CITY OF HAPEVILLE, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Prepared By:
Finance Department

CITY OF HAPEVILLE, GEORGIA

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ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN AT LARGE

BRETT REICHERT
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

December 13, 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, 2022.

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, the 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 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, 2022 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 for the fiscal year ended June 30, 2022, 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, 2022 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.

Profile of the City Government

The City, located in the south/central portion of Georgia on 1-75, has its corporate limits contiguous to those of the City of Atlanta and is approximately seven miles from the State Capitol. Access is afforded by 1-85, 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 6,538 according to the 2021 U.S. Census.

Created on September 16, 1891, by an act of the Georgia General Assembly, the City operates under a Council-Manager form of government. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. 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 tum, 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 56% from year 2017 to year 2022. In contending with changing 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 the west by Interstate 1-85 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
- Replacement of City roofs at City Hall and Police Department - Municipal Court Building
- 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

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) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the past seven years. However, the City will be delayed in receiving this prestigious award for fiscal year ended June 30, 2021 due to the late completion date of last year's audit. This delay was a result of American Rescue Plan Act (ARPA) federal regulations, and the final audit report was submitted to GFOA later than normal. 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

Hapeville
georgia

List of Principal Officials as of June 30, 2022

- Alan Hallman – Mayor
- Michael Rast – Alderman at Large
- Brett Reichert – 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

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

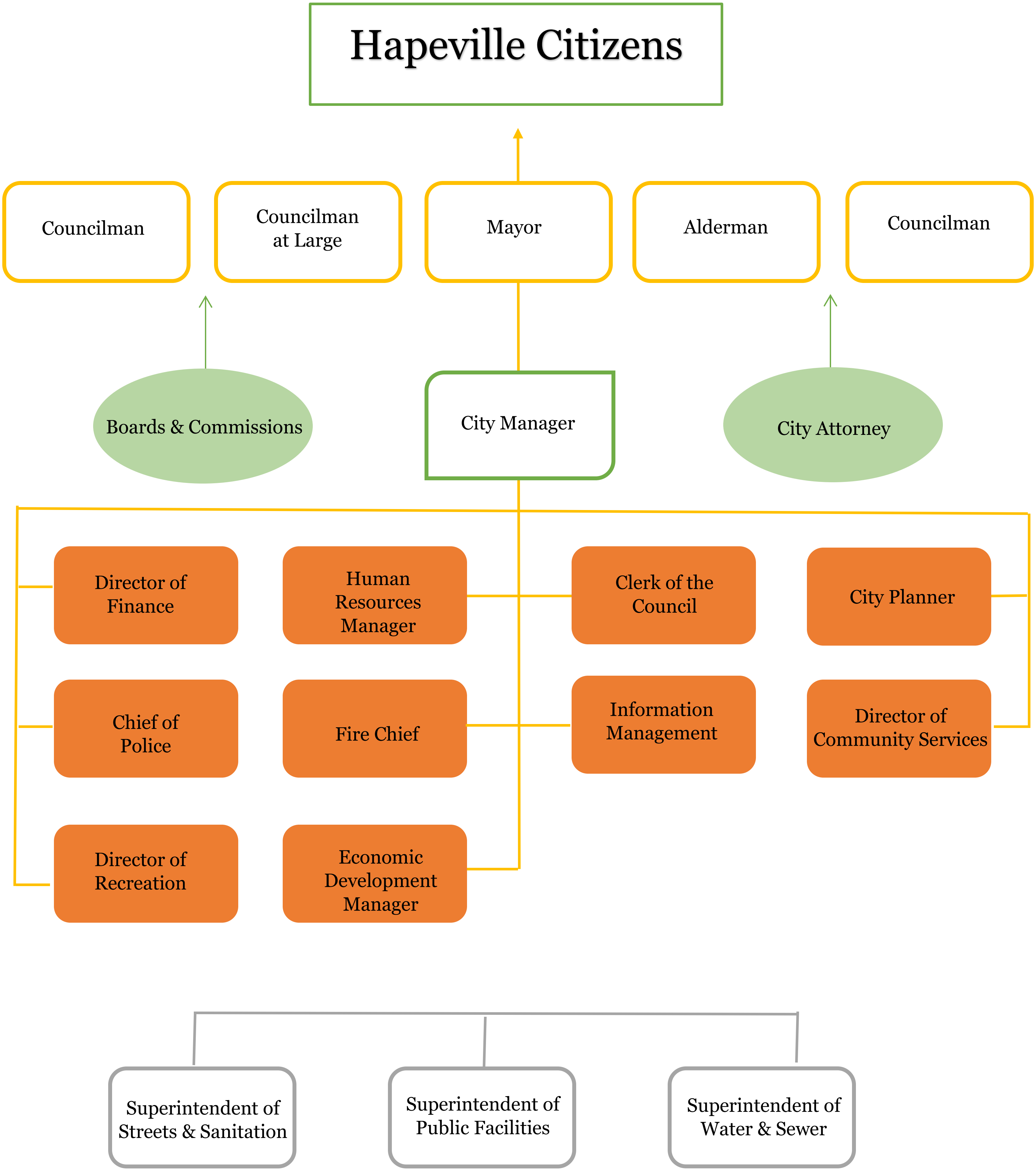
Economic Development
3468 N. Fulton Avenue
404-669-8269

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
Organization Chart



FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Hapeville, Georgia** (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia, as of June 30, 2022, 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 year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 18 to the financial statements, as of July 1, 2021, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

200 GALLERIA PARKWAY S.E., SUITE 1700 • ATLANTA, GA 30339-5946 • 770-955-8600 • 800-277-0080 • FAX 770-980-4489 • www.mjcpa.com
Members of The American Institute of Certified Public Accountants

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of City Contributions – Retirement Plan, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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* (the "supplementary information"), as listed in the table of contents, 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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
December 13, 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, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2022 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by $23,808,053 (total net position) as of June 30, 2022.

- Total net position is comprised of the following:

  (1) The net investment in capital assets of $43,662,745 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $2,729,526 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position has a deficit of $22,584,218.

- The City's governmental funds reported total ending fund balance of $4,664,817 at June 30, 2022. This compares to the prior year ending fund balance of $4,962,975 showing a modest decrease of $298,158 during the current fiscal year.

- Unassigned fund balance in the General Fund decreased from $2,760,072 at June 30, 2021 to $1,280,393 at June 30, 2022.

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 16 and 17 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 two kinds of funds:

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

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

The basic governmental fund financial statements are presented on pages 18 - 23 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 24 - 26 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 27 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 63 - 65 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 66.

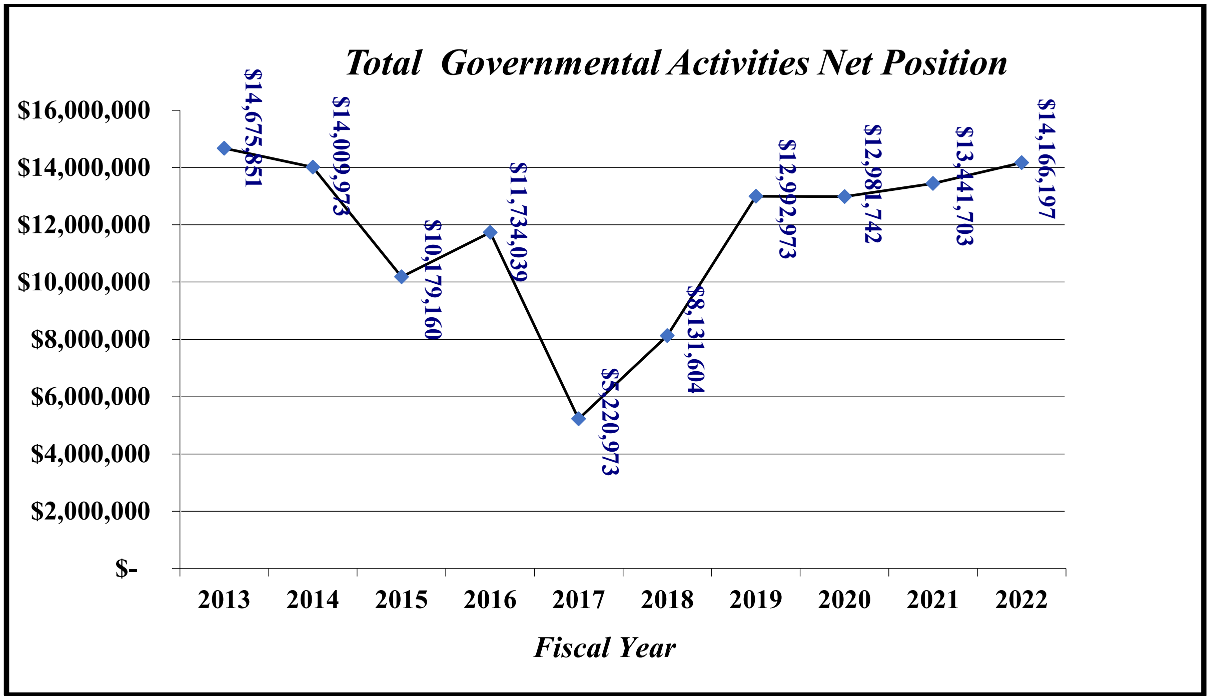
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s net position at fiscal year-end is $23,808,053. 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	
	2022	2021	2022	Restated 2021	2022	Restated 2021
Assets:						
Current assets	$ 5,693,843	$ 5,717,102	$ 3,253,142	$ 5,182,552	$ 8,946,985	$ 10,899,654
Noncurrent assets						
Other	692,309	692,309	1,996,052	2,005,722	2,688,361	2,698,031
Capital	29,769,855	28,109,651	16,887,987	14,039,523	46,657,842	42,149,174
Total assets	36,156,007	34,519,062	22,137,181	21,227,797	58,293,188	55,746,859
Deferred outflows of resources	7,270,433	10,627,738	575,932	734,803	7,846,365	11,362,541
Liabilities:						
Current liabilities	2,528,415	2,358,411	3,892,040	3,199,298	6,420,455	5,557,709
Long-term liabilities	19,855,080	25,727,313	7,294,020	8,640,134	27,149,100	34,367,447
Total liabilities	22,383,495	28,085,724	11,186,060	11,839,432	33,569,555	39,925,156
Deferred inflows of resources	6,876,748	3,619,373	1,885,197	1,636,125	8,761,945	5,255,498
Net position:						
Net investment in capital assets	27,867,045	26,015,801	15,795,700	12,976,904	43,662,745	38,992,705
Restricted	2,209,458	1,007,836	520,068	1,617,513	2,729,526	2,625,349
Unrestricted (deficit)	(15,910,306)	(13,581,934)	(6,673,912)	(6,107,374)	(22,584,218)	(19,689,308)
Total net position	$ 14,166,197	$ 13,441,703	$ 9,641,856	$ 8,487,043	$ 23,808,053	$ 21,928,746

The following chart reports the City's total governmental activities net position balances from fiscal year 2013 – 2022.



From 2013 to 2017, the City's net position from governmental activities decreased from $14,675,851 to $5,220,973 or by 64.42%. Since the low point of 2017, the City's net position from governmental activities increased to $14,166,197 or by 171.33%.

Current assets in governmental activities increased slightly by $23,259 or less than 1% and business-type activities decreased $1,929,410 or 37.23% in fiscal year June 30, 2022.

The City's overall financial position improved during fiscal year 2022. Net position for governmental activities increased by $724,494 or 5.39%. Net position for business-type activities increased by $1,154,813 or 13.61% in fiscal 2022.

Note that approximately 82% of the governmental activities' total assets are comprised of capital assets. The City uses these capital assets to provide services to its citizens. Business-type capital assets make up 76% 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 80% of its total assets in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the City's changes in net position for the fiscal years ended June 30, 2022 and 2021:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**Restated 2021**	**2022**	**Restated 2021**
Revenues:						
Program:						
Charges for services & fines	$ 2,742,489	$ 1,548,094	$ 5,691,433	$ 5,070,344	$ 8,433,922	$ 6,618,438
Operating grants	1,318,236	1,220,517	-	-	1,318,236	1,220,517
Capital grants	2,192,145	1,644,661	138,544	-	2,330,689	1,644,661
General:						
Property taxes	6,974,646	7,475,538	-	-	6,974,646	7,475,538
Sales taxes	2,441,710	2,030,907	-	-	2,441,710	2,030,907
Hotel/motel taxes	3,032,107	2,022,758	-	-	3,032,107	2,022,758
Other taxes	1,907,586	1,767,707	-	-	1,907,586	1,767,707
Gain on sale of capital assets	-	337,550	-	295,514	-	633,064
Other	161,622	100,390	56,081	59,626	217,703	160,016
Total revenues	20,770,541	18,148,122	5,886,058	5,425,484	26,656,599	23,573,606
Program Expenses:						
General government	3,616,969	3,181,487	-	-	3,616,969	3,181,487
Judical	350,371	328,236	-	-	350,371	328,236
Public safety	8,170,183	7,757,447	-	-	8,170,183	7,757,447
Highways and streets	1,819,584	1,593,163	-	-	1,819,584	1,593,163
Culture and recreation	2,352,165	2,063,606	-	-	2,352,165	2,063,606
Planning and zoning	910,918	189,853	-	-	910,918	189,853
Trade, tourism and development	2,150,115	1,602,145	-	-	2,150,115	1,602,145
Interest	12,505	63,272	-	-	12,505	63,272
Water and sewer	-	-	4,315,335	4,118,383	4,315,335	4,118,383
Stormwater	-	-	312,686	190,984	312,686	190,984
Solid waste management	-	-	562,623	572,581	562,623	572,581
Development authority	-	-	203,838	264,593	203,838	264,593
Total expenses	19,382,810	16,779,209	5,394,482	5,146,541	24,777,292	21,925,750
Revenues over expenses	1,387,731	1,368,913	491,576	278,943	1,879,307	1,647,856
Transfers in and out	(663,237)	(795,048)	663,237	795,048	-	-
Changes in net position	724,494	573,865	1,154,813	1,073,991	1,879,307	1,647,856
Beginning net position	13,441,703	12,867,838	8,487,043	7,442,517	21,928,746	20,310,355
Restatement (GASB 87)				(29,425)		(29,425)
Ending net position, as restated	$ 14,166,197	$ 13,441,703	$ 9,641,856	$ 8,487,083	$ 23,808,053	$ 21,928,786

Governmental Activity - Revenues

Governmental revenues increased $2,622,419 or 14.45%. Charges for services increased $1,194,395 or 77.15% due to significant increases in construction permits for two large residential construction projects for a residential housing community and an apartment community. Capital grants increased $547,484 or 33.29% primarily from significant increases in Community Development Block Grant funding. Property taxes decreased $500,892 or 6.7% as public utility taxes, primarily Delta Airlines were impacted by covid restrictions. Hotel/Motel taxes increased $1,009,349 or 49.9% as travel has increased as Covid restrictions have been lifted. Sales taxes increased $410,803 or 20.23% as the retail economy continues to improve.

Governmental Activity Expenses

Overall governmental expenses decreased $2,603,601 or 15.52%. General government expenses increased $435,482 or 13.69% primarily from increases in professional services, contract services and communication expenses. Public safety expenses were consistent with the prior year and increased modestly by $412,736 or 5.32% in line with general inflation trends. Highways and street expenses increased $226,421 or 14.21% primarily from transfer of $138,544 of assets to proprietary funds along with general inflationary increases in expenses. Culture and recreation expenses increased $288,559 or 13.98% as the city restored recreation programs as Covid restrictions were lifted. Trade, Tourism and Development expenses increased $547,970 or 34.2% primarily as marketing services increased as the economy recovers from covid restrictions.

Business-Type Activities

Overall Analysis – Total revenues increased $460,574 or 8.49%. Total operating expenses increased $286,713 or 5.86%. In total, the operating income increased $281,100 or 118.6% over fiscal year 2021 amount.

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

	2022	2021
Water and sewerage system	566,490	155,586
Storm water utility	(51,089)	56,184
Solid Waste	(1,606)	(19,699)
Development authority	4,319	44,943
	518,114	237,014

The following includes an analysis of the fiscal year 2022 financial activities for each enterprise fund.

Water and Sewerage System Fund **-** The operating income increased from $155,586 in 2021 to $566,490 in 2022. Operating revenues experienced an increase of $601,579 or 14.10% from $4,267,240 to $4,868,819. Revenues included additional tap fees of $240,800 indicating increases in the customer base. Total operating expenses increased $190,675 or 4.64%, from $4,111,654 in 2021 to $4,302,329 in 2022. The increases were primarily related to increases in wholesale water and sewerage purchases related to increases in customers. Transfers to other funds decreased from $975,483 to $870,144 or $105,339 (10.8%) at the discretion of management. At fiscal year-end, net position totaled $12,472,048 a decrease of $316,660 or 2.48% from the prior year.

