



CITY OF HAPEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 2015**

**Prepared by:
Department of Financial Services**

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City of Hapeville, Georgia

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INTRODUCTORY SECTION



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ALAN HALLMAN
MAYOR

ANN RAY
ADLERMAN AT LARGE

MICHAEL RANDMAN
COUNCILMAN AT LARGE

JOSHUA POWELL
COUNCILMAN WARD I

DIANE DIMMICK
COUNCILMAN WARD II

March 31, 2016

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, and was, for an additional six months if deemed appropriate. The City of Hapeville, Georgia (the City) has a fiscal year ending June 30, therefore the mandated deadline is December 31. Pursuant to that state requirement, enclosed is the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2015.

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

The City financial statements for the fiscal year ended June 30, 2015 have been audited by J. K. Boatwright & Co, P. C., 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, 2015, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. J. K. Boatwright & Co, P. C. concluded, based upon the completed audit, that there was a reasonable basis for rendering an unqualified opinion that the City financial statements for the year ended June 30, 2015 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City Government

The City, located in the south/central portion of Georgia on I-75, has its corporate limits contiguous to those of the City of Atlanta. The City has an easy seven mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I-85, I-75 and the Metropolitan Atlanta Regional Transit Authority (MARTA). MARTA also provides extensive bus service to supplement the rail system. For travel inside and outside the State, the Hartsfield-Jackson International Airport is within two miles of the City and remains one of the busiest airports in the nation. The City encompasses 2.5 square miles and serves a population of 6,186 according to the 2010 U.S. Census. Population in the City has increased 0.1% from 2000 to 2010.

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

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

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

Factors Affecting Financial Conditions

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

Local Economy

During the fiscal year, the local City economy continued little improvement in performance that mirrored the regional and national economies. The City has seen its overall real property tax assessments decline by over 18% since 2008 in the aftermath of the collapse of the real estate bubble inflated by toxic mortgages. To combat these unfavorable economic times, the Mayor, City Council and City management, including the development authority, have worked to promote the City and have succeeded in largely sustaining the City.

In addition, the City staff continued to aggressively recruit new businesses and industrial prospects by showcasing the City's great location, moderate climate, availability of utilities, skilled work force, and business incentives. The City has rail transportation through the City. It is also Adjacent to the Hartsfield-Jackson International Airport and is bordered on west by Interstate I-85 and on the east by Interstate I75. Interstate 20 runs east-west about 10 miles north of the City.

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

- The Porsche Cars North America's headquarters construction – a 26.4 acre complex with 400 workers and 100 new jobs.
- The renovated Depot Museum and Memorial Plaza.
- The acquisition of the Hapeville Performing Arts Center and build-out is underway.
- Continuing renovation of several parks and grounds facilities.
- Refurbishing the Water and Sewer infrastructure.

Some of the other economic developments of 2015 included:

- Maintained Opportunity Zone Designation and leveraged job tax credit program with businesses;
- The Blue Print 2020 completed continued ongoing initiatives with future action item prioritization ;
- Researched regional efforts and made initial investment joining in the creation of a Community Improvement District in the tri-city area;

Long-Term Financial Planning and Major Initiatives

The City is in the process of formalizing its long-term financial planning. Beginning in fiscal year 2016 and ending in early fiscal year 2017, the Finance Department will be proposing financial policies and will address:

- Operating budgets and equity
- Capital improvement program
- Debt issuance and management policies
- Revenue administration
- Accounting, auditing and financial reporting policies
- Procurement policies and procedures
- Deposit and investment management policies
- Cash management and forecasting

Awards and Acknowledgements

As demonstrated by the statements and schedules included in the financial and required supplemental information sections of this report, the City continues meeting its responsibility for sound financial management.

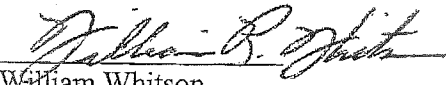
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles, applicable legal requirements and GFOA standards.

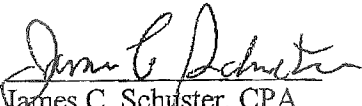
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's standards and we are submitting it to GFOA to determine its eligibility for another certificate.

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 J. K. Boatwright & Co, P. C. for their professionalism in conducting the audit of the City's basic financial statements and related note disclosures.

Without the unfailing support and encouragement in maintaining the highest standards of professionalism in the management of the City's finances and financial reporting credit must also be given to the City Manager, the City Mayor and the City Council for their recognition of the importance of the CAFR information for the citizens, vendors and creditors of the City.

Respectfully submitted,


William Whitson
City Manager


James C. Schuster, CPA
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hapeville
Georgia**

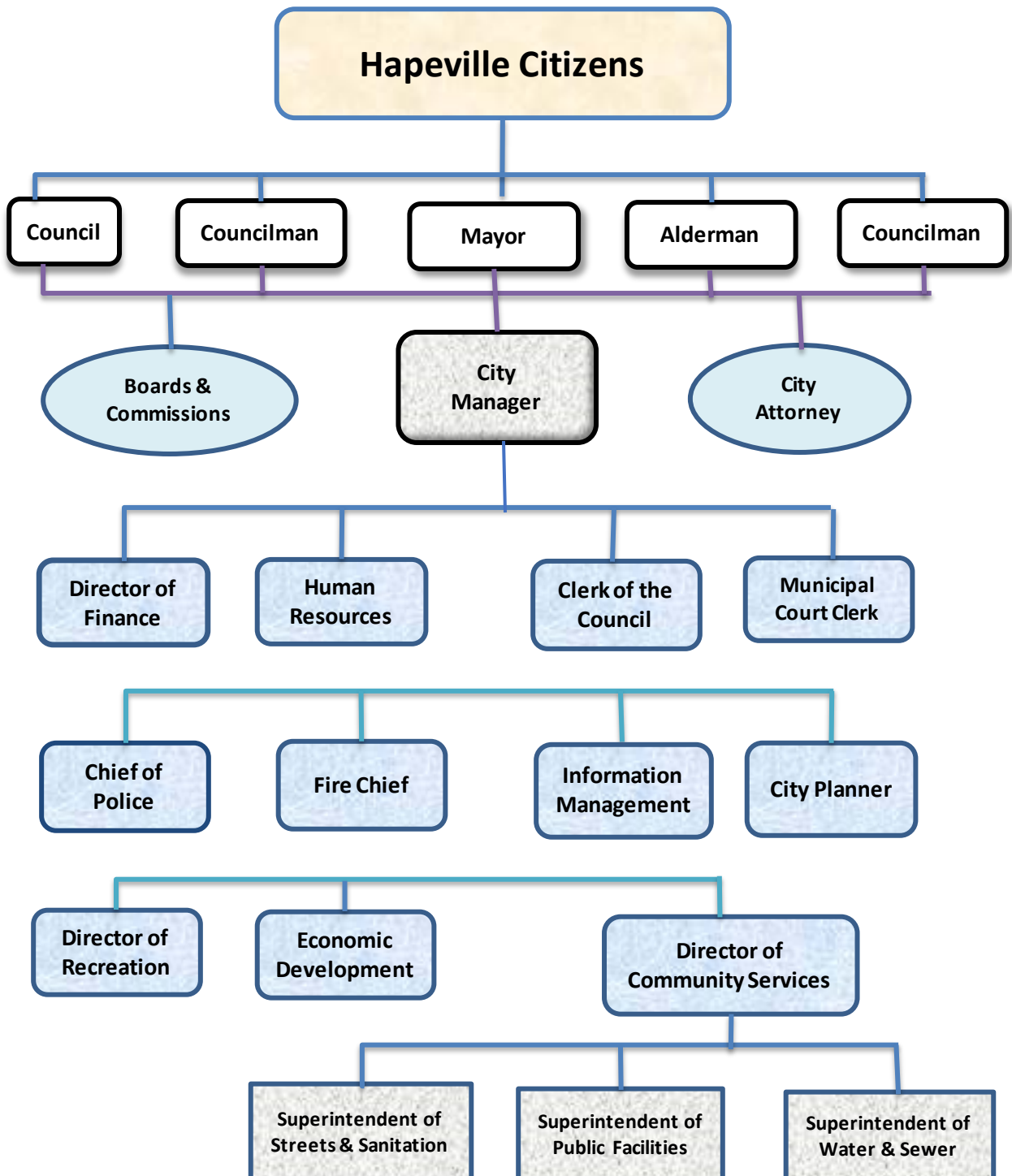
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director/CEO

**City of Hapeville, Georgia
Organization Chart
June 30, 2015**



City of Hapeville, Georgia
List of Elected and Appointed Officials
June 30, 2015

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Manager	William R. Whitson
Director of Finance	James C. Schuster
Director of Community Services	Lee Sudduth
Chief of Police	Richard M. Glavosek
Fire Chief	Tom E. Morris, Jr.
City Clerk	Jennifer Elkins
Court of Clerk	Monique Cook
Manager of Planning and Zoning	Bill Johnston (contracted position)
Manager of Recreation	Tod Nichols
City Attorney	Fincher Denmark & Minnifield LLC
City Auditor	J. K. Boatwright & Co., P. C.

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FINANCIAL SECTION



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

March 31, 2016

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hapeville, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Hotel/Motel Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information on pages 19 through 28 and 73 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of City of Hapeville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Yours truly,

J. K. Boatwright & Co., P. C.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the annual financial report for City of Hapeville (the City), the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2015 FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$13,286,272 (total net position) as of June 30, 2015.
- Total net position is comprised of the following:
 - (1) The net investment in capital assets of \$28,401,816 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position of \$1,468,912 is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net position is a deficit of \$16,584,462.
- The City's governmental funds reported total ending fund balance of \$1,480,855 at June 30, 2015. This compares to the prior year ending fund balance of \$1,080,443 showing an increase of \$400,412 during the current year. Unassigned fund balance of \$765,489 at June 30, 2015 shows a \$51,318 decrease from the prior year amount at June 30, 2014.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$765,489 or 8.1% of total General Fund expenditures.
- The failing economy has played havoc with many of the City's 2015 revenue streams.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The City has three kinds of funds:

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

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

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

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

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

The basic proprietary fund financial statements are presented on pages 40 - 43 of this report.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City's single-employer pension plan (a pension trust fund) is reported in these financial statements as a fiduciary fund. The basic fiduciary fund financial statements are presented on pages 44 - 45 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 49 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's single employer pension plan. The required supplementary information can be found beginning on page 73 of this report.

Supplementary Information

As discussed, the City reports major funds in the basic financial statements. Information for 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 82.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

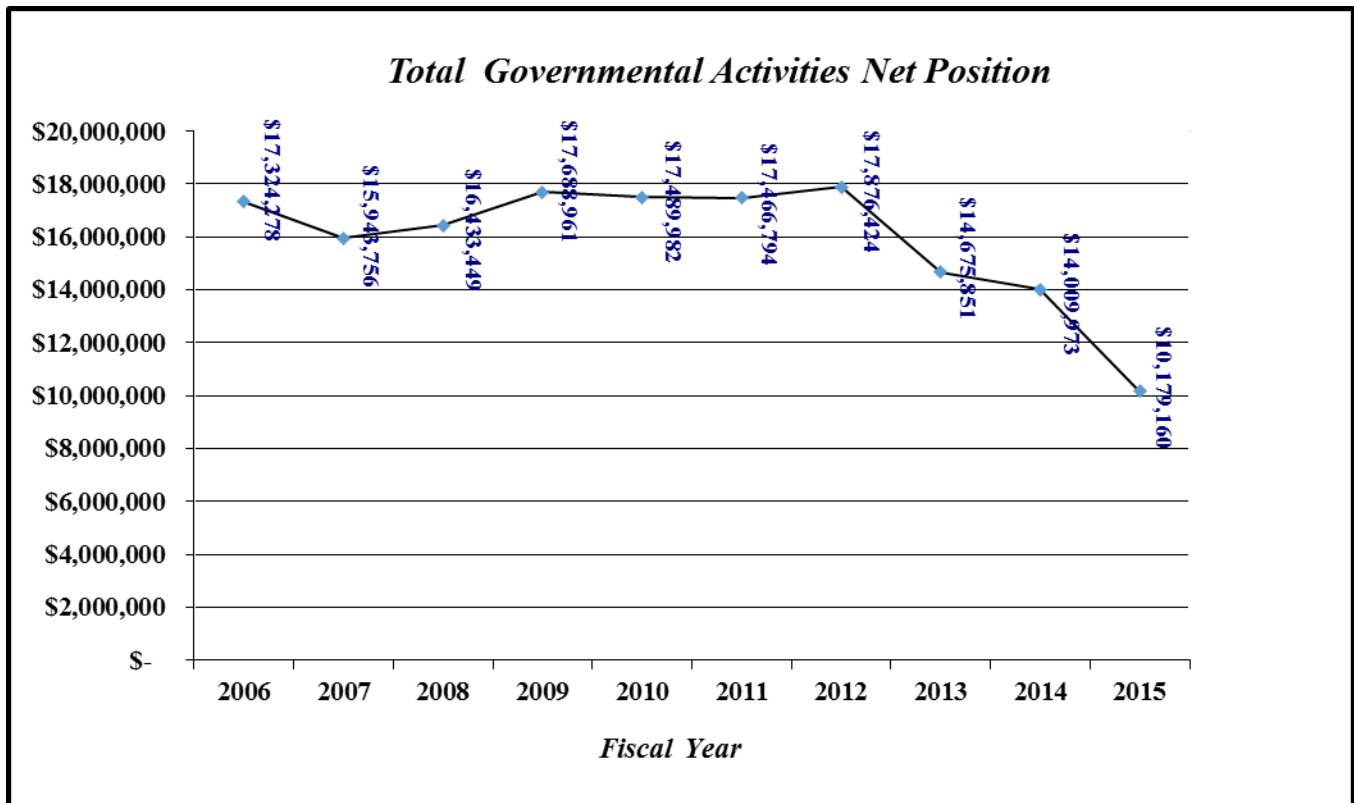
The City's net position at fiscal year-end is \$13,286,272. The following table provides a summary of the City's net position on a comparative basis:

In this fiscal year, the City implemented a new accounting standard which requires the City to record a net pension liability at the government-wide financial reporting level. This change resulted in a long-term liability of \$3,696,017 reported in the governmental activities column and \$422,633 reported in the business-type activities column.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Assets:						
Current assets	\$ 2,406,394	\$ 1,685,108	\$ 3,693,071	\$ 8,600,578	\$ 6,099,465	\$ 10,285,686
Noncurrent assets						
Other	-	37,791	2,816,369	2,826,314	2,816,369	2,864,105
Capital	15,348,808	15,371,779	13,480,537	13,168,658	28,829,345	28,540,437
Total assets	17,755,202	17,094,678	19,989,977	24,595,550	37,745,179	41,690,228
Deferred outflows of resources	77,857	40,885	9,113	4,543	86,970	45,428
Liabilities:						
Current liabilities	1,199,587	922,927	2,000,870	5,940,365	3,200,457	6,863,292
Long-term liabilities	5,771,984	4,899,469	14,834,870	15,882,548	20,606,854	20,782,017
Total liabilities	6,971,571	5,822,396	16,835,740	21,822,913	23,807,311	27,645,309
Deferred inflows of resources	682,328	2,240,042	56,238	248,765	738,566	2,488,807
Net position:						
Net investment in capital assets	14,921,279	14,818,698	13,480,537	5,095,322	28,401,816	19,914,020
Restricted	567,630	263,636	901,288	1,259,777	1,468,918	1,523,413
Unrestricted (deficit)	(5,309,749)	(6,009,209)	(11,274,713)	(3,826,684)	(16,584,462)	(9,835,893)
Total net position	\$ 10,179,160	\$ 9,073,125	\$ 3,107,112	\$ 2,528,415	\$ 13,286,272	\$ 11,601,540

The following chart reports the City's total restated governmental activities net position balances from fiscal year 2006 - 2015.



Since 2006, the City's position has decreased \$7,145,118 or 41.2%.

Current assets in governmental activities increased \$721,286 and business-type activities decreased \$4,907,507 in fiscal year June 30, 2015.

The City reported positive balances in net position for both governmental and business-type activities. During 2015 (excluding the restatement), net position increased \$1,106,035 for governmental activities and increased \$578,697 for business-type activities. The City's overall financial position improved during fiscal year 2015. The City remains in an improved financial position, in spite of a depressed economy.

