,993	54,389,055
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	12,864	12,864
OPEB related items	2,945,376	218,096	3,163,472
Pension related items	7,682,362	503,843	8,186,205
Total deferred outflows of resources	10,627,738	734,803	11,362,541
LIABILITIES			
Accounts payable	966,267	420,899	1,387,166
Accrued liabilities	334,016	862,964	1,196,980
Customer deposits payable	-	243,603	243,603
Compensated absences due within one year	599,615	28,405	628,020
Compensated absences due in more than one year	145,844	74,683	220,527
Note payable due within one year	-	48,427	48,427
Note payable due in more than one year	-	1,014,192	1,014,192
Financed purchases due within one year	458,513	-	458,513
Financed purchases due in more than one year	1,635,337	-	1,635,337
Bonds payable due within one year	-	1,595,000	1,595,000
Bonds payable due in more than one year	-	5,870,000	5,870,000
Net pension liability due in more than one year	10,856,997	712,049	11,569,046
Total OPEB liability due in more than one year	13,089,135	969,210	14,058,345
Total liabilities	28,085,724	11,839,432	39,925,156
DEFERRED INFLOWS OF RESOURCES			
Pension related items	2,262,691	148,398	2,411,089
OPEB related items	1,356,682	100,458	1,457,140
Total deferred inflows of resources	3,619,373	248,856	3,868,229
NET POSITION			
Net investment in capital assets	26,015,801	12,976,904	38,992,705
Restricted for:			
Debt service	-	1,099,955	1,099,955
Capital construction	103,513	-	103,513
Transportation projects	229,077	-	229,077
Trade and tourism	645,105	-	645,105
Culture and recreation	7,624	-	7,624
Law enforcement	22,517	-	22,517
Unrestricted (deficit)	(13,581,934)	(5,560,351)	(19,142,285)
Total net position	\$ 13,441,703	\$ 8,516,508	\$ 21,958,211

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 3,181,487	\$ 646,010	\$ 500	\$ -	\$ (2,534,977)	\$ -	\$ (2,534,977)
Public safety	7,757,447	826,653	1,220,017	272,604	(5,438,173)	-	(5,438,173)
Highway and Streets	1,593,163	21,925	-	1,372,057	(199,181)	-	(199,181)
Recreation	2,063,606	53,506	-	-	(2,010,100)	-	(2,010,100)
Judicial	328,236	-	-	-	(328,236)	-	(328,236)
Planning and zoning	189,853	-	-	-	(189,853)	-	(189,853)
Trade tourism and development	1,602,145	-	-	-	(1,602,145)	-	(1,602,145)
Interest on long-term debt	63,272	-	-	-	(63,272)	-	(63,272)
Total governmental activities	16,779,209	1,548,094	1,220,517	1,644,661	(12,365,937)	-	(12,365,937)
Business-type activities:							
Development Authority	264,593	3,054	-	-	-	(261,539)	(261,539)
Water and Sewer Utility	4,118,383	4,267,240	-	-	-	148,857	148,857
Solid Waste	572,581	552,882	-	-	-	(19,699)	(19,699)
Stormwater Utility	190,984	247,168	-	-	-	56,184	56,184
Total business-type activities	5,146,541	5,070,344	-	-	-	(76,197)	(76,197)
Total primary government	\$ 21,925,750	\$ 6,618,438	\$ 1,220,517	\$ 1,644,661	(12,365,937)	(76,197)	(12,442,134)
General revenues:							
Property taxes					\$ 7,475,538	\$ -	\$ 7,475,538
Franchise taxes					650,940	-	650,940
Insurance premium taxes					537,202	-	537,202
Hotel/Motel taxes					2,022,758	-	2,022,758
Sales taxes					2,030,907	-	2,030,907
Other taxes					579,565	-	579,565
Unrestricted investment earnings					13	-	13
Gain on sale of capital assets					337,550	295,514	633,064
Miscellaneous					100,377	59,626	160,003
Transfers					(795,048)	795,048	-
Total general revenues and transfers					12,939,802	1,150,188	14,089,990
Change in net position					573,865	1,073,991	1,647,856
Net position, beginning of fiscal year					12,867,838	7,442,517	20,310,355
Net position, end of fiscal year					\$ 13,441,703	\$ 8,516,508	\$ 21,958,211

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

CITY OF HAPEVILLE, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General Fund	ARP Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,127,462	\$ 100	\$ 202,235	\$ 342,384	\$ 2,672,181
Taxes receivable, net of allowances	536,678	-	483,249	34,605	1,054,532
Intergovernmental receivables	-	1,220,017	-	160,225	1,380,242
Other receivables	50,081	-	-	28,128	78,209
Due from other funds	1,969,276	-	-	-	1,969,276
Advances to other funds	229,057	-	-	-	229,057
Prepaid items	302,881	-	-	-	302,881
Property held for redevelopment	692,309	-	-	-	692,309
Total assets	<u>\$ 5,907,744</u>	<u>\$ 1,220,117</u>	<u>\$ 685,484</u>	<u>\$ 565,342</u>	<u>\$ 8,378,687</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 840,267	\$ -	\$ -	\$ 126,000	\$ 966,267
Accrued liabilities	334,016	-	-	-	334,016
Due to other funds	-	1,220,017	685,484	63,775	1,969,276
Total liabilities	<u>1,174,283</u>	<u>1,220,017</u>	<u>685,484</u>	<u>189,775</u>	<u>3,269,559</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	104,037	-	-	-	104,037
Unavailable revenue - intergovernmental	-	-	-	42,116	42,116
Total deferred inflows of resources	<u>104,037</u>	<u>-</u>	<u>-</u>	<u>42,116</u>	<u>146,153</u>
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	302,881	-	-	-	302,881
Property held for redevelopment	692,309	-	-	-	692,309
Advances to other funds	229,057	-	-	-	229,057
Assigned:					
Public safety	-	100	-	-	100
E911 services	-	-	-	12,836	12,836
Restricted:					
Capital construction	-	-	-	61,397	61,397
Transportation projects	-	-	-	229,077	229,077
Trade and tourism	645,105	-	-	-	645,105
Culture and recreation	-	-	-	7,624	7,624
Law enforcement	-	-	-	22,517	22,517
Unassigned	2,760,072	-	-	-	2,760,072
Total fund balances	<u>4,629,424</u>	<u>100</u>	<u>-</u>	<u>333,451</u>	<u>4,962,975</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,907,744</u>	<u>\$ 1,220,117</u>	<u>\$ 685,484</u>	<u>\$ 565,342</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					28,109,651
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.					146,153
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.					(2,839,309)
The deferred inflows and outflows of resources and the net pension liability and total OPEB liability are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds.					(16,937,767)
Net position of governmental activities					<u>\$ 13,441,703</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 FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	ARP Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 11,102,488	\$ -	\$ 2,022,758	\$ 221,758	\$ 13,347,004
Licenses and permits	580,767	-	-	-	580,767
Intergovernmental	272,604	1,220,017	-	1,329,941	2,822,562
Fines and forfeitures	492,613	-	-	-	492,613
Charges for services	314,352	-	-	160,362	474,714
Investment income	13	-	-	-	13
Contributions	500	-	-	-	500
Other revenues	100,377	-	-	-	100,377
Total revenues	12,863,714	1,220,017	2,022,758	1,712,061	17,818,550
Expenditures					
Current:					
General government	2,803,651	-	-	-	2,803,651
Public safety	5,797,168	1,220,017	-	441,618	7,458,803
Highway & Streets	922,443	-	-	-	922,443
Recreation	1,688,070	-	-	47,972	1,736,042
Judicial	304,382	-	-	-	304,382
Planning & Zoning	176,056	-	-	-	176,056
Trade tourism and development	1,639,296	-	-	-	1,639,296
Capital Outlay	-	-	-	1,559,152	1,559,152
Debt Service:					
Principal	361,245	-	-	14,242	375,487
Interest	63,028	-	-	244	63,272
Total expenditures	13,755,339	1,220,017	-	2,063,228	17,038,584
Excess (deficiency) of revenues over (under) expenditures	(891,625)	-	2,022,758	(351,167)	779,966
Other financing sources (uses):					
Financed purchases	853,592	-	-	-	853,592
Proceeds from sale of capital assets	337,550	-	-	-	337,550
Transfers in	2,300,444	100	-	295,375	2,595,919
Transfers out	(1,146,451)	-	(2,022,758)	(221,758)	(3,390,967)
Total other financing sources (uses)	2,345,135	100	(2,022,758)	73,617	396,094
Net change in fund balances	1,453,510	100	-	(277,550)	1,176,060
Fund balances, beginning of fiscal year	3,175,914	-	-	611,001	3,786,915
Fund balances, end of fiscal year	\$ 4,629,424	\$ 100	\$ -	\$ 333,451	\$ 4,962,975

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 FISCAL YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - total governmental funds	\$ 1,176,060
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	990,199
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(7,978)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt.	(478,105)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,106,311)</u>
Change in net position - governmental activities	<u><u>\$ 573,865</u></u>

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

CITY OF HAPEVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes				
Property	\$ 7,296,500	\$ 7,308,820	\$ 7,303,874	\$ (4,946)
Franchise	665,000	651,400	650,940	(460)
Sales	4,059,490	971,023	2,030,907	1,059,884
Business	515,000	581,000	579,565	(1,435)
Insurance Premium	470,000	538,000	537,202	(798)
Licenses and permits	416,060	581,760	580,767	(993)
Fines and forfeitures	301,500	492,613	492,613	-
Interest	6,000	97	13	(84)
Charges for services	342,200	317,645	314,352	(3,293)
Intergovernmental	-	272,604	272,604	-
Contributions	4,500	500	500	-
Miscellaneous	90,000	98,850	100,377	1,527
Total revenues	14,166,250	11,814,312	12,863,714	1,049,402
EXPENDITURES				
Current:				
General government:				
Governing Body	46,186	37,734	37,584	150
Mayor and Commission	27,243	9,888	9,888	-
City Manager	557,454	632,999	632,460	539
City Clerk	186,664	161,489	161,073	416
Elections	5,000	180	180	-
Finance	755,842	928,510	927,078	1,432
Law	320,000	245,600	245,523	77
Human Resources	375,888	438,020	437,637	383
Information Technology	320,000	353,200	352,228	972
Total general government	2,594,277	2,807,620	2,803,651	3,969
Public safety:				
Police	3,462,462	2,755,582	2,675,620	79,962
Fire	3,610,476	3,128,756	3,121,548	7,208
Total public safety	7,072,938	5,884,338	5,797,168	87,170
Judicial	280,619	306,022	304,382	1,640
Highway & Streets	991,521	927,125	922,443	4,682
Recreation	2,019,550	1,696,597	1,688,070	8,527
Planning & Zoning	283,906	178,950	176,056	2,894
Trade, Tourism and Development	1,723,339	1,931,466	1,639,296	292,170
Debt Service:				
Principal	363,834	363,240	361,245	1,995
Interest	-	63,028	63,028	-
Total expenditures	15,329,984	14,158,386	13,755,339	403,047
Deficiency of revenues under expenditures	(1,163,734)	(2,344,074)	(891,625)	1,452,449
OTHER FINANCING SOURCES (USES)				
Financed purchases	620,000	855,998	853,592	(2,406)
Proceeds from sale of capital assets	-	337,550	337,550	-
Transfers out	(1,180,598)	(1,149,990)	(1,146,451)	3,539
Transfers in	1,724,332	2,300,516	2,300,444	(72)
Total other financing sources (uses)	1,163,734	2,344,074	2,345,135	1,061
Net change in fund balances	-	-	1,453,510	1,453,510
Fund balances, beginning of fiscal year	3,175,914	3,175,914	3,175,914	-
Fund balances, end of fiscal year	\$ 3,175,914	\$ 3,175,914	\$ 4,629,424	\$ 1,453,510

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

CITY OF HAPEVILLE, GEORGIA
ARP FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budget</u>			<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ -	\$ 1,220,017	\$ 1,220,017	\$ -
Total revenues	-	1,220,017	1,220,017	-
EXPENDITURES				
Public safety	-	1,220,017	1,220,017	-
Total expenditures	-	1,220,017	1,220,017	-
Excess of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Transfers:				
Transfers in	-	-	100	100
Total other financing sources	-	-	100	100
Net change in fund balances	-	-	100	100
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>

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

CITY OF HAPEVILLE, GEORGIA
HOTEL/MOTEL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 1,538,829	\$ 2,022,758	\$ 2,022,758	\$ -
Total revenues	1,538,829	2,022,758	2,022,758	-
OTHER FINANCING USES				
Transfers:				
Transfers out	(1,538,829)	(2,022,758)	(2,022,758)	-
Total other financing uses	(1,538,829)	(2,022,758)	(2,022,758)	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	\$ -	\$ -	\$ -	\$ -

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

CITY OF HAPEVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

ASSETS	Business-type Activities - Enterprise Funds				Totals
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	
CURRENT ASSETS					
Cash	\$ 84,239	\$ 2,444,183	\$ 60,754	\$ 314,618	\$ 2,903,794
Restricted cash	1,099,955	-	-	-	1,099,955
Cash with fiscal agent	517,558	-	-	-	517,558
Accounts receivable, net of allowances	-	554,061	85,900	154,785	794,746
Notes receivable, current	7,139	-	-	-	7,139
Total current assets	1,708,891	2,998,244	146,654	469,403	5,323,192
NONCURRENT ASSETS					
Notes receivable, long term	88,417	-	-	-	88,417
Property held for redevelopment	647,918	-	-	-	647,918
Infrastructure	-	15,551,711	-	1,493,033	17,044,744
Furniture, fixtures and equipment	-	851,089	170,203	-	1,021,292
Intangible asset-capacity rights	-	5,508,846	-	-	5,508,846
Accumulated depreciation	-	(8,620,911)	(155,074)	(759,374)	(9,535,359)
Total noncurrent assets	736,335	13,290,735	15,129	733,659	14,775,858
Total assets	2,445,226	16,288,979	161,783	1,203,062	20,099,050
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	12,864	-	-	-	12,864
OPEB related items	-	179,528	-	38,568	218,096
Pension related items	-	480,747	-	23,096	503,843
Total deferred outflows of resources	12,864	660,275	-	61,664	734,803
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	338,225	70,806	11,868	420,899
Accrued liabilities	111,477	748,794	547	2,146	862,964
Customer deposits payable	-	243,603	-	-	243,603
Compensated absences payable	-	21,179	1,418	5,808	28,405
Bonds payable	1,595,000	-	-	-	1,595,000
Notes payable	-	48,427	-	-	48,427
Total current liabilities	1,706,477	1,400,228	72,771	19,822	3,199,298
NONCURRENT LIABILITIES					
Compensated absences, long term	-	44,612	8,672	21,399	74,683
Advance from other funds	229,057	-	-	-	229,057
Bonds payable, long term	5,870,000	-	-	-	5,870,000
Net pension liability	-	679,409	-	32,640	712,049
Total OPEB liability	-	797,817	-	171,393	969,210
Notes payable, long term	-	1,014,192	-	-	1,014,192
Total noncurrent liabilities	6,099,057	2,536,030	8,672	225,432	8,869,191
Total liabilities	7,805,534	3,936,258	81,443	245,254	12,068,489
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	141,595	-	6,803	148,398
OPEB related items	-	82,693	-	17,765	100,458
Total deferred inflows of resources	-	224,288	-	24,568	248,856
NET POSITION					
Net investment in capital assets	-	12,228,116	15,129	733,659	12,976,904
Restricted for debt service	1,099,955	-	-	-	1,099,955
Unrestricted (deficit)	(6,447,399)	560,592	65,211	261,245	(5,560,351)
Total net position (deficit)	\$ (5,347,444)	\$ 12,788,708	\$ 80,340	\$ 994,904	\$ 8,516,508

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 FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	Totals
OPERATING REVENUE					
Rental income	\$ 3,040	\$ -	\$ -	\$ -	\$ 3,040
Water fees	-	4,267,240	-	-	4,267,240
Stormwater fees	-	-	-	247,168	247,168
Sanitation fees	-	-	552,882	-	552,882
Interest on notes receivable	14	-	-	-	14
Miscellaneous	59,626	-	-	-	59,626
Total operating revenues	62,680	4,267,240	552,882	247,168	5,129,970
OPERATING EXPENSES					
Cost of sales and services	17,737	2,237,090	558,213	161,962	2,975,002
Water purchases	-	1,417,491	-	-	1,417,491
Depreciation and amortization	-	457,073	14,368	29,022	500,463
Total operating expenses	17,737	4,111,654	572,581	190,984	4,892,956
Operating income (loss)	44,943	155,586	(19,699)	56,184	237,014
NON-OPERATING REVENUES (EXPENSES)					
Gain on sale of development property	295,514	-	-	-	295,514
Interest expense	(246,856)	(6,729)	-	-	(253,585)
Total non-operating revenues (expenses)	48,658	(6,729)	-	-	41,929
Income (loss) before transfers	93,601	148,857	(19,699)	56,184	278,943
Transfers in	1,826,459	-	-	-	1,826,459
Transfers out	(55,928)	(975,483)	-	-	(1,031,411)
Total transfers	1,770,531	(975,483)	-	-	795,048
Change in net position	1,864,132	(826,626)	(19,699)	56,184	1,073,991
Total net position (deficit), beginning	(7,211,576)	13,615,334	100,039	938,720	7,442,517
Total net position (deficit), ending	<u>\$ (5,347,444)</u>	<u>\$ 12,788,708</u>	<u>\$ 80,340</u>	<u>\$ 994,904</u>	<u>\$ 8,516,508</u>

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

CITY OF HAPEVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Nonmajor Fund Stormwater Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 62,680	\$ 4,219,752	\$ 552,509	\$ 277,708	\$ 5,112,649
Payments to suppliers	(17,737)	(2,252,170)	(501,689)	(98,645)	(2,870,241)
Payments to employees	-	(397,981)	(19,009)	(74,104)	(491,094)
Other net changes related to Pension and OPEB plans	-	90,450	-	8,506	98,956
Net cash provided by operating activities	44,943	1,660,051	31,811	113,465	1,850,270
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	1,826,459	-	-	-	1,826,459
Transfers out to other funds	(55,928)	(975,483)	-	-	(1,031,411)
Amounts received on advances to other funds	27,142	-	-	-	27,142
Payments received on note receivable	8,547	-	-	-	8,547
Net cash provided by (used in) non-capital financing activities	1,806,220	(975,483)	-	-	830,737
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Proceeds from sale of asset held for redevelopment	724,975	-	-	-	724,975
Principal payments on bonds payable	(1,550,000)	-	-	-	(1,550,000)
Payment to fiscal agent	(517,558)	-	-	-	(517,558)
Interest paid on long-term debt	(262,075)	(6,729)	-	-	(268,804)
Proceeds from issuance of notes payable	-	39,579	-	-	39,579
Principal payments on notes payable	-	(23,987)	-	-	(23,987)
Purchases of capital assets	-	(65,921)	-	-	(65,921)
Net cash used in capital and related financing activities	(1,604,658)	(57,058)	-	-	(1,661,716)
Net increase in cash	246,505	627,510	31,811	113,465	1,019,291
Cash, beginning of fiscal year	937,689	1,816,673	28,943	201,153	2,984,458
Cash, end of fiscal year	\$ 1,184,194	\$ 2,444,183	\$ 60,754	\$ 314,618	\$ 4,003,749
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 44,943	\$ 155,586	\$ (19,699)	\$ 56,184	\$ 237,014
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	-	457,073	14,368	29,022	500,463
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	-	(47,488)	(373)	30,540	(17,321)
Decrease in deferred outflows for pension items	-	18,209	-	24,373	42,582
Decrease in deferred outflows for OPEB items	-	3,866	-	2,763	6,629
Increase (Decrease) in accounts payable	-	(85,239)	36,369	(15,272)	(64,142)
Increase (Decrease) in accrued liabilities	-	(38,481)	94	236	(38,151)
Increase in compensated absences payable	-	11,226	1,052	4,249	16,527
Increase in total OPEB liability	-	74,057	-	8,282	82,339
Increase in customer deposits	-	5,797	-	-	5,797
Increase in due to other funds	-	1,111,127	-	-	1,111,127
Increase in net pension liability	-	59,175	-	1,238	60,413
Decrease in deferred inflows for pension items	-	(55,804)	-	(25,239)	(81,043)
Decrease in deferred inflows for OPEB items	-	(9,053)	-	(2,911)	(11,964)
Net cash provided by operating activities	\$ 44,943	\$ 1,660,051	\$ 31,811	\$ 113,465	\$ 1,850,270

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City operates under a mayor/council/city manager form of government and provides the following services to its citizens: public safety, public works, highways and streets, parks and recreation, tourism and trade, planning and zoning, and general and administrative services.