Storm Water Utility Fund **–** The operating (loss) for this fund was ($51,089) compared to net income of $56,184 in the prior year. Total operating revenues increased modestly by $14,429 or 5.84% from the prior year. Total operating expenses increased $121,702 or 63.72% due to significant increases in pension costs and repair and maintenance costs. The net position of this fund at fiscal year end of June 30, 2022 was $943,815.

Solid Waste Fund – Operating loss for this fund decreased $19,699 to $1,606. Operating revenues and expenses were consistent with the prior year. This fund had ending net position of $78,734.

Development Authority Fund **–** This fund is utilized as the bond agent for the City. In this fiscal year, this fund reported only $6,350 in operating revenues and $2,031 in operating expenses. For fiscal 2021, this fund reported a gain on sale of investment property of $295,514. Interest expenses decreased from $246,856 to $201,807, a decrease of $45,049 or 18.25% as a result of refinancing of debt in prior years. Total transfers into this fund were $1,586,000 which included transfers from the general fund of $715,856 and $870,144 from the Water and Sewer fund to cover bond debt payments.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported fund balances of $4,664,817 as of fiscal year end of June 30, 2022 compared to a balance of $4,962,975 at fiscal year end of June 30, 2021, a decrease of $298,158.

Of this fiscal year-end total, $1,280,393 is unassigned indicating availability for continuing City service delivery requirements. This is a decrease of $1,479,679 or 115% over the prior year as management elected to spend fund balances in fiscal 2022. Non-spendable fund balances were $1,157,867. Legally restricted fund balances include $1,995,357 which are set aside for specific program purposes. Management has assigned $231,200 of fund balances for specific 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. The ending unassigned fund balance of $1,280,393 represents the equivalent of 7.43% of annual expenditures. Below is a comparison of General Fund revenues and expenditures for 2022 and 2021.

	General Fund			
	2022	**2021**	**$Change**	**% Change**
Revenues:				
Taxes	$ 11,025,225	$ 11,102,488	(77,263)	-0.7%
Licenses and permits	1,555,739	580,767	974,972	167.9%
Intergovernmental revenues	-	272,604	(272,604)	-100.0%
Fines and forfeitures	535,833	492,613	43,220	8.8%
Charges for services	485,526	314,352	171,174	54.5%
Interest income	7	13	(6)	-46.2%
Other	177,610	100,877	76,733	76.1%
Total revenues	13,779,940	12,863,714	916,226	7.1%
			-	
Expenditures:			-	
General government	3,520,410	2,803,651	716,759	25.6%
Public safety	5,497,378	5,797,168	(299,790)	-5.2%
Highways and streets	2,567,717	922,443	1,645,274	178.4%
Culture and recreation	1,924,719	1,688,070	236,649	14.0%
Judicial	328,694	304,382	24,312	8.0%
Planning and zoning	854,559	176,056	678,503	385.4%
Trade tourism and development	2,068,621	1,639,296	429,325	26.2%
Debt service				
Principal	465,350	361,245	104,105	28.8%
Interest	12,505	63,028	(50,523)	-80.2%
Total expenditures	17,239,953	13,755,339	3,484,614	25.3%
			-	
Excess (deficiency) of revenues			-	
over (under) expenditures	(3,460,013)	(891,625)	(2,568,388)	288.1%
			-	
Other financing sources (uses)			-	
Financed purchases	-	853,592	(853,592)	-100.0%
Proceeds from sale of capital assets	-	337,550	(337,550)	-100.0%
Transfers in	3,358,735	2,300,444	1,058,291	46.0%
Transfers out	(1,212,704)	(1,146,451)	(66,253)	5.8%
Total other financing sources (uses)	2,146,031	2,345,135	199,104	8.5%
			-	
Net change in fund balances	(1,313,982)	1,453,510	(2,767,492)	-190.4%
			-	
Fund balances, beginning of fiscal year	4,629,424	3,175,914	1,453,510	45.8%
Fund balances, end of fiscal year	$ 3,315,442	$ 4,629,424	(1,313,982)	-28.4%

Total General Fund revenues increased 916,226 or 7.1%. Tax revenues decreased slightly by 77,263 or less than 1%. Licenses and permits increased $974,972 or 167.9% as a result of several significant building applications. Intergovernmental revenues decreased $272,604 as the prior year benefitted from federal pandemic relief funds. Charges for services increased $171,174 or 54.5% primarily from increases in ambulance fees, probation fees and recreation fees.

Total General Fund expenditures decreased $3,484,614 or 25.3%. General government expenses increased $716,759 or 25.6% as a result of general increases in personnel costs and other operating costs. Public safety expenses decreased $299,790 or 5.2% as a result of allocation of certain expenses to the ARP fund for pandemic relief. Highways and street expenses increased $1,645,274 or 178.4% as a result of purchase of land for a new public works facility. Culture and recreation expenses increased $236,649 or 14% as programs resumed as covid restrictions were lifted. Planning and zoning costs increased $678,503 or 385.4% as a result of permitting costs for several large construction project. Trade tourism and development expenditures increased $429,325 or 26.2%, as the economy has improved after covid restrictions have been lifted.

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 $3,032,107 and $2,022,758 in 2022 and 2021, respectively. The significant increase is related to the effect of lifting covid restrictions. In fiscal 2022 and 2021, $3,032,107 and $2,022,758 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. For fiscal 2022 and 2021, the fund recognized revenues of $1,313,503 and $1,220,217, respectively, 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 expenses for the General Fund can be found on Page 21 or this report. In total, revenues were $5,193 less than budgeted and expenditures were $1,067,891 better than budgeted. Overall, budgeted fund balance was $701,082 better than budgeted.

Actual revenues were in line with budgeted amounts. Actual expenses for Recreation and Trade, Tourism and Development were $459,756 and $447,170, less than budgeted as these expenses have not quite reached pre-pandemic levels.

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, 2022, was $29,769,855 and $16,887,987, respectively. The net increase in governmental fixed assets was $1,660,204 or 5.91%. Business type fixed assets increased $2,848,464 or 20.29%. 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:

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Non-depreciable assets:						
Land	$ 2,912,776	$ 1,367,730	$ -	$ -	$ 2,912,776	$ 1,367,730
Construction in progress	300,245	1,386,203	1,991,742	-	2,291,987	1,386,203
Total non-depreciable	3,213,021	2,753,933	1,991,742	-	5,204,763	2,753,933
Depreciable assets:						
Water system	-	-	17,062,329	15,860,941	17,062,329	15,860,941
Rights to capacity	-	-	5,508,846	5,508,846	5,508,846	5,508,846
Buildings and improvements	9,771,509	9,354,288	-	-	9,771,509	9,354,288
Land improvements	5,180,289	4,557,379	-	-	5,180,289	4,557,379
Auto, trucks and equipment	11,171,575	11,047,940	1,032,591	1,021,291	12,204,166	12,069,231
Infrastructure	35,429,430	33,884,384	1,341,038	1,183,803	36,770,468	35,068,187
Total depreciable assets	61,552,803	58,843,991	24,944,804	23,574,881	86,497,607	82,418,872
Less accumulated depreciation	34,995,969	33,488,273	10,048,559	9,535,358	45,044,528	43,023,631
Book value - depreciable assets	26,556,834	25,355,718	14,896,245	14,039,523	41,453,079	39,395,241
Percentage depreciated	57%	57%	40%	40%	52%	52%
Total book value	$ 29,769,855	$ 28,109,651	$16,887,987	$14,039,523	$ 46,657,842	$ 42,149,174

Some of the significant additions to governmental fixed assets in 2022 were land purchases of $1,545,046 for a public works building; roof replacements of $463,579 for City Hall and Police Department; Streetscape improvements at Dogwood and North Avenue of $217,352; Park improvements $397,374; and $1,853,198 for improvements to 748 Virginia Avenue.

Long-term Debt

The following table reports long-term debt balances at fiscal year ended June 30, 2022 and 2021:

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Financed Purchases	1,628,500	2,093,850	-	-	1,628,500	2,093,850
Revenue bonds payable	-	-	5,870,000	7,465,000	5,870,000	7,465,000
Notes payable	-	-	1,014,192	1,062,619	1,014,192	1,062,619
Net pension liability	7,099,635	10,856,997	544,562	712,049	7,644,197	11,569,046
Total OPEB liability	11,373,640	13,089,135	909,036	969,210	12,282,676	14,058,345
Compensated absences	731,246	745,459	118,475	103,088	849,721	848,547
	20,833,021	26,785,441	8,456,265	10,311,966	29,289,286	37,097,407

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, 2022 was estimated to be 6,538 and per capita income is estimated at $26,839 which is 75.85% of the national average.

The unemployment rate for Fulton County, where the City is located is 3.2%.

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 2023 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, 2022

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 1,315,740	$ 2,458,694	$ 3,774,434
Restricted cash	-	520,068	520,068
Cash with fiscal agent	-	529,132	529,132
Taxes receivable	1,247,270	-	1,247,270
Accounts receivable, net of allowances	-	912,255	912,255
Lease receivable, current	-	44,172	44,172
Lease receivable, noncurrent	-	1,269,032	1,269,032
Intergovernmental receivables	1,551,680	-	1,551,680
Other receivables	95,712	-	95,712
Prepaid items	263,643	-	263,643
Notes receivable, current	-	8,619	8,619
Notes receivable, noncurrent	-	79,102	79,102
Internal balances	1,219,798	(1,219,798)	-
Property held for redevelopment	692,309	647,918	1,340,227
Capital assets:			
Non-depreciable	3,213,021	1,991,742	5,204,763
Depreciable, net of accumulated depreciation	26,556,834	14,896,245	41,453,079
Total assets	36,156,007	22,137,181	58,293,188
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	10,565	10,565
OPEB related items	2,391,172	191,114	2,582,286
Pension related items	4,879,261	374,253	5,253,514
Total deferred outflows of resources	7,270,433	575,932	7,846,365
LIABILITIES			
Accounts payable	1,296,778	804,497	2,101,275
Accrued liabilities	253,696	1,671,449	1,925,145
Customer deposits payable	-	253,849	253,849
Compensated absences due within one year	584,132	28,210	612,342
Compensated absences due in more than one year	147,114	90,265	237,379
Note payable due within one year	-	49,035	49,035
Note payable due in more than one year	-	965,157	965,157
Financed purchases due within one year	393,809	-	393,809
Financed purchases due in more than one year	1,234,691	-	1,234,691
Bonds payable due within one year	-	1,085,000	1,085,000
Bonds payable due in more than one year	-	4,785,000	4,785,000
Net pension liability due in more than one year	7,099,635	544,562	7,644,197
Total OPEB liability due in more than one year	11,373,640	909,036	12,282,676
Total liabilities	22,383,495	11,186,060	33,569,555
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - leases	-	1,348,575	1,348,575
Pension related items	4,035,154	309,508	4,344,662
OPEB related items	2,841,594	227,114	3,068,708
Total deferred inflows of resources	6,876,748	1,885,197	8,761,945
NET POSITION			
Net investment in capital assets	27,867,045	15,795,700	43,662,745
Restricted for:			
Debt service	-	520,068	520,068
Capital construction	35,051	-	35,051
Transportation projects	1,267,084	-	1,267,084
Trade and tourism	877,182	-	877,182
Culture and recreation	7,624	-	7,624
Law enforcement	22,517	-	22,517
Unrestricted (deficit)	(15,910,306)	(6,673,912)	(22,584,218)
Total net position	$ 14,166,197	$ 9,641,856	$ 23,808,053

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, 2022

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position — Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 3,616,969	$ 1,745,178	$ 21,739	$ -	$ (1,850,052)	$ -	$ (1,850,052)
Public safety	8,170,183	896,983	1,296,497	-	(5,976,703)	-	(5,976,703)
Highway and Streets	1,819,584	43,841	-	2,175,139	399,396	-	399,396
Recreation	2,352,165	56,487	-	17,006	(2,278,672)	-	(2,278,672)
Judicial	350,371	-	-	-	(350,371)	-	(350,371)
Planning and zoning	910,918	-	-	-	(910,918)	-	(910,918)
Trade tourism and development	2,150,115	-	-	-	(2,150,115)	-	(2,150,115)
Interest on long-term debt	12,505	-	-	-	(12,505)	-	(12,505)
Total governmental activities	19,382,810	2,742,489	1,318,236	2,192,145	(13,129,940)	-	(13,129,940)
Business-type activities:							
Development Authority	203,838	-	-	138,544	-	(65,294)	(65,294)
Water and Sewer Utility	4,315,335	4,868,819	-	-	-	553,484	553,484
Solid Waste	562,623	561,017	-	-	-	(1,606)	(1,606)
Stormwater Utility	312,686	261,597	-	-	-	(51,089)	(51,089)
Total business-type activities	5,394,482	5,691,433	-	138,544	-	435,495	435,495
Total primary government	$ 24,777,292	$ 8,433,922	$ 1,318,236	$ 2,330,689	(13,129,940)	435,495	(12,694,445)
			General revenues:				
			Property taxes		$ 6,974,646	$ -	$ 6,974,646
			Franchise taxes		690,475	-	690,475
			Insurance premium taxes		554,124	-	554,124
			Hotel/Motel taxes		3,032,107	-	3,032,107
			Sales taxes		2,441,710	-	2,441,710
			Other taxes		662,987	-	662,987
			Unrestricted investment earnings		7	-	7
			Lease revenue		-	38,695	38,695
			Interest revenue		-	11,036	11,036
			Miscellaneous		161,615	6,350	167,965
			Transfers		(663,237)	663,237	-
			Total general revenues and transfers		13,854,434	719,318	14,573,752
			Change in net position		724,494	1,154,813	1,879,307
			Net position, beginning of fiscal year, restated		13,441,703	8,487,043	21,928,746
			Net position, end of fiscal year		$ 14,166,197	$ 9,641,856	$ 23,808,053

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

CITY OF HAPEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

ASSETS	General Fund	ARP Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ -	$ -	$ 70,857	$ 1,244,883	$ 1,315,740
Taxes receivable, net of allowances	613,945	-	614,627	18,698	1,247,270
Intergovernmental receivables	-	1,224,175	-	327,505	1,551,680
Other receivables	70,547	-	-	25,165	95,712
Due from other funds	3,166,786	-	-	-	3,166,786
Advances to other funds	201,915	-	-	-	201,915
Prepaid items	263,643	-	-	-	263,643
Property held for redevelopment	692,309	-	-	-	692,309
Total assets	$ 5,009,145	$ 1,224,175	$ 685,484	$ 1,616,251	$ 8,535,055
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,059,224	$ -	$ -	$ 237,554	$ 1,296,778
Accrued liabilities	253,696	-	-	-	253,696
Due to other funds	209,922	1,224,075	685,484	29,422	2,148,903
Total liabilities	1,522,842	1,224,075	685,484	266,976	3,699,377
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	170,861	-	-	-	170,861
Total deferred inflows of resources	170,861	-	-	-	170,861
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	263,643	-	-	-	263,643
Property held for redevelopment	692,309	-	-	-	692,309
Advances to other funds	201,915	-	-	-	201,915
Assigned:					
Public safety	-	100	-	-	100
E911 services	-	-	-	39,851	39,851
Capital construction	-	-	-	191,249	191,249
Restricted:					
Capital construction	-	-	-	35,051	35,051
Transportation projects	-	-	-	1,052,983	1,052,983
Trade and tourism	877,182	-	-	-	877,182
Culture and recreation	-	-	-	7,624	7,624
Law enforcement	-	-	-	22,517	22,517
Unassigned	1,280,393	-	-	-	1,280,393
Total fund balances	3,315,442	100	-	1,349,275	4,664,817
Total liabilities, deferred inflows of resources, and fund balances	$ 5,009,145	$ 1,224,175	$ 685,484	$ 1,616,251	

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.	29,769,855
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	170,861
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,359,746)
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.	(18,079,590)
Net position of governmental activities	$ 14,166,197