Note that approximately 86.4% of the governmental activities' total assets are tied up in capital assets. The City uses these capital assets to provide services to its citizens. Business-type capital assets make up 67.4% 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 76.3% of its total assets are tied up in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the City's changes in net position for the years ended June 30, 2015 and 2014:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program:						
Charges for services & fines	\$ 1,048,241	\$ 1,011,165	\$ 4,824,266	\$ 4,700,291	\$ 5,872,507	\$ 5,711,456
Operating grants	40,977	49,232	17,484	-	58,461	49,232
Capital grants	613,912	725,947	-	-	613,912	725,947
General:						
Property taxes	3,795,160	4,066,615	-	-	3,795,160	4,066,615
Sales taxes	1,739,336	1,668,856	-	-	1,739,336	1,668,856
Other taxes	4,151,485	3,756,711	-	-	4,151,485	3,756,711
Other	27,511	28,005	-	-	27,511	28,005
Total revenues	11,416,622	11,306,531	4,841,750	4,700,291	16,258,372	16,006,822
Program Expenses:						
General government	2,086,642	2,148,678	-	-	2,086,642	2,148,678
Public safety	5,011,852	5,923,757	-	-	5,011,852	5,923,757
Highways and streets	1,025,120	1,101,104	-	-	1,025,120	1,101,104
Culture and recreation	548,727	557,634	-	-	548,727	557,634
Parks and grounds	934,433	1,051,603	-	-	934,433	1,051,603
Planning and zoning	284,203	273,602	-	-	284,203	273,602
Trade, tourism and development	673,741	594,325	-	-	673,741	594,325
Interest	11,008	16,782	-	-	11,008	16,782
Water and sewer	-	-	2,915,863	2,898,611	2,915,863	2,898,611
Solid waste management	-	-	465,351	544,970	465,351	544,970
Development authority	-	-	616,700	658,283	616,700	658,283
Total expenses	10,575,726	11,667,485	3,997,914	4,101,864	14,573,640	15,769,349
Revenues over expenses	840,896	(360,954)	843,836	598,427	1,684,732	237,473
Transfers in and out	265,139	(304,924)	(265,139)	304,924	-	-
Changes in net position	1,106,035	(665,878)	578,697	903,351	1,684,732	237,473
Prior period adjustment	-	(4,936,848) *	-	(548,410) *	-	(5,485,258) *
Beginning net position	9,073,125	14,675,851	2,528,415	2,173,474	11,601,540	16,849,325
Ending net position	\$ 10,179,160	\$ 9,073,125	\$ 3,107,112	\$ 2,528,415	\$ 13,286,272	\$ 11,601,540

* For this schedule, program expenses have not been restated for year ended 2014. The prior period adjustment reflects the net effect of the initial recording of the net pension liability, deferred inflows of resources and deferred outflows of resources as of June 30, 2014. See Note 4-F for more information.

Governmental Activity Revenues

The City is heavily reliant on both property taxes and sales taxes to support governmental operations. Property taxes provided 33.3% of the City's total revenues as compared to a 36% in fiscal year 2014. Sales and use taxes provided 15.3% of the City's total revenues as compared to a 14.8% in fiscal year 2014. As noted, currently property tax revenue is flat. Sales taxes are slightly above the fiscal year 2014 amount.

Note that program revenues covered just 16.1% of governmental operating expenditures as compared to 15.3% in fiscal year 2014. This means that the government's taxpayers and the City and other general revenues funded 83.9% of the governmental activities, primarily from property and sales taxes. As a result, the general economy and the success of local businesses have a major impact on the City's revenue streams.

Governmental Activity Expenses

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

Governmental Activities					
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total	
General government	\$ 2,086,642	19.7%	\$ 1,278,621	14.4%	
Public safety	5,011,852	47.4%	4,339,755	48.9%	
Highways and streets	1,025,120	9.7%	1,025,120	11.6%	
Culture and recreation	548,727	5.2%	491,740	5.5%	
Parks and grounds	934,433	8.8%	934,433	10.5%	
Planning and zoning	284,203	2.7%	212,644	2.4%	
Trade, tourism and development	673,741	6.4%	579,275	6.6%	
Interest and fiscal charges	11,008	0.0%	11,008	0.0%	
Total	<u>\$ 10,575,726</u>	<u>100.0%</u>	<u>\$ 8,872,596</u>	<u>100.0%</u>	

The public safety expenditures, both gross and net of program revenues total over 47.4% of costs. After reporting program revenues for general government, net costs total only 14.4% as compared to 19.7% of gross costs.

Business-Type Activities

Overall Analysis – Total operating revenues increased \$135,459 or 2.9%. Operating expenses decreased \$207,848 or 6.1%. In total, the operating income increased \$343,307 over the fiscal year 2014 amount.

The operating income for each activity was as follows:

	<u>2015</u>	<u>2014</u>
Water and sewerage system	\$ 1,521,011	\$ 1,311,096
Sanitation	90,707	(43,334)
Development authority	(6,716)	(6,067)

The following includes an analysis of the fiscal year 2015 financial activities for each enterprise fund.

Water and Sewerage System - The operating income of \$1,521,011 in fiscal year 2015 compares to an operating income of \$1,311,096 in fiscal year 2014. Operating revenues in fiscal year 2015 were up \$113,827 or 2.7% above the fiscal year 2014 amount. Operating expenses decreased \$96,088 or 3.3%. Salaries and benefits increased \$90,469 or 37.8%. Professional fees decreased \$27,517 by 32.6%.

The Development Authority transferred \$4,537,153 to this fund to be used to pay the balance of the memorandum of understanding with the City of Atlanta, which was anticipated to be retired from the new bond issue.

The Water and Sewerage Fund transferred \$554,667 to the General Fund to cover the cost allocation of administration costs. This fund also transferred \$460,686 to the Downtown Development Authority to cover the accrued interest cost due July 1, 2015.

At year-end, net position totaled \$15,236,879, up from the restated June 30, 2014 total of \$10,337,057.

Sanitation Fund - The total assets increased \$33,853 or 20.3%. Total liabilities increased \$180,270 or 156%. The operating income of \$90,707 in fiscal year 2015 compares to operating loss of \$43,334 in fiscal year 2014. The fiscal year 2015 operating revenues increased \$26,082 or 5.2% from fiscal year 2014. Total operating expenses decreased \$107,959 or 19.9%.

Development Authority Fund – Beginning in fiscal year 2014, the Development Authority was reclassified as a blended component unit, rather than presented as a discretely presented component unit. In this fiscal year, this fund reported only \$9,300 in revenues and \$16,016 in expenses. This fund transferred \$4,537,153 to the water and sewer fund.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$1,480,855 compared to a balance of \$1,080,443 at June 30, 2014.

Of this year-end total, \$765,489 is unassigned indicating availability for continuing City service delivery requirements.

Legally restricted fund balances include \$567,630, which is set aside for program purposes. The total ending fund balances of governmental funds show an increase of \$400,412.

Major Governmental Fund

General Fund - The General Fund is the City's only major governmental fund, the primary operating fund, and the largest source of day-to-day service delivery. The ending unassigned fund balance of \$765,489 is considered adequate, although not excessive, representing the equivalent of 8.1% of annual expenditures.

Total general fund property taxes decreased \$448,339 or 6.7%. Local option sales taxes revenue increased \$70,480 or 4.2% above the 2014 amount, a sign of an improving economy.

Licenses and permits were up \$48,198 above the 2014 amount. Charges for services were up \$18,203 above the 2014 amount. In fiscal year 2015, the City recognized \$8,350,098 or 3.2% below the 2014 total revenues.

Total General Fund's expenditures decreased \$1,048,411 or 10% below the fiscal year 2014 amount. The most significant changes from fiscal year 2014 are described below.

General government expenditures increased just \$54,225 or 2.6% over fiscal year 2014 as there were various increases in costs for liability and medical insurance and pension plan costs. Public safety costs decreased \$401,461 or 7.5% due to the planned reductions of certain costs.

All other functional expenditures were similar to the prior year.

Hotel/Motel Tax Fund - The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48- 13-51(4.5). The City is required to spend an amount equal to 28.58% of the total taxes collected at the rate of 7% for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues of \$2,275,691 were received. Of this amount, \$975,296 was transferred to the General Fund and the remaining \$1,300,395 was transferred to the Association of Tourism and Trade Special Revenue Fund – a blended component unit and also a separate 501(c)(3) organization.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final revenue budget was amended downward during fiscal year 2015 by \$30,000. In total, revenues realized of \$8,350,098 were \$538,514 or 6.1% below the final amended budget.

Total taxes were \$503,007 below the budget. Most of the difference relates to property taxes. Because of all the property assessment appeals the last three years in Fulton County, many which were granted, it was extremely difficult to accurately estimate the amount of property taxes to be recognized.

Licenses and permits were \$2,250 above the budget. Fines were \$19,695 below the budget.

The expenditure budget was amended downward by \$1,077,768 or about 10% below the original budget.

In total, expenditures totaled 97.1% of the final budget. The total expenditures were under spent by \$282,290 or 2.9%.

The fire services costs were \$197,166 below the final budget, parks and grounds were \$39,174 below the final budget and culture and recreation were \$28,583 below the final budget.

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, 2015, was \$15,348,808 and \$13,480,537 respectively. The change in this net investment was a .15% decrease for governmental activities and a 2.4% increase for business-type activities. See Note 3-C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

(This page continued on the subsequent page)

The following table provides a summary of capital asset activity:

Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land	\$ 1,367,730	\$ 1,367,730	\$ -	\$ -	\$ 1,367,730	\$ 1,367,730
Construction in progress	2,387,517	1,508,841	542,450	-	2,929,967	1,508,841
Total non-depreciable	3,755,247	2,876,571	542,450	-	4,297,697	2,876,571
Depreciable assets:						
Buildings and improvements	6,224,908	6,224,908	-	-	6,224,908	6,224,908
Land improvements	3,701,973	3,701,973	-	-	3,701,973	3,701,973
Auto, trucks and equipment	7,004,811	8,117,597	845,536	845,536	7,850,347	8,963,133
Intangible	-	-	5,036,557	4,881,436	5,036,557	4,881,436
Infrastructure	22,255,449	22,176,540	13,415,425	13,415,425	35,670,874	35,591,965
Total depreciable assets	39,187,141	40,221,018	19,297,518	19,142,397	58,484,659	59,363,415
Less accumulated depreciation	27,593,580	27,725,810	6,359,431	5,973,739	33,953,011	33,699,549
Book value - depreciable assets	11,593,561	12,495,208	12,938,087	13,168,658	24,531,648	25,663,866
Percentage depreciated	70%	69%	33%	31%	58%	57%
Total book value	\$ 15,348,808	\$ 15,371,779	\$ 13,480,537	\$ 13,168,658	\$ 28,829,345	\$ 28,540,437

At June 30, 2015, the depreciable capital assets for governmental activities were 70% depreciated. This compares to a similar percentage at June 30, 2014. This comparison indicates that the City is replacing its assets at almost the same rate as they are depreciating which is a positive indicator. However, the City's capital assets have now approached being two-thirds depreciated, which is an indicator that the City needs to consider replacing some of its older assets. With the City's business type activities, 33% of the asset values were depreciated at June 30, 2015 compared to 31% at June 30, 2014.

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

Long-term Debt

During fiscal year 2015, the City retired \$1,050,000 or 6.4% of outstanding bonds for business-type activities.

(This page continued on the subsequent page)

The following table reports long-term debt balances at June 30, 2015 and 2014:

	Outstanding Borrowings					
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Note payable	\$ 427,529	\$ 553,081	\$ -	\$ -	\$ 427,529	\$ 553,081
Revenue bonds payable	-	-	15,345,000	16,395,000	15,345,000	16,395,000
Compensated absences	450,608	516,112	85,503	70,399	536,111	586,511
Total	\$ 878,137	\$ 1,069,193	\$ 15,430,503	\$ 16,465,399	\$ 16,308,640	\$ 17,534,592

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

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE CITY

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

The primary revenue streams for the City are property taxes, sales taxes and hotel/motel taxes. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes and hotel/motel taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic downturn has definitely affected the City's 2015 revenue streams and the fiscal year 2015 budget is a no-frills operational budget with departmental belt tightening and very few capital projects. We are hopeful the economy will recover by mid-year and we will constantly monitor our economic condition to make the necessary adjustments.

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.

AUDIT 2010

BASIC FINANCIAL STATEMENTS



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City of Hapeville, Georgia
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 716,798	\$ 2,155,303	\$ 2,872,101
Investments	36,634	-	36,634
Restricted Cash	72,194	1,089,406	1,161,600
Receivables:			
Water, Sewer and Sanitation, Net	-	590,298	590,298
Property Tax	240,068	-	240,068
Other Taxes	401,616	-	401,616
Other Receivables	318,593	-	318,593
Intergovernmental	298,989	-	298,989
Notes, Current Portion	-	5,641	5,641
Internal Balance	147,577	(147,577)	-
Prepaid Assets	173,925	-	173,925
Total Current Assets	<u>2,406,394</u>	<u>3,693,071</u>	<u>6,099,465</u>
Noncurrent Assets			
Notes Receivable, Noncurrent Portion	-	130,367	130,367
Property Held for Resale	-	2,686,002	2,686,002
Capital Assets:			
Nondepreciable	3,755,247	542,450	4,297,697
Depreciable, Net	11,593,561	8,775,273	20,368,834
Intangible Assets, Net	-	4,162,814	4,162,814
Total Noncurrent Assets	<u>15,348,808</u>	<u>16,296,906</u>	<u>31,645,714</u>
Total Assets	<u>17,755,202</u>	<u>19,989,977</u>	<u>37,745,179</u>
Deferred Outflows of Resources			
Related to Pension	77,857	9,113	86,970
Liabilities			
Current Liabilities			
Accounts Payable	366,757	298,621	665,378
Accrued Liabilities	257,262	25,929	283,191
Deferred Revenue	48,414	-	48,414
Compensated Absences	378,210	39,907	418,117
Accrued Interest Payable	-	268,295	268,295
Current Portion of Long-Term Debt	127,758	1,180,000	1,307,758
Liabilities Payable from Restricted Cash:			
Customer Deposits	21,186	188,118	209,304
Total Current Liabilities	<u>1,199,587</u>	<u>2,000,870</u>	<u>3,200,457</u>
Noncurrent Liabilities			
Compensated Absences	72,398	45,596	117,994
Noncurrent Portion of Long-Term Debt	299,771	14,165,000	14,464,771
Net Pension Liability	3,696,017	422,633	4,118,650
Net OPEB Liability	1,703,798	201,641	1,905,439
Total Noncurrent Liabilities	<u>5,771,984</u>	<u>14,834,870</u>	<u>20,606,854</u>
Total Liabilities	<u>6,971,571</u>	<u>16,835,740</u>	<u>23,807,311</u>
Deferred Inflows of Resources			
Related to Pension	682,328	56,238	738,566
Net Position			
Net Investment in Capital Assets	14,921,279	13,480,537	28,401,816
Restricted for:			
Economic Development	51,008	-	51,008
Public Safety	19,206	-	19,206
Trade and Tourism	493,190	-	493,190
Culture and Recreation	4,226	-	4,226
Capital Outlay	-	901,288	901,288
Unrestricted (Deficit)	(5,309,749)	(11,274,713)	(16,584,462)
Total Net Position	<u>\$ 10,179,160</u>	<u>\$ 3,107,112</u>	<u>\$ 13,286,272</u>

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

City of Hapeville, Georgia
Statement of Activities
For The Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 2,086,642	\$ 173,992	\$ 20,117	\$ 613,912	\$ (1,278,621)	\$ -	\$ (1,278,621)
Public Safety	5,011,852	672,097	-	-	(4,339,755)	-	(4,339,755)
Highways and Streets	1,025,120	-	-	-	(1,025,120)	-	(1,025,120)
Culture and Recreation	548,727	56,687	300	-	(491,740)	-	(491,740)
Parks and Grounds	934,433	-	-	-	(934,433)	-	(934,433)
Planning and Zoning	284,203	71,559	-	-	(212,644)	-	(212,644)
Trade, Tourism and Development	673,741	73,906	20,560	-	(579,275)	-	(579,275)
Interest Expense	<u>11,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,008)</u>	<u>-</u>	<u>(11,008)</u>
Total Governmental Activities	<u>10,575,726</u>	<u>1,048,241</u>	<u>40,977</u>	<u>613,912</u>	<u>(8,872,596)</u>	<u>-</u>	<u>(8,872,596)</u>
Business-type Activities							
Water and Sewer	2,915,863	4,294,777	-	-	-	1,378,914	1,378,914
Sanitation	465,351	507,880	17,484	-	-	60,013	60,013
Development Authority	<u>616,700</u>	<u>21,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(595,091)</u>	<u>(595,091)</u>
Total Business-type Activities	<u>3,997,914</u>	<u>4,824,266</u>	<u>17,484</u>	<u>-</u>	<u>-</u>	<u>843,836</u>	<u>843,836</u>
Total Primary Government	\$ 14,573,640	\$ 5,872,507	\$ 58,461	\$ 613,912	\$ (8,872,596)	\$ 843,836	\$ (8,028,760)

(Continued)

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

City of Hapeville, Georgia
Statement of Activities
For The Year Ended June 30, 2015

(Continued)

		Primary Government		
		Governmental Activities	Business- type Activities	Total
Changes in Net Position				
General Revenues				
Taxes				
Property Taxes	\$ 3,795,160	\$ -	\$ 3,795,160	
Sales Taxes	1,739,336	-	1,739,336	
Occupation Taxes	289,887	-	289,887	
Franchise Taxes	673,023	-	673,023	
Insurance Premium Tax	354,276	-	354,276	
Tourism Development (Hotel/Motel) Taxes	2,275,691	-	2,275,691	
Other Taxes	558,608	-	558,608	
Total Taxes	9,685,981	-	9,685,981	
Interest Income	191	-	191	
Other Revenues	27,320	-	27,320	
Transfers	265,139	(265,139)	-	
Total General Revenues and Transfers	9,978,631	(265,139)	9,713,492	
Change in Net Position		1,106,035	578,697	1,684,732
Net Position - Beginning of Year, as Restated		9,073,125	2,528,415	11,601,540
Net Position - End of Year		\$ 10,179,160	\$ 3,107,112	\$ 13,286,272