The accompanying financial statements present the City and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. In conformity with generally accepted accounting principles, the component unit is reported as blended component unit.

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 paid by the City's enterprise and general funds. The Development Authority is presented as a major enterprise fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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 considered program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within, 60 days for property taxes and 180 days for all other items, of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major governmental funds:

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

The **ARP Fund** accounts for grant funding received by the City under the American Rescue Plan Act of 2021.

The **Hotel/Motel Fund** accounts for the collection of hotel/motel tax proceeds and related expenditures.

The City reports the following major proprietary funds:

The **Development Authority Fund** is used to hold real estate properties which are intended for resale for future economic development in the City. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest.

The **Water and Sewer Utility Fund** 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 **Solid Waste (or Sanitation) Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

The City also reports the following non major proprietary fund:

Stormwater Utility Fund – This fund is used to account for the collection of fees for upgrades to stormwater drains and related expenses.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues that are legally restricted, committed, or assigned to expenditures for particular purposes.

The **Capital Projects funds** account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year-end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

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

All investments are recorded at fair value.

Increases or decreases in the fair value of the City's investments during the year are recognized as a component of investment income.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items in both government-wide and fund financial statements. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value. The City has reported infrastructure assets consistent with the retroactive reporting requirements of GASB Statement 34.

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

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10-30
Buildings and improvements	15-50
Land improvements	10-20
Autos, trucks, and equipment	5-10
Water System	50
Intangible-Water Capacity Rights	50

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. One item that qualifies for reporting in this category is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The City also has another type of item that qualifies for reporting in this category related to changes in its net pension liability and total OPEB liability. See discussion below.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources from the revenue recognition of property taxes and intergovernmental grants, *unavailable revenue*. The governmental funds report unavailable revenues from property taxes and intergovernmental grants as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Finally, the City also has deferred outflows and inflows of resources related to the recording of changes in its net pension and total OPEB liability. Certain changes in the net pension and total OPEB liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before fiscal year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are reported as expenses in the periods in which they are incurred.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources. Bond issuance costs are reported as debt service expenditures.

L. 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, liabilities, and deferred inflows of resources under the current financial resources management 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 purpose for which amounts in those funds can be spent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through the adoption of a resolution, the City Council has expressly delegated to the City Manager the authority to assign fund balances for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

M. Pensions

Effective March 31, 2020, the City merged with and transferred all plan assets administration, and custodial duties to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Hapeville Retirement Plan (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.” The details of this \$2,839,309 difference are as follows:

Financed purchases payable	\$ (2,093,850)
Compensated absences	<u>(745,459)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$ (2,839,309)</u></u>

Another element of that reconciliation explains that “the deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City’s pension plan and OPEB plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds.” The details of this \$16,937,767 difference are as follows:

Deferred outflows of resources - pension related items	\$ 7,682,362
Deferred inflows of resources - pension related items	(2,262,691)
Deferred outflows of resources - OPEB related items	2,945,376
Deferred inflows of resources - OPEB related items	(1,356,682)
Net pension liability	(10,856,997)
Total OPEB liability	<u>(13,089,135)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$ (16,937,767)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$990,199 difference are as follows:

Capital outlay	\$ 2,533,904
Depreciation expense	<u>(1,543,705)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 990,199</u>

Another element of that reconciliation explains that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$478,105 difference are as follows:

Issuance of financed purchases	\$ (853,592)
Principal payments on financed purchases	<u>375,487</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (478,105)</u>

Another element of that reconciliation explains that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$1,106,311 difference are as follows:

Compensated absences	\$ (83,041)
Total other postemployment benefits (OPEB) liability	
deferred inflows/outflows of resources	(431,591)
Net pension liability and related deferred outflows and	
deferred inflows/outflows of resources	<u>(591,679)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,106,311)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

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 not employed by the City. 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.

The following fund had the following department with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2021:

Capital Project Fund - Public Works	\$ <u>45,231</u>
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These over-expenditures were funded by fewer than anticipated capital outlay expenditures.

NOTE 4. DEPOSITS AND INVESTMENTS

Primary Government

The table below summarizes the City's cash and cash equivalents by type as of June 30, 2021:

	<u>Maturities</u>	<u>Balance</u>
Deposits with financial institutions	--	\$ 6,580,424
Money market funds	20 days	95,506
Total		<u>\$ 6,675,930</u>

As reported in the Statement of Net Position:

Cash and cash equivalents	\$ 5,575,975
Restricted cash	1,099,955
Total	<u>\$ 6,675,930</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk: State statutes authorize the City to invest in obligations of the State of 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 the State of Georgia. The City has no investment policy that would further limit its investment choices.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

The Money Market Funds, classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2021, the financial institution holding the main operating deposits of the City is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest rate risk: With regard to its investments 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.

At June 30, 2021, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

<u>Investment</u>	<u>Weighted Average Maturity (Days)</u>	<u>Moody's Credit Rating</u>	<u>Fair Value</u>
Money market funds	20	Aaa	\$ 95,506

Fair Value Measurements: The City has the following recurring fair value measurements as of June 30, 2021:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Money market funds	\$ 95,506	\$ -	\$ -	\$ 95,506
Total investments measured at fair value	<u>\$ 95,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,506</u>

NOTE 5. RECEIVABLES

Property Taxes Receivable

Property taxes are levied on property values assessed as of January 1. The billing is mailed September 1 which is considered the levy date. The billings are due 45 days upon receipt by the taxpayer. After this date, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes are recorded as receivables and deferred inflows of resources (unavailable revenues) when assessed. Revenues are recognized when available.

Enterprise fund solid waste fees and stormwater fees are billed monthly on the 15th of the month and are due on the 20th of the next month. Estimated unbilled revenues from the enterprise funds are recognized at the end of each fiscal year based on the amount of service provided prior to year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Accounts Receivable

Receivables at June 30, 2021, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>ARP Fund</u>	<u>Hotel/Motel Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>
Receivables:					
Taxes	\$ 723,446	\$ -	\$ -	\$ 34,605	\$ 758,051
Intergovernmental	-	1,220,017	483,249	160,225	1,863,491
Other	50,081	-	-	28,128	78,209
Less allowance for uncollectible	(186,768)	-	-	-	(186,768)
Net total receivable	<u>\$ 586,759</u>	<u>\$ 1,220,017</u>	<u>\$ 483,249</u>	<u>\$ 222,958</u>	<u>\$ 2,512,983</u>

	<u>Development Authority</u>	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Proprietary Funds Total</u>
Receivables:					
Accounts	\$ -	\$ 744,573	\$ 130,202	\$ 318,700	\$ 1,193,475
Less allowance for uncollectible	-	(190,512)	(44,302)	(163,915)	(398,729)
Note receivable	95,556	-	-	-	95,556
Net total receivable	<u>\$ 95,556</u>	<u>\$ 554,061</u>	<u>\$ 85,900</u>	<u>\$ 154,785</u>	<u>\$ 890,302</u>

Note Receivable

The Development Authority issued a loan (note receivable) in 2010 to Hoe Cakes Bakery, LLC for \$159,000. The Authority loaned the bakery the money to purchase the bakery property in an effort to have more business in the City limits. The Authority will receive 240 monthly payments of \$1,139 at an interest rate of 6.0%.

Activity on the note for the fiscal year ended June 30, 2021 is shown below.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes Receivable	\$ 104,103	\$ -	\$ (8,547)	\$ 95,556	\$ 7,139
Total	<u>\$ 104,103</u>	<u>\$ -</u>	<u>\$ (8,547)</u>	<u>\$ 95,556</u>	<u>\$ 7,139</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Note Receivable (Continued)

Future repayments to be received by the Development Authority are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 7,139	\$ 5,592	\$ 12,731
2023	8,576	5,093	13,669
2024	9,105	4,564	13,669
2025	9,667	4,003	13,670
2026	10,263	3,407	13,670
2027-2031	50,806	6,930	57,736
Total	<u>\$ 95,556</u>	<u>\$ 29,589</u>	<u>\$ 125,145</u>

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for governmental activities for the fiscal year ended June 30, 2021, was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers CIP</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 1,367,730	\$ -	\$ -	\$ -	\$ 1,367,730
Construction in progress	106,959	1,323,147	-	(43,903)	1,386,203
Total	<u>1,474,689</u>	<u>1,323,147</u>	<u>-</u>	<u>(43,903)</u>	<u>2,753,933</u>
Capital assets, being depreciated:					
Autos & Trucks & Equipment	10,101,637	1,116,447	(170,144)	-	11,047,940
Land improvements	4,548,602	8,777	-	-	4,557,379
Buildings and improvements	9,354,288	-	-	-	9,354,288
Infrastructure	33,764,948	85,533	(10,000)	43,903	33,884,384
Total	<u>57,769,475</u>	<u>1,210,757</u>	<u>(180,144)</u>	<u>43,903</u>	<u>58,843,991</u>
Less accumulated depreciation for:					
Autos & Trucks & Equipment	(7,164,736)	(543,962)	170,144	-	(7,538,554)
Land improvements	(2,918,247)	(154,640)	-	-	(3,072,887)
Buildings and improvements	(3,475,820)	(164,216)	-	-	(3,640,036)
Infrastructure	(18,565,909)	(680,887)	10,000	-	(19,236,796)
Total	<u>(32,124,712)</u>	<u>(1,543,705)</u>	<u>180,144</u>	<u>-</u>	<u>(33,488,273)</u>
Total capital assets, being depreciated, net	<u>25,644,763</u>	<u>(332,948)</u>	<u>-</u>	<u>43,903</u>	<u>25,355,718</u>
Governmental activities capital assets, net	<u>\$ 27,119,452</u>	<u>\$ 990,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,109,651</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

Governmental activities:

General government	\$ 181,328
Public safety	410,702
Highway & Streets	650,183
Recreation	223,523
Economic Development	<u>77,969</u>

Total depreciation expense - governmental activities	<u><u>\$ 1,543,705</u></u>
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Capital asset activity for business-type activities for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, being depreciated:					
Water System	\$ 15,831,306	\$ 29,635	\$ -	\$ -	\$ 15,860,941
Rights to Capacity	5,508,846	-	-	-	5,508,846
Equipment	985,005	36,286	-	-	1,021,291
Infrastructure	1,183,803	-	-	-	1,183,803
Total	<u>23,508,960</u>	<u>65,921</u>	<u>-</u>	<u>-</u>	<u>23,574,881</u>
Less accumulated depreciation for:					
Water System	(6,031,995)	(329,583)	-	-	(6,361,578)
Rights to capacity amortization	(1,419,386)	(110,177)	-	-	(1,529,563)
Equipment	(853,163)	(31,680)	-	-	(884,843)
Infrastructure	(730,351)	(29,023)	-	-	(759,374)
Total	<u>(9,034,895)</u>	<u>(500,463)</u>	<u>-</u>	<u>-</u>	<u>(9,535,358)</u>
Total capital assets, being depreciated, net	<u>14,474,065</u>	<u>(434,542)</u>	<u>-</u>	<u>-</u>	<u>14,039,523</u>
Business-type activities capital assets, net	<u><u>\$ 14,474,065</u></u>	<u><u>\$ (434,542)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,039,523</u></u>

Amortization and depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-type activities:

Water & Sewer Utility	\$ 346,896
Amortization of rights to capacity- Water & Sewer	110,177
Solid Waste	14,368
Stormwater Utility	<u>29,022</u>
Total depreciation expense - business-type activities	<u><u>\$ 500,463</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Financed purchases from direct borrowings	\$ 1,615,745	\$ 853,592	\$ (375,487)	\$ 2,093,850	\$ 458,513
Total OPEB liability	12,673,699	829,616	(414,180)	13,089,135	-
Net pension liability	8,531,654	3,045,496	(720,153)	10,856,997	-
Compensated absences	662,418	693,535	(610,494)	745,459	599,615
Governmental activity Long-term liabilities	<u>\$ 23,483,516</u>	<u>\$ 5,422,239</u>	<u>\$ (2,120,314)</u>	<u>\$ 26,785,441</u>	<u>\$ 1,058,128</u>
Business-type activities:					
Bonds payable - direct placement	\$ 9,015,000	\$ -	\$ (1,550,000)	\$ 7,465,000	\$ 1,595,000
Notes payable-direct borrowing	1,047,027	39,579	(23,987)	1,062,619	48,427
Total OPEB liability	886,871	93,652	(11,313)	969,210	-
Net pension liability	651,636	199,737	(139,324)	712,049	-
Compensated absences	86,561	28,405	(11,878)	103,088	28,405
Business-type activity Long-term liabilities	<u>\$ 11,687,095</u>	<u>\$ 361,373</u>	<u>\$ (1,736,502)</u>	<u>\$ 10,311,966</u>	<u>\$ 1,671,832</u>

For governmental funds, compensated absences, the net pension liability and the total OPEB liability are liquidated by the General Fund. Financed purchases are liquidated by the General Fund and the E-911 Fund. For business-type activities, compensated absences, the net pension liability, and total OPEB liability are liquidated by the Water & Sewer Utility Fund and the Stormwater Fund.

Financed Purchases – Equipment. The City has entered into several finance purchase agreements as lessee for financing the acquisition of equipment used in general governmental activities. The agreements qualify as a financed purchase for accounting purposes as either the titles transfer at the end of the lease terms or the leases include bargain purchase options and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception. Lease payments are due in annual installments.

The original cost of the City's assets under capital lease arrangements at June 30, 2021 is \$3,161,704 and there has been \$849,028 of accumulated depreciation as of fiscal year-end. Annual amortization of leased assets is included in depreciation expense.

Phase I of the lease began January 2011 for financing the acquisition of various vehicles totaling \$812,941 including five police vehicles, an ambulance, a fire pumper truck, a garbage truck, and a pickup truck. The annual interest rate applicable to this lease was 2.75% and matured in December 2020. Phase II and Phase III leases matured prior to the beginning of the fiscal year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Phase IV of the lease began November 2018 for financing the acquisition of various equipment totaling \$554,564. The annual interest rate applicable to this phase is 3.363% and matures in November 2025.

In December 2015, the City entered into an equipment lease purchase agreement with AT&T Capital Services, Inc. for the purchase of E-911 equipment totaling \$146,961. The annual interest rate applicable to this lease was 6.813% and matured in November 2020.

In March 2016, the City entered into a lease agreements with De Lage Landen Public Finance LLC for the purchase of computer equipment costing \$13,968. The annual interest rate applicable to this lease was 6.46% and matured in July of 2020.

Also in March 2016, the City entered into a lease agreement for the purchase of a firetruck for \$1,010,796. The annual interest rates applicable to this lease is 3.196% and matures in June 2029.

In August 2016, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of computer equipment costing \$119,006. The annual interest rate applicable to this lease is 3.60% and matured in December 2020.

In February 2017, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of server, workstations and cameras costing \$142,390. The annual interest rate applicable to a lease is 3.60% and matured in March 2021.

In April 2017, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of computer capacity rights costing \$57,692. The annual interest rate applicable to this lease is 3.60% and matured in May 2021.

In October 2017, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of computer equipment costing \$255,010. The annual interest rate applicable to this lease is 3.448% and matures in November 2021.

In April 2018, the City entered into an equipment lease purchase agreement with Regions Bank for the purchase of police vehicles costing \$92,754. The annual interest rate applicable to this lease is 4.00% and matured April 2021.