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, 2022

	General Fund	ARP Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 11,025,225	$ -	$ 3,032,107	$ 274,009	$ 14,331,341
Licenses and permits	1,555,739	-	-	-	1,555,739
Intergovernmental	-	1,313,503	-	2,182,048	3,495,551
Fines and forfeitures	535,833	-	-	-	535,833
Charges for services	485,526	-	-	164,226	649,752
Investment income	7	-	-	-	7
Contributions	14,830	-	-	-	14,830
Other revenues	162,780	-	-	-	162,780
Total revenues	13,779,940	1,313,503	3,032,107	2,620,283	20,745,833
Expenditures					
Current:					
General government	3,520,410	-	-	-	3,520,410
Public safety	5,497,378	1,313,503	-	563,344	7,374,225
Judicial	328,694	-	-	-	328,694
Highway & Streets	2,567,717	-	-	6,909	2,574,626
Recreation	1,924,719	-	-	-	1,924,719
Planning & Zoning	854,559	-	-	-	854,559
Trade tourism and development	2,068,621	-	-	-	2,068,621
Capital Outlay	-	-	-	1,257,045	1,257,045
Debt Service:					
Principal	465,350	-	-	-	465,350
Interest	12,505	-	-	-	12,505
Total expenditures	17,239,953	1,313,503	-	1,827,298	20,380,754
Excess (deficiency) of revenues over (under) expenditures	(3,460,013)	-	3,032,107	792,985	365,079
Other financing sources (uses):					
Transfers out	(1,212,704)	-	(3,032,107)	(394,009)	(4,638,820)
Transfers in	3,358,735	-	-	616,848	3,975,583
Total other financing sources (uses)	2,146,031	-	(3,032,107)	222,839	(663,237)
Net change in fund balances	(1,313,982)	-	-	1,015,824	(298,158)
Fund balances, beginning of fiscal year	4,629,424	100	-	333,451	4,962,975
Fund balances, end of fiscal year	$ 3,315,442	$ 100	$ -	$ 1,349,275	$ 4,664,817

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, 2022

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

Net change in fund balances - total governmental funds	$	(298,158)
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.		1,798,748
Transfers of capital assets to business-type activities do not use current financial resources and are not reported as expenditures in the governmental funds.		(138,544)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		24,708
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		465,350
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.		(1,127,610)
Change in net position - governmental activities	$	724,494

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes				
Property	$ 7,287,500	$ 6,678,790	$ 6,675,929	$ (2,861)
Franchise	669,000	691,700	690,475	(1,225)
Sales	1,952,000	2,443,000	2,441,710	(1,290)
Business	538,700	664,000	662,987	(1,013)
Insurance Premium	545,000	555,000	554,124	(876)
Licenses and permits	577,460	1,558,115	1,555,739	(2,376)
Fines and forfeitures	376,000	536,600	535,833	(767)
Interest	1,000	97	7	(90)
Charges for services	253,585	487,896	485,526	(2,370)
Contributions	1,000	15,000	14,830	(170)
Miscellaneous	82,295	154,935	162,780	7,845
Total revenues	12,283,540	13,785,133	13,779,940	(5,193)
EXPENDITURES				
Current:				
General government:				
Governing Body	89,687	50,427	50,198	229
Mayor and Commission	23,343	20,441	20,342	99
City Manager	587,541	1,148,070	1,145,632	2,438
City Clerk	181,702	201,658	198,790	2,868
Elections	32,500	11,999	11,508	491
Finance	900,253	912,945	897,848	15,097
Law	200,000	297,000	296,059	941
Human Resources	463,273	400,212	390,229	9,983
Information Technology	386,000	510,100	509,804	296
Total general government	2,864,299	3,552,852	3,520,410	32,442
Public safety:				
Police	3,613,188	2,644,469	2,656,994	(12,525)
Fire	3,421,012	2,941,210	2,840,384	100,826
Total public safety	7,034,200	5,585,679	5,497,378	88,301
Judicial	313,668	332,364	328,694	3,670
Highway & Streets	1,044,999	2,580,073	2,567,717	12,356
Recreation	3,630,702	2,384,475	1,924,719	459,756
Planning & Zoning	259,204	875,505	854,559	20,946
Trade, Tourism and Development	2,560,952	2,515,791	2,068,621	447,170
Debt Service:				
Principal	513,089	443,611	465,350	(21,739)
Interest	13,840	37,494	12,505	24,989
Total expenditures	18,234,953	18,307,844	17,239,953	1,067,891
Deficiency of revenues under expenditures	(5,951,413)	(4,522,711)	(3,460,013)	1,062,698
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,720,000	-	-	-
Proceeds from sale of capital assets	700,000	8,309	-	(8,309)
Transfers out	(915,067)	(1,144,458)	(1,212,704)	(68,246)
Transfers in	3,938,503	3,643,796	3,358,735	(285,061)
Total other financing sources (uses)	5,443,436	2,507,647	2,146,031	(361,616)
Net change in fund balances	(507,977)	(2,015,064)	(1,313,982)	701,082
Fund balances, beginning of fiscal year	4,629,424	4,629,424	4,629,424	-
Fund balances, end of fiscal year	$ 4,121,447	$ 2,614,360	$ 3,315,442	$ 701,082

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ -	$ 1,313,503	$ 1,313,503	$ -
Total revenues	-	1,313,503	1,313,503	-
EXPENDITURES				
Public safety	-	1,313,503	1,313,503	-
Total expenditures	-	1,313,503	1,313,503	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	100	100	100	-
FUND BALANCES, end of fiscal year	$ 100	$ 100	$ 100	$ -

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,500,000	$ 3,310,796	$ 3,032,107	$ (278,689)
Total revenues	2,500,000	3,310,796	3,032,107	(278,689)
OTHER FINANCING USES				
Transfers:				
Transfers out	(2,500,000)	(3,310,796)	(3,032,107)	278,689
Total other financing uses	(2,500,000)	(3,310,796)	(3,032,107)	278,689
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, 2022

	Business-type Activities - Enterprise Funds				
ASSETS	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Nonmajor Fund Stormwater Utility Fund	Totals
CURRENT ASSETS					
Cash	$ -	$ 2,208,693	$ 38,905	$ 211,096	$ 2,458,694
Restricted cash	520,068	-	-	-	520,068
Cash with fiscal agent	529,132	-	-	-	529,132
Accounts receivable, net of allowances	-	650,880	87,462	173,913	912,255
Lease receivable, current	44,172	-	-	-	44,172
Due from other funds	-	209,922	-	-	209,922
Notes receivable, current	8,619	-	-	-	8,619
Total current assets	1,101,991	3,069,495	126,367	385,009	4,682,862
NONCURRENT ASSETS					
Lease receivable, long term	1,269,032	-	-	-	1,269,032
Notes receivable, long term	79,102	-	-	-	79,102
Property held for redevelopment	647,918	-	-	-	647,918
Construction in progress	1,991,742	-	-	-	1,991,742
Infrastructure	-	16,753,100	-	1,650,268	18,403,368
Furniture, fixtures and equipment	-	862,388	170,203	-	1,032,591
Intangible asset-capacity rights	-	5,508,846	-	-	5,508,846
Accumulated depreciation	-	(9,089,149)	(169,442)	(789,969)	(10,048,560)
Total noncurrent assets	3,987,794	14,035,185	761	860,299	18,884,039
Total assets	5,089,785	17,104,680	127,128	1,245,308	23,566,901
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	10,565	-	-	-	10,565
OPEB related items	-	156,351	-	34,763	191,114
Pension related items	-	316,870	-	57,383	374,253
Total deferred outflows of resources	10,565	473,221	-	92,146	575,932
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	212,916	532,498	36,858	22,225	804,497
Accrued liabilities	91,880	1,576,581	317	2,671	1,671,449
Due to other funds	1,227,805	-	-	-	1,227,805
Customer deposits payable	-	253,849	-	-	253,849
Compensated absences payable	-	20,384	1,506	6,320	28,210
Bonds payable	1,085,000	-	-	-	1,085,000
Notes payable	-	49,035	-	-	49,035
Total current liabilities	2,617,601	2,432,347	38,681	31,216	5,119,845
NONCURRENT LIABILITIES					
Compensated absences, long term	-	55,743	9,713	24,809	90,265
Advance from other funds	201,915	-	-	-	201,915
Bonds payable, long term	4,785,000	-	-	-	4,785,000
Net pension liability	-	461,066	-	83,496	544,562
Total OPEB liability	-	743,685	-	165,351	909,036
Notes payable, long term	-	965,157	-	-	965,157
Total noncurrent liabilities	4,986,915	2,225,651	9,713	273,656	7,495,935
Total liabilities	7,604,516	4,657,998	48,394	304,872	12,615,780
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - leases	1,348,575	-	-	-	1,348,575
Pension related items	-	262,052	-	47,456	309,508
OPEB related items	-	185,803	-	41,311	227,114
Total deferred inflows of resources	1,348,575	447,855	-	88,767	1,885,197
NET POSITION					
Net investment in capital assets	1,913,647	13,020,993	761	860,299	15,795,700
Restricted for debt service	520,068	-	-	-	520,068
Unrestricted (deficit)	(6,286,456)	(548,945)	77,973	83,516	(6,673,912)
Total net position (deficit)	$ (3,852,741)	$ 12,472,048	$ 78,734	$ 943,815	$ 9,641,856

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, 2022

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Nonmajor Fund Stormwater Utility Fund	Totals
OPERATING REVENUE					
Water fees	$ -	$ 4,868,819	$ -	$ -	$ 4,868,819
Stormwater fees	-	-	-	261,597	261,597
Sanitation fees	-	-	561,017	-	561,017
Miscellaneous	6,350	-	-	-	6,350
Total operating revenues	6,350	4,868,819	561,017	261,597	5,697,783
OPERATING EXPENSES					
Cost of sales and services	2,031	2,196,694	548,255	282,091	3,029,071
Water purchases	-	1,637,397	-	-	1,637,397
Depreciation and amortization	-	468,238	14,368	30,595	513,201
Total operating expenses	2,031	4,302,329	562,623	312,686	5,179,669
Operating income (loss)	4,319	566,490	(1,606)	(51,089)	518,114
NON-OPERATING REVENUES (EXPENSES)					
Lease revenue	38,695	-	-	-	38,695
Interest on lease receivable	11,027	-	-	-	11,027
Interest on note receivable	9	-	-	-	9
Interest expense	(201,807)	(13,006)	-	-	(214,813)
Total non-operating revenues (expenses)	(152,076)	(13,006)	-	-	(165,082)
Income (loss) before contributions and transfers	(147,757)	553,484	(1,606)	(51,089)	353,032
Capital contributions	138,544	-	-	-	138,544
Transfers in	1,586,000	-	-	-	1,586,000
Transfers out	(52,619)	(870,144)	-	-	(922,763)
Total contributions and transfers	1,671,925	(870,144)	-	-	801,781
Change in net position	1,524,168	(316,660)	(1,606)	(51,089)	1,154,813
Total net position (deficit), beginning, restated	(5,376,909)	12,788,708	80,340	994,904	8,487,043
Total net position (deficit), ending	$ (3,852,741)	$ 12,472,048	$ 78,734	$ 943,815	$ 9,641,856

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, 2022

	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	$ 1,234,155	$ 4,772,000	$ 559,455	$ 242,469	$ 6,808,079
Payments to suppliers	210,885	(2,602,500)	(562,048)	(183,246)	(3,136,909)
Payments to employees	-	(398,871)	(19,256)	(84,041)	(502,168)
Other net changes related to Pension and OPEB plans	-	138,146	-	78,531	216,677
Net cash provided by (used in) operating activities	1,445,040	1,908,775	(21,849)	53,713	3,385,679
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	1,586,000	-	-	-	1,586,000
Transfers out to other funds	(52,619)	(870,144)	-	-	(922,763)
Amounts paid on advances to other funds	(27,142)	-	-	-	(27,142)
Payments received on note receivable	7,835	-	-	-	7,835
Net cash provided by (used in) non-capital financing activities	1,514,074	(870,144)	-	-	643,930
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Receipts on lease receivable	44,600	-	-	-	44,600
Principal payments on bonds payable	(1,595,000)	-	-	-	(1,595,000)
Payment to fiscal agent	(11,574)	-	-	-	(11,574)
Interest paid on long-term debt	(219,104)	(13,006)	-	-	(232,110)
Interest income	11,036	-	-	-	11,036
Principal payments on notes payable	-	(48,427)	-	-	(48,427)
Purchases of capital assets	(1,853,198)	(1,212,688)	-	(157,235)	(3,223,121)
Net cash used in capital and related financing activities	(3,623,240)	(1,274,121)	-	(157,235)	(5,054,596)
Net decrease in cash	(664,126)	(235,490)	(21,849)	(103,522)	(1,024,987)
Cash, beginning of fiscal year	1,184,194	2,444,183	60,754	314,618	4,003,749
Cash, end of fiscal year	$ 520,068	$ 2,208,693	$ 38,905	$ 211,096	$ 2,978,762
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 4,319	$ 566,490	$ (1,606)	$ (51,089)	$ 518,114
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	468,238	14,368	30,595	513,201
Change in assets and liabilities:					
Increase in accounts receivable	-	(96,819)	(1,562)	(19,128)	(117,509)
(Increase) Decrease in deferred outflows for pension items	-	163,877	-	(34,287)	129,590
Decrease in deferred outflows for OPEB items	-	23,177	-	3,805	26,982
Increase (Decrease) in accounts payable	212,916	194,273	(33,948)	10,357	383,598
Increase (Decrease) in accrued liabilities	-	827,787	(230)	525	828,082
Increase in compensated absences payable	-	10,336	1,129	3,922	15,387
Decrease in total OPEB liability	-	(54,132)	-	(6,042)	(60,174)
Increase in customer deposits	-	10,246	-	-	10,246
Increase (Decrease) in due to other funds	1,227,805	(209,922)	-	-	1,017,883
Increase (Decrease) in net pension liability	-	(218,343)	-	50,856	(167,487)
Increase in deferred inflows for pension items	-	120,457	-	40,653	161,110
Increase in deferred inflows for OPEB items	-	103,110	-	23,546	126,656
Net cash provided by (used in) operating activities	$ 1,445,040	$ 1,908,775	$ (21,849)	$ 53,713	$ 3,385,679
NON-CASH CAPITAL FINANCING ACTIVITIES					
Capital contributions from governmental activities	$ 138,544	$ -	$ -	$ -	$ 138,544

The accompanying notes are an integral part of these 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.

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 principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rule applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

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.

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. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

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. Leases

Lessor

The City is a lessor for noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the business-type activities financial statements. The City recognizes lease receivables with an initial, individual value of $25,000 or more.

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

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

- The City sets the interest rate stated in the lease agreement.
- When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to collect.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, 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.

I. 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:

Assets	Years
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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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. The City also reports deferred revenue on a lease receivable, which is reported both at the fund level and the government wide level.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

L. 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.

M. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. 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.

O. 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.

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 $2,359,746 difference are as follows:

Financed purchases payable	$	(1,628,500)
Compensated absences		(731,246)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(2,359,746)

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 $18,079,590 difference are as follows:

Deferred outflows of resources - pension related items	$	4,879,261
Deferred inflows of resources - pension related items		(4,035,154)
Deferred outflows of resources - OPEB related items		2,391,172
Deferred inflows of resources - OPEB related items		(2,841,594)
Net pension liability		(7,099,635)
Total OPEB liability		(11,373,640)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(18,079,590)

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 $1,798,748 difference are as follows:

Capital outlay	$	3,306,444
Depreciation expense		(1,507,696)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,798,748

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 $1,127,610 difference are as follows:

Compensated absences	$	14,213
Total other postemployment benefits (OPEB) liability deferred inflows/outflows of resources		(323,621)
Net pension liability and related deferred outflows and deferred inflows/outflows of resources		(818,202)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(1,127,610)

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, 2022:

General Fund		
Public safety - Police	$	12,525
Debt service - Principal		21,739
Transfers out		68,246
	$	102,510

These over-expenditures were funded by greater than anticipated revenues or available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

Primary Government

The table below summarizes the City's cash and cash equivalents by type as of June 30, 2022:

	Maturities		Balance
Deposits with financial institutions	--	$	3,870,436
Money market funds	20 days		424,066
Total		$	4,294,502

As reported in the Statement of Net Position:

Cash and cash equivalents	$	3,774,434
Restricted cash		520,068
Total	$	4,294,502

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, 2022, 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.

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, 2022, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Weighted Average Maturity (Days)	Moody's Credit Rating	Fair Value
Money market funds	20	Aaa	$ 424,066

Fair Value Measurements: The City has the following recurring fair value measurements as of June 30, 2022:

Investment	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 424,066	$ -	$ -	$ 424,066
Total investments measured at fair value	$ 424,066	$ -	$ -	$ 424,066

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.