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

City of Hapeville, Georgia
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Hotel/ Motel Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 356,260	\$ -	\$ 360,539	\$ 716,799
Restricted Cash	72,194	-	-	72,194
Investments	36,634	-	-	36,634
Receivables				
Property Taxes	240,068	-	-	240,068
Other Taxes	8,351	393,265	-	401,616
Other Receivables	26,294	-	292,299	318,593
Intergovernmental	298,989	-	-	298,989
Interfund Receivable	590,643	-	399,972	990,615
Prepaid Items	147,736	-	-	147,736
Total Assets	<u>\$ 1,777,169</u>	<u>\$ 393,265</u>	<u>\$ 1,052,810</u>	<u>\$ 3,223,244</u>
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities				
Accounts Payable	\$ 313,126	\$ -	\$ 53,630	\$ 366,756
Accrued Liabilities	240,699	-	12,043	252,742
Deferred Revenue	-	-	48,414	48,414
Customer Deposits	21,186	-	-	21,186
Interfund Payable	<u>-</u>	<u>393,265</u>	<u>422,101</u>	<u>815,366</u>
Total Liabilities	<u>575,011</u>	<u>393,265</u>	<u>536,188</u>	<u>1,504,464</u>
Deferred Inflows of Resources				
Unavailable Revenue	<u>237,925</u>	<u>-</u>	<u>-</u>	<u>237,925</u>
Fund Balance				
Nonspendable:				
Prepaid Items	147,736	-	-	147,736
Restricted for:				
Economic Development	51,008	-	-	51,008
Public Safety	-	-	19,206	19,206
Trade and Tourism	-	-	493,190	493,190
Culture and Recreation	-	-	4,226	4,226
Unassigned	<u>765,489</u>	<u>-</u>	<u>-</u>	<u>765,489</u>
Total Fund Balance	<u>964,233</u>	<u>-</u>	<u>516,622</u>	<u>1,480,855</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 1,777,169</u>	<u>\$ 393,265</u>	<u>\$ 1,052,810</u>	<u>\$ 3,223,244</u>

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

City of Hapeville, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Total Governmental Fund Balances		\$ 1,480,855
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.		
Cost of capital assets	42,942,388	
Less accumulated depreciation	<u>(27,593,580)</u>	15,348,808
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:		
Property taxes		237,925
Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds. These deferred outflows of resources consist of pension related experience differences and projected and actual earnings on plan investments.		77,857
Interfund payable to Enterprise Funds from eliminating entries of Internal Service Fund		(27,672)
Internal service fund assets and liabilities are included in governmental activities in the statement of net position		21,668
Liabilities not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(450,608)	
Notes payable	(427,529)	
Net pension liability	(3,696,017)	
Net OPEB liability	<u>(1,703,798)</u>	(6,277,952)
Deferred inflows of resources are not available to pay for current expenditures and therefore are not reported in the funds. These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments.		(682,328)
Rounding		<u>(1)</u>
Net Position of Governmental Activities		\$ <u>10,179,160</u>

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

City of Hapeville, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For The Year Ended June 30, 2015

	<u>General Fund</u>	<u>Hotel/ Motel Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Property	\$ 3,751,618	\$ -	\$ -	\$ 3,751,618
Sales	1,739,336	-	-	1,739,336
Occupation	289,887	-	-	289,887
Franchise	673,023	-	-	673,023
Insurance Premium	354,276	-	-	354,276
Hotel-Motel	-	2,275,691	-	2,275,691
Other Taxes	531,753	-	26,855	558,608
Licenses and Permits	210,250	-	-	210,250
Charges for Services	280,011	-	73,906	353,917
Fines and Forfeitures	480,305	-	-	480,305
Interest Income	191	-	-	191
Contributions and Donations	8,360	-	-	8,360
Grant Revenue	-	-	640,843	640,843
Other Revenue	31,088	-	5,685	36,773
Total Revenues	<u>8,350,098</u>	<u>2,275,691</u>	<u>747,289</u>	<u>11,373,078</u>
Expenditures				
General				
General Government	2,152,548	-	-	2,152,548
Public Safety	4,982,113	-	100,761	5,082,874
Highways and Streets	653,502	-	-	653,502
Culture and Recreation	508,868	-	13,155	522,023
Parks and Grounds	802,037	-	-	802,037
Planning and Zoning	234,728	-	-	234,728
Trade, Tourism and Development	-	-	695,948	695,948
Capital Outlay	-	-	957,584	957,584
Debt Service				
Principal	125,552	-	-	125,552
Interest	11,008	-	-	11,008
Total Expenditures	<u>9,470,356</u>	<u>-</u>	<u>1,767,448</u>	<u>11,237,804</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(1,120,258)</u>	<u>2,275,691</u>	<u>(1,020,159)</u>	<u>135,274</u>
Other Financing Sources (Uses)				
Transfers In	1,541,013	-	1,645,503	3,186,516
Transfers Out	<u>(324,612)</u>	<u>(2,275,691)</u>	<u>(321,075)</u>	<u>(2,921,378)</u>
Total Other Financing Sources (Uses)	<u>1,216,401</u>	<u>(2,275,691)</u>	<u>1,324,428</u>	<u>265,138</u>
Net Change in Fund Balances	96,143	-	304,269	400,412
Fund Balance, Beginning of Year	<u>868,090</u>	<u>-</u>	<u>212,353</u>	<u>1,080,443</u>
Fund Balance, End of Year	<u>\$ 964,233</u>	<u>\$ -</u>	<u>\$ 516,622</u>	<u>\$ 1,480,855</u>

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

City of Hapeville, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$	400,412
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Depreciation expense	\$ (1,018,866)	
Capital outlay	<u>995,895</u>	(22,971)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Deferred at June 30, 2015	237,925	
Deferred at June 30, 2014	<u>(194,384)</u>	43,541
Repayment of the capital leases payable (including accrued interest) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		125,552
Some expenses reported in the government-wide statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences		65,504
Pension plan costs not included in the statement of activities due to GASB #68		
		598,568
Net OPEB Obligation in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds.		
		(123,317)
Increase in internal balances due to elimination of internal service funds that were generated in business activities		
		(2,924)
The net revenue (expense) of the internal service fund is included in the Government-Wide Statement of Activities and Changes in Net Position.		
		21,668
Rounding		<u>2</u>
Change in Net Position of Governmental Activities	\$	<u>1,106,035</u>

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

City of Hapeville, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For The Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 7,872,900	\$ 7,842,900	\$ 7,339,893	\$ (503,007)
Licenses and Permits	208,000	208,000	210,250	2,250
Charges for Services	287,112	287,112	280,011	(7,101)
Fines and Forfeitures	500,000	500,000	480,305	(19,695)
Interest Income	-	-	191	191
Contributions and Donations	19,500	19,500	8,360	(11,140)
Other Local Revenue	31,100	31,100	31,088	(12)
Total Revenues	8,918,612	8,888,612	8,350,098	(538,514)
Expenditures				
General				
General Government				
Administration	2,175,791	2,160,378	2,152,548	7,830
Public Safety				
Police Services	2,892,858	2,692,521	2,687,704	4,817
Fire Services	2,685,747	2,491,575	2,294,409	197,166
Total Public Safety	5,578,605	5,184,096	4,982,113	201,983
Highways and Streets	600,702	654,125	653,502	623
Culture and Recreation	559,813	537,451	508,868	28,583
Parks and Grounds	853,291	841,211	802,037	39,174
Planning and Zoning	231,888	238,604	234,728	3,876
Trade, Tourism and Development	698,831	-	-	-
Debt Service	131,493	136,781	136,560	221
Total Expenditures	10,830,414	9,752,646	9,470,356	282,290
Excess of Revenues				
Over (Under) Expenditures	(1,911,802)	(864,034)	(1,120,258)	(256,224)
Other Financing Sources (Uses)				
Sale of Capital Assets	200	200	-	(200)
Transfers In	1,930,931	1,114,702	1,541,013	426,311
Transfers Out	(486,266)	(341,267)	(324,612)	16,655
Total Other Financing Sources (Uses)	1,444,865	773,635	1,216,401	442,766
Net Change in Fund Balances	(466,937)	(90,399)	96,143	186,542
Fund Balance, Beginning of Year	868,090	868,090	868,090	-
Fund Balance, End of Year	\$ 401,153	\$ 777,691	\$ 964,233	\$ 186,542

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

City of Hapeville, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Hotel/Motel Fund
For The Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues				
Hotel/Motel Tax	\$ 2,017,638	\$ 2,017,638	\$ 2,275,691	\$ 258,053
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	\$ 2,017,638	\$ 2,017,638	\$ 2,275,691	\$ 258,053
Other Financing Uses				
Transfers Out	(2,018,638)	(2,017,638)	(2,275,691)	(258,053)
Total Other Financing Uses	(2,018,638)	(2,017,638)	(2,275,691)	(258,053)
Net Change in Fund Balances	(1,000)	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

City of Hapeville, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activity - Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Development Authority	Totals	
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 2,094,186	\$ 32,292	\$ 28,825	\$ 2,155,303	\$ -
Restricted Cash	188,118	-	901,288	1,089,406	-
Accounts Receivable, net	522,091	68,207	-	590,298	-
Notes Receivable, Current Portion	-	-	5,641	5,641	-
Interfund Receivable	-	-	-	-	-
Prepaid Expenses	-	-	-	-	26,189
Total Current Assets	<u>2,804,395</u>	<u>100,499</u>	<u>935,754</u>	<u>3,840,648</u>	<u>26,189</u>
Noncurrent Assets					
Note Receivable, Noncurrent Portion	-	-	130,367	130,367	-
Property Held for Resale	-	-	2,686,002	2,686,002	-
Capital and Intangible Assets, Net	<u>13,380,180</u>	<u>100,357</u>	<u>-</u>	<u>13,480,537</u>	<u>-</u>
Total Noncurrent Assets	<u>13,380,180</u>	<u>100,357</u>	<u>2,816,369</u>	<u>16,296,906</u>	<u>-</u>
Total Assets	<u>16,184,575</u>	<u>200,856</u>	<u>3,752,123</u>	<u>20,137,554</u>	<u>26,189</u>
Deferred Outflows of Resources					
Related to Pension	<u>5,634</u>	<u>3,479</u>	<u>-</u>	<u>9,113</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts Payable	288,505	10,116	-	298,621	-
Accrued Liabilities	15,234	10,695	-	25,929	4,520
Interfund Payable	-	-	175,249	175,249	-
Compensated Absences	21,059	18,848	-	39,907	-
Accrued Interest Payable	-	-	268,295	268,295	-
Current Portion of Long-Term Debt	-	-	1,180,000	1,180,000	-
Liabilities Payable from Restricted Cash	-	-	-	-	-
Customer Deposits	<u>188,118</u>	<u>-</u>	<u>-</u>	<u>188,118</u>	<u>-</u>
Total Current Liabilities	<u>512,916</u>	<u>39,659</u>	<u>1,623,544</u>	<u>2,176,119</u>	<u>4,520</u>
Noncurrent Liabilities					
Compensated Absences	16,197	29,399	-	45,596	-
Noncurrent Portion of Long-Term Debt	-	-	14,165,000	14,165,000	-
Net Pension Liability	257,887	164,746	-	422,633	-
Net OPEB Liability	<u>139,588</u>	<u>62,053</u>	<u>-</u>	<u>201,641</u>	<u>-</u>
Total Noncurrent Liabilities	<u>413,672</u>	<u>256,198</u>	<u>14,165,000</u>	<u>14,834,870</u>	<u>-</u>
Total Liabilities	<u>926,588</u>	<u>295,857</u>	<u>15,788,544</u>	<u>17,010,989</u>	<u>4,520</u>
Deferred Inflows of Resources					
Related to Pension	<u>26,742</u>	<u>29,496</u>	<u>-</u>	<u>56,238</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	13,380,180	100,357	-	13,480,537	-
Restricted for Capital Projects	-	-	901,288	901,288	-
Unrestricted	<u>1,856,699</u>	<u>(221,375)</u>	<u>(12,937,709)</u>	<u>(11,302,385)</u>	<u>21,668</u>
	<u>\$ 15,236,879</u>	<u>\$ (121,018)</u>	<u>\$ (12,036,421)</u>	<u>3,079,440</u>	<u>\$ 21,668</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>27,672</u>	
Net Position of Business-type Activities				<u>\$ 3,107,112</u>	

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

City of Hapeville, Georgia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental Activity - Worker Comp Internal Service Fund
	Water and Sewer Fund	Sanitation Fund	Development Authority	Totals	
Operating Revenues					
Water Sales	\$ 2,527,013	\$ -	\$ -	\$ 2,527,013	\$ -
Sewer Charges	1,640,431	-	-	1,640,431	-
Sanitation Charges	-	484,850	-	484,850	-
Other Services or Charges	127,333	40,514	9,300	177,147	103,626
Total Operating Revenue	4,294,777	525,364	9,300	4,829,441	103,626
Operating Expenses					
Salaries and Benefits	329,937	202,843	-	532,780	-
Water Purchased	1,743,766	-	-	1,743,766	-
Insurance and Claims	59,918	51,330	-	111,248	81,958
Utilities	18,694	-	-	18,694	-
Repairs and Maintenance	133,534	31,282	11,484	176,300	-
Contracted Services	23,414	-	-	23,414	-
Supplies and Miscellaneous	27,566	16,118	4,532	48,216	-
Vehicle and Equipment Expenses	8,781	15,439	-	24,220	-
Professional Fees	56,841	102,354	-	159,195	-
Dues	914	-	-	914	-
Depreciation	271,609	15,291	-	286,900	-
Amortization	98,792	-	-	98,792	-
Total Operating Expenses	2,773,766	434,657	16,016	3,224,439	81,958
Operating Income (Loss)	1,521,011	90,707	(6,716)	1,605,002	21,668
Non-Operating Revenues (Expenses)					
Interest Income	-	-	12,309	12,309	-
Bad Debt Expense	(142,989)	(32,727)	-	(175,716)	-
Interest Expense	-	-	(600,684)	(600,684)	-
Income (Loss) Before Transfers	1,378,022	57,980	(595,091)	840,911	21,668
Transfers					
Transfers In	4,537,153	-	997,556	5,534,709	-
Transfers Out	(1,015,353)	(11,050)	(4,773,444)	(5,799,847)	-
Net Transfers In (Out)	3,521,800	(11,050)	(3,775,888)	(265,138)	-
Change in Net Position	4,899,822	46,930	(4,370,979)	575,773	21,668
Net Position - Beginning of Year, as Restated	10,337,057	(167,948)	(7,665,442)		-
Net Position, End of Year	\$ 15,236,879	\$ (121,018)	\$ (12,036,421)		\$ 21,668
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,924	
Change in Net Position of Business-Type Activities				\$ 578,697	

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

City of Hapeville, Georgia
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Water and Sewer Fund	Sanitation Fund	Development Authority	Totals	Activity - Internal Service Fund
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 4,249,764	\$ 497,573	\$ 9,300	\$ 4,756,637	\$ 103,626
Payments to Suppliers	(6,215,408)	(231,372)	(16,016)	(6,462,796)	(105,672)
Payments to Employees	(361,005)	(222,859)	-	(583,864)	-
Net Cash Provided (Used) by Operating Activities	(2,326,649)	43,342	(6,716)	(2,290,023)	(2,046)
Cash Flows from Non-Capital Financing Activities					
Transfers In	4,537,153	-	997,556	5,534,709	-
Transfers (Out)	(1,015,353)	(11,050)	(4,598,195)	(5,624,598)	-
Net Cash Flows Provided (Used) by Non-Capital Financing Activities	3,521,800	(11,050)	(3,600,639)	(89,889)	-
Cash Flows from Capital and Related Financing Activities					
Acquisition of Capital Assets	(697,571)	-	-	(697,571)	-
Principal Received on Note	-	-	7,002	7,002	-
Interest Received on Note	-	-	12,309	12,309	-
Principal Paid on Long-term Debt	(660,000)	-	(390,000)	(1,050,000)	-
Interest Paid on Long-term Debt	(13,827)	-	(548,493)	(562,320)	-
Net Cash Flows Used by Capital and Related Financing Activities	(1,371,398)	-	(919,182)	(2,290,580)	-
Net Increase (Decrease) in Cash	(176,247)	32,292	(4,526,537)	(4,670,492)	(2,046)
Cash, Beginning of Year	2,458,551	-	5,456,650	7,915,201	2,046
Cash, End of Year	\$ 2,282,304	\$ 32,292	\$ 930,113	\$ 3,244,709	\$ -
Classified As:					
Unrestricted	\$ 2,094,186	\$ 32,292	\$ 28,825	\$ 2,155,303	\$ -
Restricted	188,118	-	901,288	1,089,406	-
	\$ 2,282,304	\$ 32,292	\$ 930,113	\$ 3,244,709	\$ -

(Continued)

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

City of Hapeville, Georgia
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2015

(Continued)

	Business-type Activities - Enterprise Funds				Governmental	
	Water and Sewer Fund	Sanitation Fund	Development Authority	Totals	Activity - Internal Service Fund	
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities						
Operating Income (Loss)	\$ 1,521,011	\$ 90,707	\$ (6,716)	\$ 1,605,002	\$	21,668
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Depreciation and Amortization	370,401	15,291	-	385,692		-
(Increase) Decrease in:						
Receivables	(58,504)	(25,955)	-	(84,459)		-
Prepaid Expenses	-	-	-	-		(1,884)
Deferred Outflows of Resources	(2,908)	(1,662)	-	(4,570)		
Increase (Decrease) in:						
Accounts Payable	(4,148,082)	(19,402)	-	(4,167,484)		-
Accrued Expenses	16,514	6,749	-	23,263		(21,830)
Customer Utility Deposits	15,960	-	-	15,960		-
Pension Liability	75,374	43,071	-	118,445		-
OPEB	6,102	4,553	-	10,655		-
Deferred Inflows of Resources	(122,517)	(70,010)	-	(192,527)		-
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,326,649)</u>	<u>\$ 43,342</u>	<u>\$ (6,716)</u>	<u>\$ (2,290,023)</u>	<u>\$</u>	<u>(2,046)</u>

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

City of Hapeville, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Pension Trust Fund</u>
Assets	
Employer Contribution Receivable	\$ -
Investments at Fair Value	
Pooled Separate Accounts	
Large Capital and Growth Funds	8,981,817
Bond Funds	4,320,929
Mid Capital and Growth funds	4,207,664
Money Market and Fixed Income Funds	2,549,324
Real Estate Funds	2,622,075
Small Capital Funds	<u>1,250,280</u>
Total Assets	<u>23,932,089</u>
Net Position - Restricted for Pension Benefits	\$ <u>23,932,089</u>

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

City of Hapeville, Georgia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	<u>Pension Trust Fund</u>
Additions	
Contributions	
Employer	\$ 557,149
Investment Income	
Net Appreciation in Fair Value of Investments	<u>563,307</u>
Total Additions	<u>1,120,456</u>
Deductions	
Benefit Payments	<u>2,219,778</u>
Total Deductions	<u>2,219,778</u>
Change in Net Position	(1,099,322)
Net Position - Restricted for Pension Benefits	
Beginning of Year	<u>25,031,411</u>
End of Year	<u>\$ 23,932,089</u>

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

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NOTES TO FINANCIAL STATEMENTS



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City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies

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

1-A. Reporting Entity

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

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

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

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

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

1-B. Basis of Presentation

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

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

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

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

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

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

1-C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The City reports the following major governmental funds:

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

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The City reports on the following major proprietary funds:

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

The City reports the following fiduciary fund:

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

Additionally, the City reports the following fund types:

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

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

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

1-D. Assets, Liabilities and Fund Equity

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

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes all demand savings accounts and certificates of deposits of the City. For the purposes of the Proprietary Fund Statement of Cash

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

1-D-2 Receivables and Payables

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

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

1-D-3 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items in both government-wide and fund financial statements. Expenses or expenditures are reported when the service is provided.