In July 2019, the City entered into an equipment lease purchase agreement with Regions Bank for the purchase of an ambulance costing \$189,000. The annual interest rate applicable to this lease is 3.08% and matures in July 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

In December 2019, the City entered into an equipment lease purchase agreement with Regions Bank for the purchase of a recreational van costing \$37,791. The annual interest rate applicable to this lease is 3.08% and matures in December 2024.

In June 2020, the City entered into an equipment lease purchase agreement with Regions Bank for the purchase of a fire truck costing \$46,710. The annual interest rate applicable to this lease is 3.20% and matures in June 2025.

In August 2020, the City entered into a financed purchase agreement for a firetruck and four vehicles with a combined cost of \$771,454. The annual interest rate applicable to this lease is 1.71% and matures in August of 2025.

In May 2021, the City entered into a financed purchase agreement for a separate firetruck costing \$82,138. This lease agreement carries an interest rate of 2.96% and matures in May of 2023.

The City's total financed purchases debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2022	\$ 510,850
2023	427,990
2024	399,810
2025	375,164
2026	295,554
2027-2029	265,405
Total minimum lease payments	2,274,773
Less amount representing interest	180,923
Present value of future minimum lease payments	<u>\$ 2,093,850</u>

Bonds Payable – Direct Placement. Series 2019 Downtown Development Authority Revenue Bonds – On November 4, 2019, the City issued Series 2019A Bonds in the amount of \$2,925,000 and Series 2019B Bonds in the amount of \$1,780,000 to refund the following bonds: refunded the remaining \$1,625,000 of the 2004A Series Revenue Bonds, refunded the remaining \$1,705,000 of 2004B Series Revenue Bonds, and refunded the remaining \$1,180,000 of the 2007 Series Revenue Bonds. The Series 2019A Bonds carry an interest rate of 2.18% and will mature on February 1, 2027. The bond principal and interest payments on the 2019A Series are due on February 1 and August 1 of each year. The 2019B Series Bonds carry an interest rate of 2.66% and will mature on August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year. The refunding transaction resulted in an economic gain (net present value of the aggregate debt service savings) of \$117,148.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

In June 2004, the Development Authority issued Tax Exempt Revenues Bond Series 2004A in the amount of \$4,855,000 to be used for paying off capital lease payable to Georgia Municipal Association and for developing and maintaining a streetscape project, and constructing improvements to the City's existing water and sewer system. The bond rate is 4.80% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year. As of June 30, 2021, the current outstanding amount of debt considered legally defeased for the 2004A Series Bonds equals \$1,005,000.

In June 2004, the Development Authority issued Tax Exempt Revenues Bond Series 2004B in the amount of \$4,435,000 to be used for paying off the Authority's debt to the City and for completion of the 2004B projects. The bond rate is based on the Wall Street Journal LIBOR Daily Floating Rate plus 2.50% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year. As of June 30, 2021, the current outstanding amount of debt considered legally defeased for the 2004B Series Bonds equals \$1,400,000.

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 semi-annual February and August payment 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. As of June 30, 2021, the current outstanding amount of debt considered legally defeased for the 2004B Series Bonds equals \$1,055,000.

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 systems 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 was paid off as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Debt service requirements to maturity on these bonds payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2014 A-1			
Fiscal Year Ending June 30,			
2022	\$ 440,000	\$ 146,689	\$ 586,689
2023	460,000	129,454	589,454
2024	475,000	111,549	586,549
2025	495,000	92,973	587,973
2026	515,000	73,632	588,632
2027-2029	1,665,000	97,186	1,762,186
Total	<u>\$ 4,050,000</u>	<u>\$ 651,483</u>	<u>\$ 4,701,483</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2019A			
Fiscal Year Ending June 30,			
2022	\$ 815,000	\$ 38,368	\$ 853,368
2023	270,000	23,599	293,599
2024	280,000	17,658	297,658
2025	280,000	11,554	291,554
2026	155,000	6,159	161,159
2027-2029	165,000	2,670	167,670
Total	<u>\$ 1,965,000</u>	<u>\$ 100,008</u>	<u>\$ 2,065,008</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Series 2019B			
Fiscal Year Ending June 30,			
2022	\$ 340,000	\$ 34,048	\$ 374,048
2023	355,000	24,805	379,805
2024	370,000	15,162	385,162
2025	385,000	5,120	390,120
Total	<u>\$ 1,450,000</u>	<u>\$ 79,135</u>	<u>\$ 1,529,135</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

Note Payable – Direct Borrowing. On February 5, 2019, the Georgia Environmental Finance Authority (GEFA) awarded the City a \$1,535,000 loan through direct borrowing at an interest rate of 1.25%. As of June 30, 2021, the outstanding balance of the note payable at June 30, 2021 is \$1,062,619. The note contains a provision that the fixed charges coverage ratio may not be less than 1.05.

Debt service requirements to maturity on this note payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Years Ending June 30,			
2022	\$ 48,427	\$ 13,006	\$ 61,433
2023	49,035	12,397	61,432
2024	49,652	11,781	61,433
2025	50,276	11,156	61,432
2026	50,908	10,524	61,432
2027-2031	264,303	42,859	307,162
2032-2036	281,340	25,822	307,162
2037-2040	268,678	7,767	276,445
Total	<u>\$ 1,062,619</u>	<u>\$ 135,312</u>	<u>\$ 1,197,931</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds at June 30, 2021 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	ARP Fund	\$ 1,220,017
General Fund	Hotel/Motel Fund	685,484
General Fund	Nonmajor Governmental Funds	63,775
		<u>\$ 1,969,276</u>

Advanced to/from other funds at June 30, 2021 consisted of the following::

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Development Authority Fund	\$ 229,057
		<u>\$ 229,057</u>

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made. Advances will be repaid by the Development Authority through future sale of real estate properties held for redevelopment.

Interfund transfers for the fiscal year ended June 30, 2021 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Hotel/Motel Fund	\$ 2,022,758
General Fund	Nonmajor Governmental Funds	221,758
Development Authority Fund	General Fund	850,976
Development Authority Fund	Water & Sewer Utility Fund	975,483
Nonmajor Governmental Funds	General Fund	295,375
General Fund	Development Authority Fund	55,928
ARP Fund	General Fund	100
		<u>\$ 4,422,378</u>

Transfers are primarily used to (1) move unrestricted revenues collected in various funds to finance various programs of the City accounted for in the General Fund in accordance with budgetary authorizations, (2) move cash to cover operations to the nonmajor governmental funds, (3) move Hotel/Motel taxes between funds for expending in accordance with State law, and (4) move cash to the Development Authority to cover debt service payments on revenue bonds issues by the Development Authority for public infrastructure improvement projects. Additionally, during the fiscal year ended June 30, 2021, the General Fund transferred \$100 to the ARP Fund in order to open a separate bank account required by the funding agreement.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Hapeville Retirement Plan) covering all full-time employees. The City Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. Active plan members (employees of the City) are not required to make contributions to the Plan. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

Plan Membership

As of January 1, 2021, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	101
Terminated vested participants not yet receiving benefits	23
Active participants	123
	<u>247</u>

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. At this time, Plan members are not required to make contributions to the Plan. For the fiscal year ended June 30, 2021, the City's contribution rate was 11.98% of annual payroll. City contributions to the Plan were \$739,718 for the fiscal year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2021 with update procedures performed by the actuary to roll forward to the total pension asset measured as of September 30, 2020.

Actuarial Assumptions. The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2021 valuation were based on the sex-distinct Pri-2012 headcount weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	7.05
Real estate	10%	4.50
Global fixed income	5%	1.25
Domestic fixed income	20%	1.15
Cash	—%	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.38%, which was a decrease from the discount rate of 7.50% in the prior year. 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 City 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 of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/20	\$ 32,465,993	\$ 23,282,703	\$ 9,183,290
Changes for the year:			
Service cost	185,503	-	185,503
Interest	1,757,491	-	1,757,491
Experience differences	1,072,922	-	1,072,922
Change of assumptions	-	-	-
Change of benefit terms	(94,477)	-	(94,477)
Net investment income	-	(229,317)	229,317
Contributions - employer	-	765,000	(765,000)
Benefit payments	(1,755,300)	(1,755,300)	-
Net changes	<u>1,166,139</u>	<u>(1,219,617)</u>	<u>2,385,756</u>
Balances at 9/30/20 reported as of 6/30/21	<u>\$ 33,632,132</u>	<u>\$ 22,063,086</u>	<u>\$ 11,569,046</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
\$ 15,346,755	\$ 11,569,046	\$ 8,380,988

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events 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 September 30, 2020 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2021, the City recognized pension expense of \$1,353,349. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,599,824	\$ 2,411,089
Differences resulting from changes in actuarial assumptions	3,173,873	-
Net difference between projected and actual earnings on pension plan investments	1,672,790	-
Contributions subsequent to the measurement date	<u>739,718</u>	<u>-</u>
Total	<u>\$ 8,186,205</u>	<u>\$ 2,411,089</u>

City contributions subsequent to the measurement date of \$739,718 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as show on the table on the following page:

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Fiscal Year ending June 30:

2022	\$	498,919
2023		668,349
2024		1,388,510
2025		1,183,175
2026		657,177
Thereafter		<u>639,268</u>
Total	\$	<u>5,035,398</u>

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Administration and Benefits. The City, as authorized by the City Council, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the "PHCB Plan"). The PHCB Plan is administered by the City management, under the direction of the City Council. 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%. The City also provides retiree life insurance with a face value of \$19,500. Medical coverage changes to Medicare supplement at age 65. All full time employees who are also eligible to retire and receive unreduced benefits under the Defined Benefit Pension Plan are eligible participants in the Plans. The City Council established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Active participants	127
Retirees and beneficiaries currently receiving benefits	<u>59</u>
Total	<u>186</u>

Contributions. The City Council has elected to fund the PHCB plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. Per a City resolution, the City is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the fiscal year ended June 30, 2021, the City contributed \$425,493 to the pay as you go benefits for the PHCB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	2.16%
Healthcare Cost Trend Rate:	5.00%
Inflation Rate:	2.00%

Mortality rates were based on the PubG-2010 Mortality Table, projected by the MP-2020 Mortality Improvement Scale.

Discount rate. The discount rate used to measure the total OPEB liability was 2.16%, a decrease from the rate of 2.21% utilized for the previous valuation. The Plan is not funded. Therefore, the 20-year tax-free municipal bond (Bond Buyer 20-Bond General Obligation Index) yield of 2.16% as of June 30, 2021 was used as the discount rate.

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the fiscal year ended June 30, 2021, were as follows:

	Total OPEB Liability (a)
Balances at 6/30/20	\$ 13,560,570
Changes for the year:	
Service cost	306,432
Interest	308,303
Experience differences	296,136
Assumption changes	12,397
Benefit payments, including refunds of employee contributions	(425,493)
Net changes	497,775
Balances at 6/30/21	\$ 14,058,345

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability of the City (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 15,903,093	\$ 14,058,345	\$ 12,517,157

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4%) or 1-percentage-point higher (6%) than the current discount rate:

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	\$ 12,544,831	\$ 14,058,345	\$ 15,836,779

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions 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, 2021 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$934,088. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 258,165	\$ 1,457,140
Changes in assumptions	2,905,307	-
Total	<u>\$ 3,163,472</u>	<u>\$ 1,457,140</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability of the City (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ending June 30:		
2022	\$	319,353
2023		319,353
2024		319,353
2025		319,353
2026		319,353
Thereafter		109,567
Total		<u>\$ 1,706,332</u>

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Hapeville's Internal Revenue Code Section 457 and 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Mass Mutual for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Council. All employees who work at least 30 hours per week are eligible to participate in the plan. At June 30, 2021, there were 25 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended June 30, 2021, was \$45,419.

The City also provides an opportunity for the City Manager to participate in a defined contribution money-purchase pension plan, known as City of Hapeville/City Manager Plan, administered by ICMA Retirement Corporation. Participant contributions are not required to be eligible for the employer contribution. There is no vesting period. Loans are not permitted under the Plan. The City has no fiduciary relationship with the plan and plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrator for the exclusive benefit of the participants of the Plan. For the fiscal year ended June 30, 2021, the City contributed \$13,513 of matching contributions to the Plan for the City manager.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. FUND DEFICITS

As of June 30, 2021, the City's Development Authority Fund had a deficit of net position of \$5,347,444. This deficit net position is being reduced annually as payments, funded by transfers from other funds, are made on the Development Authority's outstanding bond issuances (see Note 7).

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In response to these risks, the City has purchased commercial insurance for all property and liability coverage. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Contractual Commitments

For the fiscal year ended June 30, 2021, contractual commitments on uncompleted contracts were \$587,156.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 15. HOTEL/MOTEL LODGING AND MOTOR VEHICLE EXCISE TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were \$2,022,758 for the fiscal year ended June 30, 2021. The City is required to spend an amount equal to 62.5 percent of the total taxes collected for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes as required by O.C.G.A. 48-13-51(b). The City transferred \$2,022,758 to the General Fund.

The City imposes a 3% excise tax on all rental motor vehicles within the City. This car rental tax is intended to be used for public safety activities. Revenues were \$221,758 for the fiscal year ended June 30, 2021, of which 100% was transferred to the General Fund.

NOTE 16. CONDUIT DEBT

The Development Authority issued Series 2017 Economic Development Bonds to provide financial assistance to a private entity for the acquisition of land and construction of a hotel at the Porsche facility in the City of Hapeville, which is deemed to be of public interest. The Development Authority is not obligated in any manner for repayment of the Bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of bonds issued was \$424,097,500. The amount outstanding at June 30, 2021 is unknown.

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ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN AT LARGE

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

REQUIRED SUPPLEMENTARY INFORMATION

3468 North Fulton Avenue, Hapeville, Georgia 30354
City Hall 404.669.2100 www.hapeville.org

Community Service
3474 N. Fulton Avenue
404-669-2120

Economic Development
3468 N. Fulton Avenue
404-669-8269

Fire Department
606 King Arnold Street
404-669-2141

Police Department
700 Doug Davis Drive
404-768-7171

Recreation Department
3444 N. Fulton Avenue
404-669-2136

CITY OF HAPEVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

	2021	2020	2019	2018
Total pension liability				
Service cost	\$ 185,503	\$ 126,131	\$ 102,027	\$ 94,909
Interest on total pension liability	1,757,491	2,546,090	2,162,781	2,038,463
Differences between expected and actual experience	1,072,922	(3,955,417)	-	1,886,300
Change of assumptions	-	414,599	4,475,000	-
Change of benefit terms	(94,477)	-	-	-
Benefit payments, including refunds of employee contributions	(1,755,300)	(974,289)	(2,331,960)	(2,363,741)
Net change in total pension liability	1,166,139	(1,842,886)	4,407,848	1,655,931
Total pension liability - beginning	32,465,993	34,308,879	29,901,031	28,245,100
Total pension liability - ending (a)	\$ 33,632,132	\$ 32,465,993	\$ 34,308,879	\$ 29,901,031
Plan fiduciary net position				
Contributions - employer	\$ 765,000	\$ -	\$ 910,715	\$ 664,738
Net investment income	(229,317)	1,147,958	1,295,740	1,360,784
Benefit payments, including refunds of member contributions	(1,755,300)	(974,289)	(2,331,960)	(2,363,741)
Net change in plan fiduciary net position	(1,219,617)	173,669	(125,505)	(338,219)
Plan fiduciary net position - beginning	23,282,703	23,109,034	23,234,539	23,572,758
Plan fiduciary net position - ending (b)	\$ 22,063,086	\$ 23,282,703	\$ 23,109,034	\$ 23,234,539
City's net pension liability - ending (a) - (b)	\$ 11,569,046	\$ 9,183,290	\$ 11,199,845	\$ 6,666,492
Plan fiduciary net position as a percentage of the total pension liability	65.6%	71.7%	67.4%	77.7%
Covered payroll	\$ 6,210,550	\$ 6,672,676	\$ 5,050,634	\$ 5,429,796
City's net pension liability as a percentage of covered payroll	186.3%	137.6%	221.8%	122.8%
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 96,591	\$ 111,626	\$ 117,867	\$ 121,891
Interest on total pension liability	2,108,653	2,030,740	2,032,600	2,034,184
Differences between expected and actual experience	(808,685)	1,166,057	46,763	45,428
Benefit payments, including refunds of employee contributions	(2,299,009)	(2,211,614)	(2,219,779)	(2,217,473)
Net change in total pension liability	(902,450)	1,096,809	(22,549)	(15,970)
Total pension liability - beginning	29,147,550	28,050,741	28,073,290	28,089,260
Total pension liability - ending (a)	\$ 28,245,100	\$ 29,147,550	\$ 28,050,741	\$ 28,073,290
Plan fiduciary net position				
Contributions - employer	\$ 698,388	\$ 526,090	\$ 557,148	\$ 1,158,240
Net investment income	2,564,916	361,896	563,309	3,892,858
Benefit payments, including refunds of member contributions	(2,299,009)	(2,211,614)	(2,219,778)	(2,217,473)
Administrative expenses	-	-	-	(69,202)
Net change in plan fiduciary net position	964,295	(1,323,628)	(1,099,321)	2,764,423
Plan fiduciary net position - beginning	22,608,463	23,932,091	25,031,412	22,266,989
Plan fiduciary net position - ending (b)	\$ 23,572,758	\$ 22,608,463	\$ 23,932,091	\$ 25,031,412
City's net pension liability - ending (a) - (b)	\$ 4,672,342	\$ 6,539,087	\$ 4,118,650	\$ 3,041,878
Plan fiduciary net position as a percentage of the total pension liability	83.5%	77.6%	85.3%	89.2%
Covered payroll	\$ 4,279,786	\$ 4,541,206	\$ 5,249,658	\$ 4,912,290
City's net pension liability as a percentage of covered payroll	109.2%	144.0%	78.5%	61.9%

Notes to the Schedule:

- (1) The schedule will present 10 years of information once it is accumulated.
- (2) During the fiscal year ended June 30, 2020, the City dissolved its Pension Trust Fund and moved to the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association.