NOTE 5. RECEIVABLES (CONTINUED)

Accounts Receivable

Receivables at June 30, 2022, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General Fund	ARP Fund	Hotel/Motel Fund	Nonmajor Governmental Funds	Governmental Funds Total
Receivables:					
Taxes	$ 809,473	$ -	$ 614,627	$ 18,698	$ 1,442,798
Intergovernmental	-	1,224,175	-	327,505	1,551,680
Other	70,547	-	-	25,165	95,712
Less allowance for uncollectible	(195,528)	-	-	-	(195,528)
Net total receivable	$ 684,492	$ 1,224,175	$ 614,627	$ 371,368	$ 2,894,662

	Development Authority	Water & Sewer	Solid Waste	Stormwater	Proprietary Funds Total
Receivables:					
Accounts	$ -	$ 861,311	$ 137,920	$ 342,879	$ 1,342,110
Less allowance for uncollectible	-	(210,431)	(50,458)	(168,966)	(429,855)
Note receivable	87,721	-	-	-	87,721
Net total receivable	$ 87,721	$ 650,880	$ 87,462	$ 173,913	$ 999,976

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, 2022 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Receivable	$ 95,556	$ -	$ (7,835)	$ 87,721	$ 8,619
Total	$ 95,556	$ -	$ (7,835)	$ 87,721	$ 8,619

NOTE 5. RECEIVABLES (CONTINUED)

Note Receivable (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2023	$ 8,619	$ 5,093	$ 13,712
2024	9,105	4,564	13,669
2025	9,667	4,003	13,670
2026	10,263	3,407	13,670
2027	10,896	2,774	13,670
2028-2031	39,171	4,156	43,327
Total	$ 87,721	$ 23,997	$ 111,718

NOTE 6. LEASE RECEIVABLE

The City leased two parcels of land to a third party. The City receives variable monthly payments in amounts ranging from $4,100 to $12,985 which includes the principal and interest components of the payments. The interest rate on the lease is 4%. For the current year, the City recognized $38,695 in lease revenue and $11,027 in interest revenue related to the leases. As of June 30, 2022, the City's receivable for lease payments was $1,313,204. Also, the City has a deferred inflow of resources associated with the lease that will be recognized over the lease term that ends on June 30, 2058. This deferred inflow of resources has a balance of $1,348,575 as of June 30, 2022.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Lease receivable	$ 1,357,804	$ -	$ (44,600)	$ 1,313,204	$ 44,172

NOTE 7. CAPITAL ASSETS

Primary Government

Capital asset activity for governmental activities for the fiscal year ended June 30, 2022, was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Transfers CIP	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,367,730	$ 1,545,046	$ -	$ -	$ 2,912,776
Construction in progress	1,386,203	1,107,871	(138,544)	(2,055,285)	300,245
Total	2,753,933	2,652,917	(138,544)	(2,055,285)	3,213,021
Capital assets, being depreciated:					
Autos & Trucks & Equipment	11,047,940	123,635	-	-	11,171,575
Land improvements	4,557,379	8,183	-	614,727	5,180,289
Buildings and improvements	9,354,288	417,221	-	-	9,771,509
Infrastructure	33,884,384	104,488	-	1,440,558	35,429,430
Total	58,843,991	653,527	-	2,055,285	61,552,803
Less accumulated depreciation for:					
Autos & Trucks & Equipment	(7,538,554)	(485,733)	-	-	(8,024,287)
Land improvements	(3,072,887)	(158,362)	-	-	(3,231,249)
Buildings and improvements	(3,640,036)	(170,447)	-	-	(3,810,483)
Infrastructure	(19,236,796)	(693,154)	-	-	(19,929,950)
Total	(33,488,273)	(1,507,696)	-	-	(34,995,969)
Total capital assets, being depreciated, net	25,355,718	(854,169)	-	2,055,285	26,556,834
Governmental activities capital assets, net	$ 28,109,651	$ 1,798,748	$ (138,544)	$ -	$ 29,769,855

NOTE 7. 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	$	151,034
Public safety		382,596
Highway & Streets		672,480
Recreation		222,636
Economic Development		78,950
Total depreciation expense - governmental activities	$	1,507,696

Capital asset activity for business-type activities for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Construction in Progress	$ -	$ 1,991,742	$ -	$ -	$ 1,991,742
Capital assets, being depreciated:					
Water System	$ 15,860,941	$ 1,201,388	$ -	$ -	$ 17,062,329
Rights to Capacity	5,508,846	-	-	-	5,508,846
Equipment	1,021,291	11,300	-	-	1,032,591
Infrastructure	1,183,803	157,235	-	-	1,341,038
Total	23,574,881	1,369,923	-	-	24,944,804
Less accumulated depreciation for:					
Water System	(6,361,578)	(358,061)	-	-	(6,719,639)
Rights to capacity amortization	(1,529,563)	(110,177)	-	-	(1,639,740)
Equipment	(884,843)	(14,368)	-	-	(899,211)
Infrastructure	(759,374)	(30,595)	-	-	(789,969)
Total	(9,535,358)	(513,201)	-	-	(10,048,559)
Total capital assets, being depreciated, net	14,039,523	856,722	-	-	14,896,245
Busiiness-type activities capital assets, net	$ 14,039,523	$ 2,848,464	$ -	$ -	$ 16,887,987

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

Business-type activities:		
Water & Sewer Utility	$	358,061
Amortization of rights to capacity- Water & Sewer		110,177
Solid Waste		14,368
Stormwater Utility		30,595
Total depreciation expense - business-type activities	$	513,201

NOTE 8. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases from direct borrowings	$ 2,093,850	$ -	$ (465,350)	$ 1,628,500	$ 393,809
Total OPEB liability	13,089,135	567,034	(2,282,529)	11,373,640	-
Net pension liability	10,856,997	2,583,936	(6,341,298)	7,099,635	-
Compensated absences	745,459	707,214	(721,427)	731,246	584,132
Governmental activity Long-term liabilities	$ 26,785,441	$ 3,858,184	$ (9,810,604)	$ 20,833,021	$ 977,941
Business-type activities:					
Bonds payable - direct placement	$ 7,465,000	$ -	$ (1,595,000)	$ 5,870,000	$ 1,085,000
Notes payable-direct borrowing	1,062,619	-	(48,427)	1,014,192	49,035
Total OPEB liability	969,210	77,718	(137,892)	909,036	-
Net pension liability	712,049	198,195	(365,682)	544,562	-
Compensated absences	103,088	28,211	(12,824)	118,475	28,210
Business-type activity Long-term liabilities	$ 10,311,966	$ 304,124	$ (2,159,825)	$ 8,456,265	$ 1,162,245

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. 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 inceptions. Lease payments are due in annual installments.

The original cost of the City's assets under capital lease arrangements at June 30, 2022 is $2,787,612 and there has been $765,142 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, 2022.

NOTE 8. 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 matured 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.

NOTE 8. 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:

	Governmental Activities
Fiscal Year Ending June 30,	
2023	$ 436,154
2024	407,974
2025	386,328
2026	261,190
2027	88,469
2028-2029	176,937
Total minimum lease payments	1,757,052
Less amount representing interest	128,552
Present value of future minimum lease payments	$ 1,628,500

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.

NOTE 8. 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, 2022, the current outstanding amount of debt considered legally defeased for the 2004A Series Bonds equals $355,000.

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, 2022, the current outstanding amount of debt considered legally defeased for the 2004B Series Bonds equals $1,080,000.

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, 2022, the current outstanding amount of debt considered legally defeased for the 2004B Series Bonds equals $920,000.

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.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

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

Series 2014 A-1	Principal	Interest	Total
Fiscal Year Ending June 30,			
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	535,000	53,524	588,524
2028-2029	1,130,000	43,662	1,173,662
Total	$ 3,610,000	$ 504,794	$ 4,114,794

Series 2019A	Principal	Interest	Total
Fiscal Year Ending June 30,			
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	165,000	2,670	167,670
Total	$ 1,150,000	$ 61,640	$ 1,211,640

Series 2019B	Principal	Interest	Total
Fiscal Year Ending June 30,			
2023	$ 355,000	$ 34,048	$ 389,048
2024	370,000	24,805	394,805
2025	385,000	15,162	400,162
Total	$ 1,110,000	$ 74,015	$ 1,184,015

NOTE 8. 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, 2022, the outstanding balance of the note payable at June 30, 2022 is $1,014,192. 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:

	Principal	Interest	Total
Fiscal Years Ending June 30,			
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	51,548	9,884	61,432
2028-2032	267,626	39,536	307,162
2033-2037	284,877	22,285	307,162
2038-2040	210,270	4,743	215,013
Total	$ 1,014,192	$ 122,306	$ 1,136,498

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NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds at June 30, 2022 consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	ARP Fund	$ 1,224,075
General Fund	Hotel/Motel Fund	685,484
General Fund	Nonmajor Governmental Funds	29,422
General Fund	Development Authority	1,227,805
Water & Sewer Fund	General Fund	209,922
		$ 3,376,708

Advanced to/from other funds at June 30, 2022 consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Development Authority Fund	$ 201,915
		$ 201,915

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. The interfund balance with the Development Authority will be repaid with bond proceeds issued after fiscal year-end for related project costs. 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, 2022 consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Hotel/Motel Fund	$ 3,032,107
General Fund	Development Authority Fund	52,619
General Fund	Nonmajor Governmental Funds	274,009
Development Authority Fund	General Fund	715,856
Development Authority Fund	Water & Sewer Utility Fund	870,144
Nonmajor Governmental Funds	General Fund	496,848
Nonmajor Governmental Funds	Nonmajor Governmental Funds	120,000
		$ 5,561,583

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, (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 and (5) move TSPLOST funds to cover allowable costs incurred in the capital projects fund.

NOTE 10. 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, 2022, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	91
Terminated vested participants not yet receiving benefits	34
Active participants	120
	245

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, 2022, the City's contribution rate was 21.05% of annual payroll. City contributions to the Plan were $1,307,088 for the fiscal year ended June 30, 2022.

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2022 with update procedures performed by the actuary to roll forward to the total pension asset measured as of September 30, 2021.

Actuarial Assumptions. The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% - 8.50%
Investment rate of return	7.375%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2022 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, 2022 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 1.00%.

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, 2021 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.55%
International equity	20%	7.30
Real estate	10%	3.65
Global fixed income	5%	0.50
Domestic fixed income	20%	0.40
Cash	—%	
Total	100%	

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

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.375%. 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, 2022 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/21	$ 33,632,132	$ 22,063,086	$ 11,569,046
Changes for the year:			
Service cost	300,705	-	300,705
Interest	2,418,542	-	2,418,542
Experience differences	(701,871)	-	(701,871)
Change of assumptions	-	-	-
Change of benefit terms	-	-	-
Net investment income	-	5,265,391	(5,265,391)
Contributions - employer	-	739,718	(739,718)
Benefit payments	(2,278,098)	(2,278,098)	-
Administrative expense	-	(62,884)	62,884
Net changes	(260,722)	3,664,127	(3,924,849)
Balances at 9/30/21 reported as of 6/30/22	$ 33,371,410	$ 25,727,213	$ 7,644,197

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.

NOTE 10. 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%)
$11,390,522	$ 7,644,197	$ 4,483,164

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, 2021 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, 2022, the City recognized pension expense of $361,615. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,379,012	$ (2,661,544)
Differences resulting from changes in actuarial assumptions	2,567,414	-
Net difference between projected and actual earnings on pension plan investments	-	(1,683,118)
Contributions subsequent to the measurement date	1,307,088	-
Total	$ 5,253,514	$ (4,344,662)

City contributions subsequent to the measurement date of $1,307,088 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, 2023. 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:

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Fiscal Year ending June 30:		
2023	$	(683,279)
2024		36,882
2025		(168,453)
2026		(222,654)
2027		639,268
Total	$	(398,236)

NOTE 11. 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, 2021, the date of the latest actuarial valuation:

Active participants	119
Retirees and beneficiaries currently receiving benefits	55
Total	174

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, 2022, the City did not make any contributions to the pay as you go benefits for the PHCB Plan.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	3.54%
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 3.54%, an increase from the rate of 2.16% 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 3.54% as of June 30, 2022 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, 2022, were as follows:

	Total OPEB Liability (a)
Balances at 6/30/21	$ 14,058,345
Changes for the year:	
Service cost	339,607
Interest	305,145
Experience differences	(156,107)
Assumption changes	(1,996,905)
Benefit payments, including refunds of employee contributions	(267,409)
Net changes	(1,775,669)
Balances at 6/30/22	$ 12,282,676

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.

NOTE 11. 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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 10,871,151	$ 12,282,676	$ 13,964,635

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	$ 11,067,818	$ 12,282,676	$ 13,694,034

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, 2022 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, 2022, the City recognized OPEB expense of $684,493. At June 30, 2022, 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	$ 220,194	$ (1,331,141)
Changes in assumptions	2,362,092	(1,737,567)
Total	$ 2,582,286	$ (3,068,708)

NOTE 11. 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:		
2023	$	39,742
2024		39,741
2025		39,742
2026		39,741
2027		(201,657)
Thereafter		(443,731)
Total	$	(486,422)

NOTE 12. 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, 2022, 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, 2022, was $48,826.

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, 2022, the City contributed $12,800 of matching contributions to the Plan for the City manager.

NOTE 13. FUND DEFICITS

As of June 30, 2022, the City's Development Authority Fund had a deficit of net position of $3,852,741. 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 14. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 15. 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, 2022, contractual commitments on uncompleted contracts were $1,470,092.

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.

NOTE 16. 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 $3,032,107 for the fiscal year ended June 30, 2022. 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 $3,032,107 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 $274,009 for the fiscal year ended June 30, 2022, of which 100% was transferred to the General Fund.

NOTE 17. 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, 2022 is unknown.

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, the City is required to reevaluate the accounting treatment of leases. Therefore, in conjunction with the implementation of GASB Statement No. 87, the following restatement was required to the beginning net position of the Development Authority Fund and beginning net position of the Business-type Activities.

	Development Authority Fund	Business-type Activities
Beginning net position, as previously reported	$ (5,347,444)	$ 8,516,508
GASB 87 restatement - record beginning lease receivable	1,357,804	1,357,804
GASB 87 restatement - record beginning deferred inflow	(1,387,269)	(1,387,269)
Beginning net position, as restated	$ (5,376,909)	$ 8,487,043

NOTE 19. SUBSEQUENT EVENT

In July 2022, the Development Authority issued $3,400,000 of Series 2022 revenue bonds. The bonds were issued with an interest rate of 3.45%. The proceeds of the bonds will be used to finance the costs of (1) acquiring, renovating and installing a public works facility and (2) acquiring, renovating and installing a city hall facility, a municipal court and police headquarters facility and public recreation fields. The debt service is scheduled to be retired on August 1, 2037.

ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN AT LARGE

Brett Reichert
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	$ 300,705	$ 185,503	$ 126,131	$ 102,027	$ 94,909
Interest on total pension liability	2,418,542	1,757,491	2,546,090	2,162,781	2,038,463
Differences between expected and actual experience	(701,871)	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	(2,278,098)	(1,755,300)	(974,289)	(2,331,960)	(2,363,741)
Net change in total pension liability	(260,722)	1,166,139	(1,842,886)	4,407,848	1,655,931
Total pension liability - beginning	33,632,132	32,465,993	34,308,879	29,901,031	28,245,100
Total pension liability - ending (a)	$ 33,371,410	$ 33,632,132	$ 32,465,993	$ 34,308,879	$ 29,901,031
Plan fiduciary net position					
Contributions - employer	$ 739,718	$ 765,000	$ -	$ 910,715	$ 664,738
Net investment income	5,265,391	(229,317)	1,147,958	1,295,740	1,360,784
Benefit payments, including refunds of member contributions	(2,278,098)	(1,755,300)	(974,289)	(2,331,960)	(2,363,741)
	(62,884)	-	-	-	-
Net change in plan fiduciary net position	3,664,127	(1,219,617)	173,669	(125,505)	(338,219)
Plan fiduciary net position - beginning	22,063,086	23,282,703	23,109,034	23,234,539	23,572,758
Plan fiduciary net position - ending (b)	$ 25,727,213	$ 22,063,086	$ 23,282,703	$ 23,109,034	$ 23,234,539
City's net pension liability - ending (a) - (b)	$ 7,644,197	$ 11,569,046	$ 9,183,290	$ 11,199,845	$ 6,666,492
Plan fiduciary net position as a percentage of the total pension liability	77.1%	65.6%	71.7%	67.4%	77.7%
Covered payroll	$ 6,232,059	$ 6,210,550	$ 6,672,676	$ 5,050,634	$ 5,429,796
City's net pension liability as a percentage of covered payroll	122.7%	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

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,307,088	$ 1,033,282	$ 765,000	$ 910,715	$ 664,738
Contributions in relation to the actuarially determined contribution	1,307,088	739,718	765,000	910,715	664,738
Contribution deficiency (excess)	$ -	$ 293,564	$ -	$ -	$ -
Covered payroll	$ 6,210,550	$ 6,173,227	$ 6,132,589	$ 5,050,634	$ 5,429,796
Contributions as a percentage of covered payroll	21.05%	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)	$ -	$ -	$ -	$ -
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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 339,607	$ 306,432	$ 243,151	$ 124,037	$ 119,266
Interest on total OPEB liability	305,145	308,303	398,231	421,339	413,178
Experience differences	(156,107)	296,136	(1,963,876)	-	-
Changes of assumptions and other inputs	(1,996,905)	12,397	1,899,004	2,369,482	(19,303)
Benefit payments	(267,409)	(425,493)	(229,416)	(221,678)	(402,091)
Net change in total OPEB liability	(1,775,669)	497,775	347,094	2,693,180	111,050
Total OPEB liability - beginning	14,058,345	13,560,570	13,213,476	10,520,296	10,409,246
Total OPEB liability - ending	$12,282,676	$14,058,345	$13,560,570	$13,213,476	$10,520,296
Covered-employee payroll	$ 6,578,589	$ 6,471,653	$ 6,271,035	$ 5,050,634	$ 5,249,658
Total OPEB liability as a percentage of covered-employee payroll	186.7%	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, 2022

	Special Revenue Funds					Capital Projects Funds		
ASSETS	**Asset Forfeiture Fund**	**E-911 Fund**	**Vehicle Excise Tax Fund**	**Tax Allocation District Fund**	**Other Special Revenue Fund**	**Capital Project Fund**	**T-SPLOST Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 22,517	$ 24,288	$ 10,724	$ 35,051	$ 6,694	$ -	$ 1,145,609	$ 1,244,883
Taxes receivable	-	-	18,698	-	-		-	18,698
Intergovernmental receivables	-	-	-	-	930	205,100	121,475	327,505
Accounts receivable	-	25,165	-	-	-	-	-	25,165
Total assets	$ 22,517	$ 49,453	$ 29,422	$ 35,051	$ 7,624	$ 205,100	$ 1,267,084	$ 1,616,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ -	$ 9,602	$ -	$ -	$ -	$ 13,851	$ 214,101	$ 237,554
Due to other funds	-	-	29,422	-	-	-	-	29,422
Total liabilities	-	9,602	29,422	-	-	13,851	214,101	266,976
FUND BALANCES								
Assigned:								
E911 services	-	39,851	-	-	-	-	-	39,851
Capital construction	-	-	-	-	-	191,249	-	191,249
Restricted:								
Law enforcement	22,517	-	-	-	-	-	-	22,517
Culture and recreation	-	-	-	-	7,624	-	-	7,624
Transportation projects	-	-	-	-	-	-	1,052,983	1,052,983
Capital construction	-	-	-	35,051	-	-	-	35,051
Total fund balances	22,517	39,851	-	35,051	7,624	191,249	1,052,983	1,349,275
Total liabilities and fund balances	$ 22,517	$ 49,453	$ 29,422	$ 35,051	$ 7,624	$ 205,100	$ 1,267,084	$ 1,616,251

CITY OF HAPEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					Capital Projects 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	Total Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ 274,009	$ -	$ -	$ -	$ -	$ 274,009
Charges for services	-	164,226	-	-	-	-	-	164,226
Intergovernmental	-	-	-	-	6,909	752,044	1,423,095	2,182,048
Total revenues	-	164,226	274,009	-	6,909	752,044	1,423,095	2,620,283
EXPENDITURES								
Current:								
Public safety	-	563,344	-	-	-	-	-	563,344
Public works	-	-	-	-	6,909	-	-	6,909
Capital outlay	-	-	-	-	-	777,856	479,189	1,257,045
Total expenditures	-	563,344	-	-	6,909	777,856	479,189	1,827,298
Excess (deficiency) of revenues over (under) expenditures	-	(399,118)	274,009	-	-	(25,812)	943,906	792,985
Other financing sources (uses):								
Transfers in	-	426,133	-	-	-	190,715	-	616,848
Transfers out	-	-	(274,009)	-	-	-	(120,000)	(394,009)
Total other financing sources (uses)	-	426,133	(274,009)	-	-	190,715	(120,000)	222,839
Net change in fund balances	-	27,015	-	-	-	164,903	823,906	1,015,824
FUND BALANCES beginning of fiscal year	22,517	12,836	-	35,051	7,624	26,346	229,077	333,451
FUND BALANCES, end of fiscal year	$ 22,517	$ 39,851	$ -	$ 35,051	$ 7,624	$ 191,249	$ 1,052,983	$ 1,349,275

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, 2022

	Budget			
	Original	Final	Actual	Variance With Final Budget
FUND BALANCES, beginning of year	$ 22,517	$ 22,517	$ 22,517	$ -
FUND BALANCES, end of year	$ 22,517	$ 22,517	$ 22,517	$ -

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 202,514	$ 160,000	$ 164,226	$ 4,226
Total revenues	202,514	160,000	164,226	4,226
EXPENDITURES				
Public safety	643,310	587,000	563,344	23,656
Total expenditures	643,310	587,000	563,344	23,656
Deficiency of revenues under expenditures	(440,796)	(427,000)	(399,118)	27,882
OTHER FINANCING SOURCES				
Transfers in	440,796	427,000	426,133	(867)
Total other financing sources	440,796	427,000	426,133	(867)
Net change in fund balances	-	-	27,015	27,015
FUND BALANCES, beginning of fiscal year	12,836	12,836	12,836	-
FUND BALANCES, end of fiscal year	$ 12,836	$ 12,836	$ 39,851	$ 27,015

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 185,503	$ 280,000	$ 274,009	$ (5,991)
Total revenues	185,503	280,000	274,009	(5,991)
OTHER FINANCING USES				
Transfers out	(185,503)	(280,000)	(274,009)	5,991
Total other financing uses	(185,503)	(280,000)	(274,009)	5,991
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
FUND BALANCES, beginning of fiscal year	$ 35,051	$ 35,051	$ 35,051	-
FUND BALANCES, end of fiscal year	$ 35,051	$ 35,051	$ 35,051	$ -

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 11,000	$ 11,000	$ 6,909	$ 4,091
Total revenues	11,000	11,000	6,909	4,091
EXPENDITURES				
Public works	11,929	11,929	6,909	5,020
Total expenditures	11,929	11,929	6,909	5,020
Net change in fund balances	(929)	(929)	-	(929)
FUND BALANCES, beginning of fiscal year	7,624	7,624	7,624	-
FUND BALANCES, end of fiscal year	$ 8,553	$ 8,553	$ 7,624	$ (929)

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, 2022

	Budget			
	Original	**Final**	**Actual**	**Variance With Final Budget**
REVENUES				
Intergovernmental	$ 380,000	$ 740,000	$ 752,044	$ 12,044
Total revenues	380,000	740,000	752,044	12,044
EXPENDITURES				
Capital outlay	500,000	860,000	777,856	82,144
Total expenditures	500,000	860,000	777,856	82,144
Deficiency of revenues under expenditures	(120,000)	(120,000)	(25,812)	94,188
OTHER FINANCING SOURCES				
Transfers in	120,000	120,000	190,715	70,715
Total other financing sources	120,000	120,000	190,715	70,715
Net change in fund balances	-	-	164,903	164,903
FUND BALANCES, beginning of fiscal year	26,346	26,346	26,346	-
FUND BALANCES, end of fiscal year	$ 26,346	$ 26,346	$ 191,249	$ 164,903

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, 2022

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,200,000	$ 1,561,190	$ 1,423,095	$ (138,095)
Total revenues	1,200,000	1,561,190	1,423,095	(138,095)
EXPENDITURES				
Capital outlay	1,200,000	1,561,190	479,189	1,082,001
Total expenditures	1,200,000	1,561,190	479,189	1,082,001
Excess of revenues over expenditures	-	-	943,906	(943,906)
OTHER FINANCING USES				
Transfers out	-	(120,000)	(120,000)	-
Total other financing uses	-	(120,000)	(120,000)	-
Net change in fund balances	-	(120,000)	823,906	(943,906)
FUND BALANCES, beginning of fiscal year	229,077	229,077	229,077	-
FUND BALANCES, end of fiscal year	$ 229,077	$ 109,077	$ 1,052,983	$ 943,906

CITY OF HAPEVILLE, GEORGIA

Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax
For the Fiscal Year Ended June 30, 2022

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	$ 1,321,754	$ 235,766	$ 1,557,520	87%
Pedestrian Improvements - Sidewalk, Curb & Gutter, Bike Lane - Dogwood	1,900,000	1,141,254	923,902	217,352	1,141,254	100%
Maintenance and Safety - (Paving) Loop Road & Rail Facility Project	1,400,000	3,100,000	2,091,234	120,000	2,211,234	71%
Traffic & Street Signage and Traffic Signal Improvements	600,000	300,000	118,310.0	26,071	144,381	48%
Pre-Engineering, Project Administration	834,792	334,792	271,565	-	271,565	81%
	$ 6,334,792	$ 6,676,046	$ 4,726,765	$ 599,189	$ 5,325,954	80%

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-XXVIII

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

Exhibit I

City of Hapeville, Georgia

Changes in Net Position - Governmental Activities (Unaudited)

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities										
General government	$ 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	$ 3,616,969
Judicial	-	-	-	-	129,440	124,583	154,675	357,220	328,236	350,371
Public safety	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	8,170,183
Highways and streets	1,263,217	1,101,104	1,025,120	956,954	784,781	953,406	1,363,892	1,485,918	1,593,163	1,819,584
Culture and recreation[2]	603,976	557,634	548,727	551,428	1,832,125	1,715,312	1,809,491	2,201,635	2,063,606	2,352,165
Parks and grounds[2]	1,012,004	1,051,603	934,433	865,972	-	-	-	-	-	-
Planning and zoning[1]	893,210	273,602	284,203	241,023	298,772	184,740	187,009	330,671	189,853	910,918
Trade, tourism and development[1]	1,002,938	594,325	673,741	730,231	905,390	2,045,399	2,410,903	2,142,435	1,602,145	2,150,115
Debt-related expenses	314,830	16,782	11,008	22,095	44,846	48,535	61,350	60,495	63,272	12,505
Total Primary Government Expenses	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	19,382,810
Program Revenues:										
Governmental Activities										
Charges for services	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	2,742,489
Operating grants and contributions	77,234	49,232	40,977	39,138	26,333	5,290	17,656	4,630	1,220,517	1,318,236
Capital grants and contributions	1,411,890	725,947	613,912	780,581	667,438	3,054,072	5,334,753	1,904,573	1,644,661	2,192,145
Total Primary Government Program Revenues	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	6,252,870
Net (Expense) Revenue	(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)	(13,129,940)
General Revenues:										
Governmental activities										
Taxes										
Property	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	6,974,646
Sales	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	2,441,710
Occupation	231,405	265,775	289,887	324,329	-	-	-	-	-	-
Franchise	549,260	643,481	673,023	679,502	653,527	665,196	681,134	689,010	650,940	690,475
Insurance premium	327,079	351,426	354,276	391,735	407,163	433,106	466,835	510,484	537,202	554,124
Hotel/motel	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	3,032,107
Other	592,961	544,169	558,608	546,226	545,769	631,991	751,228	599,053	579,565	662,987
Other local revenue	26,018	27,884	27,320	39,844	243,593	194,039	54,761	86,011	437,927	161,615
Unrestricted investment earnings	979	121	191	218	448	781	53	5,847	13	7
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	258,899	(304,924)	265,139	(361,340)	(452,339)	(439,256)	(484,720)	(354,836)	(795,048)	(663,237)
Total Primary Government General Revenues	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	13,854,434
Total Primary Government Change in Net Position	$ (135,265)	$ (665,878)	$ 1,106,035	$ 1,554,879	$ 515,393	$ 2,910,631	$ 4,861,369	$ (125,135)	$ 573,865	$ 724,494

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.

Exhibit II

City of Hapeville, Georgia

Changes in Net Position - Governmental Activities - Percentage of Total (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities										
General government	13.4%	18.4%	19.7%	21.4%	24.6%	19.1%	18.4%	17.6%	19.0%	18.7%
Judicial	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%	2.0%	1.8%
Public safety	47.7%	50.8%	47.4%	46.7%	44.4%	42.1%	41.2%	44.7%	46.2%	42.2%
Highways and streets	9.7%	9.4%	9.7%	9.1%	6.1%	7.3%	9.2%	8.5%	9.5%	9.4%
Culture and recreation [2]	4.6%	4.8%	5.2%	5.2%	14.2%	13.1%	12.2%	12.6%	12.3%	12.1%
Parks and grounds [2]	7.7%	9.0%	8.8%	8.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Planning and zoning[1]	6.8%	2.3%	2.7%	2.3%	2.3%	1.4%	1.3%	1.9%	1.1%	4.7%
Trade, tourism and development[1]	7.7%	5.1%	6.4%	6.9%	7.0%	15.7%	16.3%	12.3%	9.5%	11.1%
Debt-related expenses	2.4%	0.2%	0.1%	0.1%	0.4%	0.4%	0.4%	0.3%	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	56.8%	56.6%	61.5%	51.4%	65.7%	28.3%	16.4%	48.1%	35.1%	43.9%
Operating grants and contributions	2.2%	2.8%	2.4%	2.3%	1.3%	0.1%	0.3%	0.1%	27.7%	21.1%
Capital grants and contributions	41.0%	40.6%	36.0%	46.3%	33.0%	71.6%	83.3%	51.8%	37.3%	35.1%
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	44.1%	44.1%	38.0%	44.1%	47.9%	44.8%	46.5%	54.5%	57.8%	50.3%
Sales	16.8%	18.1%	17.4%	16.8%	15.5%	15.9%	15.0%	13.7%	15.7%	17.6%
Occupation	2.4%	2.9%	2.9%	3.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Franchise	5.8%	7.0%	6.7%	6.5%	5.7%	5.7%	5.1%	5.0%	5.0%	5.0%
Insurance premium	3.4%	3.8%	3.6%	3.8%	3.6%	3.7%	3.5%	3.7%	4.2%	4.0%
Hotel/motel	18.2%	21.2%	22.8%	23.6%	24.3%	26.6%	27.4%	20.5%	15.6%	21.9%
Other	6.2%	5.9%	5.6%	5.2%	4.8%	5.4%	5.7%	4.4%	4.5%	4.8%
Other local revenue	0.3%	0.3%	0.3%	0.4%	2.1%	1.7%	0.4%	0.6%	3.4%	1.2%
Unrestricted investment earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gain on sale of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	2.7%	-3.3%	2.7%	-3.5%	-4.0%	-3.8%	-3.7%	-2.6%	-6.1%	-4.8%
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.