1-D-4 Capital Assets

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

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

The estimated useful lives are as follows:

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

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1-D-5 Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded in the government-wide and proprietary fund financial statements. The current portion of this debt is estimated based on historical trends. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

1-D-6 Long – Term Obligations

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

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

1-D-7 Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of items that relate to the City's Retirement Plan that qualifies as deferred outflows relating to the City's Retirement Plan and are reported in the government-wide and proprietary fund Statements of Net Position – experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed and are amortized into pension expense over the expected remaining service lives of the plan members.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify as deferred inflows – 1) unavailable revenue, which arises only under a modified accrual basis of accounting and qualifies for reporting in this category on the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available and 2) an item that relates to the City's Retirement Plan and is reported in the government-wide and proprietary fund Statements of Net Position. The net difference between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period.

1-D-8 Fund Equity

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

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund

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balance classifications that comprise a hierarchy based primarily on the extent to which the city is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund Balances are classified as follows:

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

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

Net Position

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

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

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

1-D-9 Interfund Activity

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

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governmental activities column are eliminated. Residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

1-D-10 Estimates

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

Note 2 – Stewardship, Compliance and Accountability

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

2-A. Budgets and Budgetary Accounting

Prior to July 1, the Director of Finance submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding do not constitute expenditures or liabilities and are re-appropriated in the subsequent year. Unencumbered appropriations lapse at year-end.

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

2-B. Deposits and Investments Laws and Regulations

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

Investments of the City are limited by state law to obligations to this state (Georgia) or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of this state. For the year ended June 30, 2015, the City complied, in all material respects, with these investment restrictions.

2-C. Revenue Restrictions

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

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

City of Hapeville, Georgia
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For the year ended June 30, 2015, the City complied, in all material respects, with these revenue restrictions.

2-D. Debt Restrictions

General Obligation Debt – Article 9, Section 5 of the Georgia Constitution limits the amount of outstanding general obligation bonded debt of the municipality to no more than 10% of the assessed value of all taxable property in the City. For the year ended June 30, 2015, the City had no outstanding general obligation debt.

Note 3 – Detail Notes on Transaction Classes/Accounts

3-A. Cash and Investments

Primary Government

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$8,408,694 at June 30, 2015, that was completely secured with depository insurance or collateral held by the City or by its agent in the City's or blended component units' name.

Investments – Credit Risk

As of June 30, 2015, the City had the following investments:

	<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Governmental Funds:			
Georgia Extended Asset Pool	\$ 36,634	varies	\$ 36,634

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

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

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

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

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Pension Trust Fund

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

Credit Risk – The City's Pension Trust fund's policy is an asset allocation mix to obtain the long-term average annual return target of 7.5%. The asset allocation mix is Fixed Income, with an allocation range between 27% and 35%, and Equities, with an allocation range between 63% and 75%. At June 30, 2015 the allocation was 30% in Fixed Income and 70% in Equities.

Concentration – At June 30, 2015, The Pension Trust Fund did not have any debt or equity investments in any one organization which represented greater than 5% of plan fiduciary net position.

Rate of Return – For the year ended June 30, 2015, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 2.3%.

3-B. Receivables

Accounts receivable for the business-type activities consist of utilities receivable for water, sewerage and sanitation. Accounts receivable of the governmental activities consist primarily of franchise tax, property tax, occupation tax, hotel/motel tax, sales tax and intergovernmental receivables arising from grants. An allowance for doubtful accounts was recorded for the utility receivables at \$52,605 for year ended June 30, 2015.

3-C. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:
(continued)

City of Hapeville, Georgia
Notes to Financial Statements
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(continued)

Governmental activities	Beginning Balance	Increases	Decreases	Transfers and Reclassifications	Ending Balance
Non-depreciable					
Land	\$ 1,367,730	\$ -	\$ -	\$ -	\$ 1,367,730
Construction in Progress	1,508,841	878,676	-	-	2,387,517
Total non-depreciable assets	2,876,571	878,676	-	-	3,755,247
Depreciable					
Buildings and Improvements	6,224,908	-	-	-	6,224,908
Land Improvements	3,701,973	-	-	-	3,701,973
Autos, Trucks and Equipment	8,117,597	38,310	(1,151,096)	-	7,004,811
Infrastructure	22,176,540	78,909	-	-	22,255,449
Total depreciable assets	40,221,018	117,219	(1,151,096)	-	39,187,141
Less accumulated depreciation					
Buildings and Improvements	(2,445,109)	(152,747)	-	-	(2,597,856)
Land Improvements	(2,205,687)	(117,694)	-	-	(2,323,381)
Autos, Trucks and Equipment	(6,234,798)	(342,221)	1,151,096	-	(5,425,923)
Infrastructure	(16,840,216)	(406,204)	-	-	(17,246,420)
Total accumulated depreciation	(27,725,810)	(1,018,866)	1,151,096	-	(27,593,580)
Net depreciable assets	12,495,208	(901,647)	-	-	11,593,561
Governmental activities capital assets, net	\$ 15,371,779	\$ (22,971)	\$ -	\$ -	\$ 15,348,808
Business- type activities	Beginning Balance	Increases	Decreases	Transfers and Reclassifications	Ending Balance
Non-depreciable					
Construction in Progress	\$ -	\$ 542,450	\$ -	\$ -	\$ 542,450
Depreciable Assets					
Water and Sewer System	13,415,425	-	-	-	13,415,425
Autos, Trucks and Equipment	845,536	-	-	-	845,536
Total depreciable assets	14,260,961	-	-	-	14,260,961
Less accumulated depreciation					
Water and Sewer System	(4,530,484)	(259,563)	-	-	(4,790,047)
Autos, Trucks and Equipment	(668,304)	(27,337)	-	-	(695,641)
Total accumulated depreciation	(5,198,788)	(286,900)	-	-	(5,485,688)
Net depreciable assets	9,062,173	(286,900)	-	-	8,775,273
Intangible Assets					
Right to Capacity	4,881,436	155,121	-	-	5,036,557
Less Accumulated Amortization	(774,951)	(98,792)	-	-	(873,743)
Net intangible assets	4,106,485	56,329	-	-	4,162,814
Business-type activities capital assets, net	\$ 13,168,658	\$ 311,879	\$ -	\$ -	\$ 13,480,537

City of Hapeville, Georgia
Notes to Financial Statements
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Depreciation/Amortization expense was charged to functions of the primary government as follows:

Governmental activities

General Government	\$ 49,527
Public Safety	302,324
Highways and Streets	388,922
Culture and Recreation	42,854
Parks and Grounds	167,626
Planning and Zoning	11,522
Trade, Tourism and Development	<u>56,091</u>
Total Depreciation Expense	<u>\$ 1,018,866</u>

Business-type activities

Water and Sewer	\$ 370,401
Sanitation	<u>15,291</u>
	<u>\$ 385,692</u>

3-D. Long-Term Debt

Long-term liability activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Note Payable I - Vehicles	\$ 337,681	\$ -	\$ 70,503	\$ 267,178	\$ 66,610
Note Payable II - Vehicles/Equipment	215,400	-	55,049	160,351	61,148
Compensated Absences	<u>516,112</u>	<u>458,954</u>	<u>524,458</u>	<u>450,608</u>	<u>378,210</u>
Total	<u>\$ 1,069,193</u>	<u>\$ 458,954</u>	<u>\$ 650,010</u>	<u>\$ 878,137</u>	<u>\$ 505,968</u>
Business-Type Activities					
Revenue Bonds Payable					
Series 2001	\$ 660,000	\$ -	\$ 660,000	\$ -	\$ -
Series 2004A	4,405,000	-	75,000	4,330,000	490,000
Series 2004B	3,210,000	-	215,000	2,995,000	230,000
Series 2007	1,735,000	-	100,000	1,635,000	105,000
Series 2014A-1	5,765,000	-	-	5,765,000	-
Series 2014A-2	620,000	-	-	620,000	355,000
Compensated Absences	<u>70,399</u>	<u>62,295</u>	<u>47,191</u>	<u>85,503</u>	<u>39,907</u>
Total	<u>\$ 16,465,399</u>	<u>\$ 62,295</u>	<u>\$ 1,097,191</u>	<u>\$ 15,430,503</u>	<u>\$ 1,219,907</u>

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

City of Hapeville, Georgia
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Note Payable I

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 66,610	\$ 6,435	\$ 73,045
2017	55,939	4,819	60,758
2018	47,238	3,318	50,556
2019	38,158	2,202	40,360
2020	39,217	1,138	40,355
2021	20,016	161	20,177
	<u>\$ 267,178</u>	<u>\$ 18,073</u>	<u>\$ 285,251</u>

Note Payable II

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 61,148	\$ 2,496	\$ 63,644
2017	62,310	1,334	63,644
2018	36,893	232	37,125
	<u>\$ 160,351</u>	<u>\$ 4,062</u>	<u>\$ 164,413</u>

Revenue Bonds Payable – Series 2001

In December 2001, the City issued \$6,590,000 in Water and Sewer Authority Revenue Bonds with an average rate of 4.2% to advance refund \$5,080,000 of outstanding 1994 Series bonds with an average interest rate of 6.1% and to pay off \$682,000 of capital leases. The net proceeds of \$5.7 million (after payment of \$143,400 in underwriting fees, insurance, other issuance costs and capital lease payment) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Series bonds. As a result, the 1994 Series bonds were considered to be defeased and the liability for those bonds was removed from the books. On July 1, 2004, the bonds were called and paid in full. Series 2001 Revenue Bonds Payable were paid in full during year ended June 30, 2015.

Revenue Bonds Payable - Series 2004A

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

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The bond principal payments are due on August 1 each year. Interest is payable semi-annually on February 1 and August 1 each year. Series 2004A Revenue Bonds currently outstanding are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 490,000	\$ 196,080	\$ 686,080
2017	515,000	171,960	686,960
2018	540,000	146,640	686,640
2019	565,000	120,120	685,120
2020	595,000	92,280	687,280
2021-2025	<u>1,625,000</u>	<u>122,040</u>	<u>1,747,040</u>
	<u>\$ 4,330,000</u>	<u>\$ 849,120</u>	<u>\$ 5,179,120</u>

Revenue Bonds Payable – Series 2004B

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 230,000	\$ 78,259	\$ 308,259
2017	245,000	72,008	317,008
2018	255,000	65,004	320,004
2019	270,000	57,867	327,867
2020	290,000	50,254	340,254
2021-2025	<u>1,705,000</u>	<u>120,992</u>	<u>1,825,992</u>
	<u>\$ 2,995,000</u>	<u>\$ 444,384</u>	<u>\$ 3,439,384</u>

Revenue Bonds Payable – Series 2007

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

(continued)

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

(continued)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 105,000	\$ 70,281	\$ 175,281
2017	110,000	65,819	175,819
2018	120,000	61,144	181,144
2019	120,000	56,044	176,044
2020	125,000	50,944	175,944
2021-2025	725,000	168,469	893,469
2026-2027	330,000	21,875	351,875
	<u>\$ 1,635,000</u>	<u>\$ 494,576</u>	<u>\$ 2,129,576</u>

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

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

Series 2014A-1

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ -	\$ 220,800	\$ 220,800
2017	105,000	218,789	323,789
2018	380,000	209,501	589,501
2019	395,000	194,660	589,660
2020	410,000	179,244	589,244
2021-2025	2,295,000	643,918	2,938,918
2026-2029	2,180,000	170,818	2,350,818
	<u>\$ 5,765,000</u>	<u>\$ 1,837,730</u>	<u>\$ 7,602,730</u>

Series 2014A-2

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2016	\$ 355,000	\$ 11,948	\$ 366,948
2017	265,000	3,577	268,577
	<u>\$ 620,000</u>	<u>\$ 15,525</u>	<u>\$ 635,525</u>

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

3-E. Interfund Receivables, Payables and Transfers

The composition of interfund balances reported in the fund financial statements as of June 30, 2015, is as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>			<u>Total</u>
	<u>Hotel/ Motel</u>	<u>Non-Major Capital Projects</u>	<u>Development Authority</u>	
General Fund	\$ 168,542	\$ 422,101	\$ -	\$ 590,643
<u>Non-Major Governmental</u>				
Special Revenue	224,723	-	-	224,723
Capital Projects	-	-	175,249	175,249
Total	<u>\$ 393,265</u>	<u>\$ 422,101</u>	<u>\$ 175,249</u>	<u>\$ 990,615</u>

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

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>						<u>Total</u>
	<u>General</u>	<u>Hotel/ Motel</u>	<u>Non-Major Special Revenue</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Development Authority</u>	
General Fund	\$ -	\$ 975,296	\$ -	\$ 554,667	\$ 11,050	\$ -	\$ 1,541,013
<u>Non-Major Governmental</u>							
Special Revenue	-	1,300,395	-	-	-	-	1,300,395
Capital Projects	-	-	108,817	-	-	236,291	345,108
Water and Sewer	-	-	-	-	-	4,537,153	4,537,153
Development Authority	324,612	-	212,258	460,686	-	-	997,556
Total	<u>\$ 324,612</u>	<u>\$ 2,275,691</u>	<u>\$ 321,075</u>	<u>\$ 1,015,353</u>	<u>\$ 11,050</u>	<u>\$ 4,773,444</u>	<u>\$ 8,721,225</u>

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

3-F. Pension Plan

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

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

Plan Membership. At January 1, 2015, pension plan membership consisting of the following:

Retirees and beneficiaries currently receiving benefits	93
Terminated members entitled to but not yet receiving benefits	25
Active plan participants	<u>120</u>
Total	<u><u>238</u></u>

Contributions. The contribution requirements of the City are established and may be amended by City Council. The City is required to contribute at an actuarially determined rate. The City Council provides for the benefits and funding through a City ordinance and maintains the authority to change the policy. The City's plan is non-contributory, and the City's policy is to contribute 100% of an actuarially determined rate. City contributions to the Plan were \$557,148 for the year ended June 30, 2015.

Net Pension Liability of the City. Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2015.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of June 30, 2015. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	Zero for 2 years then 2.9 to 4.9%
Investment rate of return	7.50%, including inflation, net of investment expense

Mortality rates were based on the 1983 GAM Mortality table. The actuarial assumptions used were based on the results of an actuarial experience study complete in May 2005 taking into account 10 years of data experience.

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 geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	30%	3.20%
Domestic/International Equities	70%	6.20%

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

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2014	\$ 28,073,290	\$ 25,031,412	\$ 3,041,878
Changes for the year:			
Service Cost	117,867	-	117,867
Interest	2,032,600	-	2,032,600
Differences between expected and actual experience	46,762	-	46,762
Contributions - employer	-	557,148	(557,148)
Net Investment Income	-	563,309	(563,309)
Benefit Payments	(2,219,779)	(2,219,779)	-
Balance at June 30, 2015	<u>\$ 28,050,740</u>	<u>\$ 23,932,090</u>	<u>\$ 4,118,650</u>

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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's Net Pension Liability	\$ 7,177,802	\$ 4,118,650	\$ 1,561,487

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 June 30, 2015.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized negative pension expense of (\$157,861). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(continued)

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

(continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 86,970	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(738,566)
Total	<u>\$ 86,970</u>	<u>\$ (738,566)</u>

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

Year Ended June 30:	
2016	\$ (236,918)
2017	(236,918)
2018	(236,918)
2019	(236,916)
2020	260,846
Thereafter	35,228
	<u>\$ (651,596)</u>

Note 4 – Other Notes

4-A. Risk Management

General Liability and Property Damage

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee disability and natural disasters. The City maintains commercial insurance coverage covering each of the above risks of loss and did not experience any settlements that exceeded their insurance coverage over the past three fiscal years. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City.