CITY OF HAPEVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,033,282	\$ 765,000	\$ 910,715	\$ 664,738
Contributions in relation to the actuarially determined contribution	739,718	765,000	910,715	664,738
Contribution deficiency (excess)	<u>\$ 293,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,173,227	\$ 6,132,589	\$ 5,050,634	\$ 5,429,796
Contributions as a percentage of covered payroll	11.98%	12.47%	18.03%	12.24%
	2017	2016	2015	2014
Actuarially determined contribution	\$ 698,388	\$ 526,090	\$ 557,148	\$ 1,158,240
Contributions in relation to the actuarially determined contribution	698,388	526,090	557,148	1,158,240
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,279,786	\$ 4,541,206	\$ 5,249,658	\$ 4,912,290
Contributions as a percentage of covered payroll	16.32%	11.58%	10.61%	23.58%

Notes to the Schedule:

- (1) During the fiscal year ended June 30, 2020, the City dissolved its Pension Trust Fund and moved to the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association.

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

CITY OF HAPEVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 306,432	\$ 243,151	\$ 124,037	\$ 119,266
Interest on total OPEB liability	308,303	398,231	421,339	413,178
Experience differences	296,136	(1,963,876)	-	-
Changes of assumptions and other inputs	12,397	1,899,004	2,369,482	(19,303)
Benefit payments	(425,493)	(229,416)	(221,678)	(402,091)
Net change in total OPEB liability	<u>497,775</u>	<u>347,094</u>	<u>2,693,180</u>	<u>111,050</u>
Total OPEB liability - beginning	<u>13,560,570</u>	<u>13,213,476</u>	<u>10,520,296</u>	<u>10,409,246</u>
Total OPEB liability - ending	<u><u>\$14,058,345</u></u>	<u><u>\$13,560,570</u></u>	<u><u>\$13,213,476</u></u>	<u><u>\$10,520,296</u></u>
Covered-employee payroll	\$ 6,471,653	\$ 6,271,035	\$ 5,050,634	\$ 5,249,658
Total OPEB liability as a percentage of covered-employee payroll	217.2%	216.2%	261.6%	200.4%

Notes to the Schedule:

- (1) The schedule will present 10 years of information once it is accumulated.
- (2) The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF HAPEVILLE, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

The City reports the following non major special revenue funds:

Asset Forfeiture Fund – This fund is used to account for the City's share of monies that have been forfeited through the court system and are restricted for law enforcement purposes.

Emergency 911 (E-911) Fund – This fund is used to account for receipt of "911" emergency telephone system charges collected by communication firms. Funds are restricted by state laws.

Vehicle Excise Tax Fund – This fund is used to account for the collection and expenditures of an excise tax levied on motor vehicles in the City. The proceeds of this tax are restricted by state law.

Tax Allocation District Fund – This fund is used to account for the collection of tax increments within the City's tax allocation district. The tax is restricted for redevelopment within the district.

Other Special Revenue Fund – This fund is used to account for specific revenues such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The City reports the following non major capital project funds:

Capital Project Fund – This fund is used to account for the receipt and expenditure of funds related to major capital projects throughout the City. These funds are restricted for capital construction projects within the City.

T-SPLOST Fund – This fund is used to account for revenues collected from the Transportation Special Purpose Local Options Sales Tax levied by the City. The funds are restricted for transportation projects within the City.

CITY OF HAPEVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

ASSETS	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Asset Forfeiture Fund	E-911 Fund	Vehicle Excise Tax Fund	Tax Allocation District Fund	Other Special Revenue Fund	Capital Project Fund	T-SPLOST Fund	
Cash and cash equivalents	\$ 22,517	\$ 23,443	\$ -	\$ 35,051	\$ 8,435	\$ 31,359	\$ 221,579	\$ 342,384
Taxes receivable	-	-	34,605	-	-	-	-	34,605
Intergovernmental receivables	-	-	-	-	-	42,116	118,109	160,225
Accounts receivable	-	28,128	-	-	-	-	-	28,128
Total assets	<u>\$ 22,517</u>	<u>\$ 51,571</u>	<u>\$ 34,605</u>	<u>\$ 35,051</u>	<u>\$ 8,435</u>	<u>\$ 73,475</u>	<u>\$ 339,688</u>	<u>\$ 565,342</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	\$ 9,565	\$ -	\$ -	\$ 811	\$ 5,013	\$ 110,611	\$ 126,000
Due to other funds	-	29,170	34,605	-	-	-	-	63,775
Total liabilities	-	38,735	34,605	-	811	5,013	110,611	189,775
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - intergovernmental	-	-	-	-	-	42,116	-	42,116
Total deferred inflows of resources	-	-	-	-	-	42,116	-	42,116
FUND BALANCES								
Assigned:								
E911 services	-	12,836	-	-	-	-	-	12,836
Restricted:								
Law enforcement	22,517	-	-	-	-	-	-	22,517
Culture and recreation	-	-	-	-	7,624	-	-	7,624
Transportation projects	-	-	-	-	-	-	229,077	229,077
Capital construction	-	-	-	35,051	-	26,346	-	61,397
Total fund balances	<u>22,517</u>	<u>12,836</u>	<u>-</u>	<u>35,051</u>	<u>7,624</u>	<u>26,346</u>	<u>229,077</u>	<u>333,451</u>
Total liabilities and fund balances	<u>\$ 22,517</u>	<u>\$ 51,571</u>	<u>\$ 34,605</u>	<u>\$ 35,051</u>	<u>\$ 8,435</u>	<u>\$ 73,475</u>	<u>\$ 339,688</u>	<u>\$ 565,342</u>

CITY OF HAPEVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
	Asset Forfeiture Fund	E-911 Fund	Vehicle Excise Tax Fund	Tax Allocation District Fund	Other Special Revenue Fund	Capital Project Fund	T-SPLOST Fund	
REVENUES								
Taxes	\$ -	\$ -	\$ 221,758	\$ -	\$ -	\$ -	\$ -	\$ 221,758
Charges for services	-	160,362	-	-	-	-	-	160,362
Intergovernmental	-	-	-	-	-	67,934	1,262,007	1,329,941
Total revenues	-	160,362	221,758	-	-	67,934	1,262,007	1,712,061
EXPENDITURES								
Current:								
Public safety	15,997	425,405	-	-	216	-	-	441,618
Public works	-	-	-	-	2,741	45,231	-	47,972
Capital outlay	-	-	-	-	-	48,691	1,510,461	1,559,152
Debt service:								
Principal	-	14,242	-	-	-	-	-	14,242
Interest	-	244	-	-	-	-	-	244
Total expenditures	15,997	439,891	-	-	2,957	93,922	1,510,461	2,063,228
Excess (deficiency) of revenues over (under) expenditures	(15,997)	(279,529)	221,758	-	(2,957)	(25,988)	(248,454)	(351,167)
Other financing sources (uses):								
Transfers in	-	295,375	-	-	-	-	-	295,375
Transfers out	-	-	(221,758)	-	-	-	-	(221,758)
Total other financing sources (uses)	-	295,375	(221,758)	-	-	-	-	73,617
Net change in fund balances	(15,997)	15,846	-	-	(2,957)	(25,988)	(248,454)	(277,550)
FUND BALANCES (DEFICITS)								
beginning of fiscal year	38,514	(3,010)	-	35,051	10,581	52,334	477,531	611,001
FUND BALANCES,								
end of fiscal year	\$ 22,517	\$ 12,836	\$ -	\$ 35,051	\$ 7,624	\$ 26,346	\$ 229,077	\$ 333,451

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, 2021

	Budget		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Public safety	\$ -	\$ 15,997	\$ 15,997	\$ -
Total expenditures	-	15,997	15,997	-
FUND BALANCES, beginning of year	38,514	38,514	38,514	-
FUND BALANCES, end of year	<u>\$ 38,514</u>	<u>\$ 22,517</u>	<u>\$ 22,517</u>	<u>\$ -</u>

CITY OF HAPEVILLE, GEORGIA
EMERGENCY- 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	\$ 217,000	\$ 160,400	\$ 160,362	\$ (38)
Total revenues	217,000	160,400	160,362	(38)
EXPENDITURES				
Public safety	361,535	438,279	425,405	12,874
Debt service:				
Principal	100,000	14,242	14,242	-
Interest	-	244	244	-
Total expenditures	461,535	452,765	439,891	12,874
Deficiency of revenues under expenditures	(244,535)	(292,365)	(279,529)	12,836
OTHER FINANCING SOURCES				
Transfers in	244,535	295,375	295,375	-
Total other financing sources	244,535	295,375	295,375	-
Net change in fund balances	-	3,010	15,846	12,836
FUND BALANCES (DEFICITS), beginning of fiscal year	(3,010)	(3,010)	(3,010)	-
FUND BALANCES (DEFICITS), end of fiscal year	<u>\$ (3,010)</u>	<u>\$ -</u>	<u>\$ 12,836</u>	<u>\$ 12,836</u>

CITY OF HAPEVILLE, GEORGIA
VEHICLE EXCISE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 185,503	\$ 221,758	\$ 221,758	\$ -
Total revenues	185,503	221,758	221,758	-
OTHER FINANCING USES				
Transfers out	(185,503)	(221,758)	(221,758)	-
Total other financing uses	(185,503)	(221,758)	(221,758)	-
Net change in fund balances	-	-	-	
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF HAPEVILLE, GEORGIA
TAX ALLOCATION DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance With Final Budget
	Original	Final		
FUND BALANCES, beginning of fiscal year	\$ 35,051	\$ 35,051	\$ 35,051	-
FUND BALANCES, end of fiscal year	<u>\$ 35,051</u>	<u>\$ 35,051</u>	<u>\$ 35,051</u>	<u>\$ -</u>

**CITY OF HAPEVILLE, GEORGIA
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Public safety	\$ -	\$ 216	\$ 216	\$ -
Culture and recreation	-	2,741	2,741	-
Total expenditures	-	2,957	2,957	-
FUND BALANCES, beginning of fiscal year	10,581	10,581	10,581	-
FUND BALANCES, end of fiscal year	\$ 10,581	\$ 7,624	\$ 7,624	\$ -

CITY OF HAPEVILLE, GEORGIA
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 368,000	\$ 418,000	\$ 67,934	\$ (350,066)
Total revenues	368,000	418,000	67,934	(350,066)
EXPENDITURES				
Public works	-	-	45,231	(45,231)
Capital outlay	450,000	500,000	48,691	451,309
Total expenditures	450,000	500,000	93,922	406,078
Deficiency of revenues under expenditures	(82,000)	(82,000)	(25,988)	56,012
OTHER FINANCING SOURCES				
Transfers in	82,000	82,000	-	(82,000)
Total other financing sources	82,000	82,000	-	(82,000)
Net change in fund balances	-	-	(25,988)	(25,988)
FUND BALANCES, beginning of fiscal year	52,334	52,334	52,334	-
FUND BALANCES, end of fiscal year	<u>\$ 52,334</u>	<u>\$ 52,334</u>	<u>\$ 26,346</u>	<u>\$ (25,988)</u>

CITY OF HAPEVILLE, GEORGIA
T-SPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 1,000,000	\$ 1,262,007	\$ 1,262,007	\$ -
Total revenues	1,000,000	1,262,007	1,262,007	-
EXPENDITURES				
Capital outlay	1,782,000	1,739,538	1,510,461	229,077
Total expenditures	1,782,000	1,739,538	1,510,461	229,077
Net change in fund balances	(782,000)	(477,531)	(248,454)	229,077
FUND BALANCES, beginning of fiscal year	477,531	477,531	477,531	-
FUND BALANCES (DEFICITS), end of fiscal year	<u>\$ (304,469)</u>	<u>\$ -</u>	<u>\$ 229,077</u>	<u>\$ 229,077</u>

CITY OF HAPEVILLE, GEORGIA

Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax For the Fiscal Year Ended June 30, 2021

Project Description	Original Estimated Costs	Current Estimated Costs	Prior Years	Current Year	Total	Percentage of Completion
Operation and Safety Improvement - Silent Crossing Project	\$ 1,600,000	\$ 1,800,000	\$ 167,131	\$ 1,154,623	\$ 1,321,754	73%
Pedestrian Improvements - Sidewalk, Curb & Gutter, Bike Lane - Dogwood	1,900,000	1,000,000	923,902	-	923,902	92%
Maintenance and Safety - (Paving) Loop Road & Rail Facility Project	1,400,000	3,100,000	1,967,029	124,205	2,091,234	67%
Traffic & Street Signage and Traffic Signal Improvements	600,000	300,000	78,059.0	40,251	118,310	39%
Pre-Engineering, Project Administration	834,792	334,792	80,183	191,382	271,565	81%
	<u>\$ 6,334,792</u>	<u>\$ 6,534,792</u>	<u>\$ 3,216,304</u>	<u>\$ 1,510,461</u>	<u>\$ 4,726,765</u>	<u>72%</u>

Introduction to Statistical Section (Unaudited)

This part of City of Hapeville's annual comprehensive 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

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 - XIIA

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.

XIII-XXI

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.

XXII-XXIV

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.

XXV-XXVI

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.

XXVII-XXIII

Data Source:

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities										
General government	\$ 1,663,338	\$ 1,753,542	\$ 2,148,678	\$ 2,086,642	\$ 2,265,737	\$ 3,177,991	\$ 2,490,217	\$ 2,721,802	\$ 3,064,547	\$ 3,181,487
Judicial	-	-	-	-	-	129,440	124,583	154,675	357,220	328,236
Public safety	6,282,263	6,239,602	5,923,757	5,011,852	4,936,495	5,729,064	5,496,731	6,111,073	7,803,633	7,757,447
Highways and streets	1,283,554	1,263,217	1,101,104	1,025,120	956,954	784,781	953,406	1,363,892	1,485,918	1,593,163
Culture and recreation ²	599,769	603,976	557,634	548,727	551,428	1,832,125	1,715,312	1,809,491	2,201,635	2,063,606
Parks and grounds ²	895,269	1,012,004	1,051,603	934,433	865,972	-	-	-	-	-
Planning and zoning ¹	851,305	893,210	273,602	284,203	241,023	298,772	184,740	187,009	330,671	189,853
Trade, tourism and development ¹	894,111	1,002,938	594,325	673,741	730,231	905,390	2,045,399	2,410,903	2,142,435	1,602,145
Debt-related expenses	332,543	314,830	16,782	11,008	22,095	44,846	48,535	61,350	60,495	63,272
Total Primary Government Expenses	12,802,152	13,083,319	11,667,485	10,575,726	10,569,935	12,902,409	13,058,923	14,820,195	17,446,554	16,779,209
Program Revenues:										
Governmental Activities										
Charges for services	1,710,470	1,958,670	1,011,165	1,048,241	866,148	1,330,553	1,208,343	1,052,832	1,767,968	1,548,094
Operating grants and contributions	81,631	77,234	49,232	40,977	39,138	26,333	5,290	17,656	4,630	1,220,517
Capital grants and contributions	1,651,861	1,411,890	725,947	613,912	780,581	667,438	3,054,072	5,334,753	1,904,573	1,644,661
Total Primary Government Program Revenues	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324	4,267,705	6,405,241	3,677,171	4,413,272
Net (Expense) Revenue	(9,358,190)	(9,635,525)	(9,881,141)	(8,872,596)	(8,884,068)	(10,878,085)	(8,791,218)	(8,414,954)	(13,769,383)	(12,365,937)
General Revenues:										
Governmental activities										
Taxes										
Property	3,924,999	4,185,266	4,066,615	3,795,160	4,604,469	5,452,637	5,242,270	6,177,974	7,439,950	7,475,538
Sales	1,598,359	1,596,392	1,668,856	1,739,336	1,751,341	1,771,491	1,865,494	1,992,229	1,867,684	2,030,907
Occupation	260,999	231,405	265,775	289,887	324,329	-	-	-	-	-
Franchise	762,675	549,260	643,481	673,023	679,502	653,527	665,196	681,134	689,010	650,940
Insurance premium	308,470	327,079	351,426	354,276	391,735	407,163	433,106	466,835	510,484	537,202
Hotel/motel	1,545,360	1,732,001	1,951,860	2,275,691	2,462,623	2,771,189	3,108,228	3,636,829	2,801,045	2,022,758
Other	649,075	592,961	544,169	558,608	546,226	545,769	631,991	751,228	599,053	579,565
Other local revenue	41,212	26,018	27,884	27,320	39,844	243,593	194,039	54,761	86,011	437,927
Unrestricted investment earnings	1,872	979	121	191	218	448	781	53	5,847	13
Transfers	290,322	258,899	(304,924)	265,139	(361,340)	(452,339)	(439,256)	(484,720)	(354,836)	(795,048)
Total Primary Government General Revenues	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478	11,701,849	13,276,323	13,644,248	12,939,802
Total Primary Government Change in Net Position	\$ 25,153	\$ (135,265)	\$ (665,878)	\$ 1,106,035	\$ 1,554,879	\$ 515,393	\$ 2,910,631	\$ 4,861,369	\$ (125,135)	\$ 573,865

Data Source:

Applicable years' annual financial report.