Exhibit III

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

Source	2013	2014	2015	2016	2017	2018 (restated) [3]	2019	2020	2021	2022
Expenses:										
Water and sewer	$ 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	$ 4,315,335
Stormwater	563,392	544,970	465,351	488,436	131,665	70,284	468,413	286,534	190,984	312,686
Solid waste management [2]	-	-	-	-	616,717	492,131	504,518	528,226	572,581	562,623
Development authority [1]	-	658,283	616,700	577,621	1,338,589	512,467	532,926	458,689	264,593	203,838
Total Expenses	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	5,394,482
Program Revenues:										
Charges for services	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	5,691,433
Operating grants	-	-	17,484	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	138,544
Total Program Revenues	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	5,829,977
Net (Expense) Revenue	849,937	598,427	843,836	755,589	537,778	1,312,245	216,924	696,048	(76,197)	435,495
General Revenues:										
Unrestricted investment income	-	-	-	7,633	-	-	-	-	-	-
Other	-	-	-	(297,348)	-	-	-	-	355,140	56,081
Transfers	(258,899)	304,924	(265,139)	361,340	452,339	439,256	484,720	354,836	795,048	663,237
Total General Revenues	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720	354,836	1,150,188	719,318
Change in Net Position	$ 591,038	$ 903,351	$ 578,697	$ 827,214	$ 990,117	$ 1,751,501	$ 701,644	$ 1,050,884	$ 1,073,991	$ 1,154,813

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	2013	2014	2015	2016	2017	2018 (restated)	2019	2020	2021	2022
Expenses:										
Governmental activities[1]	$ 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	$ 19,382,810
Business-type activities[2]	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	5,394,482
Total Expenses	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	24,777,292
Program Revenues:										
Governmental activities[1]	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	6,252,870
Business-type activities[2]	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	5,829,977
Total Program Revenues	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	12,082,847
Net (Expense) Revenue	(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)	(12,694,445)
General Revenues:										
Governmental activities[1]	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	13,854,434
Business-type activities[2]	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720	354,836	1,150,188	719,318
Total General Revenues	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	14,573,752
Change in Net Position	$ 455,773	$ 237,473	$ 1,684,732	$ 2,382,093	$ 1,505,510	$ 4,662,132	$ 5,563,013	$ 925,749	$ 1,647,856	$ 1,879,307

Notes:

[1] See Exhibit I

[2] See Exhibit III

City of Hapeville, Georgia

Government-wide Net Position by Category (Unaudited) [2]

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	2013	2014 [2]	2015 [3]	2016 [3]	2017	Restated 2018 [4]	2019	2020	Restated 2021 (5)	2022
Governmental Activities										
Net investment in capital assets	$ 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	$ 27,867,045
Restricted	17,710	263,636	567,630	994,663	2,235,010	3,078,512	1,520,642	970,169	1,007,836	2,209,458
Unrestricted (deficit)	(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)	(15,910,306)
Subtotal Governmental Activities Net Position	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	14,166,197
Business-type Activities										
Net investment in capital assets	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	15,795,700
Restricted	695,907	1,259,777	901,288	1,064,752	1,430,587	908,311	812,819	878,447	1,099,955	520,068
Unrestricted (deficit)	458,263	(3,278,274)	(11,274,713)	(10,710,747)	(11,323,812)	(8,751,644)	(7,516,567)	(6,862,968)	(5,589,816)	(6,673,912)
Subtotal Business-type Activities Net Position	9,220,751	3,076,825	3,107,112	3,906,654	3,938,488	5,689,989	6,391,633	7,442,517	8,487,043	9,641,856
Primary Government										
Net investment in capital assets	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	43,662,745
Restricted	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	2,729,526
Unrestricted (deficit)	350,575	(4,350,635)	(16,584,462)	(15,324,463)	(23,317,398)	(20,499,382)	(19,435,302)	(20,469,006)	(19,171,750)	(22,584,218)
Total Primary Government Net Position	$ 18,146,914	$ 17,086,798	$ 13,286,272	$ 15,668,365	$ 9,159,461	$ 13,821,593	$ 19,384,606	$ 20,310,355	$ 21,928,746	$ 23,808,053

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.

[5] In fiscal year 2022, the City implemented GASB 87.

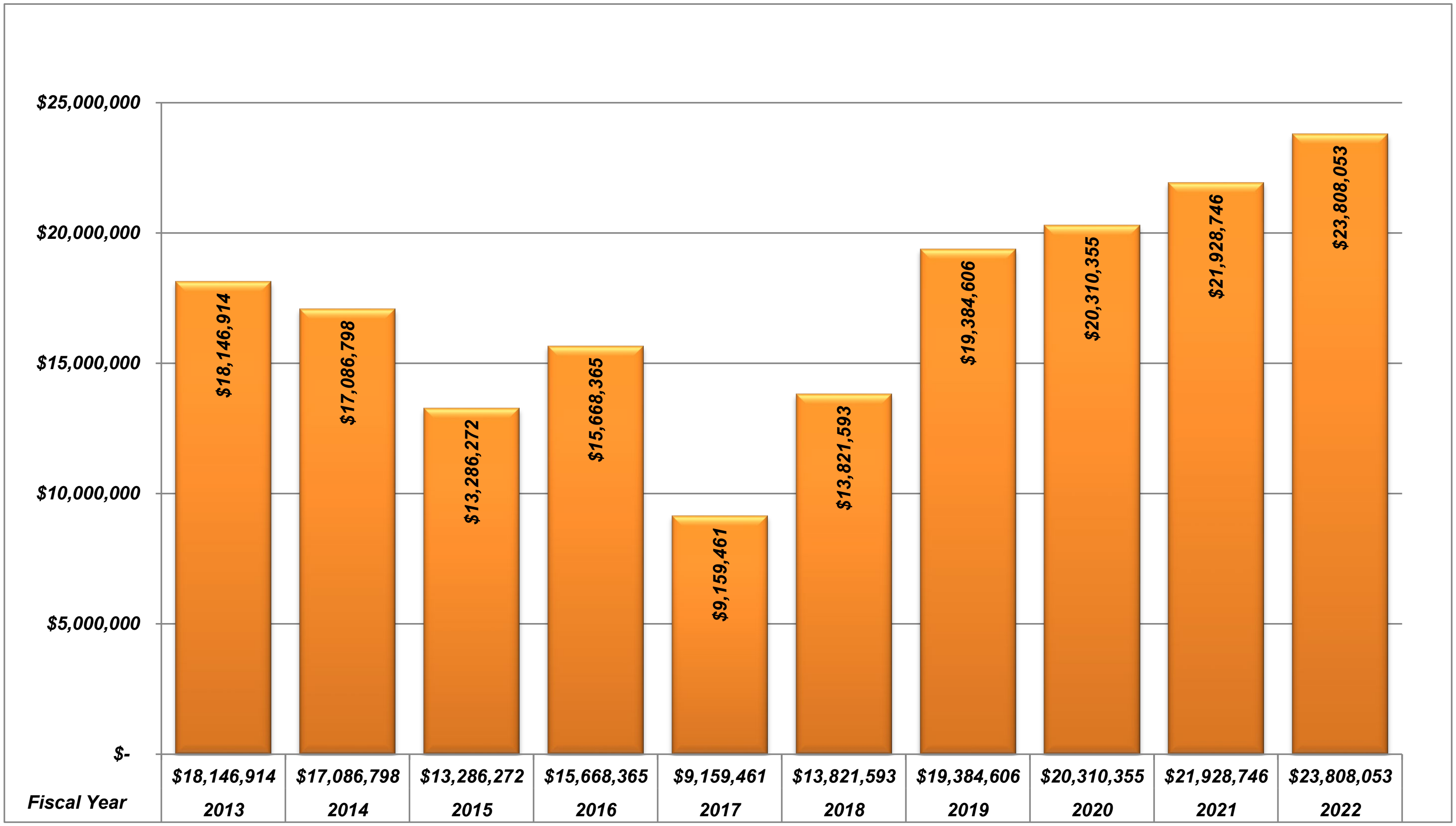
Exhibit V-A

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)

Revenue Source	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Taxes	$ 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	$ 14,331,341
Licenses and permits	235,481	162,052	210,250	293,601	715,397	519,926	341,141	707,583	580,767	1,555,739
Charges for services	1,224,244	341,630	353,917	344,438	434,378	479,351	566,222	597,868	474,714	649,752
Fines and forfeitures	494,250	515,742	480,305	203,109	180,778	209,066	145,469	462,517	492,613	535,833
Intergovernmental	1,205,269	736,294	640,843	791,677	681,579	3,054,072	5,334,753	1,904,573	2,822,562	3,495,551
Contributions	20,945	21,244	8,360	28,042	12,192	5,290	17,656	4,630	500	14,830
Investment earnings	979	121	191	218	448	781	53	5,847	13	7
Other local revenue	293,497	37,182	36,773	39,844	243,593	194,039	54,761	86,011	100,377	162,780
Total revenues	$ 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	$ 20,745,833
% change from prior year	0.9%	-9.9%	-0.7%	15.7%	4.3%	19.4%	24.4%	-13.3%	0.8%	16.4%

Taxes	72.7%	84.2%	84.8%	87.1%	83.5%	72.8%	68.3%	78.7%	74.9%	69.1%
Licenses and permits	1.9%	1.4%	1.8%	2.2%	5.2%	3.2%	1.7%	4.0%	3.3%	7.5%
Charges for services	9.6%	3.0%	3.1%	2.6%	3.2%	2.9%	2.8%	3.4%	2.7%	3.1%
Fines and forfeitures	3.9%	4.5%	4.2%	1.5%	1.3%	1.3%	0.7%	2.6%	2.8%	2.6%
Grant revenue	9.5%	6.4%	5.6%	6.0%	5.0%	18.6%	26.2%	10.8%	15.8%	16.8%
Contributions	0.2%	0.2%	0.1%	0.2%	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%
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	2.3%	0.3%	0.4%	0.4%	1.8%	1.2%	0.3%	0.5%	0.6%	0.8%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

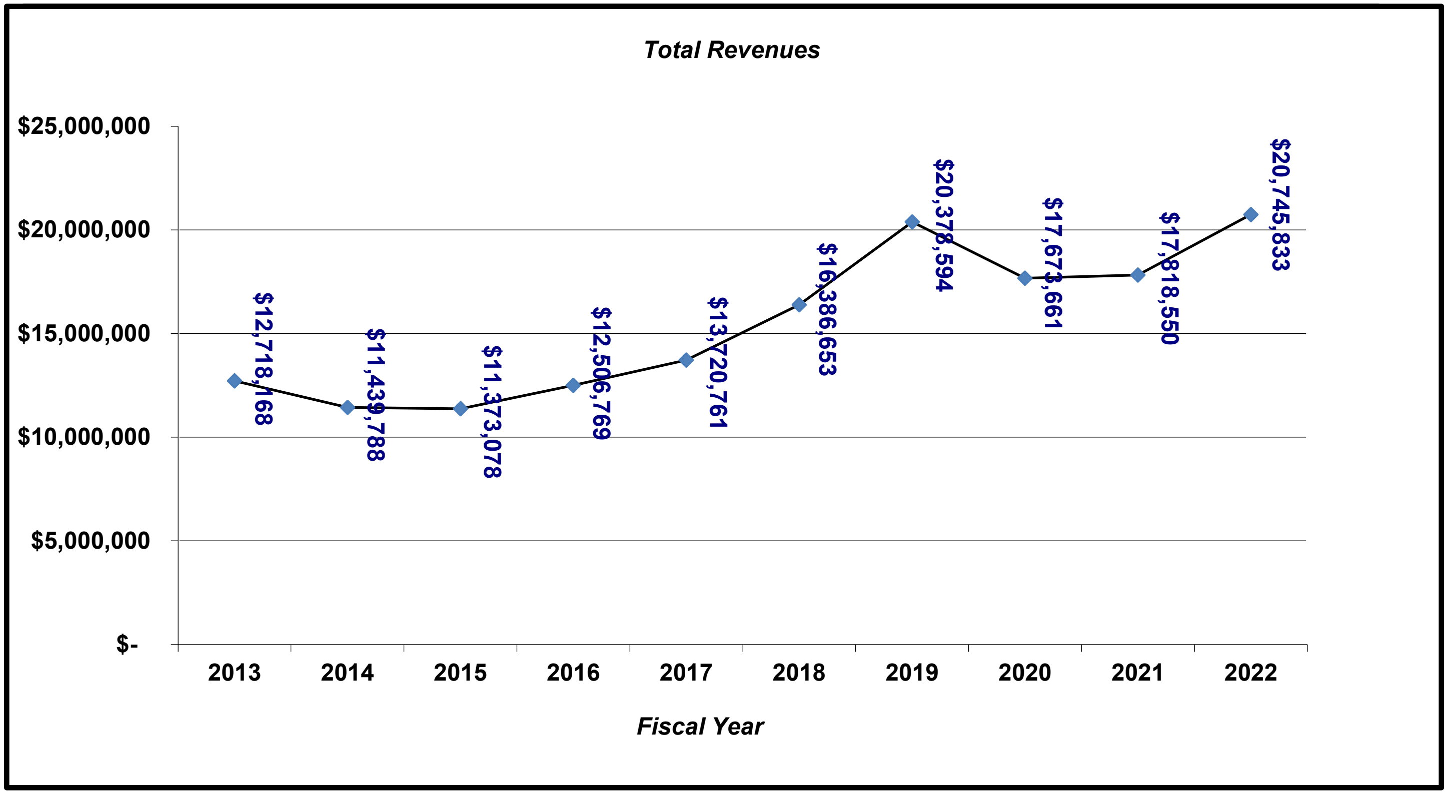
[1] Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

Exhibit VI-A

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



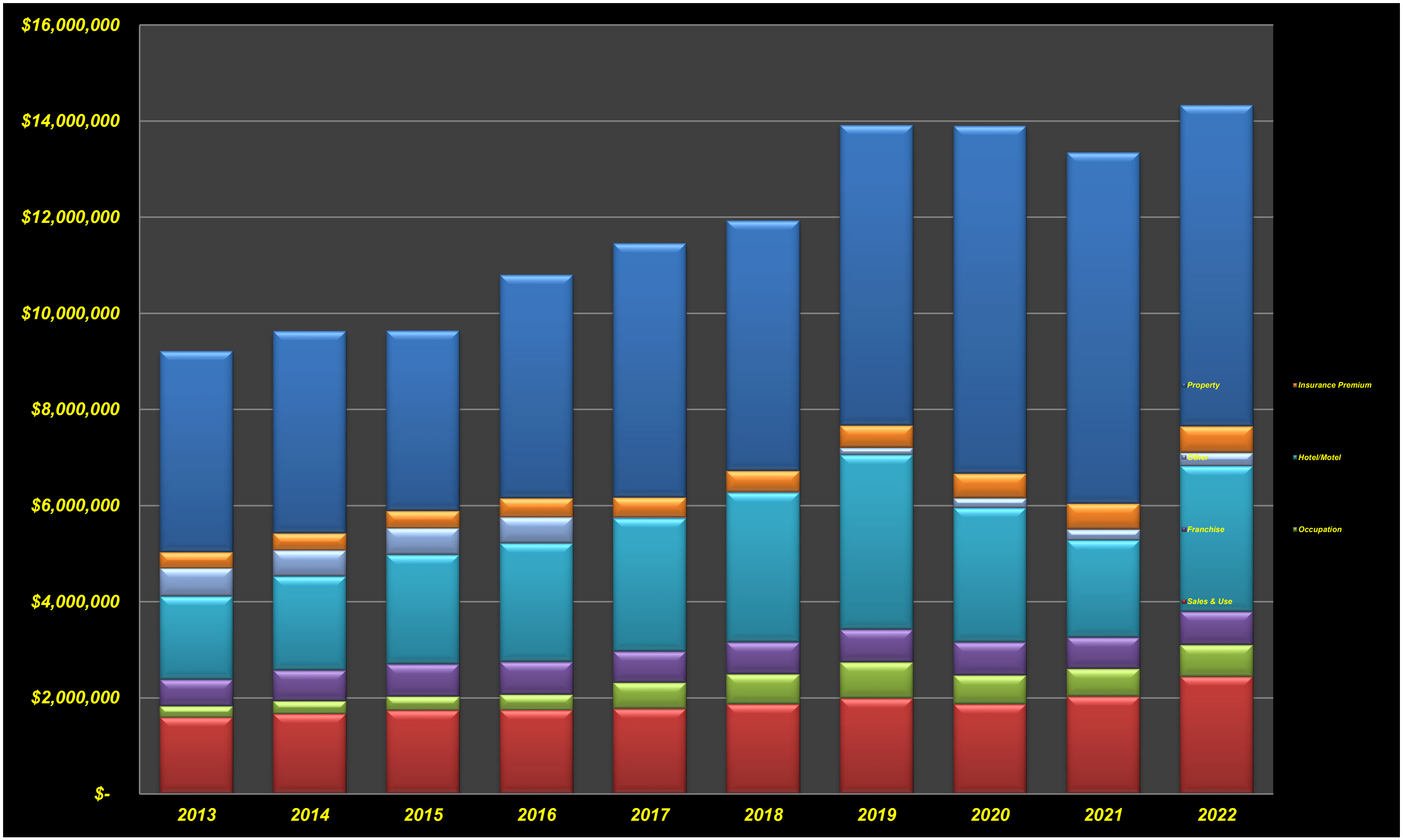
City of Hapeville, Georgia
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Business and Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
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
2022	6,675,929	2,441,710	662,987	690,475	554,124	3,032,107	274,009	14,331,341
% Change in Dollars Over 10 Years	59.5%	53.0%	186.5%	25.7%	69.4%	75.1%	-53.8%	55.5%
	Percentage of Total							
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%
2022	46.6%	17.0%	4.6%	5.0%	4.0%	21.8%	2.0%	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	2013	2014	2015	2016	2017	2018	2019 (3)	2020	2021	2022
Current:										
General government	$ 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	$ 3,520,410
Judicial	-	-	-	-	128,399	128,537	148,668	308,218	304,382	328,694
Public safety	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	7,374,225
Highways and streets	720,074	630,731	653,502	645,837	731,217	662,784	811,407	829,856	922,443	2,574,626 (4)
Culture and recreation	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	1,754,389	1,736,042	1,924,719
Parks and ground	885,678	889,047	802,037	711,505	-	-	-	-	-	-
Planning and zoning	832,085	216,639 (2)	234,728	232,704	281,799	179,123	164,460	285,311	176,056	854,559 (4)
Trade, tourism and development	1,031,935	583,485 (2)	695,948	686,384	849,574	2,008,033	4,088,543	2,678,510	1,639,296	2,068,621
Total Current	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	18,645,854
% Change From Prior Year	3.3%	-11.6%	-3.6%	10.7%	6.6%	5.4%	15.7%	3.2%	0.0%	24.0%
Capital Outlay	1,413,254	859,824	957,584	1,133,938	718,560	2,349,152	6,054,963	2,117,293	1,559,152	1,257,045
% Change From Prior Year	-13.3%	-39.2%	11.4%	18.4%	-36.6%	226.9%	157.8%	-65.0%	-26.4%	-19.4%
Debt Service										
Principal	482,944	182,172	125,552	226,234	301,243	323,101	338,556	408,374	375,487	465,350
Interest and fees	280,102	16,782	11,008	22,095	44,846	48,535	61,350	60,495	63,272	12,505
Total Debt Service	763,046	198,954	136,560	248,329	346,089	371,636	399,906	468,869	438,759	477,855
% Change From Prior Year	-10.1%	-73.9%	-31.4%	81.8%	39.4%	7.4%	7.6%	17.2%	-6.4%	8.9%
Total Expenditures	$ 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	$ 20,380,754
% Change From Prior Year	0.5%	-17.7%	-3.0%	12.2%	3.3%	17.6%	37.3%	-16.2%	-3.4%	19.6%
Debt Service as a % of Noncapital Expenditures	6.0%	1.9%	1.3%	2.2%	2.8%	2.9%	3.0%	3.3%	3.2%	2.5%

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.