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

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2015	\$ 26,350	\$ 8,201	\$ 30,031	\$ 4,520
2014	14,689	39,327	27,666	26,350
2013	95,800	45,030	126,141	14,689

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

4-B. Post Employment Healthcare Plan

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

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

As of July 1, 2014, employee membership data related to the two OPEB plans was as follows:

	Medical and <u>Dental</u>	Life <u>Insurance</u>
Retirees and beneficiaries currently receiving benefits	66	48
Active plan participants	<u>110</u>	<u>110</u>
Total	<u>176</u>	<u>158</u>

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

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

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

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

(continued)

	Medical and <u>Dental</u>	Life <u>Insurance</u>	<u>Total</u>
Determination of Annual Required Contribution			
Normal Cost at year end	\$ 222,846	\$ 15,354	\$ 238,200
Amortization of UAAL	<u>364,062</u>	<u>35,564</u>	<u>399,626</u>
Annual Required Contribution (ARC)	<u>\$ 586,908</u>	<u>\$ 50,918</u>	<u>\$ 637,826</u>
Determination of Net OPEB Obligation			
Annual Required Contributions	\$ 586,908	\$ 50,918	\$ 637,826
Interest on net OPEB obligations	75,864	6,400	82,264
Adjustment to ARC	<u>(98,218)</u>	<u>(5,979)</u>	<u>(104,197)</u>
Annual OPEB cost	564,554	51,339	615,893
Contributions made:			
Employer *	<u>(462,421)</u>	<u>(19,500)</u>	<u>(481,921)</u>
Increase (Decrease) in net OPEB obligation	102,133	31,839	133,972
Net OPEB obligation - beginning of year	<u>1,644,619</u>	<u>126,848</u>	<u>1,771,467</u>
Net OPEB obligation - end of year	<u>\$ 1,746,752</u>	<u>\$ 158,687</u>	<u>\$ 1,905,439</u>

*Employer contributions will be equal to the net expected employer benefits payments (gross benefit cost offset by the retiree's contributions) during the 2015 fiscal year plus any additional funds the City will place in a GASB 45 qualifying trust. GASB 45 defines contributions for this purpose to be actual benefit payments during the year plus contributions, if any, to a separate irrevocable trust. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
Medical and Dental Benefits			
6/30/2013	\$ 563,327	76.49%	\$ 1,595,750
6/30/2014	\$ 570,654	91.44%	\$ 1,644,619
6/30/2015	\$ 564,554	81.91%	\$ 1,746,752
Life Insurance			
6/30/2013	\$ 48,911	50.47%	\$ 97,139
6/30/2014	\$ 49,210	39.63%	\$ 126,848
6/30/2015	\$ 51,339	37.98%	\$ 158,687

Funded Status and Funding Progress. As of July 1, 2014, based on an actuarial valuation as of July 1, 2012 rolled forward, the actuarial accrued liability (AAL) for benefits was \$7,417,498 for medical and dental and \$660,775 for life insurance. The City's funding includes employer and participant contributions. These amounts are also the unfunded actuarial accrued liability (UAAL). Covered payroll for each plan was approximately \$4.9 million. The UAAL as a percentage of covered payroll was 151.01% for the medical and dental plan and 14.06% for the life insurance plan. A Schedule of Funding Progress is also presented for the past six years in the Required Supplementary Information section of this report.

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress shows multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the actuarial valuation dated July 1, 2012, the projected unit credit cost method was used. The actuarial assumptions include a 4.0 percent discount rate for unfunded. Other actuarial assumptions include mortality rates using the 1983 GAM, withdrawal rates based on the age of the employee, disability rates, retirement rates and an annual healthcare cost trend rate of 5.0 percent. The UAAL is being amortized over open periods using level dollar payments. The amortization period is currently 25 years and will grade down to 15 years.

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

4-C. Deferred Compensation and Other Employee Benefit Plans

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

Under the terms of the Plan, employees may defer a portion of their salary through voluntary contributions to the Plan, up to the maximum allowable by federal law. The City does not make contributions to the Plan. During the year, Plan members made voluntary contributions of \$52,956 to the plan.

The City also provides an opportunity for the City Manager and Finance Director to participate in a defined contribution money-purchase pension plan, known as City of Hapeville/City Manager Plan, administered by ICMA Retirement Corporation. The City contributes 25% of the City Manager's salary only. Mandatory participant contributions are required to be eligible for the employer contribution. There is no vesting period. Loans are not permitted under the Plan. Pension expense contributions made by the City under this plan for the year ended June 30, 2015 were \$27,094. The City Manager and Finance Director contributed a total of \$43,248 to the plan.

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

4-D. Joint Ventures

Regional Commissions. Under Georgia law, the City, in conjunction with other cities and counties in the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, if assessed. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member

City of Hapeville, Georgia
Notes to Financial Statements
June 30, 2015

governments are liable for any debts or obligations of ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

4-E. Hotel/Motel Lodging Tax

The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(4.5). The City is required to spend an amount equal to 28.58 percent of the total taxes collected at the rate of 7 percent for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues of \$2,275,691 were received. Of this amount, \$975,296 was transferred to the General Fund of the City of Hapeville and the remaining \$1,300,395 was transferred to the Association of Tourism and Trade Special Revenue Fund – a blended component unit and also a separate 501(c)(3) organization.

4-F. Changes in Accounting Principles

The City has determined that a restatement to the July 1, 2014 beginning net position was required to recognize the change in account principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as of July 1, 2014, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the City as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning net position, July 1, 2014, as previously reported	\$ 14,009,973	\$ 3,076,825
Changes in accounting principle due to implementation of GASB Statement No. 68:		
Deferred Outflows of Resources	40,885	4,543
Net Pension Liability	(2,737,690)	(304,188)
Deferred Inflows of Resources	<u>(2,240,043)</u>	<u>(248,765)</u>
Beginning net position, July 1, 2014, as restated	<u>\$ 9,073,125</u>	<u>\$ 2,528,415</u>

	<u>Water and Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Development Authority</u>	<u>Total</u>
Beginning net position, July 1, 2014, as previously reported	\$ 10,666,103	\$ 51,416	\$ (7,665,442)	\$ 3,052,077
Changes in accounting principle due to implementation of GASB Statement No. 68:				
Deferred Outflows of Resources	2,726	1,817	-	4,543
Net Pension Liability	(182,513)	(121,675)	-	(304,188)
Deferred Inflows of Resources	<u>(149,259)</u>	<u>(99,506)</u>	<u>-</u>	<u>(248,765)</u>
Beginning net position, July 1, 2014, as restated	<u>\$ 10,337,057</u>	<u>\$ (167,948)</u>	<u>\$ (7,665,442)</u>	<u>\$ 2,503,667</u>

REQUIRED SUPPLEMENTARY INFORMATION



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

Fiscal Years Ending June 30	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 117,867	\$ 121,891
Interest on total pension liability	2,032,600	2,034,184
Differences between expected and actual experience	46,762	45,428
Benefit payments	<u>(2,219,779)</u>	<u>(2,217,473)</u>
Net change in total pension liability	(22,550)	(15,970)
Total pension liability - beginning	<u>28,073,290</u>	<u>28,089,260</u>
Total pension liability - ending	<u>\$ 28,050,740</u>	<u>\$ 28,073,290</u>
Plan fiduciary net position		
Contributions - employer	\$ 557,148	\$ 1,158,240
Net investment income	563,309	3,892,858
Benefit payments	(2,219,779)	(2,217,473)
Administrative expenses	<u>-</u>	<u>(69,202)</u>
Net change in plan fiduciary net position	(1,099,322)	2,764,423
Plan fiduciary net position - beginning	<u>25,031,412</u>	<u>22,266,989</u>
Plan fiduciary net position - ending	<u>\$ 23,932,090</u>	<u>\$ 25,031,412</u>
Net pension liability - ending	<u>\$ 4,118,650</u>	<u>\$ 3,041,878</u>
Plan fiduciary net position as a percentage of total pension liability	85.32%	89.16%
Covered employee payroll	\$ 5,249,658	\$ 4,912,290
Net pension liability as a percentage of covered employee payroll	78.46%	61.92%

Notes to the Schedule:

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

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

Fiscal Years Ending June 30	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 557,148	\$ 1,158,240
Contributions in relation to the actuarially determined contribution	<u>557,148</u>	<u>1,158,240</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,249,658	\$ 4,912,290
Contributions as a percentage of covered-employee payroll	10.61%	23.58%

Notes to the Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of January 1, 18 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Cost method	Individual Entry Age
Actuarial Asset Valuation Method	Market
Assumed Rate of Return on Investments	7.5% net of investment expenses
Projected Salary Increases	3.0% with 2 years of raises and a salary bonus backed out
Inflation	2.50%
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	Varies by Source of Amortization

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

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

Fiscal Years Ending June 30	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expenses for City of Hapeville's Pension Plan	2.3%	18.1%

Notes to the Schedule:

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2014	\$ 24,926,061	\$ 23,992,278	\$ (933,783)	103.89%	\$ 4,912,000	-19.01%
1/1/2013	22,790,990	23,629,638	838,648	96.45%	4,769,000	17.59%
1/1/2012	20,894,095	23,329,058	2,434,963	89.56%	4,880,000	49.90%
1/1/2011	20,612,085	23,469,080	2,856,995	87.83%	4,913,000	58.15%
1/1/2010	21,464,632	21,499,692	35,060	99.84%	4,692,000	0.75%
1/1/2009	22,473,567	21,223,571	(1,249,996)	105.89%	4,805,000	-26.01%
1/1/2008	25,440,801	25,696,305	255,504	99.01%	3,893,000	6.56%
1/1/2007	25,271,778	26,328,510	1,056,732	95.99%	5,177,000	20.41%
1/1/2006	24,742,151	34,133,906	9,391,755	72.49%	5,315,000	176.70%
1/1/2005	23,273,947	33,691,472	10,417,525	69.08%	5,274,000	197.53%

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

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

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2015	\$ 557,148	100.00%
2014	1,158,240	122.19%
2013	1,408,978	84.75%
2012	1,288,513	100.00%
2011	1,147,023	100.00%
2010	1,060,044	100.00%
2009	546,923	100.00%
2008	1,587,630	100.00%
2007	1,735,216	100.00%

Data prior to 2007 is not available.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2014	\$ -	\$ 7,417,498	\$ 7,417,498	0.00%	\$ 4,912,000	151.01%
7/1/2013	-	7,790,844	7,790,844	0.00%	4,769,000	163.36%
7/1/2012	-	7,707,690	7,707,690	0.00%	4,880,000	157.94%
7/1/2011	-	8,115,734	8,115,734	0.00%	4,913,000	165.19%
1/1/2010	-	9,241,537	9,241,537	0.00%	4,692,000	196.96%
1/1/2009	-	8,885,190	8,885,190	0.00%	4,805,000	184.92%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2014	\$ -	\$ 690,775	\$ 690,775	0.00%	\$ 4,912,000	14.06%
7/1/2013	-	668,564	668,564	0.00%	4,769,000	14.02%
7/1/2012	-	652,858	652,858	0.00%	4,880,000	13.38%
7/1/2011	-	645,517	645,517	0.00%	4,913,000	13.14%
1/1/2010	-	531,152	531,152	0.00%	4,692,000	11.32%
1/1/2009	-	489,413	489,413	0.00%	4,805,000	10.19%

OTHER SUPPLEMENTARY INFORMATION



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City of Hapeville, Georgia

Non-Major Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

City of Hapeville, Georgia
Combining Balance Sheet - Summary
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 311,885	\$ 48,654	\$ 360,539
Interfund Receivable	224,723	175,249	399,972
Other Receivables	<u>2,815</u>	<u>289,484</u>	<u>292,299</u>
Total Assets	<u>\$ 539,423</u>	<u>\$ 513,387</u>	<u>\$ 1,052,810</u>
Liabilities			
Accounts Payable	\$ 10,758	\$ 42,872	\$ 53,630
Accrued Liabilities	12,043	-	12,043
Deferred Revenue	-	48,414	48,414
Interfund Payable	<u>-</u>	<u>422,101</u>	<u>422,101</u>
Total Liabilities	22,801	513,387	536,188
Fund Balance			
Restricted for:			
Program Purposes	<u>516,622</u>	<u>-</u>	<u>516,622</u>
Total Liabilities and Fund Balance	<u>\$ 539,423</u>	<u>\$ 513,387</u>	<u>\$ 1,052,810</u>

City of Hapeville, Georgia
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2015

	Non-Major Special Revenue Funds					Total Non-Major Special Revenue Funds
	Asset Forfeiture	Emergency Communications	Rental Motor Vehicle Excise Tax	Association of Tourism and Trade	Other Special Revenues	
Assets						
Cash and Cash Equivalents	\$ 19,206	\$ -	\$ -	\$ 290,732	\$ 1,947	\$ 311,885
Interfund Receivable	-	-	-	224,723	-	224,723
Other Receivables	-	-	-	-	2,815	2,815
Total Assets	<u>\$ 19,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,455</u>	<u>\$ 4,762</u>	<u>\$ 539,423</u>
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ 10,222	\$ 536	\$ 10,758
Accrued Liabilities	-	-	-	12,043	-	12,043
Total Liabilities	-	-	-	22,265	536	22,801
Fund Balance						
Restricted for Program Purposes	19,206	-	-	493,190	4,226	516,622
Total Liabilities and Fund Balance	<u>\$ 19,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 515,455</u>	<u>\$ 4,762</u>	<u>\$ 539,423</u>

City of Hapeville, Georgia
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2015

	Non-Major Capital Project Funds						Total Non-Major Capital Projects Funds
	Loop Access Road	North Central Ave Streetscape	Dogwood/ North Ave Streetscape	North Fulton Streetscape	Rail Facilities and Corridor	Other Capital Projects	
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,654	\$ 48,654
Interfund Receivable	-	-	-	-	-	175,249	175,249
Other Receivables	<u>15,999</u>	<u>92,184</u>	<u>21,101</u>	<u>104,232</u>	<u>55,968</u>	<u>-</u>	<u>289,484</u>
Total Assets	<u>\$ 15,999</u>	<u>\$ 92,184</u>	<u>\$ 21,101</u>	<u>\$ 104,232</u>	<u>\$ 55,968</u>	<u>\$ 223,903</u>	<u>\$ 513,387</u>
Liabilities							
Accounts Payable	\$ 9,332	\$ 11,920	\$ 5,167	\$ -	\$ 16,213	\$ 240	\$ 42,872
Deferred Revenue	-	-	-	-	-	48,414	48,414
Interfund Payable	<u>6,667</u>	<u>80,264</u>	<u>15,934</u>	<u>104,232</u>	<u>39,755</u>	<u>175,249</u>	<u>422,101</u>
Total Liabilities	15,999	92,184	21,101	104,232	55,968	223,903	513,387
Fund Balance							
Restricted for Construction of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 15,999</u>	<u>\$ 92,184</u>	<u>\$ 21,101</u>	<u>\$ 104,232</u>	<u>\$ 55,968</u>	<u>\$ 223,903</u>	<u>\$ 513,387</u>

City of Hapeville, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Summary
Non-Major Governmental Funds
For The Year Ended June 30, 2015

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues			
Other Taxes	\$ 26,855	\$ -	\$ 26,855
Charges for Services	73,906	-	73,906
Grant Revenues	28,367	612,476	640,843
Other Revenues	5,685	-	5,685
Total Revenue	<u>134,813</u>	<u>612,476</u>	<u>747,289</u>
Expenditures			
Current:			
Public Safety	100,761	-	100,761
Culture and Recreation	13,155	-	13,155
Trade, Tourism and Development	695,948	-	695,948
Capital Outlay	-	957,584	957,584
Total Expenditures	<u>809,864</u>	<u>957,584</u>	<u>1,767,448</u>
Excess Revenues Over (Under) Expenditures	(675,051)	(345,108)	(1,020,159)
Other Financing Sources (Uses)			
Transfers In	1,300,395	345,108	1,645,503
Transfers (Out)	<u>(321,075)</u>	<u>-</u>	<u>(321,075)</u>
Net Change in Fund Balances	304,269	-	304,269
Fund Balance, Beginning of Year	<u>212,353</u>	<u>-</u>	<u>212,353</u>
Fund Balance, End of Year	<u>\$ 516,622</u>	<u>\$ -</u>	<u>\$ 516,622</u>

City of Hapeville, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
June 30, 2015

	Non-Major Special Revenue Funds					Total Non-Major Special Revenue Funds
	Asset Forfeiture	Emergency Communications	Rental Motor Vehicle Excise Tax	Association of Tourism and Trade	Other Special Revenues	
Revenues						
Taxes	\$ -	\$ -	\$ 26,855	\$ -	\$ -	\$ 26,855
Charges for Services	-	73,906	-	-	-	73,906
Grant Revenues	-	-	-	16,000	12,367	28,367
Other Revenues	-	-	-	4,250	1,435	5,685
Total Revenue	-	73,906	26,855	20,250	13,802	134,813
Expenditures						
Public Safety	-	73,906	26,855	-	-	100,761
Culture and Recreation	-	-	-	-	13,155	13,155
Trade, Tourism and Development	-	-	-	695,948	-	695,948
Total Expenditures	-	73,906	26,855	695,948	13,155	809,864
Excess Revenues Over (Under) Expenditures	-	-	-	(675,698)	647	(675,051)
Other Financing Sources (Uses)						
Transfers In	-	-	-	1,300,395	-	1,300,395
Transfers (Out)	-	-	-	(321,075)	-	(321,075)
Net Change in Fund Balances	-	-	-	303,622	647	304,269
Fund Balance, Beginning of year	19,206	-	-	189,568	3,579	212,353
Fund Balance, End of Year	\$ 19,206	\$ -	\$ -	\$ 493,190	\$ 4,226	\$ 516,622

City of Hapeville, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
For The Year Ended June 30, 2015