Notes:¹ In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.² In fiscal year 2017, the costs for these two functions were merged.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities										
General government	13.0%	13.4%	18.4%	19.7%	21.4%	24.6%	19.1%	18.4%	17.6%	19.0%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%	2.0%
Public safety	49.1%	47.7%	50.8%	47.4%	46.7%	44.4%	42.1%	41.2%	44.7%	46.2%
Highways and streets	10.0%	9.7%	9.4%	9.7%	9.1%	6.1%	7.3%	9.2%	8.5%	9.5%
Culture and recreation ²	4.7%	4.6%	4.8%	5.2%	5.2%	14.2%	13.1%	12.2%	12.6%	12.3%
Parks and grounds ²	7.0%	7.7%	9.0%	8.8%	8.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Planning and zoning ¹	6.6%	6.8%	2.3%	2.7%	2.3%	2.3%	1.4%	1.3%	1.9%	1.1%
Trade, tourism and development ¹	7.0%	7.7%	5.1%	6.4%	6.9%	7.0%	15.7%	16.3%	12.3%	9.5%
Debt-related expenses	2.6%	2.4%	0.2%	0.1%	0.1%	0.4%	0.4%	0.4%	0.3%	0.3%
Total Primary Government Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Governmental Activities										
Charges for services	49.7%	56.8%	56.6%	61.5%	51.4%	65.7%	28.3%	16.4%	48.1%	35.1%
Operating grants and contributions	2.4%	2.2%	2.8%	2.4%	2.3%	1.3%	0.1%	0.3%	0.1%	27.7%
Capital grants and contributions	48.0%	41.0%	40.6%	36.0%	46.3%	33.0%	71.6%	83.3%	51.8%	37.3%
Total Primary Government Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Governmental activities										
Taxes										
Property	41.8%	44.1%	44.1%	38.0%	44.1%	47.9%	44.8%	46.5%	54.5%	57.8%
Sales	17.0%	16.8%	18.1%	17.4%	16.8%	15.5%	15.9%	15.0%	13.7%	15.7%
Occupation	2.8%	2.4%	2.9%	2.9%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Franchise	8.1%	5.8%	7.0%	6.7%	6.5%	5.7%	5.7%	5.1%	5.0%	5.0%
Insurance premium	3.3%	3.4%	3.8%	3.6%	3.8%	3.6%	3.7%	3.5%	3.7%	4.2%
Hotel/motel	16.5%	18.2%	21.2%	22.8%	23.6%	24.3%	26.6%	27.4%	20.5%	15.6%
Other	6.9%	6.2%	5.9%	5.6%	5.2%	4.8%	5.4%	5.7%	4.4%	4.5%
Other local revenue	0.4%	0.3%	0.3%	0.3%	0.4%	2.1%	1.7%	0.4%	0.6%	3.4%
Unrestricted investment earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	3.1%	2.7%	-3.3%	2.7%	-3.5%	-4.0%	-3.8%	-3.7%	-2.6%	-6.1%
Total Primary Government General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

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

² In fiscal year 2017, the costs for these two functions were merged.

Data Source:

Applicable years' annual comprehensive financial report.

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

Source	2012	2013	2014	2015	2016	2017	2018 (restated) ³	2019	2020	2021
Expenses:										
Water and sewer	\$ 3,025,737	\$ 2,898,013	\$ 2,898,611	\$ 2,915,863	\$ 3,341,251	\$ 3,282,497	\$ 3,140,345	\$ 4,021,474	\$ 3,802,086	\$ 4,118,383
Stormwater	557,955	563,392	544,970	465,351	488,436	131,665	70,284	468,413	286,534	190,984
Solid waste management ²	-	-	-	-	-	616,717	492,131	504,518	528,226	572,581
Development authority ¹	-	-	658,283	616,700	577,621	1,338,589	512,467	532,926	458,689	264,593
Total Expenses	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468	4,215,227	5,527,331	5,075,535	5,146,541
Program Revenues:										
Charges for services	4,258,491	4,311,342	4,700,291	4,824,266	5,162,897	5,907,246	5,527,472	5,744,255	5,771,583	5,070,344
Operating grants	-	-	-	17,484	-	-	-	-	-	-
Total Program Revenues	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246	5,527,472	5,744,255	5,771,583	5,070,344
Net (Expense) Revenue	674,799	849,937	598,427	843,836	755,589	537,778	1,312,245	216,924	696,048	(76,197)
General Revenues:										
Unrestricted investment income	-	-	-	-	7,633	-	-	-	-	-
Other	-	-	-	-	(297,348)	-	-	-	-	355,140
Transfers	(290,322)	(258,899)	304,924	(265,139)	361,340	452,339	439,256	484,720	354,836	795,048
Total General Revenues	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720	354,836	1,150,188
Change in Net Position	\$ 384,477	\$ 591,038	\$ 903,351	\$ 578,697	\$ 827,214	\$ 990,117	\$ 1,751,501	\$ 701,644	\$ 1,050,884	\$ 1,073,991

Data Source:

Applicable years' annual comprehensive financial report.

Notes:¹ Beginning in fiscal year 2014, the Development Authority was reclassified from a discretely presented component unit to a blended component unit.² Beginning in fiscal year 2017, the City created a new solid waste management fund.³ The 2018 Column was restated to correct prior year revenues for the Stormwater Fund.

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

Source	2012	2013	2014	2015	2016	2017	2018 (restated)	2019	2020	2021
Expenses:										
Governmental activities ¹	\$ 12,802,152	\$ 13,083,319	\$ 11,667,485	\$ 10,575,726	\$ 10,569,935	\$ 12,902,409	\$ 13,058,923	\$ 14,820,195	\$ 17,446,554	\$ 16,779,209
Business-type activities ²	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468	4,215,227	5,527,331	5,075,535	5,146,541
Total Expenses	16,385,844	16,544,724	15,769,349	14,573,640	14,977,243	18,271,877	17,274,150	20,347,526	22,522,089	21,925,750
Program Revenues:										
Governmental activities ¹	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324	4,267,705	6,405,241	3,677,171	4,413,272
Business-type activities ²	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246	5,527,472	5,744,255	5,771,583	5,070,344
Total Program Revenues	7,702,453	7,759,136	6,486,635	6,544,880	6,848,764	7,931,570	9,795,177	12,149,496	9,448,754	9,483,616
Net (Expense) Revenue	(8,683,391)	(8,785,588)	(9,282,714)	(8,028,760)	(8,128,479)	(10,340,307)	(7,478,973)	(8,198,030)	(13,073,335)	(12,442,134)
General Revenues:										
Governmental activities ¹	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478	11,701,849	13,276,323	13,644,248	12,939,802
Business-type activities ²	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720	354,836	1,150,188
Total General Revenues	9,093,021	9,241,361	9,520,187	9,713,492	10,510,572	11,845,817	12,141,105	13,761,043	13,999,084	14,089,990
Change in Net Position	\$ 409,630	\$ 455,773	\$ 237,473	\$ 1,684,732	\$ 2,382,093	\$ 1,505,510	\$ 4,662,132	\$ 5,563,013	\$ 925,749	\$ 1,647,856

Notes:¹ See Exhibit I² See Exhibit III

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

	2012	2013	2014 ²	2015 ³	2016 ³	2017	Restated 2018 ⁴	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 7,959,122	\$ 9,016,141	\$ 14,818,698	\$ 14,921,279	\$ 15,380,764	\$ 14,979,549	\$ 16,800,830	\$ 23,391,066	\$ 25,503,707	\$ 26,015,801
Restricted	17,664	17,710	263,636	567,630	994,663	2,235,010	3,078,512	1,520,642	970,169	1,007,836
Unrestricted (deficit)	941,643	(107,688)	(1,072,361)	(5,309,749)	(4,613,716)	(11,993,586)	(11,747,738)	(11,918,735)	(13,606,038)	(13,581,934)
Subtotal Governmental Activities Net Position	8,918,429	8,926,163	14,009,973	10,179,160	11,761,711	5,220,973	8,131,604	12,992,973	12,867,838	13,441,703
Business-type Activities										
Net investment in capital assets	8,309,831	8,066,581	5,095,322	13,480,537	13,552,649	13,831,713	13,533,322	13,095,381	13,427,038	12,976,904
Restricted	682,055	695,907	1,259,777	901,288	1,064,752	1,430,587	908,311	812,819	878,447	1,099,955
Unrestricted (deficit)	(33,891)	458,263	(3,278,274)	(11,274,713)	(10,710,747)	(11,323,812)	(8,751,644)	(7,516,567)	(6,862,968)	(5,560,351)
Subtotal Business-type Activities Net Position	8,957,995	9,220,751	3,076,825	3,107,112	3,906,654	3,938,488	5,689,989	6,391,633	7,442,517	8,516,508
Primary Government										
Net investment in capital assets	16,268,953	17,082,722	19,914,020	28,401,816	28,933,413	28,811,262	30,334,152	36,486,447	38,930,745	38,992,705
Restricted	699,719	713,617	1,523,413	1,468,918	2,059,415	3,665,597	3,986,823	2,333,461	1,848,616	2,107,791
Unrestricted (deficit)	907,752	350,575	(4,350,635)	(16,584,462)	(15,324,463)	(23,317,398)	(20,499,382)	(19,435,302)	(20,469,006)	(19,142,285)
Total Primary Government Net Position	\$ 17,876,424	\$ 18,146,914	\$ 17,086,798	\$ 13,286,272	\$ 15,668,365	\$ 9,159,461	\$ 13,821,593	\$ 19,384,606	\$ 20,310,355	\$ 21,958,211

Notes:

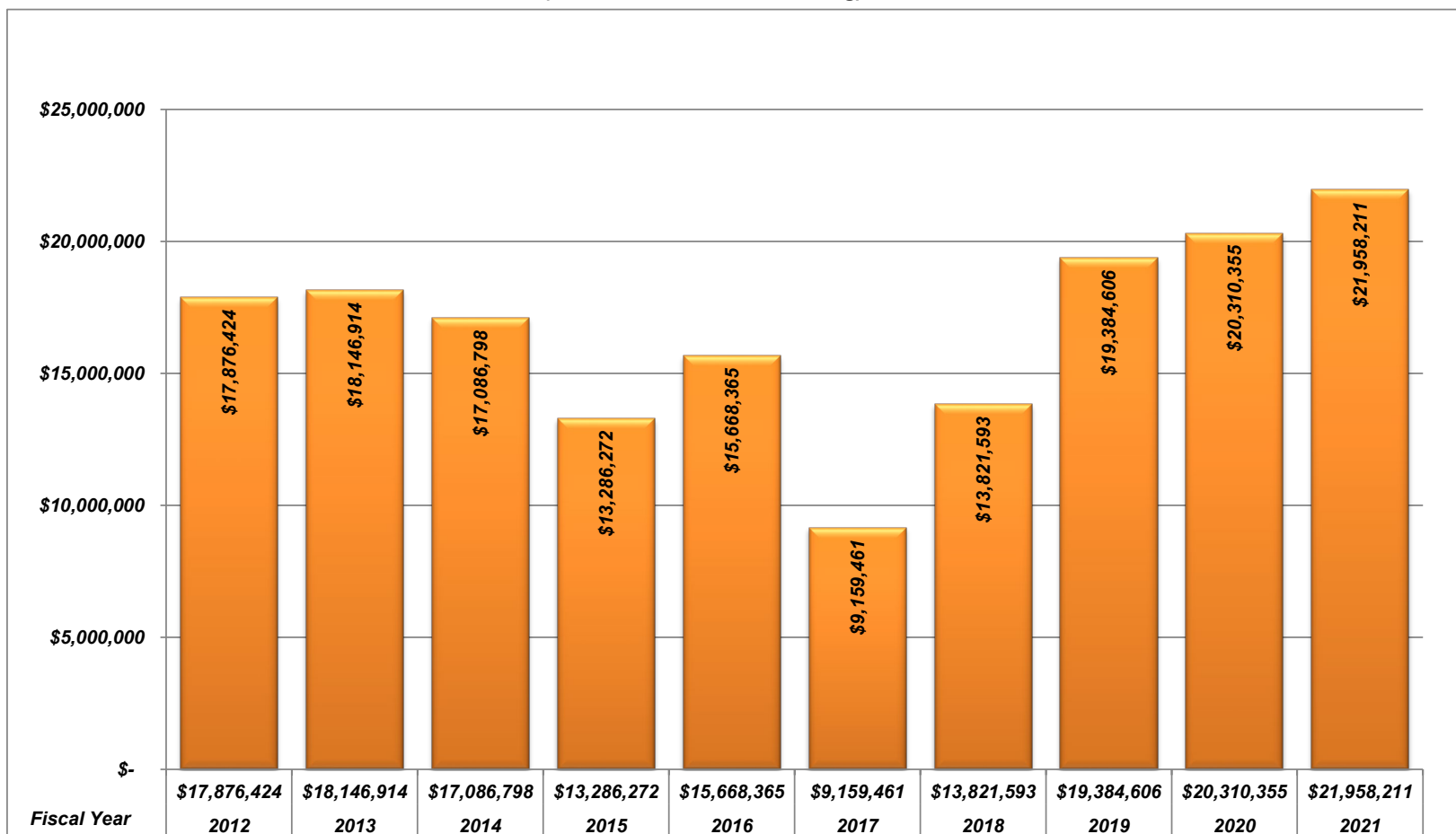
¹ Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Georgia or the federal government, 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.

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

³ In fiscal year 2015, the City implemented a new pension standard which required reporting the net pension obligation on the statement of net position.

⁴ In fiscal year 2018, the City implemented a new OPEB standard which required reporting the total OPEB liability on the statement of net position, resulting in an increase in the net negative unrestricted amount.

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) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue Source										
Taxes	\$ 9,121,022	\$ 9,243,503	\$ 9,642,439	\$ 9,642,439	\$ 11,452,396	\$ 11,452,396	\$ 11,924,128	\$ 13,918,539	\$ 13,904,632	\$ 13,347,004
Licenses and permits	202,589	235,481	162,052	210,250	293,601	715,397	519,926	341,141	707,583	580,767
Charges for services	1,054,535	1,224,244	341,630	353,917	344,438	434,378	479,351	566,222	597,868	474,714
Fines and forfeitures	445,239	494,250	515,742	480,305	203,109	180,778	209,066	145,469	462,517	492,613
Intergovernmental	1,244,920	1,205,269	736,294	640,843	791,677	681,579	3,054,072	5,334,753	1,904,573	2,822,562
Contributions	20,140	20,945	21,244	8,360	28,042	12,192	5,290	17,656	4,630	500
Investment earnings	1,726	979	121	191	218	448	781	53	5,847	13
Other local revenue	517,751	293,497	37,182	36,773	39,844	243,593	194,039	54,761	86,011	100,377
Total revenues	\$ 12,607,922	\$ 12,718,168	\$ 11,456,704	\$ 11,373,078	\$ 13,153,325	\$ 13,720,761	\$ 16,386,653	\$ 20,378,594	\$ 17,673,661	\$ 17,818,550
% change from prior year	-5.4%	0.9%	-9.9%	-0.7%	15.7%	4.3%	19.4%	24.4%	-13.3%	0.8%
Taxes	72.3%	72.7%	84.2%	84.8%	87.1%	83.5%	72.8%	68.3%	78.7%	74.9%
Licenses and permits	1.6%	1.9%	1.4%	1.8%	2.2%	5.2%	3.2%	1.7%	4.0%	3.3%
Charges for services	8.4%	9.6%	3.0%	3.1%	2.6%	3.2%	2.9%	2.8%	3.4%	2.7%
Fines and forfeitures	3.5%	3.9%	4.5%	4.2%	1.5%	1.3%	1.3%	0.7%	2.6%	2.8%
Grant revenue	9.9%	9.5%	6.4%	5.6%	6.0%	5.0%	18.6%	26.2%	10.8%	15.8%
Contributions	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%	0.0%	0.1%	0.0%	0.0%
Investment earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	4.1%	2.3%	0.3%	0.4%	0.4%	1.8%	1.2%	0.3%	0.5%	0.6%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

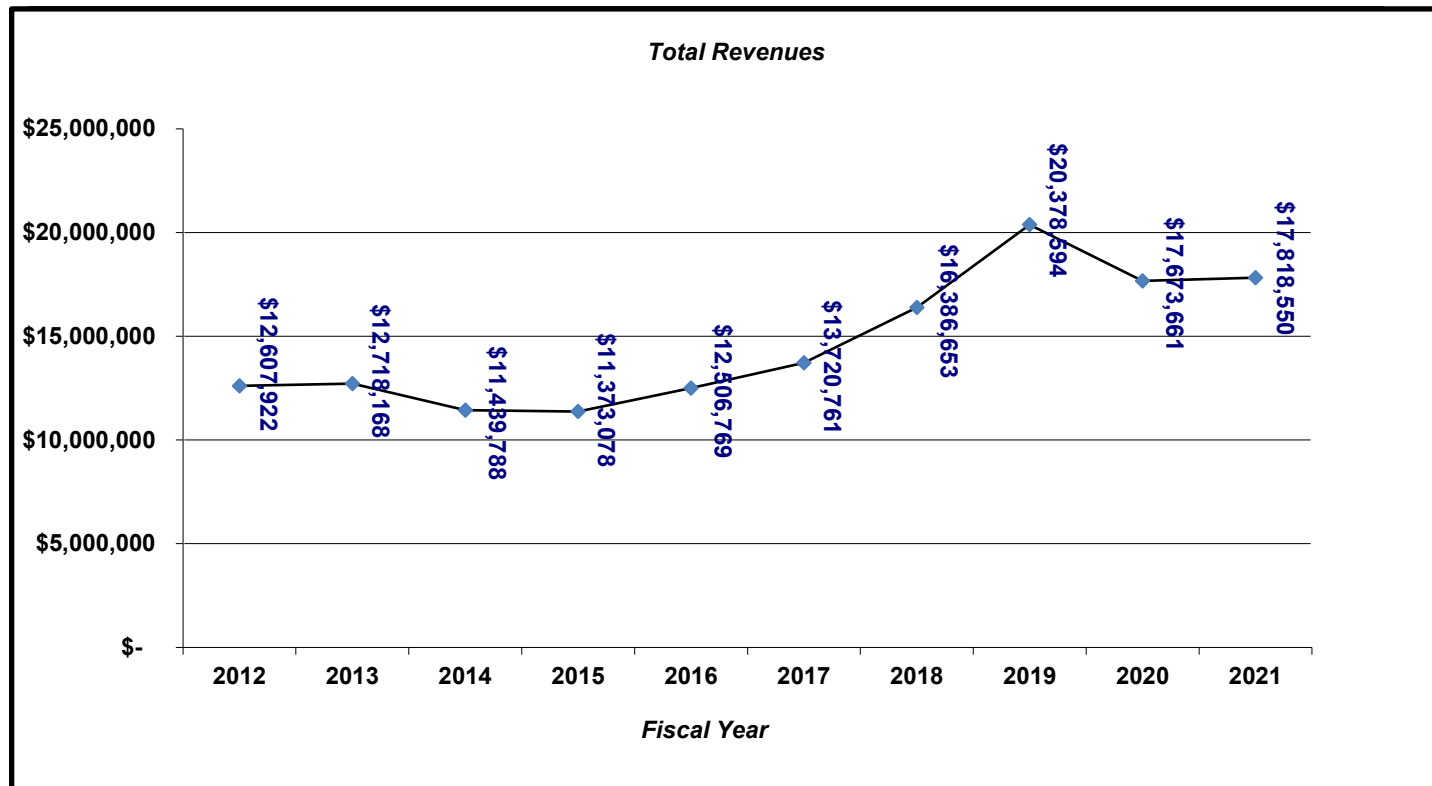
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