4 In fiscal year 2022, the City experienced significant development and construction costs as projects started to back up following delays during the COVID-19 pandemic.

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)

Function	2013	2014	2015	2016	2017	2018	2019 (3)	2020	2021	2022
Current:										
General government	$ 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	$ 3,520,410
Judicial	-	-	-	-	128,399	128,537	148,668	308,218	304,382	328,694
Public safety	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	7,374,225
Highways and streets	720,074	630,731	653,502	645,837	731,217	662,784	811,407	829,856	922,443	2,574,626 (4)
Culture and recreation	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	1,754,389	1,736,042	1,924,719
Parks and grounds	885,678	889,047	802,037	711,505	-	-	-	-	-	-
Planning and zoning	832,085	216,639 (2)	234,728	232,704	281,799	179,123	164,460	285,311	176,056	854,559 (4)
Trade, tourism and development	1,031,935	583,485 (2)	695,948	686,384	849,574	2,008,033	4,088,543	2,678,510	1,639,296	2,068,621
Total Current	$ 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	$ 18,645,854

	2013	2014	2015	2016	2017	2018	2019 (3)	2020	2021	2022
Current:										
General government	14.1%	19.9%	21.2%	20.2%	26.2%	21.6%	16.4%	16.6%	18.6%	18.9%
Judicial	0.0%	0.0%	0.0%	0.0%	1.1%	1.0%	1.0%	2.0%	2.0%	1.8%
Public safety	52.0%	53.0%	50.1%	55.0%	43.7%	42.7%	37.5%	44.5%	49.6%	39.5%
Public works	6.1%	6.0%	6.4%	5.8%	6.1%	5.3%	5.6%	5.5%	6.1%	13.8%
Culture and recreation	4.7%	5.0%	5.1%	4.6%	13.4%	12.0%	10.3%	11.7%	11.5%	10.3%
Parks and grounds	7.4%	8.4%	7.9%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Planning, zoning and development	7.0%	2.1%	2.3%	2.1%	2.4%	1.4%	1.1%	1.9%	1.2%	4.6%
Trade and tourism	8.7%	5.5%	6.9%	6.1%	7.1%	15.9%	28.0%	17.8%	10.9%	11.1%
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.

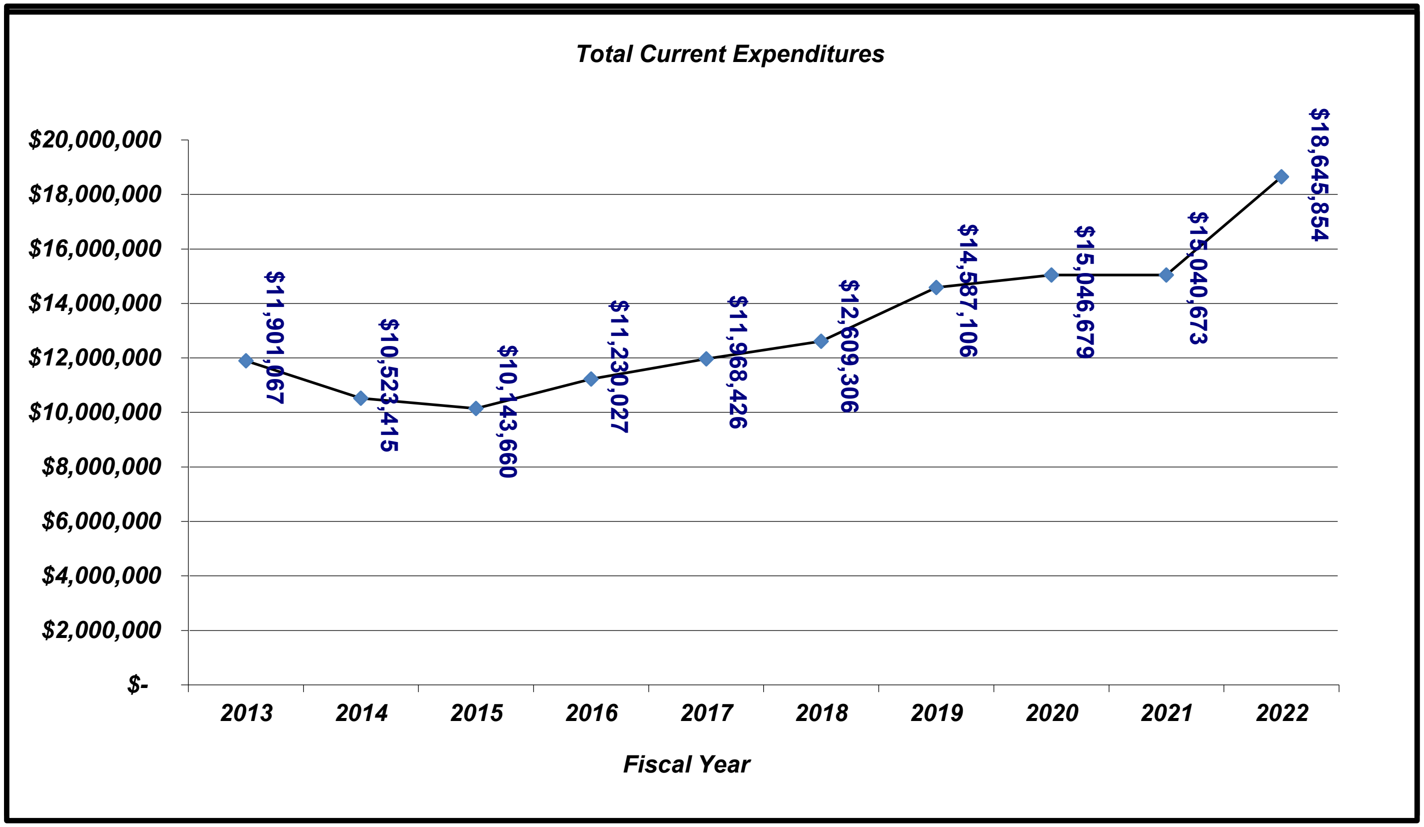
(4) In fiscal year 2022, the City experienced significant development and construction costs as projects started to back up following delays during the COVID-19 pandemic.

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Revenues	$ 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	$ 20,745,833
Total Expenditures	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	20,380,754
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,359,199)	(125,489)	135,274	541,031	687,686	1,056,559	(663,381)	40,820	779,966	365,079
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	124	86	-	25,000	-	-	-	-	337,550	-
Transfers in	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	3,975,583
Transfers out	(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)	(4,638,820)
Total Other Financing Sources (Uses)	589,067	(304,839)	265,138	954,467	416,749	(91,492)	69,844	(81,335)	396,094	(663,237)
Net Change in Fund Balances	$ (770,132)	$ (430,328)	$ 400,412	$ 1,495,498	$ 1,104,435	$ 965,067	$ (593,537)	$ (40,515)	$ 1,176,060	$ (298,158)

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)

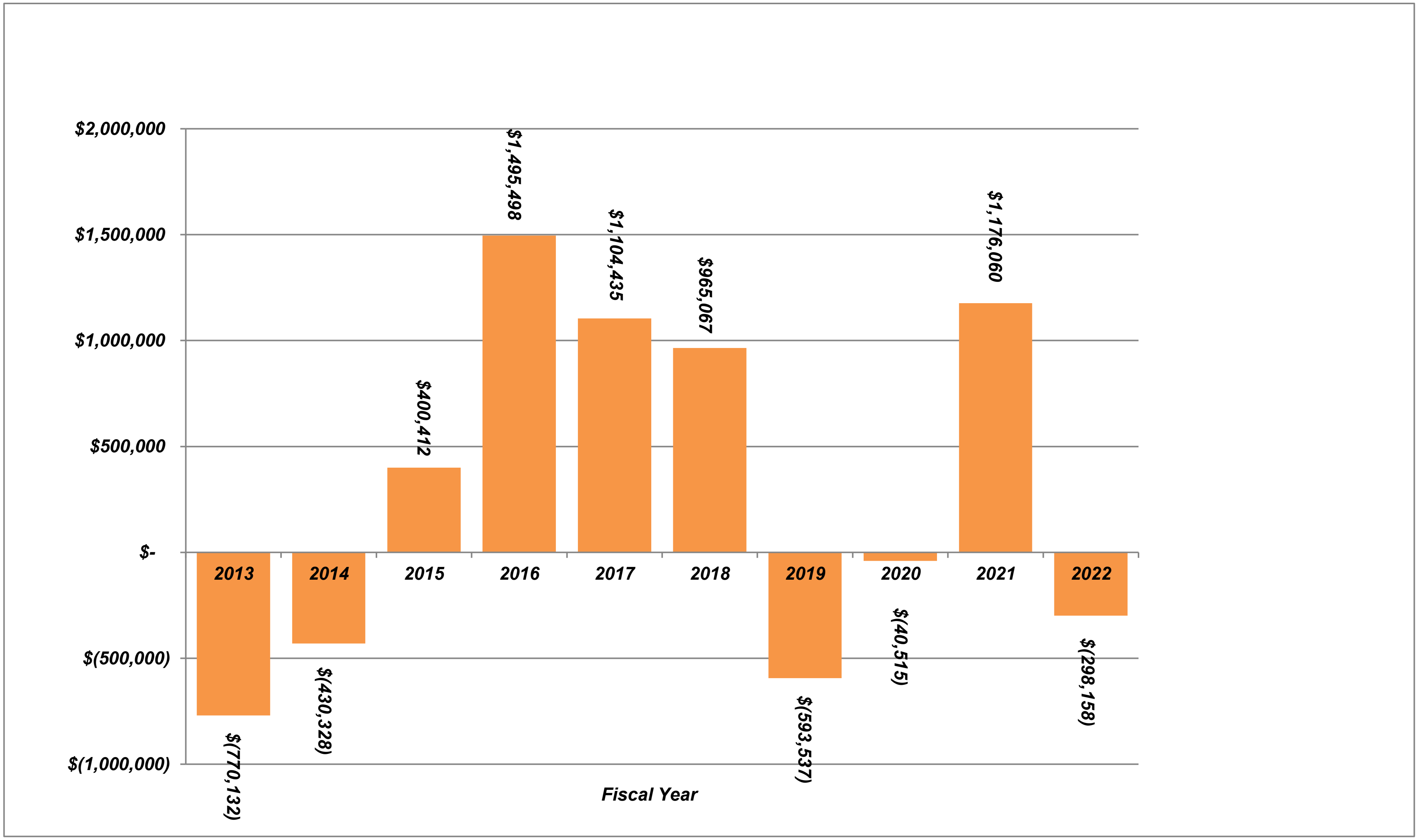


Exhibit XIA

City of Hapeville, Georgia

Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	At June 30,									
	2013	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
General Fund										
Nonspendable	$ 106,164	$ -	$ 147,736	$ 166,949	$ 116,047	$ 17,699	$ 306,384	$ 922,606	$ 1,224,247	$ 1,157,867
Restricted-Program Purposes	11,518	51,283	51,008	50,734	84,926	46,583 **	647,939	356,158	645,105	877,182
Assigned-Capital Outlay	-	-	-	-	-	-	-	-	-	-
Unassigned	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	1,280,393
Total General Fund	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	3,315,442
General Fund Percentage Change	-24.5%	-63.0%	11.1%	46.0%	-5.5%	4.4%	112.7%	7.5%	45.8%	-28.4%
All Other Governmental Funds										
Nonspendable	-	-	-	-	351,139	-	-	-	-	-
Restricted:										
Program Purposes	6,192	212,353	516,622	943,929	2,117,690	3,031,929	872,703	614,011	320,615	1,118,175
Assigned	-	-	-	-	-	-	-	-	12,936	231,200
Unassigned (deficit)	-	-	-	-	(342,959)	-	-	(3,010)	-	-
Total All Other Governmental Funds	6,192	212,353	516,622	943,929	2,125,870	3,031,929	872,703	611,001	333,551	1,349,375
All Other Governmental Funds Percentage Change	-64.9%	3329.5%	143.3%	82.7%	125.2%	42.6%	-71.2%	-30.0%	-45.4%	304.5%
Total Governmental Funds										
Nonspendable	106,164	-	147,736	166,949	467,186	17,699	306,384	922,606	1,224,247	1,157,867
Restricted	17,710	263,636	567,630	994,663	2,202,616	3,078,512	1,520,642	970,169	965,720	1,995,357
Assigned	-	-	-	-	-	-	-	-	12,936	231,200
Unassigned	2,225,561	816,807	765,489	1,189,853	786,098	1,324,756	2,000,404	1,894,140	2,760,072	1,280,393
Total Governmental Funds	$ 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	$ 4,664,817
All Governmental Funds Percentage Change	-24.7%	-54.0%	37.1%	58.8%	47.0%	27.9%	-13.4%	-1.1%	31.1%	-6.0%

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
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%
2022	144,587,410	242,062,060	19,135,560	55,194,879	934,410	129,480	13,816,080	448,227,719	15.729	1,120,569,298	1.7%
*	$ 74,650,324	$ 234,159,232	$ 12,928,840	$ 23,502,044	$ 4,182,215	$ 53,892	$ 7,712,635	$ 341,763,912	$ 16.522	$ 854,409,779	
**	264.0%	13.5%	415.9%	693.2%	-88.7%	-	833.6%	65.8%	-5.3%	65.8%	

Percentage of Total Assessed Value

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value
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%
2022	31.3%	52.4%	4.1%	11.9%	0.2%	0.0%	3.0%	97.0%

* 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 $1,000

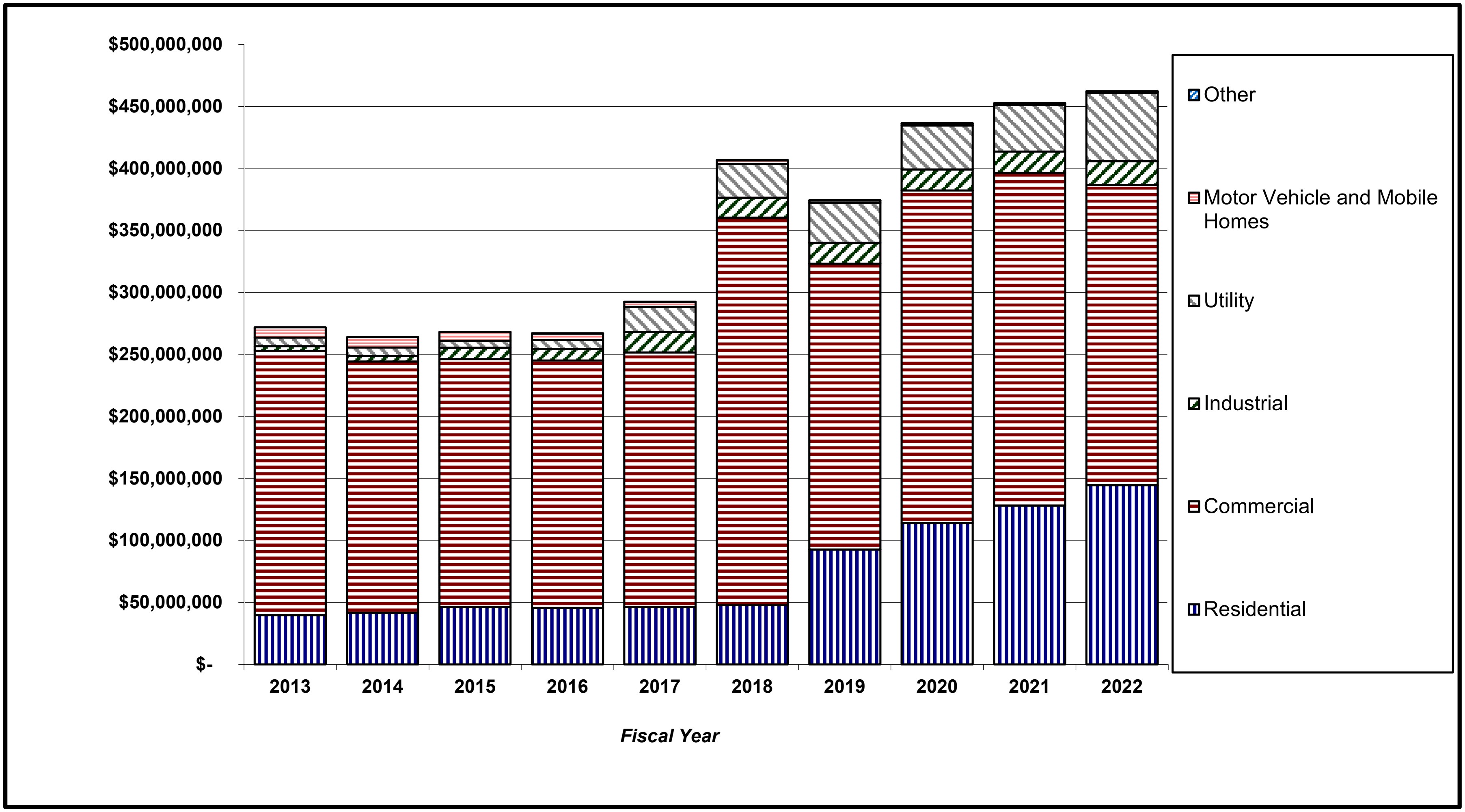
[4] The fiscal year indicated above reports the tax digest from the prior calendar year.