	Non-Major Capital Projects Funds							Total Non-Major Capital Projects Funds
	Loop Access Road	North Central Ave Streetscape	Dogwood/ North Ave Streetscape	North Fulton Streetscape	Rail Facilities and Corridor	Other Capital Projects		
Revenues								
Grant Revenues	\$ 69,632	\$ 110,264	\$ 32,561	\$ 177,668	\$ 150,509	\$ 71,842	\$	612,476
Expenditures								
Capital Outlay	87,040	137,830	40,701	222,085	150,509	319,419		957,584
Excess Revenues Over (Under) Expenditures	(17,408)	(27,566)	(8,140)	(44,417)	-	(247,577)		(345,108)
Other Financing Sources (Uses)								
Transfers In	17,408	27,566	8,140	44,417	-	247,577		345,108
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$</u>	<u>-</u>

City of Hapeville, Georgia
 Asset Forfeiture Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 For the Year Ended June 30, 2015

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

City of Hapeville, Georgia
Emergency Communications Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For The Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenue			
Charges for Services	\$ 74,000	\$ 73,906	\$ (94)
Expenditures			
Public Safety	<u>74,000</u>	<u>73,906</u>	<u>94</u>
Excess of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Hapeville, Georgia
Rental Motor Vehicle Excise Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For The Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenue			
Taxes	\$ 30,000	\$ 26,855	\$ (3,145)
Expenditures			
Public Safety	<u>30,000</u>	<u>26,855</u>	<u>3,145</u>
Excess of Revenues Over (Under)			
Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Hapeville, Georgia
Association of Tourism and Trade
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For The Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenue			
Grant Revenues	\$ -	\$ 16,000	\$ 16,000
Other Revenues	<u>-</u>	<u>4,250</u>	<u>4,386</u>
	-	20,250	20,386
Expenditures			
Trade and Tourism	<u>947,936</u>	<u>695,948</u>	<u>251,988</u>
Excess of Revenues Over (Under)			
Expenditures	<u>(947,936)</u>	<u>(675,698)</u>	<u>272,238</u>
Other Financing Sources (Uses)			
Transfers In	1,597,936	1,300,395	(297,541)
Transfers (Out)	<u>(650,000)</u>	<u>(321,075)</u>	<u>328,925</u>
	<u>947,936</u>	<u>979,320</u>	<u>31,384</u>
Net Change in Fund Balances	-	303,622	303,622
Fund Balance, Beginning of Year	<u>189,568</u>	<u>189,568</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 189,568</u>	<u>\$ 493,190</u>	<u>\$ 303,622</u>

City of Hapeville, Georgia
Other Special Revenues Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For The Year Ended June 30, 2015

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenue			
Grant Revenues			
Bright Start Grant Revenue	\$ 15,000	\$ 12,367	\$ 2,633
Other Revenues			
Donations for Park Fountain	<u>11,000</u>	<u>1,435</u>	<u>9,565</u>
Total Revenue	<u>26,000</u>	<u>13,802</u>	<u>12,198</u>
Expenditures			
Culture and Recreation:			
Bright Start	15,000	12,530	2,470
Park Fountain	<u>11,000</u>	<u>625</u>	<u>10,375</u>
Total Expenditures	<u>26,000</u>	<u>13,155</u>	<u>12,845</u>
Excess of Revenues Over (Under)			
Expenditures	-	647	647
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	647	647
Fund Balance, Beginning of Year	<u>-</u>	<u>3,579</u>	<u>3,579</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 4,226</u>	<u>\$ 4,226</u>

City of Hapeville, Georgia
Loop Access Road Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Budget</u>
Revenues:				
Intergovernmental - Living Centers				
Initiative (LCI) Grant	\$ 454,955	\$ 69,632	\$ 524,587	\$ 600,000
Expenditures:				
Capital Outlay	<u>565,236</u>	<u>87,040</u>	<u>652,276</u>	<u>750,000</u>
Excess Revenues Over (Under)				
Expenditures	(110,281)	(17,408)	(127,689)	(150,000)
Other Financing Sources (Uses)				
Transfers In	<u>110,281</u>	<u>17,408</u>	<u>127,689</u>	<u>150,000</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		
Fund Balance, End of Year		<u>\$ -</u>		

City of Hapeville, Georgia
North Central Avenue Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Budget</u>
Revenues:				
Intergovernmental - Living Centers				
Initiative (LCI) Grant	\$ 179,922	\$ 110,264	\$ 290,186	\$ 218,400
Expenditures:				
Capital Outlay	<u>229,991</u>	<u>137,830</u>	<u>367,821</u>	<u>273,000</u>
Excess Revenues Over (Under)				
Expenditures	(50,069)	(27,566)	(77,635)	(54,600)
Other Financing Sources (Uses)				
Transfers In	<u>50,069</u>	<u>27,566</u>	<u>77,635</u>	<u>54,600</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		
Fund Balance, End of Year		<u>\$ -</u>		

City of Hapeville, Georgia
Dogwood Drive/North Avenue Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Budget</u>
Revenues:				
Intergovernmental - Living Centers				
DOT Grant	\$ 178,883	\$ 32,561	\$ 211,444	\$ 248,440
Expenditures:				
Capital Outlay	<u>228,649</u>	<u>40,701</u>	<u>269,350</u>	<u>310,550</u>
Excess Revenues Over (Under)				
Expenditures	(49,766)	(8,140)	(57,906)	(62,110)
Other Financing Sources (Uses)				
Transfers In	<u>49,766</u>	<u>8,140</u>	<u>57,906</u>	<u>62,110</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		
Fund Balance, End of Year		<u>\$ -</u>		

City of Hapeville, Georgia
North Fulton Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Budget</u>
Revenues:				
Intergovernmental Agreement - Transportation				
North Fulton (TE) Grant	\$ -	\$ 177,668	\$ 177,668	\$ 455,000
Expenditures:				
Capital Outlay	<u>90,870</u>	<u>222,085</u>	<u>312,955</u>	<u>568,750</u>
Excess Revenues Over (Under)				
Expenditures	(90,870)	(44,417)	(135,287)	(113,750)
Other Financing Sources (Uses)				
Transfers In	<u>90,870</u>	<u>44,417</u>	<u>135,287</u>	<u>113,750</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		
Fund Balance, End of Year		<u>\$ -</u>		

City of Hapeville, Georgia
Rail Facilities and Corridor Grant
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Budget</u>
Revenues:				
Intergovernmental - DOT Grant				
DOT Grant for Railroad	\$ 285,355	\$ 150,509	\$ 435,864	\$ 452,000
Expenditures:				
Capital Outlay	<u>285,355</u>	<u>150,509</u>	<u>435,864</u>	<u>452,000</u>
Excess Revenues Over (Under)				
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		
Fund Balance, End of Year		<u>\$ -</u>		

City of Hapeville, Georgia
Other Capital Projects
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
From Inception and for the Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Budget</u>
Revenues:				
Intergovernmental - DOT				
Grant Revenues	\$ -	\$ 71,842	\$ 71,842	\$ 120,256
Expenditures:				
Capital Outlay	<u>108,740</u>	<u>319,418</u>	<u>428,158</u>	<u>881,541</u>
Excess Revenues Over (Under)				
Expenditures	(108,740)	(247,576)	(356,316)	(761,285)
Other Financing Sources (Uses)				
Transfers In	<u>108,740</u>	<u>247,576</u>	<u>356,316</u>	<u>761,285</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year		<u>-</u>		
Fund Balance, End of Year		<u>\$ -</u>		

STATISTICAL SECTION



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

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

Contents

Exhibits

Financial Trends

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

I - XI-A

Revenue Capacity

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

XII-XXIII

Debt Capacity

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

XXIV-XXVI

Demographic and Economic Information

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

XXVII-XXVIII

Operating Information

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs. The City has not been accumulating operating statistics but will begin in fiscal year 2015.

XXIX-XXXII

Data Source:

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

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

	For the Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities										
General government	\$ 1,400,815	\$ 1,280,910	\$ 1,788,672	\$ 1,989,413	\$ 1,485,410	\$ 1,656,739	\$ 1,663,338	\$ 1,753,542	\$ 2,148,678	\$ 2,086,642
Public safety	7,008,144	6,424,365	5,486,095	5,484,335	6,203,308	6,352,891	6,282,263	6,239,602	5,923,757	5,011,852
Highways and streets	1,625,190	1,367,043	1,245,904	1,258,880	1,393,790	1,221,317	1,283,554	1,263,217	1,101,104	1,025,120
Culture and recreation	447,121	777,705	566,842	398,171	501,631	505,923	599,769	603,976	557,634	548,727
Parks and grounds	717,302	892,599	653,652	716,252	735,937	806,653	895,269	1,012,004	1,051,603	934,433
Planning and zoning ¹	734,039	677,387	566,481	649,217	944,020	997,670	851,305	893,210	273,602	284,203
Trade, tourism and development ¹	67,786	122,165	30,260	1,115,853	927,722	966,864	894,111	1,002,938	594,325	673,741
Debt-related expenses	77,577	84,994	95,207	144,944	175,689	336,976	332,543	314,830	16,782	11,008
Total Primary Government Expenses	12,077,974	11,627,168	10,433,113	11,757,065	12,367,507	12,845,033	12,802,152	13,083,319	11,667,485	10,575,726
Program Revenues:										
Governmental Activities										
Charges for services	1,099,399	1,370,694	1,939,215	1,862,404	1,543,971	1,740,491	1,710,470	1,958,670	1,011,165	1,048,241
Operating grants and contributions	26,147	57,318	13,939	20,570	20,100	29,354	81,631	77,234	49,232	40,977
Capital grants and contributions	705,254	212,251	145,148	284,917	590,972	2,236,472	1,651,861	1,411,890	725,947	613,912
Total Primary Government Program Revenues	1,830,800	1,640,263	2,098,302	2,167,891	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130
Net (Expense) Revenue	(10,247,174)	(9,986,905)	(8,334,811)	(9,589,174)	(10,212,464)	(8,838,716)	(9,358,190)	(9,635,525)	(9,881,141)	(8,872,596)
General Revenues:										
Governmental activities										
Taxes										
Property	4,030,352	3,830,563	4,866,883	5,001,623	4,785,375	4,521,462	3,924,999	4,185,266	4,066,615	3,795,160
Sales	1,563,603	1,648,432	1,664,596	1,487,305	1,492,207	1,503,326	1,598,359	1,596,392	1,668,856	1,739,336
Occupation	333,616	313,062	241,132	320,264	280,330	251,795	260,999	231,405	265,775	289,887
Franchise	702,545	731,273	622,223	678,640	661,534	682,581	762,675	549,260	643,481	673,023
Insurance premium	312,780	323,831	337,842	355,584	350,546	344,731	308,470	327,079	351,426	354,276
Hotel/motel	847,323	1,042,157	896,036	1,838,555	1,613,809	1,622,430	1,545,360	1,732,001	1,951,860	2,275,691
Other	623,453	637,102	576,005	947,893	572,989	421,820	649,075	592,961	544,169	558,608
Other local revenue	21,887	40,158	28,782	22,938	313,017	24,505	41,212	26,018	27,884	27,320
Unrestricted investment earnings	98,780	50,685	48,684	10,259	5,354	1,084	1,872	979	121	191
Transfers	(475,876)	(497,052)	(872,030)	(190,419)	-	141,143	290,322	258,899	(304,924)	265,139
Total Primary Government General Revenues	8,058,463	8,120,211	8,410,153	10,472,642	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631
Total Primary Government Change in Net Position	\$ (2,188,711)	\$ (1,866,694)	\$ 75,342	\$ 883,468	\$ (137,303)	\$ 676,161	\$ 25,153	\$ (135,265)	\$ (665,878)	\$ 1,106,035

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.

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

For the Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities										
General government	11.6%	11.0%	17.1%	16.9%	12.0%	12.9%	13.0%	13.4%	18.4%	19.7%
Public safety	58.0%	55.3%	52.6%	46.6%	50.2%	49.5%	49.1%	47.7%	50.8%	47.4%
Highways and streets	13.5%	11.8%	11.9%	10.7%	11.3%	9.5%	10.0%	9.7%	9.4%	9.7%
Culture and recreation	3.7%	6.7%	5.4%	3.4%	4.1%	3.9%	4.7%	4.6%	4.8%	5.2%
Parks and grounds	5.9%	7.7%	6.3%	6.1%	6.0%	6.3%	7.0%	7.7%	9.0%	8.8%
Planning and zoning ¹	6.1%	5.8%	5.4%	5.5%	7.6%	7.8%	6.6%	6.8%	2.3%	2.7%
Trade, tourism and development ¹	0.6%	1.1%	0.3%	9.5%	7.5%	7.5%	7.0%	7.7%	5.1%	6.4%
Debt-related expenses	0.6%	0.7%	0.9%	1.2%	1.4%	2.6%	2.6%	2.4%	0.2%	0.1%
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	60%	84%	92%	86%	72%	43%	50%	57%	57%	62%
Operating grants and contributions	1%	3%	1%	1%	1%	1%	2%	2%	3%	2%
Capital grants and contributions	39%	13%	7%	13%	27%	56%	48%	41%	41%	36%
Total Primary Government Program Revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
General Revenues:										
Governmental activities										
Taxes										
Property	50.0%	47.2%	57.9%	47.8%	47.5%	47.5%	41.8%	44.1%	44.1%	38.0%
Sales	19.4%	20.3%	19.8%	14.2%	14.8%	15.8%	17.0%	16.8%	18.1%	17.4%
Occupation	4.1%	3.9%	2.9%	3.1%	2.8%	2.6%	2.8%	2.4%	2.9%	2.9%
Franchise	8.7%	9.0%	7.4%	6.5%	6.6%	7.2%	8.1%	5.8%	7.0%	6.7%
Insurance premium	3.9%	4.0%	4.0%	3.4%	3.5%	3.6%	3.3%	3.4%	3.8%	3.6%
Hotel/motel	10.5%	12.8%	10.7%	17.6%	16.0%	17.1%	16.5%	18.2%	21.2%	22.8%
Other	7.7%	7.8%	6.8%	9.1%	5.7%	4.4%	6.9%	6.2%	5.9%	5.6%
Other local revenue	0.3%	0.5%	0.3%	0.2%	3.1%	0.3%	0.4%	0.3%	0.3%	0.3%
Unrestricted investment earnings	1.2%	0.6%	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	-5.9%	-6.1%	-10.4%	-1.8%	0.0%	1.5%	3.1%	2.7%	-3.3%	2.7%
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.

Data Source:

Applicable years' annual financial report.

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

Source	For the Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Water and sewer	\$ 3,321,382	\$ 2,932,767	\$ 3,194,968	\$ 2,743,568	\$ 2,915,006	\$ 3,335,691	\$ 3,025,737	\$ 2,898,013	\$ 2,898,611	\$ 2,915,863
Solid waste management	614,126	488,764	381,659	410,936	506,144	538,295	557,955	563,392	544,970	465,351
Development authority ¹	-	-	-	-	-	-	-	-	658,283	616,700
Total Expenses	<u>3,935,508</u>	<u>3,421,531</u>	<u>3,576,627</u>	<u>3,154,504</u>	<u>3,421,150</u>	<u>3,873,986</u>	<u>3,583,692</u>	<u>3,461,405</u>	<u>4,101,864</u>	<u>3,997,914</u>
Program Revenues:										
Charges for services	3,621,120	3,472,504	3,123,013	3,180,364	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,824,266
Operating grants	-	-	-	-	-	-	-	-	-	17,484
Total Program Revenues	<u>3,621,120</u>	<u>3,472,504</u>	<u>3,123,013</u>	<u>3,180,364</u>	<u>3,242,115</u>	<u>3,604,871</u>	<u>4,258,491</u>	<u>4,311,342</u>	<u>4,700,291</u>	<u>4,841,750</u>
Net (Expense) Revenue	<u>(314,388)</u>	<u>50,973</u>	<u>(453,614)</u>	<u>25,860</u>	<u>(179,035)</u>	<u>(269,115)</u>	<u>674,799</u>	<u>849,937</u>	<u>598,427</u>	<u>843,836</u>
General Revenues:										
Unrestricted investment income	45,501	60,565	35,119	-	-	-	-	-	-	-
Other	211,735	280,439	239,902	122,462	147,757	-	-	-	-	-
Transfers	475,876	497,052	872,030	190,419	-	(141,143)	(290,322)	(258,899)	304,924	(265,139)
Total General Revenues	<u>733,112</u>	<u>838,056</u>	<u>1,147,051</u>	<u>312,881</u>	<u>147,757</u>	<u>(141,143)</u>	<u>(290,322)</u>	<u>(258,899)</u>	<u>304,924</u>	<u>(265,139)</u>
Change in Net Position	<u>\$ 418,724</u>	<u>\$ 889,029</u>	<u>\$ 693,437</u>	<u>\$ 338,741</u>	<u>\$ (31,278)</u>	<u>\$ (410,258)</u>	<u>\$ 384,477</u>	<u>\$ 591,038</u>	<u>\$ 903,351</u>	<u>\$ 578,697</u>

Data Source:

Applicable years' annual 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.