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



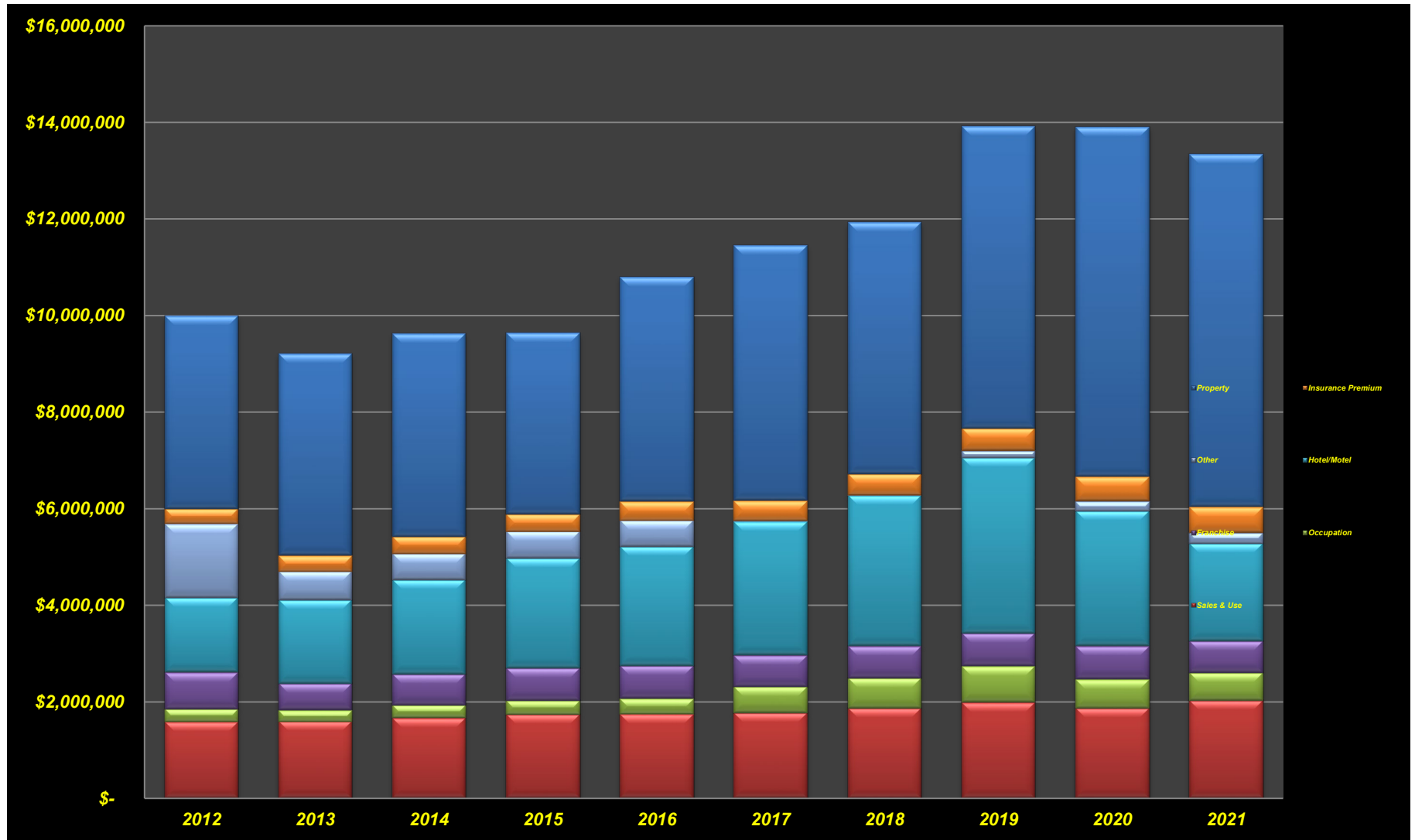
City of Hapeville, Georgia
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Business and Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
2012	\$ 3,996,085	\$ 1,589,359	\$ 260,999	\$ 762,675	\$ 308,470	\$ 1,545,360	\$ 1,532,093	\$ 9,995,041
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
2015	3,751,618	1,739,336	289,887	673,023	354,276	2,275,691	558,608	9,642,439
2016	4,650,084	1,751,341	324,329	679,502	391,735	2,462,623	546,226	10,805,840
2017	5,280,086	1,771,491	545,769	653,527	407,163	2,771,189	23,171	11,452,396
2018	5,198,135	1,865,494	631,991	665,196	433,106	3,108,228	21,978	11,924,128
2019	6,248,912	1,992,229	751,228	681,134	466,835	3,636,829	141,372	13,918,539
2020	7,236,669	1,867,684	599,053	689,010	510,484	2,801,045	200,687	13,904,632
2021	7,303,874	2,030,907	579,565	650,940	537,202	2,022,758	221,758	13,347,004
% Change in Dollars Over 10 Years	82.8%	27.8%	122.1%	-14.7%	74.2%	30.9%	-85.5%	33.5%
Percentage of Total								
2012	40.0%	15.9%	2.6%	7.6%	3.1%	15.5%	15.3%	100.0%
2013	45.4%	17.3%	2.5%	6.0%	3.5%	18.8%	6.4%	100.0%
2014	43.6%	17.3%	2.8%	6.7%	3.7%	20.3%	5.7%	100.0%
2015	38.9%	18.0%	3.0%	7.0%	3.7%	23.6%	5.8%	100.0%
2016	43.0%	16.2%	3.0%	6.3%	3.6%	22.8%	5.1%	100.0%
2017	46.1%	15.5%	4.8%	5.7%	3.6%	24.2%	0.2%	100.0%
2018	43.6%	15.6%	5.3%	5.6%	3.6%	26.1%	0.2%	100.0%
2019	44.9%	14.3%	5.4%	4.9%	3.4%	26.1%	1.0%	100.0%
2020	52.0%	13.4%	4.3%	5.0%	3.7%	20.1%	1.4%	100.0%
2021	54.7%	15.2%	4.3%	4.7%	3.9%	14.5%	1.6%	100.0%

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) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	2012	2013	2014	2015	2016	2017	2018	2019 ³	2020	2021
Current:										
General government	\$ 1,608,800	\$ 1,683,984	\$ 2,098,323	\$ 2,152,548	\$ 2,265,142	\$ 3,140,702	\$ 2,729,155	\$ 2,389,436	\$ 2,497,277	\$ 2,803,651
Judicial	-	-	-	-	-	128,399	128,537	148,668	308,218	304,382
Public safety	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710	5,387,641	5,475,912	6,693,118	7,458,803
Highways and streets	693,347	720,074	630,731	653,502	645,837	731,217	662,784	811,407	829,856	922,443
Culture and recreation	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	1,754,389	1,736,042
Parks and ground	793,280	885,678	889,047	802,037	711,505	-	-	-	-	-
Planning and zoning ²	787,873	832,085	216,639	234,728	232,704	281,799	179,123	164,460	285,311	176,056
Trade, tourism and development ²	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033	4,088,543	2,678,510	1,639,296
Total Current	11,525,791	11,901,067	10,523,415	10,143,660	11,230,027	11,968,426	12,609,306	14,587,106	15,046,679	15,040,673
% Change From Prior Year	0.1%	3.3%	-11.6%	-3.6%	10.7%	6.6%	5.4%	15.7%	3.2%	0.0%
Capital Outlay	1,630,974	1,413,254	859,824	957,584	1,133,938	718,560	2,349,152	6,054,963	2,117,293	1,559,152
% Change From Prior Year	-28.4%	-13.3%	-39.2%	11.4%	18.4%	-36.6%	226.9%	157.8%	-65.0%	-26.4%
Debt Service										
Principal	468,762	482,944	182,172	125,552	226,234	301,243	323,101	338,556	408,374	375,487
Interest and fees	379,562	280,102	16,782	11,008	22,095	44,846	48,535	61,350	60,495	63,272
Total Debt Service	848,324	763,046	198,954	136,560	248,329	346,089	371,636	399,906	468,869	438,759
% Change From Prior Year	12.6%	-10.1%	-73.9%	-31.4%	81.8%	39.4%	7.4%	7.6%	17.2%	-6.4%
Total Expenditures	\$ 14,005,089	\$ 14,077,367	\$ 11,582,193	\$ 11,237,804	\$ 12,612,294	\$ 13,033,075	\$ 15,330,094	\$ 21,041,975	\$ 17,632,841	\$ 17,038,584
% Change From Prior Year	-3.7%	0.5%	-17.7%	-3.0%	12.2%	3.3%	17.6%	37.3%	-16.2%	-3.4%
Debt Service as a % of Noncapital Expenditures	1.1%	6.0%	1.9%	1.3%	2.2%	2.8%	2.9%	3.0%	3.3%	3.2%

Notes:¹ Includes all governmental fund types.² In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.³ In fiscal year 2019, trade, tourism and development costs included expenditures for theater renovations.**Data Source:**

Applicable years' annual financial report.

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

	2012	2013	2014	2015	2016	2017	2018	2019 ³	2020	2021
Function										
Current:										
General government	\$ 1,608,800	\$ 1,683,984	\$ 2,098,323	\$ 2,152,548	\$ 2,265,142	\$ 3,140,702	\$ 2,729,155	\$ 2,389,436	\$ 2,497,277	\$ 2,803,651
Judicial	-	-	-	-	-	128,399	128,537	148,668	308,218	304,382
Public safety	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710	5,387,641	5,475,912	6,693,118	7,458,803
Highways and streets	693,347	720,074	630,731	653,502	645,837	731,217	662,784	811,407	829,856	922,443
Culture and recreation	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	1,754,389	1,736,042
Parks and grounds	793,280	885,678	889,047	802,037	711,505	-	-	-	-	-
Planning and zoning ²	787,873	832,085	216,639	234,728	232,704	281,799	179,123	164,460	285,311	176,056
Trade, tourism and development ²	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033	4,088,543	2,678,510	1,639,296
Total Current	\$ 11,525,791	\$ 11,901,067	\$ 10,523,415	\$ 10,143,660	\$ 11,230,027	\$ 11,968,426	\$ 12,609,306	\$ 14,587,106	\$ 15,046,679	\$ 15,040,673
Current:										
General government	14.0%	14.1%	19.9%	21.2%	20.2%	26.2%	21.6%	16.4%	16.6%	18.6%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.0%	1.0%	2.0%	2.0%
Public safety	53.6%	52.0%	53.0%	50.1%	55.0%	43.7%	42.7%	37.5%	44.5%	49.6%
Public works	6.0%	6.1%	6.0%	6.4%	5.8%	6.1%	5.3%	5.6%	5.5%	6.1%
Culture and recreation	4.8%	4.7%	5.0%	5.1%	4.6%	13.4%	12.0%	10.3%	11.7%	11.5%
Parks and grounds	6.9%	7.4%	8.4%	7.9%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Planning, zoning and development	6.8%	7.0%	2.1%	2.3%	2.1%	2.4%	1.4%	1.1%	1.9%	1.2%
Trade and tourism	7.9%	8.7%	5.5%	6.9%	6.1%	7.1%	15.9%	28.0%	17.8%	10.9%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

(1) Includes all governmental fund types.

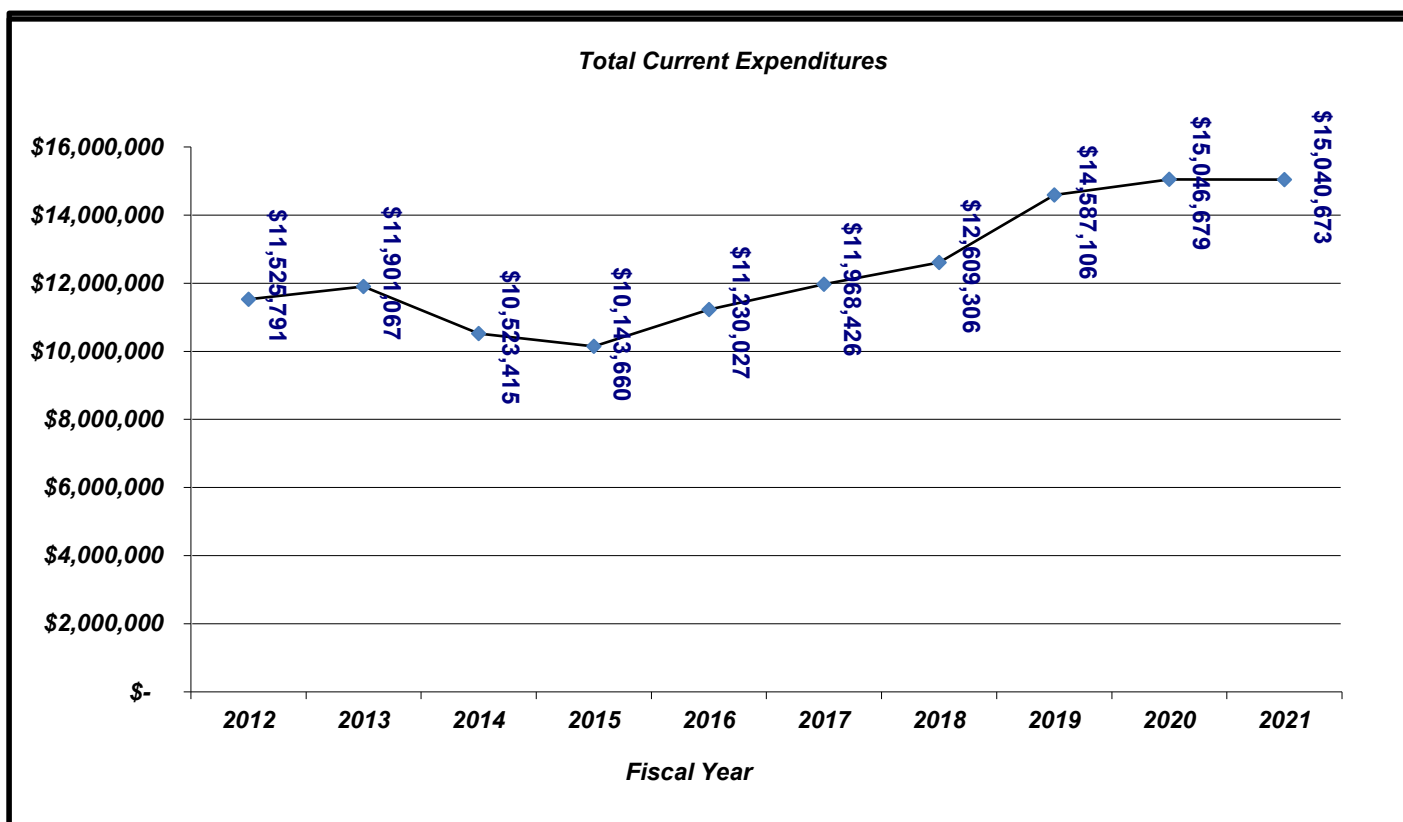
(2) In fiscal year 2014, the development costs were classified from planning and zoning to trade, tourism and development.

(3) Fiscal year 2019 trade, tourism and development expenditures included additional expenditures for theater renovations.