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)

	Direct	Overlapping [1]		
Fiscal Year	City Rate	State of Georgia [2]	Fulton County	Fulton County School Board
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
2022	15.729	-	9.330	17.590

Notes:

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

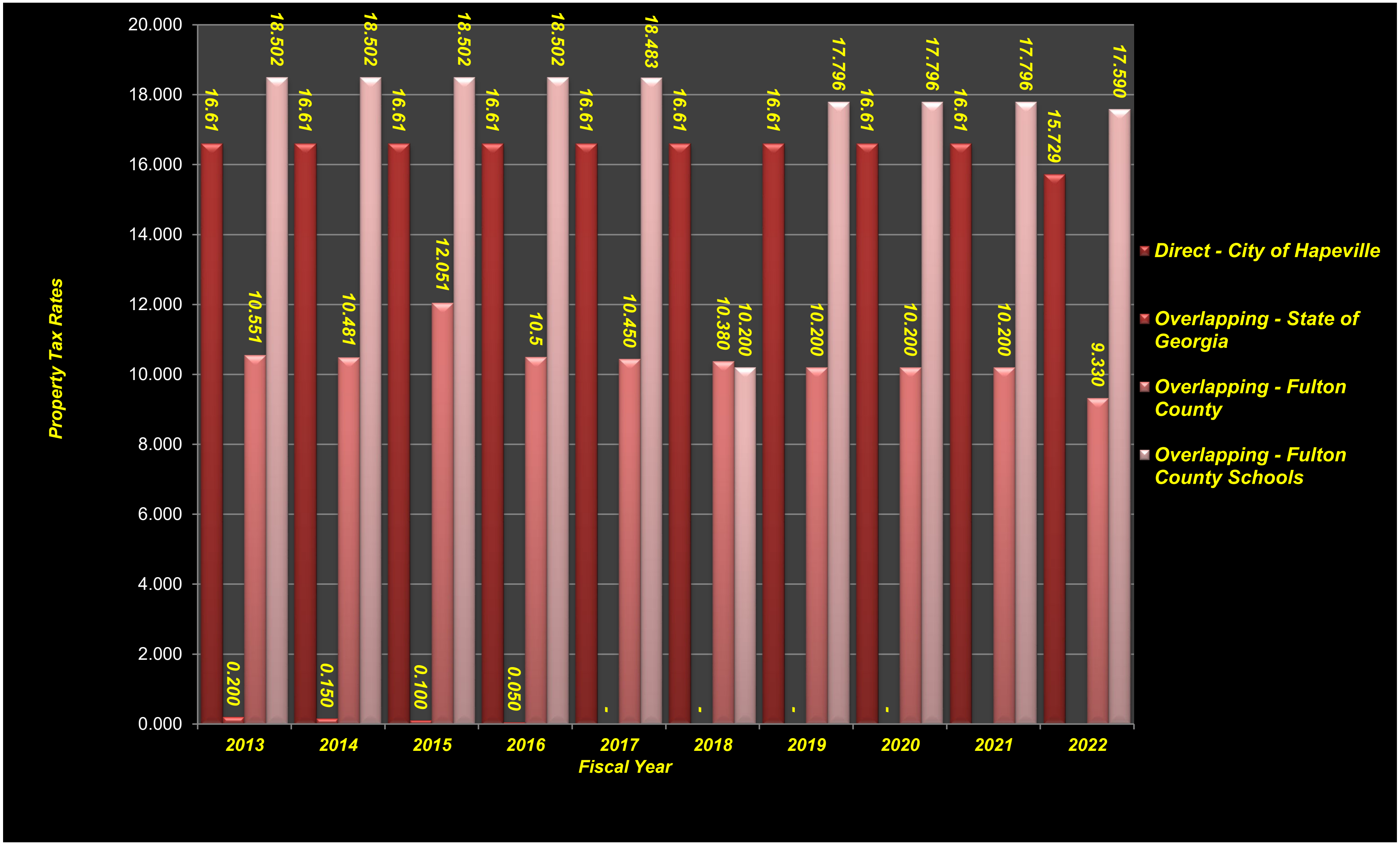
[2] This tax phased out beginning in fiscal year 2013.

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: Amount	Collected Within the Fiscal Year of The Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy	Total Uncollected Taxes [1]: Amount	Total Uncollected Taxes [1]: Percentage of Levy
2013	$ 4,172	$ 3,950	94.68%	$ 211	$ 4,161	99.74%	$ 11	99.74%
2014	3,968	3,845	96.90%	115	3,960	99.80%	8	99.80%
2015	3,895	3,841	98.61%	46	3,887	99.79%	8	99.79%
2016	4,569	4,529	99.12%	29	4,558	99.76%	11	99.76%
2017	4,942	4,710	95.31%	215	4,925	99.66%	17	99.66%
2018	4,975	4,822	96.92%	142	4,964	99.78%	11	99.78%
2019	5,934	5,794	97.64%	121	5,915	99.68%	19	99.68%
2020	6,928	6,780	97.86%	125	6,905	99.67%	23	99.67%
2021	7,060	6,947	98.40%	66	7,013	99.33%	47	99.33%
2022	6,617	6,450	97.48%	-	6,450	97.48%	167	97.48%

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, 2022 and 2013 - Updated

2022					2013				
Principal Taxpayer		**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Principal Taxpayer**		**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
DIGITAL DOUG DAVIS LLC	$	45,974,200	1	5.54%	DIGITAL DOUG DAVIS LLC	$	46,604,000	1	9.70%
BLUE ATLANTIC HARTSFIELD LP		43,152,700	2	5.20%	HAPEVILLE LTD PARTNERSHIP		45,360,000	2	9.44%
MIKEONE EK ATL OPS CENTER LLC		42,649,900	3	5.14%	OXFORD OLDE TOWNE JV LLC		31,323,900	3	6.52%
WS HAA OWNER LLC		41,200,000	4	4.97%	DELTA AIRLINES INC		30,152,048	4	6.28%
DELTA AIR LINES INC		29,928,500	5	3.61%	FIRST STATES INVESTORS THIRTY		29,583,000	5	6.16%
CITY OF ATLANTA		17,689,100	6	2.13%	DELTA AIR LINES INC		24,953,836	6	5.19%
LAMODAR LLC		14,377,600	7	1.73%	AIRPORT STATION LLC		11,322,900	7	2.36%
APSILON MANAGEMENT ATLANTA LLC		12,665,000	8	1.53%	HOSPITALITY PROPERTIES INC		9,181,200	8	1.91%
STATE BANK OF TEXAS		11,800,000	9	1.42%	STATE BANK OF TEXAS		8,853,700	9	1.84%
PORSCHE CARS NORTH AMERICA INC		10,074,800	10	1.21%	DELTA COMMUNITY CREDIT UNION		8,700,000	10	1.81%
Total Principal Taxpayers		269,511,800		32.49%	**Total Principal Taxpayers**		246,034,584		51.21%
All Other Taxpayers		559,937,780		67.51%	**All Other Taxpayers**		234,364,856		48.79%
Total	$	829,449,580		100.00%	**Total**	$	480,399,440		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: City LOST [1]	Overlapping: Fulton County [4]	Overlapping: State of Georgia	Overlapping: Fulton County Schools [2]	Overlapping: MARTA[3]	Total Direct and Overlapping Rates
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%
2022	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
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%
2022	186,994,602	3.8%

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

	2013	2014	2015	2016	2017	2018	2018	2019	2020	2021	2022
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	10.98
16k gal	17.56	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
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%
2022	2,317	-0.1%

Data Source:
[1] City Customer Service Department.

City of Hapeville, Georgia

Ten Largest Customers - Water Service (Unaudited)
Fiscal Years 2022 & 2013

	Fiscal Year 2022			Fiscal Year 2013		
Rank	Customer	Consumption Gallons (000)	%	Customer	Consumption Gallons (000)	%
1	WS HAA OWNER LLC	11,897	6.5%	DIGITAL DOUG DAVIS, LLC	12,845	14.0%
2	INCITY SUITES	11,473	6.2%	DELTA AIRLINES RESERV.	7,095	7.7%
3	BLUE ATLANTIC HARTSFIELD LP	9,078	4.9%	BEST WESTERN HAPEVILLE	2,783	3.0%
4	ACRON 2 PORSCHE DR.	8,460	4.6%	CLARION COURT APARTMENTS	2,705	2.9%
5	DEL MAR APARTMENTS	6,558	3.6%	QD PROPERTIES L.L.C.	2,608	2.8%
6	DELTA AIRLINES INC. RESERV.	5,907	3.2%	MARROTT INC. SITE #57231 C/O	2,537	2.8%
7	HPT CY TRS, INC	5,389	2.9%	HAPEVILLE COIN LAUNDRY	2,300	2.5%
8	MIKEONE EK ATL OPS CENTER, LLC	4,567	2.5%	DEL MAR APARTMENTS	2,202	2.4%
9	PORSCHE CARS NORTH AMERICA	4,465	2.4%	FRANKLIN VILLAGE	2,130	2.3%
10	QD PROPERTIES L.L.C.	2,741	1.5%	VIRGINIA 800, L.L.C	1,819	2.0%
	Total Ten Largest Customers	70,535	38.4%	**Total Ten Largest Customers**	39,024	42.4%
	All Other Customers	113,355	61.6%	**All Other Customers**	52,930	57.6%
	Total	183,890	100.0%	**Total**	91,954	100.0%

Data Source:
City Water Department

City of Hapeville, Georgia

Sewer Service Rates (Unaudited)
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2013	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
Minimum charge (0-2k gal)	$ 8.44	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24
0-2k gal	4.22	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12	6.12
2k-10k gal	5.36	7.77	7.77	7.77	7.77	7.77	7.77	7.77	7.77	7.77
10k-50k	5.92	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58
50k +	6.20	8.99	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

	Governmental Activities				Business-type Activities						
June 30,	Certificates of Participation	Notes	Financed Purchases	Total	Revenue Bonds	Notes Payable	Total	Grand Total	Percentage of Personal Income	Estimated [2] Population	Per Capita
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
2022	-	-	1,628,500	1,628,500	5,870,000	1,014,192	6,884,192	8,512,692	4.851%	6,538	1,302

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, 2022

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	11,495,000	0.54%	62,327
Total Overlapping Debt	245,903,000		1,333,312
City Direct Debt			
Financed purchases	1,628,500	100.00%	1,628,500
Total Direct and Overlapping Debt	$ 247,531,500		$ 2,961,812

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Taxable Assessed Value [1]	$ 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	$ 448,227,719
Legal Debt Margin										
Debt limit (10% of assessed value)[2]	$ 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	$ 44,822,772
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126	$ 28,517,126	$ 36,658,601	$ 42,860,137	$ 44,063,986	$ 44,822,772
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

[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

			Per Capita			Unemployment Rate		
Calendar Year	Population (1)	Personal Income	Per Capita Income (1)	Per Capita Income % of U.S. (1)	Median Age (1)	County (2)	State of Georgia (2)	United States (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%
2022	6,538	175,473,382	26,839	75.85%	37.5	3.2%	2.9%	3.5%

1 U. S. Census Bureau
2 Georgia Department of Labor

Exhibit XXVI

City of Hapeville, Georgia

Principal Employers (Unaudited)
For the Fiscal Year Ended June 30, 2022

Employer	Type of Business	Number of Employees
DELTA AIR LINES, INC.	Airlines	1,392
FEDERAL EXPRESS CORP.	Cargo	671
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
T MNX GLOBAL LOGISTICS CORP	Transportation	48

Data Source:
City Administration - Business License Listing 2022

City of Hapeville, Georgia

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

Function/program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
City clerk	1	1	1	1	1	2	2	2	2	2
Human resources	1	1	1	2	2	1	1	1	1	1
Finance and information technology	5	5	5	3	3	5	5	6	6	6
Purchasing	-	-	-	-	-	-	-	-	-	-
Planning	1	-	-	-	-	-	-	-	-	-
Parks, building and grounds	12	15	12	13	13	12	10	12	12	12
Courts	3	3	1	2	2	2	1	2	2	2
Police	48	42	54	51	51	41	37	43	43	45
Fire	33	31	33	33	33	34	33	35	33	31
Sanitation	6	6	6	6	6	6	2	1	1	1
Public works	7	8	8	8	8	12	11	11	10	10
Economic development	6	3	2	3	3	3	3	3	2	2
Recreation	10	17	11	10	10	6	5	6	12	11
Water and sewer	6	6	6	8	8	7	8	7	7	10
Total	139	138	140	140	140	131	118	129	131	133
Percentage Change From Prior Year	-0.7%	-0.7%	0.7%	0.7%	1.4%	-6.4%	-9.9%	9.3%	1.6%	1.5%

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	24	29	31	31
Fire										
Fire Stations	2	2	2	2	2	2	2	2	2	2
Fire Administration	2	2	1	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	3	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	5	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

MAULDIN & JENKINS
CPAs & ADVISORS

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, business-type activities, each major fund, and the aggregate remaining fund information of City of Hapeville, Georgia (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 13, 2022. Our report also includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases.*

Report on 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
December 13, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

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

Opinion on Each Major Federal Program

We have audited the City of Hapeville, Georgia's (the "City's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 13, 2022

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Grant Identification Number	Expenditures
U.S. DEPARTMENT OF TREASURY			
Direct Awards:			
Coronavirus State & Local Fiscal Recovery Funds	21.027	GA-0004976	$ 1,220,017
Passed through Governor's Office of Planning & Budget			
American Rescue Plan - First Responders	21.027	GA-009366	65,486
Passed through Georgia Recreation & Park Association			
American Rescue Plan - Boost Grant	21.027	N/A	28,000
Total U.S. Department of Treasury			1,313,503
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218	B-18-UW-13-0003	637,276
Total U.S. Department of Housing and Urban Development			637,276
Total Expenditure of Federal Awards			$ 1,950,779

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 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, 2022

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 __X__ no
Significant deficiency(ies) identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	____ yes __X__ no
Significant deficiencies identified:	____ yes __X__ 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 __X__ no

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number
Coronavirus State and Local Fiscal Recovery Funds	21.027

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, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS

None noted

SECTION III
SCHEDULE OF PRIOR FISCAL YEAR 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.

Status: Resolved in current fiscal year.