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

Source	For the Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities ¹	\$ 12,077,974	\$ 11,627,168	\$ 10,433,113	\$ 11,757,065	\$ 12,367,507	\$ 12,845,033	\$ 12,802,152	\$ 13,083,319	\$ 11,667,485	\$ 10,575,726
Business-type activities ²	3,935,508	3,421,531	3,576,627	3,154,504	3,421,150	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914
Total Expenses	16,013,482	15,048,699	14,009,740	14,911,569	15,788,657	16,719,019	16,385,844	16,544,724	15,769,349	14,573,640
Program Revenues:										
Governmental activities ¹	1,830,800	1,640,263	2,098,302	2,167,891	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130
Business-type activities ²	3,621,120	3,472,504	3,123,013	3,180,364	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750
Total Program Revenues	5,451,920	5,112,767	5,221,315	5,348,255	5,397,158	7,611,188	7,702,453	7,759,136	6,486,635	6,544,880
Net (Expense) Revenue	(10,561,562)	(9,935,932)	(8,788,425)	(9,563,314)	(10,391,499)	(9,107,831)	(8,683,391)	(8,785,588)	(9,282,714)	(8,028,760)
General Revenues:										
Governmental activities ¹	8,058,463	8,120,211	8,410,153	10,472,642	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631
Business-type activities ²	733,112	838,056	1,147,051	312,881	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)
Total General Revenues	8,791,575	8,958,267	9,557,204	10,785,523	10,222,918	9,373,734	9,093,021	9,241,361	9,520,187	9,713,492
Change in Net Position	\$ (1,769,987)	\$ (977,665)	\$ 768,779	\$ 1,222,209	\$ (168,581)	\$ 265,903	\$ 409,630	\$ 455,773	\$ 237,473	\$ 1,684,732

Notes:¹ See Exhibit I² See Exhibit III

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 ²	2015 ³
Governmental Activities										
Net investment in capital assets	\$ 8,755,346	\$ 6,793,080	\$ 4,988,189	\$ 4,340,118	\$ 5,316,912	\$ 6,735,028	\$ 7,959,122	\$ 9,016,141	\$ 14,818,698	\$ 14,921,279
Restricted	-	-	-	-	-	47,232	17,664	17,710	263,636	567,630
Unrestricted	599,117	694,689	2,295,836	3,830,678	2,765,640	2,111,016	941,643	(107,688)	(1,072,361)	(5,309,749)
Subtotal Governmental Activities Net Position	9,354,463	7,487,769	7,284,025	8,170,796	8,082,552	8,893,276	8,918,429	8,926,163	14,009,973	10,179,160
Business-type Activities										
Net investment in capital assets	6,189,381	7,244,111	6,896,947	7,625,029	7,829,260	8,106,862	8,309,831	8,066,581	5,095,322	13,480,537
Restricted	595,179	617,611	651,970	681,498	271,948	668,862	682,055	695,907	1,259,777	901,288
Unrestricted	1,185,255	594,265	1,600,507	1,600,507	906,222	(202,206)	(33,891)	458,263	(3,278,274)	(11,274,713)
Subtotal Business-type Activities Net Position	7,969,815	8,455,987	9,149,424	9,907,034	9,007,430	8,573,518	8,957,995	9,220,751	3,076,825	3,107,112
Primary Government										
Net investment in capital assets	14,944,727	14,037,191	11,885,136	11,965,147	13,146,172	14,841,890	16,268,953	17,082,722	19,914,020	28,401,816
Restricted	595,179	617,611	651,970	681,498	649,998	716,094	699,719	713,617	1,523,413	1,468,918
Unrestricted	1,784,372	1,288,954	3,896,343	5,042,316	3,693,812	1,908,810	907,752	350,575	(4,350,635)	(16,584,462)
Total Primary Government Net Position	\$ 17,324,278	\$ 15,943,756	\$ 16,433,449	\$ 17,688,961	\$ 17,489,982	\$ 17,466,794	\$ 17,876,424	\$ 18,146,914	\$ 17,086,798	\$ 13,286,272

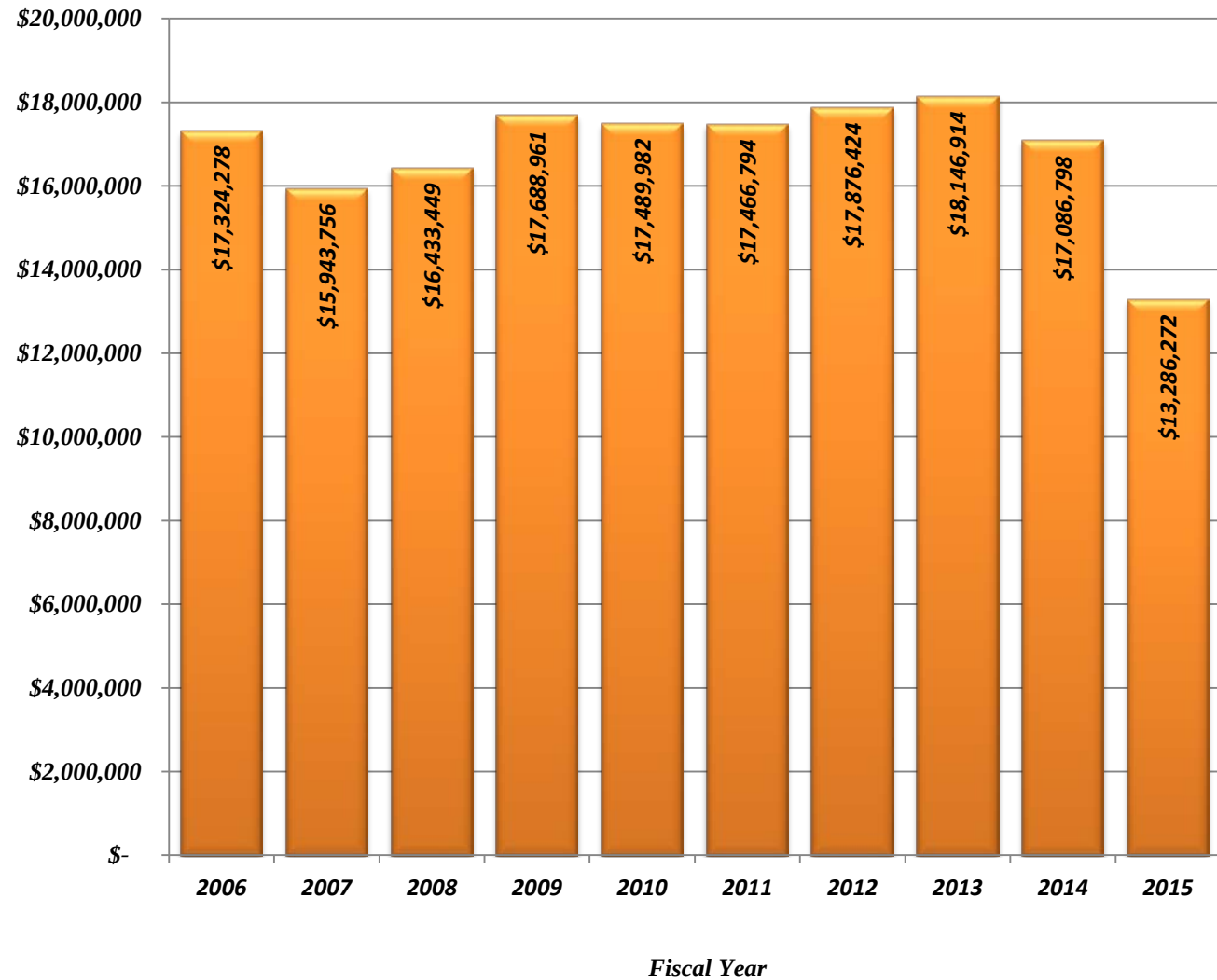
Notes:

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 the reporting the net pension obligation to be reported on the statement of net position.

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)

For the Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue Source	Amounts									
Taxes	\$ 8,098,236	\$ 8,758,540	\$ 9,120,904	\$ 10,374,440	\$ 9,919,404	\$ 9,283,461	\$ 9,121,022	\$ 9,243,503	\$ 9,625,523	\$ 9,642,439
Licenses and permits	278,740	333,729	481,863	211,765	184,368	217,233	202,589	235,481	162,052	210,250
Charges for services	302,493	428,531	831,618	1,138,522	1,027,030	1,006,773	1,054,535	1,224,244	341,630	353,917
Fines and forfeitures	518,166	608,434	551,570	488,274	336,133	529,436	445,239	494,250	515,742	480,305
Intergovernmental	714,242	245,804	145,925	198,372	28,707	1,226,856	1,244,920	1,205,269	736,294	640,843
Contributions	17,159	23,765	13,162	20,570	20,100	22,288	20,140	20,945	21,244	8,360
Investment earnings	98,780	50,685	48,684	6,981	804	861	1,726	979	121	191
Other local revenue	21,887	25,127	22,107	306,685	880,922	1,045,675	517,751	293,497	37,182	36,773
Total revenues	\$ 10,049,703	\$ 10,474,615	\$ 11,215,833	\$ 12,745,609	\$ 12,397,468	\$ 13,332,583	\$ 12,607,922	\$ 12,718,168	\$ 11,439,788	\$ 11,373,078
% change from prior year	-4.1%	4.2%	7.1%	13.6%	-2.7%	7.5%	-5.4%	0.9%	-10.1%	-0.6%
	Percentage of Total									
Taxes	80.6%	83.6%	81.3%	81.4%	80.0%	69.6%	72.3%	72.7%	84.1%	84.8%
Licenses and permits	2.8%	3.2%	4.3%	1.7%	1.5%	1.6%	1.6%	1.9%	1.4%	1.8%
Charges for services	3.0%	4.1%	7.4%	8.9%	8.3%	7.6%	8.4%	9.6%	3.0%	3.1%
Fines and forfeitures	5.2%	5.8%	4.9%	3.8%	2.7%	4.0%	3.5%	3.9%	4.5%	4.2%
Grant revenue	7.1%	2.3%	1.3%	1.6%	0.2%	9.2%	9.9%	9.5%	6.4%	5.6%
Contributions	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%
Investment earnings	1.0%	0.5%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	0.2%	0.2%	0.2%	2.4%	7.1%	7.8%	4.1%	2.3%	0.3%	0.4%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

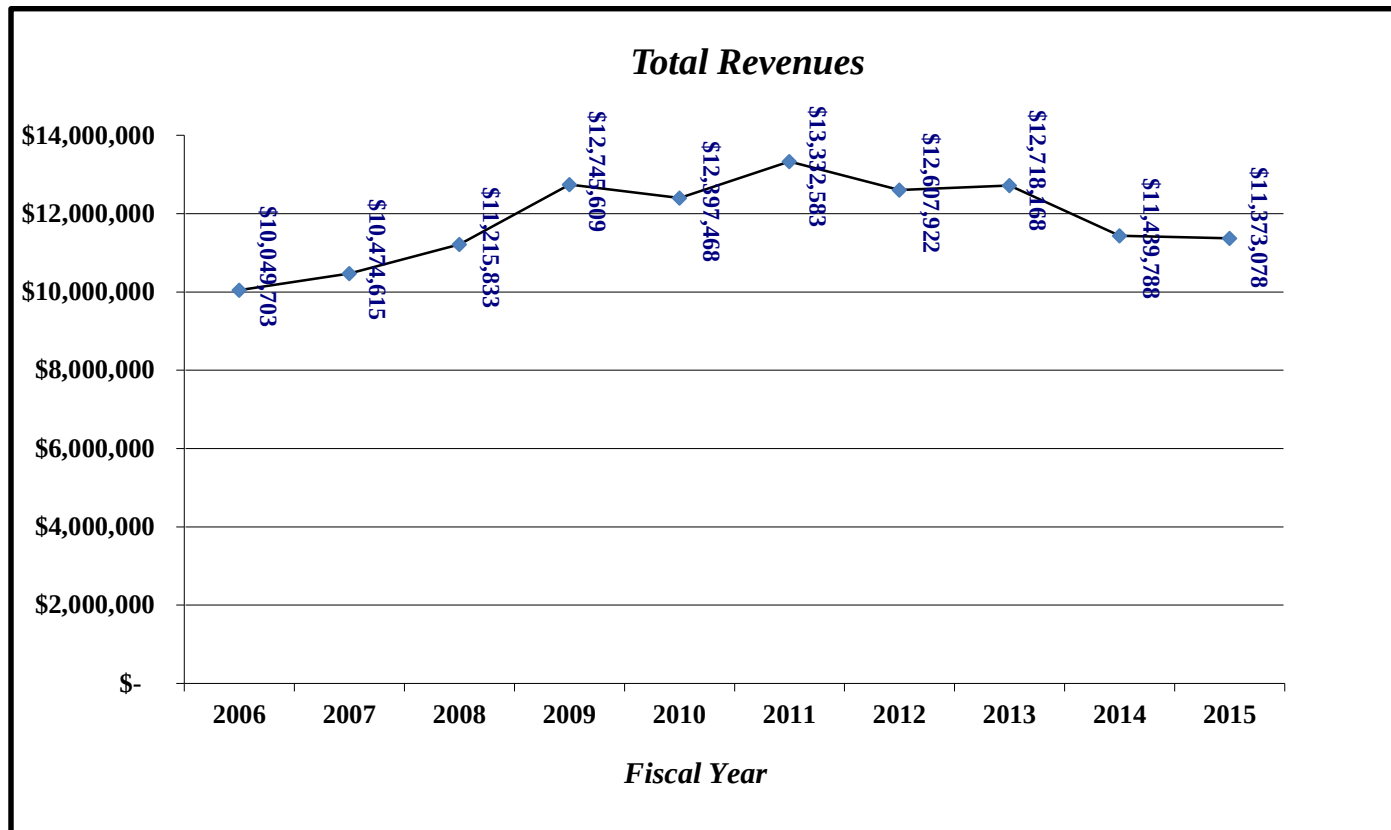
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

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



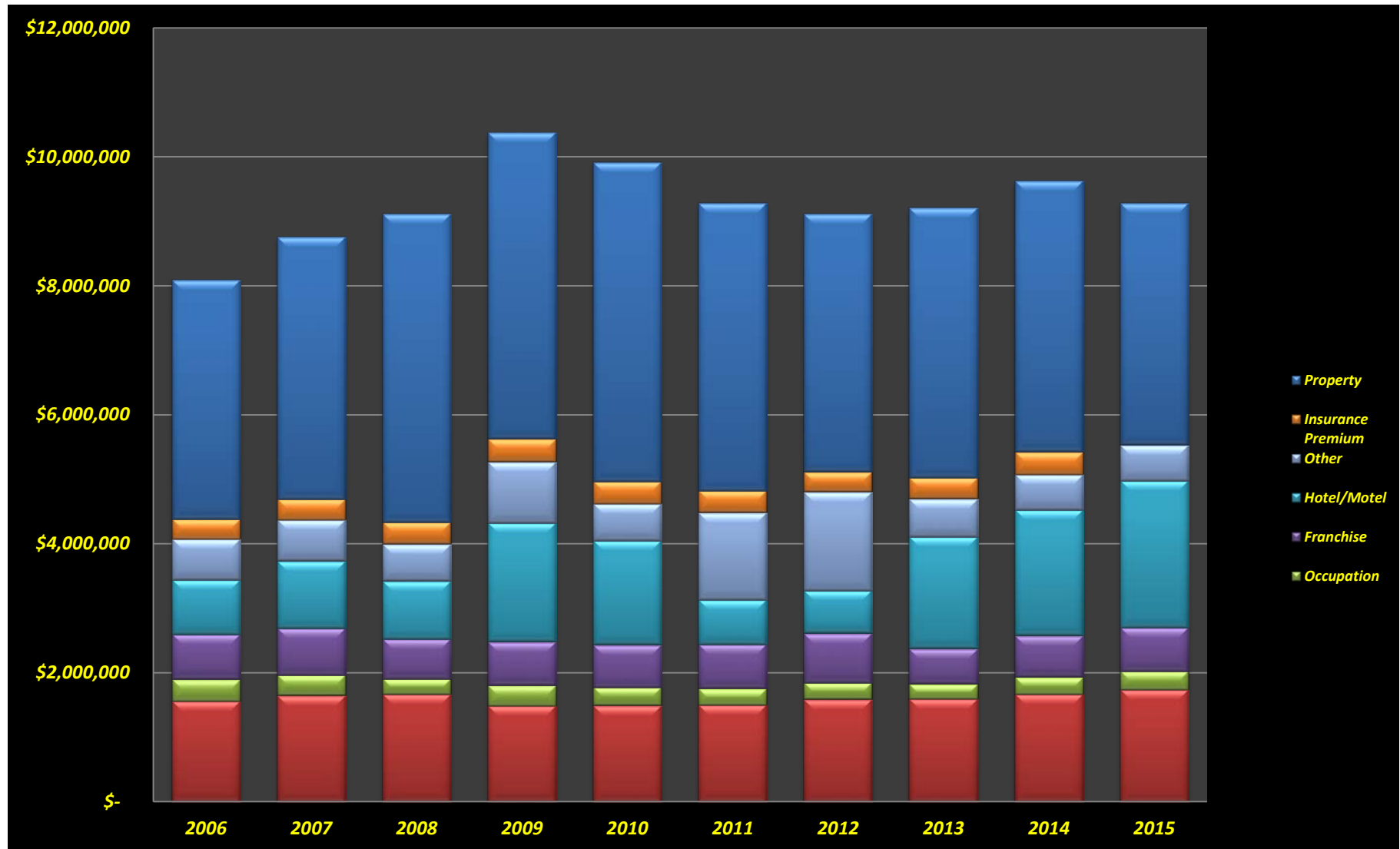
City of Hapeville, Georgia
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
Amounts								
2006	\$ 3,714,916	\$ 1,563,603	\$ 333,615	\$ 702,545	\$ 312,780	\$ 847,323	\$ 623,453	\$ 8,098,235
2007	4,062,683	1,648,432	313,062	731,273	323,831	1,042,157	637,102	8,758,540
2008	4,783,070	1,664,596	241,132	622,223	337,842	896,036	576,005	9,120,904
2009	4,746,199	1,487,305	320,264	678,640	355,584	1,838,555	947,893	10,374,440
2010	4,947,989	1,492,207	280,330	661,534	350,546	1,613,808	572,990	9,919,404
2011	4,456,779	1,503,326	251,795	682,581	344,731	695,373	1,348,876	9,283,461
2012	3,996,085	1,589,359	260,999	762,675	308,470	662,341	1,532,093	9,112,022
2013	4,185,266	1,596,392	231,405	549,260	327,079	1,732,001	592,961	9,214,364
2014	4,199,957	1,668,856	265,775	643,481	351,426	1,951,860	544,168	9,625,523
2015	3,751,618	1,739,336	289,887	673,023	354,276	2,275,691	558,608	9,642,439
% Change in Dollars Over 10 Years	1.0%	11.2%	-13.1%	-4.2%	13.3%	168.6%	-10.4%	19.1%
Percentage of Total								
2006	45.9%	19.3%	4.1%	8.7%	3.9%	10.5%	7.7%	100.0%
2007	46.4%	18.8%	3.6%	8.3%	3.7%	11.9%	7.3%	100.0%
2008	52.4%	18.3%	2.6%	6.8%	3.7%	9.8%	6.3%	100.0%
2009	45.7%	14.3%	3.1%	6.5%	3.4%	17.7%	9.1%	100.0%
2010	49.9%	15.0%	2.8%	6.7%	3.5%	16.3%	5.8%	100.0%
2011	48.0%	16.2%	2.7%	7.4%	3.7%	7.5%	14.5%	100.0%
2012	43.9%	17.4%	2.9%	8.4%	3.4%	7.3%	16.8%	100.0%
2013	45.4%	17.3%	2.5%	6.0%	3.5%	18.8%	6.4%	100.0%
2014	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%