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)



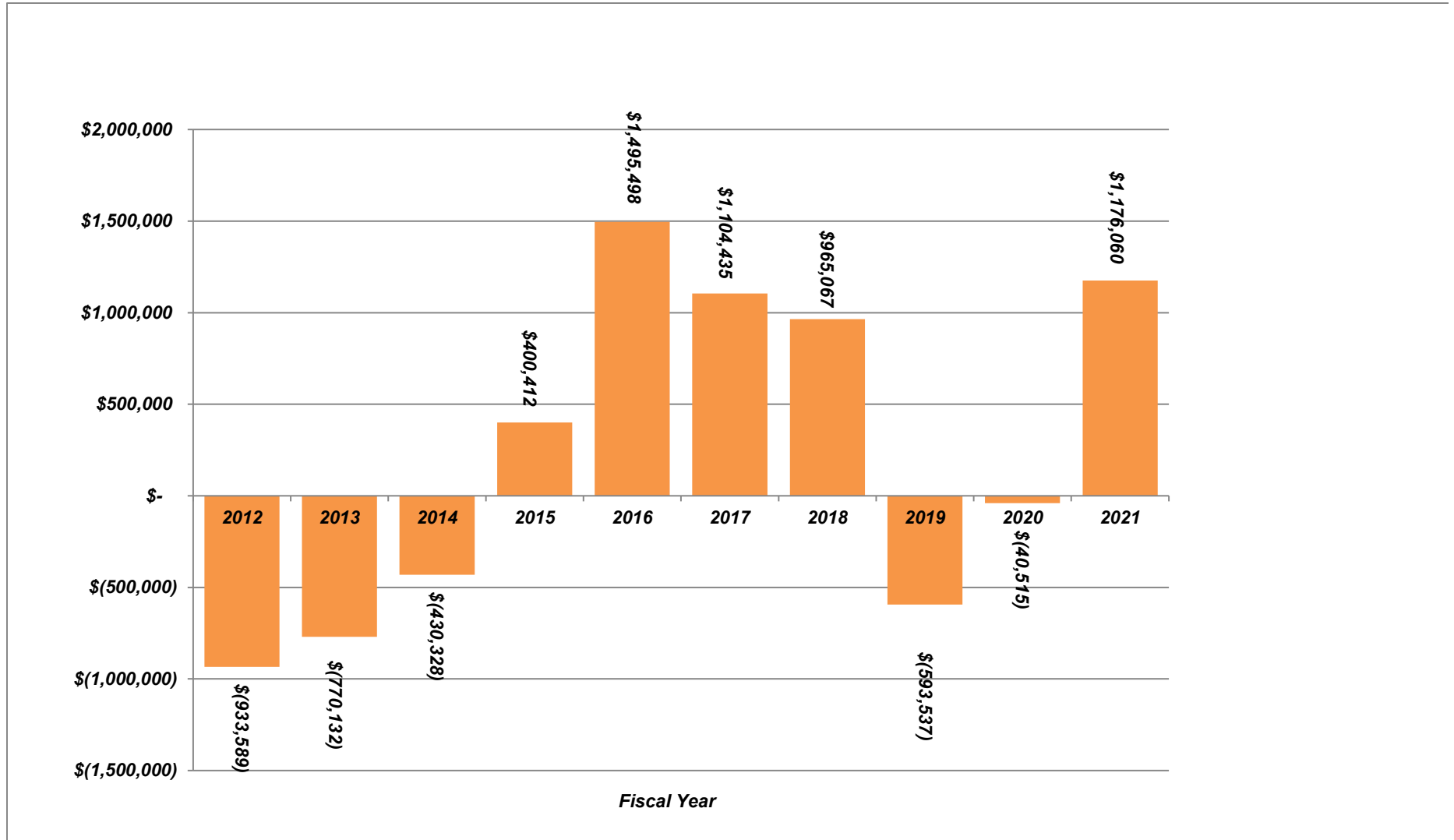
City of Hapeville, Georgia
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Source	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Revenues	\$ 12,607,922	\$ 12,718,168	\$ 11,456,704	\$ 11,373,078	\$ 13,153,325	\$ 13,720,761	\$ 16,386,653	\$ 20,378,594	\$ 17,673,661	\$ 17,818,550
Total Expenditures	14,005,089	14,077,367	11,582,193	11,237,804	12,612,294	13,033,075	15,330,094	21,041,975	17,632,841	17,038,584
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,397,167)	(1,359,199)	(125,489)	135,274	541,031	687,686	1,056,559	(663,381)	40,820	779,966
Other Financing Sources (Uses)										
Financed purchases	-	303,455	-	-	1,290,807	319,088	347,764	554,564	273,501	853,592
Proceeds from notes payable	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	146	124	86	-	25,000	-	-	-	-	337,550
Transfers in	927,753	1,125,676	3,193,278	3,186,516	3,113,335	3,608,731	3,248,254	3,914,833	3,459,723	2,595,919
Transfers out	(464,321)	(840,188)	(3,498,203)	(2,921,378)	(3,474,675)	(3,511,070)	(3,687,510)	(4,399,553)	(3,814,559)	(3,390,967)
Total Other Financing Sources (Uses)	463,578	589,067	(304,839)	265,138	954,467	416,749	(91,492)	69,844	(81,335)	396,094
Net Change in Fund Balances	\$ (933,589)	\$ (770,132)	\$ (430,328)	\$ 400,412	\$ 1,495,498	\$ 1,104,435	\$ 965,067	\$ (593,537)	\$ (40,515)	\$ 1,176,060

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 2012 - 2021
(modified accrual basis of accounting)

At June 30,										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Unreserved										
Nonspendable	\$ 183,844	\$ 106,164	\$ -	\$ 147,736	\$ 166,949	\$ 116,047	\$ 17,699	\$ 306,384	\$ 922,606	\$ 1,224,247
Restricted-Program Purposes	-	11,518	51,283	51,008	50,734	84,926	46,583 **	647,939	356,158	645,105
Assigned-Capital Outlay	11,000	-	-	-	-	-	-	-	-	-
Unassigned	2,907,060	2,225,561	816,807	765,489	1,189,853	1,129,057	1,324,756	2,000,404	1,897,150	2,760,072
Total General Fund	3,101,904	2,343,243	868,090	964,233	1,407,536	1,330,030	1,389,038	2,954,727	3,175,914	4,629,424
General Fund Percentage Change	-22.6%	-24.5%	-63.0%	11.1%	46.0%	-5.5%	4.4%	112.7%	7.5%	45.8%
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	351,139	-	-	-	-
Restricted:										
Program Purposes	17,664	6,192	212,353	516,622	943,929	2,117,690	3,031,929	872,703	614,011	320,615
Assigned	-	-	-	-	-	-	-	-	-	12,936
Unassigned (deficit)	-	-	-	-	-	(342,959)	-	-	(3,010)	-
Total All Other Governmental Funds	17,664	6,192	212,353	516,622	943,929	2,125,870	3,031,929	872,703	611,001	333,551
All Other Governmental Funds Percentage Change	-62.6%	-64.9%	3329.5%	143.3%	82.7%	125.2%	42.6%	-71.2%	-30.0%	-45.4%
Total Governmental Funds										
Nonspendable	183,844	106,164	-	147,736	166,949	467,186	17,699	306,384	922,606	1,224,247
Restricted	17,664	17,710	263,636	567,630	994,663	2,202,616	3,078,512	1,520,642	970,169	965,720
Assigned	11,000	-	-	-	-	-	-	-	-	12,936
Unassigned	2,907,060	2,225,561	816,807	765,489	1,189,853	786,098	1,324,756	2,000,404	1,894,140	2,760,072
Total Governmental Funds	\$ 3,119,568	\$ 2,349,435	\$ 1,080,443	\$ 1,480,855	\$ 2,351,465	\$ 3,455,900	\$ 4,420,967	\$ 3,827,430	\$ 3,786,915	\$ 4,962,975
All Governmental Funds Percentage Change	-23.0%	-24.7%	-54.0%	37.1%	58.8%	47.0%	27.9%	-13.4%	-1.1%	31.1%

Notes:

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

** The City dissolved the Hapeville Association of Trade and Tourism, which was previously reported as a blended component unit and major special revenue fund. These fund balances are now reported in the General Fund.

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

Taxable Assessed Value and Estimated Actual Value of Property By Type (Unaudited)
Last Ten Calendar Years

Amounts											
Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property ²	Less: Tax Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ³	Estimated Actual Value	Annual Percentage Change
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	-14.5%
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	41,617,080	202,738,210	4,295,200	6,895,880	8,428,420	-	1,300,140	262,674,650	16.610	656,686,625	-2.8%
2015	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	-1.1%
2016	45,694,000	199,454,270	9,114,920	7,372,269	5,237,390	14,800	7,512,400	259,375,249	16.610	648,438,123	-0.1%
2017	46,282,180	205,240,460	16,488,000	20,331,731	4,025,640	28,800	7,225,550	285,171,261	16.610	712,928,153	9.9%
2018	47,735,190	312,457,620	16,113,920	27,267,698	2,902,570	28,800	10,240,610	396,265,188	16.610	990,662,970	39.0%
2019	92,655,980	230,352,900	16,868,000	32,176,619	2,066,900	93,080	7,627,470	366,586,009	16.610	916,465,023	-7.5%
2020	113,906,300	268,208,410	16,898,680	35,698,772	1,584,490	108,360	7,803,640	428,601,372	16.610	1,071,503,430	16.9%
2021	128,101,400	268,106,720	17,322,760	37,538,572	1,281,810	116,520	11,827,920	440,639,862	16.610	1,101,599,655	2.8%
*	\$ 64,928,133	\$ 229,910,437	\$ 12,034,648	\$ 18,593,782	\$ 4,955,431	\$ 40,944	\$ 6,466,775	\$ 323,996,600	\$ 16.610	\$ 809,991,501	
**	170.5%	34.3%	69.9%	514.2%	-85.2%	-	771.3%	62.9%	0.0%	62.9%	
Percentage of Total Assessed Value											
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	15.8%	76.8%	1.6%	2.6%	3.2%	0.0%	0.5%	99.5%			
2015	17.2%	74.5%	3.5%	2.1%	2.6%	0.0%	3.1%	96.9%			
2016	17.1%	74.7%	3.4%	2.8%	2.0%	0.0%	2.8%	97.2%			
2017	15.8%	70.2%	5.6%	7.0%	1.4%	0.0%	2.5%	97.5%			
2018	11.7%	76.9%	4.0%	6.7%	0.7%	0.0%	2.5%	97.5%			
2019	24.8%	61.6%	4.5%	8.6%	0.6%	0.0%	2.0%	98.0%			
2020	26.1%	61.5%	3.9%	8.2%	0.4%	0.0%	1.8%	98.2%			
2021	28.3%	59.3%	3.8%	8.3%	0.3%	0.0%	2.6%	97.4%			

* Dollar average for ten years.

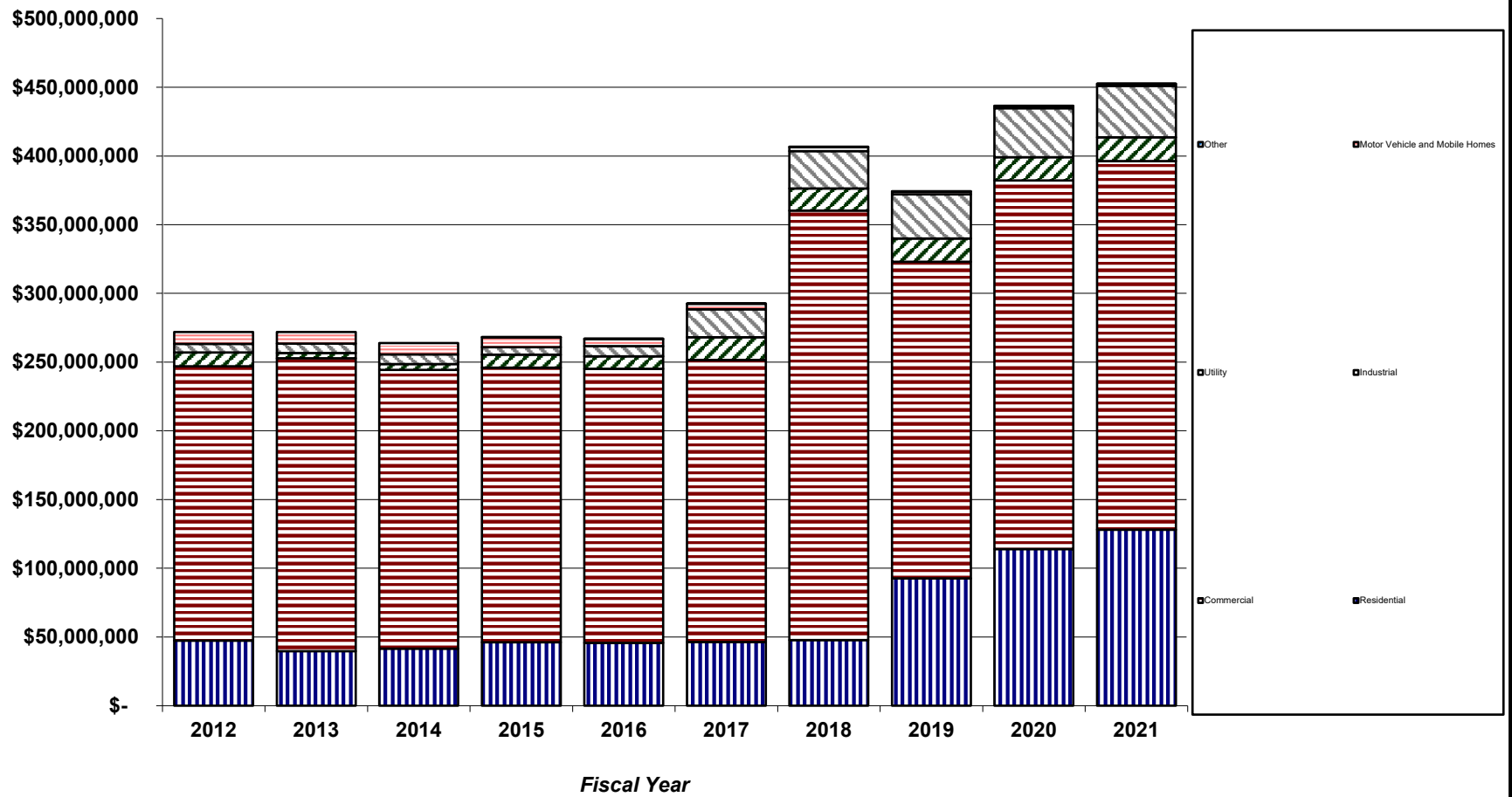
** Percentage change in dollars over ten years.

Notes:¹ All property is assessed at 40% of fair market value.² Generally includes timber and heavy equipment.³ Tax rates expressed in rate per \$1,000⁴ The fiscal year indicated above reports the tax digest from the prior calendar year.**Data Source:**

Georgia Department of Revenue, Tax Digest Consolidation Summary

<http://dor.georgia.gov/county-ad-valorem-tax-digest-consolidated-summaries>

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)

Fiscal Year	Direct	Overlapping ¹		
	City Rate	State of Georgia ²	Fulton County	Fulton County School Board
2012	16.610	0.250	10.551	18.502
2013	16.610	0.200	10.551	18.502
2014	16.610	0.150	10.481	18.502
2015	16.610	0.100	12.051	18.502
2016	16.610	0.050	10.500	18.502
2017	16.610	-	10.450	18.483
2018	16.610	-	10.380	18.546
2019	16.610	-	10.200	17.796
2020	16.610	-	10.200	17.796
2021	16.610	-	10.200	17.796

Notes:

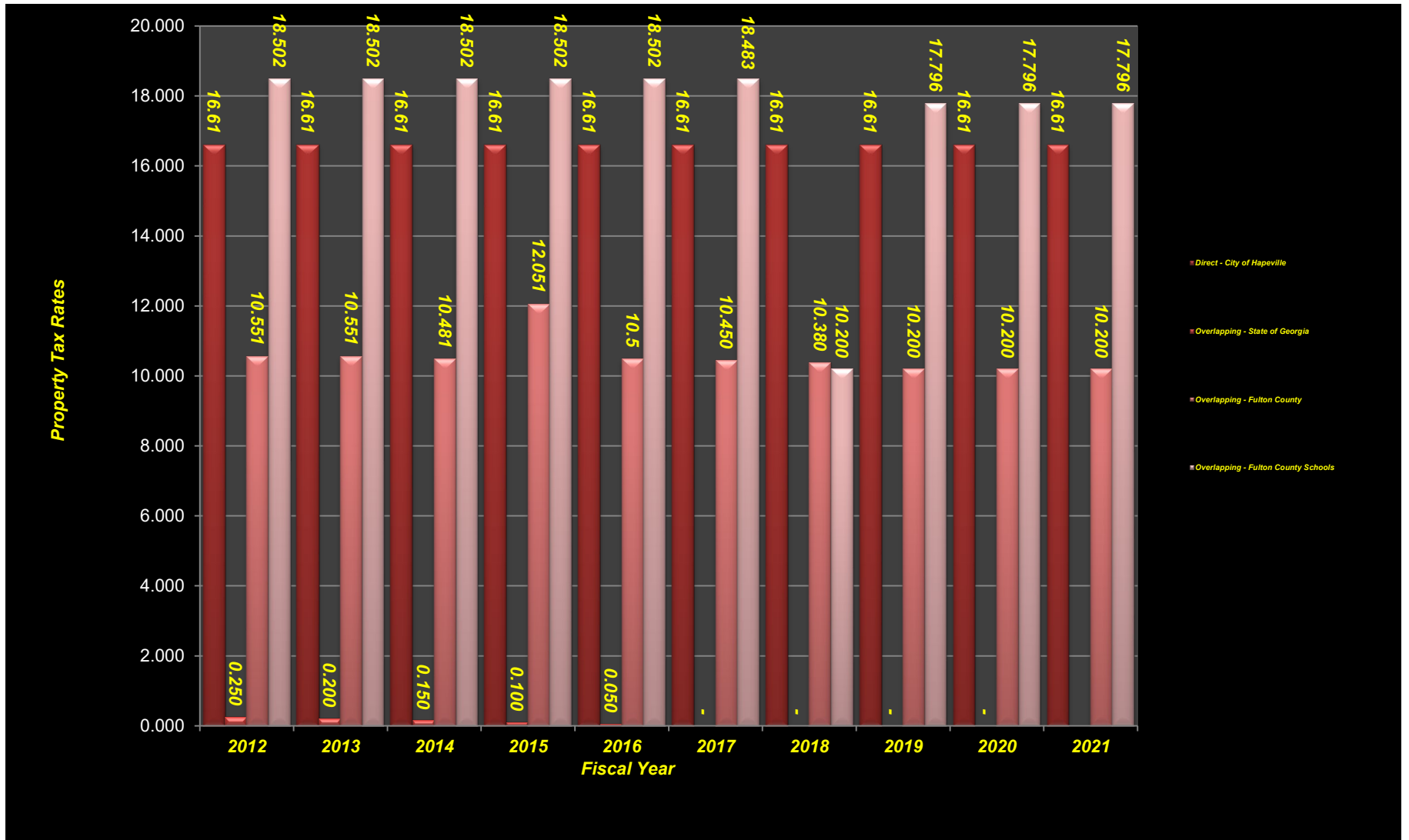
¹ Overlapping rates are those of governments that overlap the City's geographic boundaries.

² This tax phased out beginning in fiscal year 2013.

Data Source:

Georgia Department of Revenue, Property Tax Division
<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 ¹	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2012	\$ 3,981	\$ 3,842	96.51%	\$ 131	\$ 3,973	99.80%	\$ 8	99.80%
2013	4,172	3,950	94.68%	209	4,159	99.69%	13	99.69%
2014	3,968	3,845	96.90%	105	3,950	99.55%	18	99.55%
2015	3,895	3,841	98.61%	37	3,878	99.56%	17	99.56%
2016	4,569	4,529	99.12%	9	4,538	99.32%	31	99.32%
2017	4,942	4,710	95.31%	45	4,755	96.22%	187	96.22%
2018	4,975	4,822	96.92%	116	4,938	99.26%	37	99.26%
2019	5,934	5,794	97.64%	110	5,904	99.49%	30	99.49%
2020	6,928	6,780	97.86%	105	6,885	99.38%	43	99.38%
2021	7,060	6,947	98.40%	-	6,947	98.40%	318	98.40%

Notes:

¹ 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, 2021 and 2012 - Updated

2021				2012			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
WS HAA OWNER LLC	\$ 53,610,800	1	8.30%	DELTA AIR LINES INC	\$ 68,467,036	1	13.61%
DIGITAL DOUG DAVIS LLC	45,974,200	2	7.11%	HAPEVILLE LTD PARTNERSHIP	45,000,000	2	8.95%
MIKEONE EK ATL OPS CENTER LLC	42,649,900	3	6.60%	DELTA AIRLINES INC	30,152,048	3	5.99%
BLUE ATLANTIC HARTSFIELD LP	41,800,000	4	6.47%	FIRST STATES INVESTORS THIRTY	29,583,000	4	5.88%
DELTA AIR LINES INC	29,928,500	5	4.63%	OXFORD OLDE TOWNE JV LLC	20,000,000	5	3.98%
CITY OF ATLANTA	17,589,800	6	2.72%	AIRPORT STATION LLC	16,626,800	6	3.31%
STATE BANK OF TEXAS	16,934,000	7	2.62%	RESIDENCE INN III LLC	13,522,300	7	2.69%
DIAMOND HOLDINGS AND HOSPITALITY	12,655,000	8	1.96%	DELTA COMMUNITY CREDIT UNION	10,750,000	8	2.14%
APSILON MANAGEMENT ATLANTA LLC	12,468,000	9	1.93%	HOSPITALITY PROPERTIES INC	9,900,000	9	1.97%
HOSPITALITY PROPERTIES INC	11,728,000	10	1.81%	APSILON MANAGEMENT INC	7,500,000	10	1.49%
Total Principal Taxpayers	285,338,200		44.15%	Total Principal Taxpayers	251,501,184		49.99%
All Other Taxpayers	360,942,390		55.85%	All Other Taxpayers	251,568,446		50.01%
Total	\$ 646,280,590		100.00%	Total	\$ 503,069,630		100.00%

Data Source:

City Tax Office

City of Hapeville, Georgia

Direct and Overlapping Sales and Use Tax Rates (Unaudited)
Last Ten Calendar Years

Calendar Year	Direct	Overlapping				Total
	City LOST ¹	Fulton County ⁴	State of Georgia	Fulton County Schools ²	MARTA ³	Direct and Overlapping Rates
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%
2015	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2016	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2017	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%
2018	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%
2019	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%
2020	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%
2021	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%

Notes:

¹ 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.

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

³ 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.

⁴ The transportation sales tax was approved April 1, 2017.

Data Source:

Georgia Department of Revenue, Sales and Use Tax Division
<http://dor.georgia.gov/documents/historical-sales-tax-rate-chart>

City of Hapeville, Georgia
Water Consumption Billed (Unaudited) ¹
Last Ten Fiscal Years

Fiscal Year	Gallons	% Change
2012	225,724,000	-0.1%
2013	207,470,000	-8.1%
2014	212,189,000	2.3%
2015	209,846,000	-1.1%
2016	220,707,000	5.2%
2017	232,370,000	5.3%
2018	224,782,000	-3.3%
2019	227,299,000	1.1%
2020 (2)	182,265,400	-19.8%
2021	180,065,557	-1.2%

Data Source:

¹ City's billing department.

(2) Decline is due to new and more accurate meter reading system

City of Hapeville, Georgia

Water Service Rates (Unaudited) Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2018	2019	2020	2021
Minimum charge (0-2k gal)	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56
0-2k gal	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
2k-10k gal	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
10k-50k	-	-	-	-	-	-	-	-	-	-	-
50k + gal	-	-	-	-	-	-	-	-	-	-	-
10k - 16 k gal	-	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98
16k gal	-	17.56	17.56	17.56	17.56	17.56	17.56	17.56	17.56	17.56	17.56

Data Source:

City Customer Service Department

City of Hapeville, Georgia

Number of Water Customer Accounts at Fiscal Year-end (Unaudited) ¹
Last Ten Fiscal Years

Fiscal Year	Number	% Change
2012	2,068	-0.4%
2013	2,085	0.8%
2014	2,075	-0.5%
2015	2,129	2.6%
2016	2,156	1.3%
2017	2,100	-2.6%
2018	2,188	4.2%
2019	2,205	0.8%
2020	2,267	2.8%
2021	2,320	2.3%

Data Source:

¹ City Customer Service Department.

City of Hapeville, Georgia

Ten Largest Customers - Water Service (Unaudited)
Fiscal Years 2021 & 2012

Fiscal Year 2021				Fiscal Year 2012			
Rank	Customer	Consumption Gallons (000)	%	Customer	Consumption Gallons (000)	%	
1	INCITY SUITES	10,392.48	6.6%	DELTA AIRLINES INC. RESERV.	8,778.00	9.6%	
2	BLUE ATLANTIC HARTSFIELD LP	8,650.47	5.5%	DIGITAL DOUG DAVIS, LLC	6,037.00	6.6%	
3	DEL MAR APARTMENTS	5,518.99	3.5%	HPT CY TRS, INC	3,691.00	4.0%	
4	ACRON 2 PORSCHE DR.	5,188.53	3.3%	BEST WESTERN HAPEVILLE	3,332.00	3.6%	
5	PORSCHE CARS NORTH AMERICA	4,710.87	3.0%	CLARION COURT APARTMENTS	2,837.00	3.1%	
6	DELTA AIRLINES , INC. RESERV	4,348.47	2.7%	MARROTT INC. SITE #57231 C/O	2,817.00	3.1%	
7	MIKEONE EK ATL OPS CENTER, LLC	3,942.55	2.5%	QD PROPERTIES L.L.C.	2,679.00	2.9%	
8	HPT CY TRS, INC	3,710.40	2.3%	HAPEVILLE COIN LAUNDRY	2,596.00	2.8%	
9	MARROTT INC. SITE #57231 C/O	3,332.28	2.1%	FRANKLIN VILLAGE	2,560.00	2.8%	
10	FRANKLIN VILLAGE	2,796.77	1.8%	ASHKOUTI, ALBERT	2,027.00	2.2%	
Total Ten Largest Customers		52,592	33.2%	Total Ten Largest Customers	37,354	40.7%	
All Other Customers		65,845	41.6%	All Other Customers	54,519	59.3%	
Total		158,321	100.0%	Total	91,873	100.0%	

Data Source:

City Water Department

City of Hapeville, Georgia

Sewer Service Rates (Unaudited)
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Minimum charge (0-2k gal)	\$ 8.25	\$ 8.44	\$ 12.24	\$ 12.24	\$ 12.24	\$ 12.24	\$ 12.24	\$ 12.24	\$ 12.24	\$ 12.24
0-2k gal	4.13	4.22	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12
2k-10k gal	5.23	5.36	7.77	7.77	7.77	7.77	7.77	7.77	7.77	7.77
10k-50k	5.78	5.92	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58
50k +	6.05	6.20	8.99	8.99	8.99	8.99	8.99	8.99	8.99	8.99

Data Source:

City Customer Service Department

City of Hapeville, Georgia

Ratios of Total Debt Outstanding by Type (Unaudited) ¹
Last Ten Fiscal Years

June 30,	Governmental Activities				Business-type Activities				Grand Total	Percentage of Personal Income	Estimated ² Population	Per Capita
	Certificates of Participation	Notes	Financed Purchases	Total	Revenue Bonds	Notes Payable	Total					
2012	\$ 165,000	\$ -	\$ 589,743	\$ 754,743	\$ 1,895,000	\$ -	\$ 1,895,000	\$ 2,649,743	1.840%	6,673	\$ 397	
2013	-	-	735,254	735,254	11,020,000	-	11,020,000	11,755,254	7.914%	6,668	1,763	
2014	-	-	553,081	553,081	16,395,000	-	16,395,000	16,948,081	11.110%	6,640	2,552	
2015	-	-	427,529	427,529	15,345,000	-	15,345,000	15,772,529	10.073%	6,614	2,385	
2016	-	-	1,492,102	1,492,102	14,165,000	-	14,165,000	15,657,102	9.689%	6,603	2,371	
2017	-	-	1,509,947	1,509,947	12,925,000	-	12,925,000	14,434,947	8.962%	6,581	2,193	
2018	-	-	1,534,610	1,534,610	11,630,000	-	11,630,000	13,164,610	8.174%	6,581	2,000	
2019	-	-	1,750,618	1,750,618	10,280,000	-	10,280,000	12,030,618	7.383%	6,658	1,807	
2020	-	-	1,615,745	1,615,745	9,015,000	1,047,027	10,062,027	11,677,772	7.369%	6,534	1,787	
2021	-	-	2,093,850	2,093,850	7,465,000	1,062,619	8,527,619	10,621,469	6.603%	6,553	1,621	

Notes:

In fiscal year 2014, the City issued \$6,385,000 of revenue bonds 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:

¹ Applicable years' annual financial report.

² Exhibit XXVI.

City of Hapeville, Georgia

Direct and Overlapping Governmental Activities Debt (Unaudited)
June 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Underlying Debt
Overlapping General Obligation Debt ^{2,3}			
Fulton County, Georgia	\$ 234,408,000	0.54%	\$ 1,270,985
Fulton County Board of Education	<u>11,495,000</u>	0.54%	<u>62,327</u>
Total Overlapping Debt	245,903,000		1,333,312
City Direct Debt			
Financed purchases	<u>2,093,850</u>	100.00%	<u>2,093,850</u>
Total Direct and Overlapping Debt	<u>\$ 247,996,850</u>		<u>\$ 3,427,162</u>

Notes:

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

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

³ Outstanding debt obtained from Fulton County ACFR as of 12-31-20 and Fulton County Board of Education ACFR as of 6-30-20.

Data Source:

Each specific government

City of Hapeville, Georgia

Legal Debt Margin (Unaudited)
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Taxable Assessed Value ¹	\$ 270,554,606	\$ 270,353,750	\$ 262,674,650	\$ 259,744,057	\$ 259,375,249	\$ 285,171,261	\$ 285,171,261	\$ 366,586,009	\$ 428,601,372	\$ 440,639,862
Legal Debt Margin										
Debt limit (10% of assessed value) ²	\$ 27,055,461	\$ 27,035,375	\$ 26,267,465	\$ 25,974,406	\$ 25,937,525	\$ 28,517,126	\$ 28,517,126	\$ 36,658,601	\$ 42,860,137	\$ 44,063,986
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 27,055,461	\$ 27,035,375	\$ 26,267,465	\$ 25,974,406	\$ 25,937,525	\$ 28,517,126	\$ 28,517,126	\$ 36,658,601	\$ 42,860,137	\$ 44,063,986
Total net debt applicable to the limit as a % of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

² Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt

³ The City has no outstanding general obligation debt.

Data Source:

¹ Exhibit XII

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

Calendar Year	Population (1)	Personal Income	Per Capita		Median Age (1)	Unemployment Rate		
			Per Capita Income (1)	Per Capita Income % of U.S. (1)		County (2)	State of Georgia (2)	United States (2)
2012	6,673	\$ 143,983,321	\$ 21,577	79.95%	35.2	9.3%	8.9%	8.2%
2013	6,668	148,536,368	22,276	80.49%	35.2	8.6%	8.3%	7.5%
2014	6,640	152,554,000	22,975	79.89%	35.2	7.5%	7.8%	6.1%
2015	6,614	156,579,836	23,674	78.29%	35.2	6.0%	6.1%	5.3%
2016	6,603	161,595,219	24,473	78.69%	35.2	5.9%	6.3%	5.4%
2017	6,581	161,063,394	24,474	76.52%	35.2	4.3%	4.3%	4.1%
2018	6,581	161,063,394	24,474	72.61%	35.2	3.7%	3.6%	4.0%
2019	6,658	162,947,892	24,474	72.61%	34.8	3.1%	3.4%	3.5%
2020	6,534	158,475,636	24,254	71.96%	33.0	8.3%	6.3%	6.9%
2021	6,553	160,849,938	24,546	68.81%	32.5	5.4%	4.5%	6.1%

1 U. S. Census Bureau

2 Georgia Department of Labor

City of Hapeville, Georgia

Principal Employers (Unaudited)
For the Fiscal Year Ended June 30, 2021

Employer	Type of Business	Number of Employees
DELTA AIR LINES, INC.	Airlines	1,392
FEDERAL EXPRESS CORP.	Cargo	671
NORRED & ASSOCIATES, INC.	Security	620
TRAVELPORT LP	Reservation - Airlines	272
PRIME FLIGHT OF DE, INC.	Airlines	227
MERRITT HOSPITALITY, LLC	Hotel/Motel	186
DWARF HOUSE	Restaurant	106
SYLVAN AIRPORT PARKING, LLC	Airport Parking	80
SWISSPORT CARGO SERVICES, LP	Cargo	65
JACMAT MANAGEMENT	Restaurant	55

Data Source:

City Administration - Business License Listing 2021

City of Hapeville, Georgia

City Employees by Function/Program (Unaudited)
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/program										
General Government										
City clerk	1	1	1	1	1	1	2	2	2	2
Human resources	1	1	1	1	2	2	1	1	1	1
Finance and information technology	5	5	5	5	3	3	5	5	6	6
Purchasing	-	-	-	-	-	-	-	-	-	-
Planning	1	1	-	-	-	-	-	-	-	-
Parks, building and grounds	12	12	15	12	13	13	12	10	12	12
Courts	3	3	3	1	2	2	2	1	2	2
Police	49	48	42	54	51	51	41	37	43	43
Fire	33	33	31	33	33	33	34	33	35	33
Sanitation	6	6	6	6	6	6	6	2	1	1
Public works	7	7	8	8	8	8	12	11	11	10
Economic development	6	6	3	2	3	3	3	3	3	2
Recreation	10	10	17	11	10	10	6	5	6	12
Water and sewer	6	6	6	6	8	8	7	8	7	7
Total	140	139	138	140	140	140	131	118	129	131
Percentage Change From Prior Year	0.0%	-0.7%	-0.7%	0.7%	0.7%	1.4%	-6.4%	-9.9%	9.3%	1.6%

Data Source:

City Administration - Payroll Service Provider (Paycom)

City of Hapeville, Georgia

Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
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	24	29	31
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Administration	2	2	2	1	1	1	1	1	1	1
Ladder Trucks	1	1	1	1	1	1	1	1	1	1
Fire Engines	3	3	3	3	3	3	3	3	3	3
Ambulances	2	2	2	2	2	2	2	3	3	3
Refuse Collections										
Collection Trucks	5	5	5	5	5	5	5	5	5	5
Other Public Works										
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	5	5
Parks & Recreation										
Acreage	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	21	21	21	21	21	21	21	21	21	21
Sewer Service:										
Miles of sanitary sewers	24	24	24	24	24	24	24	24	24	24

Data Source

Various City Departments



COMPLIANCE SECTION

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

**Honorable Mayor and Members
Of the City Council
Hapeville, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia (the "City") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

The City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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 result 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 4, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**Honorable Mayor and Members
Of the City Council
Hapeville, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the City of Hapeville, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2021. The City'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered 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 of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of the City 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 the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the City'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 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.

The 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 4, 2022

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Grant Identification Number	Expenditures
U.S. DEPARTMENT OF TREASURY			
Direct Awards:			
American Rescue Plan Act - EMS	21.027	GA-0004976	\$ 1,220,017
Passed through Fulton County Board of Commissioners			
COVID-19 - Coronavirus Relief Fund (1)	21.019	N/A	272,604
Total U.S. Department of Treasury			<u>1,492,621</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218	B-18-UW-13-0003	42,116
Total U.S. Department of Housing and Urban Development			<u>42,116</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through Georgia Environmental Finance Authority			
Capitalization Grants for Drinking Water Revolving Loan Funds	66.468	DW2018015	1,086,606
Total U.S. Environmental Protection Agency			<u>1,086,606</u>
Total Expenditure of Federal Awards			<u><u>\$ 2,621,343</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(1) There is no grant identification number available for the COVID-19 - Coronavirus Relief Fund. Amounts were received directly from Fulton County, Georgia.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Hapeville, Georgia, and is presented on the modified accrual basis of accounting.

The City did not utilize the 10% de minimis indirect cost rate.

The City's Capitalization Grant for Drinking Water State Revolving Loan has an outstanding balance of \$1,062,619 at June 30, 2021.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major programs:

Material weaknesses identified: ☐ yes ☒ no

Significant deficiencies identified: ☐ yes ☒ none reported

Type of auditor's report issued on compliance of major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Capitalization Grants for Drinking Water State Revolving Funds	66.468

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II FINANCIAL STATEMENT FINDINGS

2021 – 001 State Compliance – Governmental Budgets

Criteria: State of Georgia law (O.C.G.A. 36-81-3) states: a) each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article; and b) a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Condition/Context: We noted during our audit that the City did not adopt a balanced budget for the T-SPLOST Fund. For the T-SPLOST Fund, management budgeted \$1,000,000 in revenues and \$1,782,000 in expenditures, resulting in a deficiency of revenues under expenditures of \$782,000. The available fund balance as of the beginning of the fiscal year ended June 30, 2021 was \$477,531, resulting in a budgeted deficit in the amount of \$304,469.

Effect: This budgeted fund balance deficit of \$304,469 resulted in the City being out of compliance with State code.

Recommendation: We recommend that City implement a process whereby initial budgets for all of its funds are subjected to a review for state compliance, including a consideration of the prior fiscal year's audited fund balance, to ensure that budgeted appropriations do not exceed amounts available through budgeted revenues and/or available fund balance.

Views of Responsible Officials and Planned Corrective Action: The City agrees with the recommendation to ensure that budgeted appropriations do not exceed amounts available through budgeted revenues and/or available fund balance.

CITY OF HAPEVILLE, GEORGIA

**SCHEDULE OF PRIOR FISCAL YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION III
SCHEDULE OF PRIOR FISCAL YEAR FINDINGS**

None noted.



ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN AT LARGE

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

CITY OF HAPEVILLE, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Finding 2021 – 001 State Compliance – Governmental Budgets

Name of the Contact Person Responsible for the Corrective Action Plan: Randy Brewer, Finance Director.

Corrective Action Plan: The City will implement a process whereby initial budgets for all funds are subjected to a review for state compliance, including prior fiscal year's audited fund balance, to ensure that budgeted appropriations do not exceed amounts available through budgeted revenues and/or available fund balance.

Anticipated Completion Date: June 30, 2022.