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	For the Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current:										
General government	\$ 1,240,862	\$ 1,227,667	\$ 1,576,348	\$ 1,662,792	\$ 1,558,009	\$ 1,533,387	\$ 1,608,800	\$ 1,683,984	\$ 2,098,323	\$ 2,152,548
Public safety	6,988,566	6,476,580	4,899,888	5,146,535	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874
Highways and streets	1,070,878	1,444,407	530,255	604,873	747,055	686,546	693,347	720,074	630,731	653,502
Culture and recreation	760,103	654,730	539,595	411,293	459,633	510,646	555,723	553,773	530,340	522,023
Parks and ground	927,230	871,245	631,359	707,962	716,645	819,179	793,280	885,678	889,047	802,037
Planning and zoning ²	732,567	675,915	547,960	534,349	696,950	782,569	787,873	832,085	216,639	234,728
Trade, tourism and development ²	67,786	122,165	30,260	1,115,853	962,202	981,864	905,111	1,031,935	583,485	695,948
Total Current	11,787,992	11,472,709	8,755,665	10,183,657	11,135,750	11,513,946	11,525,791	11,901,067	10,523,415	10,143,660
% Change From Prior Year	9.2%	-2.7%	-23.7%	16.3%	9.3%	3.4%	0.1%	3.3%	-11.6%	-3.6%
Capital Outlay	-	-	1,634,076	1,190,398	804,119	2,276,910	1,630,974	1,413,254	859,824	957,584
% Change From Prior Year	0.0%	0.0%	100.0%	-27.2%	-32.4%	183.2%	-28.4%	-13.3%	-39.2%	11.4%
Debt Service										
Principal	250,000	284,720	93,755	305,386	446,534	409,437	468,762	482,944	182,172	125,552
Interest and fees	77,577	109,874	146,856	124,782	169,382	343,699	379,562	280,102	16,782	11,008
Total Debt Service	327,577	394,594	240,611	430,168	615,916	753,136	848,324	763,046	198,954	136,560
% Change From Prior Year	22.6%	20.5%	-39.0%	78.8%	43.2%	22.3%	12.6%	-10.1%	-73.9%	-31.4%
Total Expenditures	\$ 12,115,569	\$ 11,867,303	\$ 10,630,352	\$ 11,804,223	\$ 12,555,785	\$ 14,543,992	\$ 14,005,089	\$ 14,077,367	\$ 11,582,193	\$ 11,237,804
% Change From Prior Year	9.5%	-2.0%	-10.4%	11.0%	6.4%	15.8%	-3.7%	0.5%	-17.7%	-3.0%
Debt Service as a % of Noncapital Expenditures	2.7%	3.3%	2.7%	4.1%	0.8%	1.0%	1.1%	6.0%	1.9%	1.3%

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.**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)

-										
For the Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function	Amounts									
Current:										
General government	\$ 1,240,862	\$ 1,227,667	\$ 1,576,348	\$ 1,662,792	\$ 1,558,009	\$ 1,533,387	\$ 1,608,800	\$ 1,683,984	\$ 2,098,323	\$ 2,152,548
Public safety	6,988,566	6,476,580	4,899,888	5,146,535	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874
Highways and streets	1,070,878	1,444,407	530,255	604,873	747,055	686,546	693,347	720,074	630,731	653,502
Culture and recreation	760,103	654,730	539,595	411,293	459,633	510,646	555,723	553,773	530,340	522,023
Parks and grounds	927,230	871,245	631,359	707,962	716,645	819,179	793,280	885,678	889,047	802,037
Planning and zoning ²	732,567	675,915	547,960	534,349	696,950	782,569	787,873	832,085	216,639	234,728
Trade, tourism and development ²	67,786	122,165	30,260	1,115,853	962,202	981,864	905,111	1,031,935	583,485	695,948
Total Current	\$ 11,787,992	\$ 11,472,709	\$ 8,755,665	\$ 10,183,657	\$ 11,135,750	\$ 11,513,946	\$ 11,525,791	\$ 11,901,067	\$ 10,523,415	\$ 10,143,660
Percentage of Total										
Current:										
General government	10.5%	10.7%	18.0%	16.3%	14.0%	13.3%	14.0%	14.1%	19.9%	21.2%
Public safety	59.3%	56.5%	56.0%	50.5%	53.8%	53.8%	53.6%	52.0%	53.0%	50.1%
Public works	9.1%	12.6%	6.1%	5.9%	6.7%	6.0%	6.0%	6.1%	6.0%	6.4%
Culture and recreation	6.4%	5.7%	6.2%	4.0%	4.1%	4.4%	4.8%	4.7%	5.0%	5.1%
Parks and grounds	7.9%	7.6%	7.2%	7.0%	6.4%	7.1%	6.9%	7.4%	8.4%	7.9%
Planning, zoning and development	6.2%	5.9%	6.3%	5.2%	6.3%	6.8%	6.8%	7.0%	2.1%	2.3%
Trade and tourism	0.6%	1.1%	0.3%	11.0%	8.6%	8.5%	7.9%	8.7%	5.5%	6.9%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

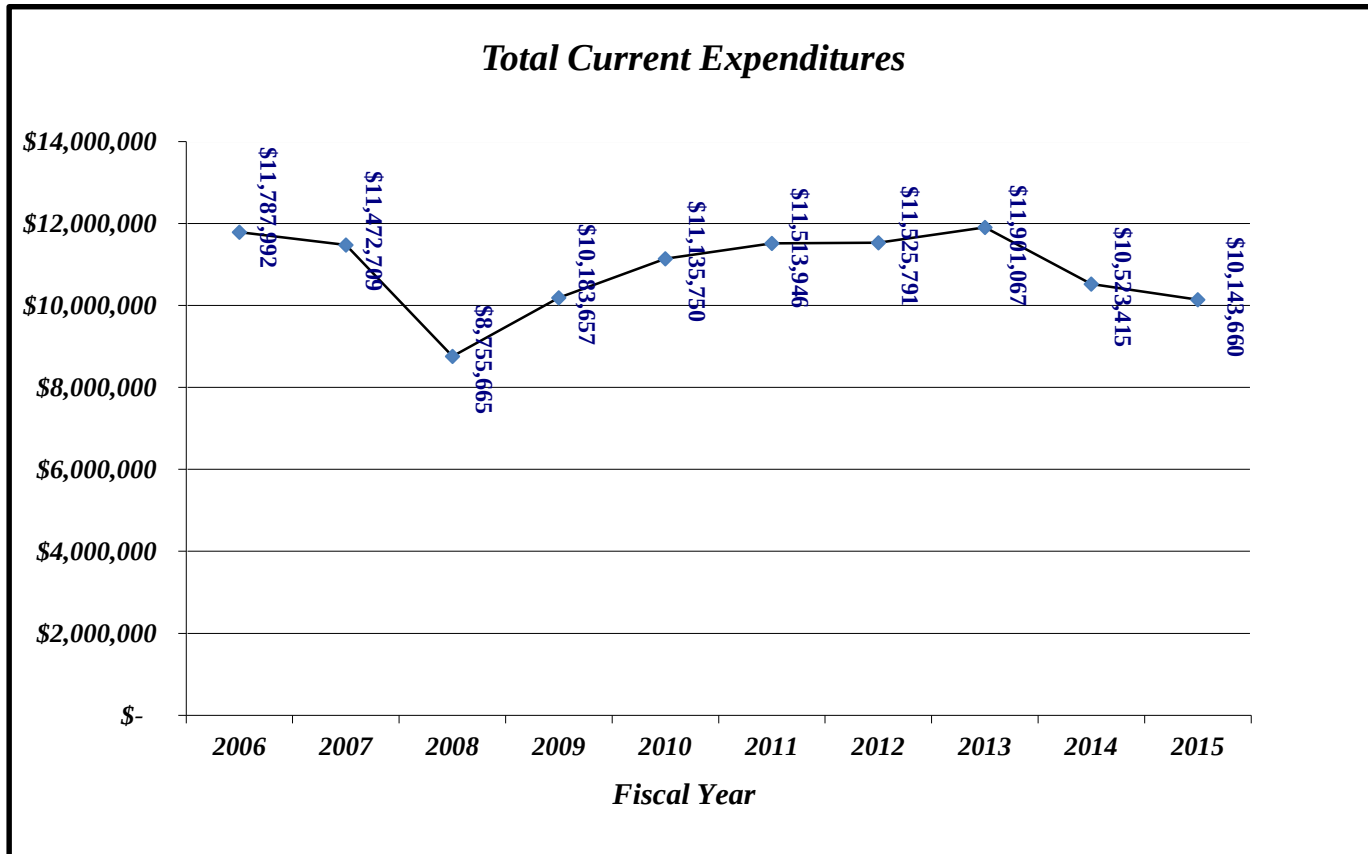
¹ Includes all governmental fund types.

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

Data Source:

Applicable years' annual financial report.

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



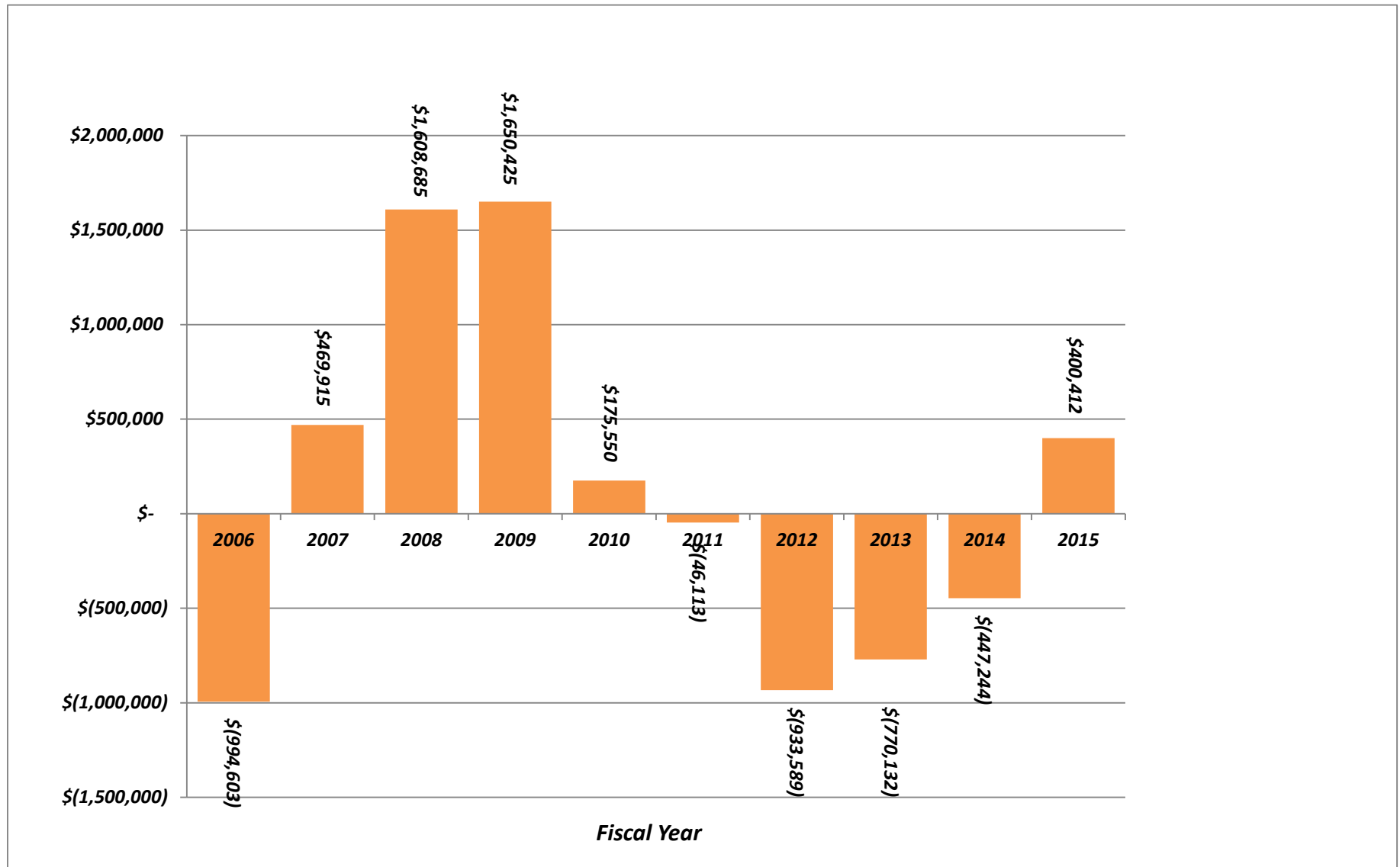
City of Hapeville, Georgia
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Source	For the Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total Revenues	\$ 10,049,703	\$ 10,474,615	\$ 11,215,833	\$ 12,745,609	\$ 12,397,468	\$ 13,332,583	\$12,607,922	\$ 12,718,168	\$11,439,788	\$ 11,373,078
Total Expenditures	12,115,569	11,867,303	10,630,352	11,804,223	12,555,785	14,543,992	14,005,089	14,077,367	11,582,193	11,237,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,065,866)	(1,392,688)	585,481	941,386	(158,317)	(1,211,409)	(1,397,167)	(1,359,199)	(142,405)	135,274
Other Financing Sources (Uses)										
Aid from component unit	-	2,089,792	878,559	677,537	-	-	-	-	-	-
Capital leases inception	1,573,452	221,367	1,010,000	-	-	-	-	303,455	-	-
Proceeds from notes payable	-	-	-	-	-	812,942	-	-	-	-
Sale of capital assets	-	14,411	6,675	1,170	-	223	146	124	86	-
Sale of confiscated goods	-	620	-	-	-	-	-	-	-	-
Transfers in	1,128,910	1,636,939	931,580	2,335,876	1,349,713	851,051	927,753	1,125,676	3,193,278	3,186,516
Transfers out	(1,631,099)	(2,100,526)	(1,803,610)	(2,305,544)	(1,015,846)	(498,920)	(464,321)	(840,188)	(3,498,203)	(2,921,378)
Total Other Financing Sources (Uses)	1,071,263	1,862,603	1,023,204	709,039	333,867	1,165,296	463,578	589,067	(304,839)	265,138
Net Change in Fund Balances	\$ (994,603)	\$ 469,915	\$ 1,608,685	\$ 1,650,425	\$ 175,550	\$ (46,113)	\$ (933,589)	\$ (770,132)	\$ (447,244)	\$ 400,412

Data Source:

Applicable years' annual financial report.

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



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

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

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2011 - 2015
(modified accrual basis of accounting)

	At June 30,				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 176,165	\$ 183,844	\$ 106,164	\$ -	\$ 147,736
Restricted-Program Purposes	-	-	11,518	51,283	51,008
Assigned-Capital Outlay	350,000	11,000	-	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489
Total General Fund	4,005,925	3,101,904	2,343,243	868,090	964,233
General Fund Percentage Change	N/A	-22.6%	-24.5%	-62.9%	11.0%
All Other Governmental Funds					
Restricted:					
Program Purposes	47,232	17,664	6,192	212,353	516,622
All Other Governmental Funds					
Percentage Change	N/A	-62.6%	-64.9%	33.3%	33.3%
Total Governmental Funds					
Nonspendable	176,165	183,844	106,164	-	147,736
Restricted	-	17,664	17,710	263,636	567,630
Assigned	350,000	11,000	-	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489
Total Governmental Funds	\$ 4,005,925	\$ 3,119,568	\$ 2,349,435	\$ 1,080,443	\$ 1,480,855
All Governmental Funds					
Percentage Change	N/A	-15.8%	-24.7%	-54.0%	-54.0%

Notes:

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

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia
Taxable Assessed Value¹ and Estimated Actual Value of Property By Type (Unaudited)²
Last Ten Calendar Years

Amounts											
Fiscal Year Ended June 30,²	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property³	Less: Tax Exempt Property	Total Taxable Assessed Value¹	Total Direct Tax Rate⁴	Estimated Actual Value	Annual Percentage Change
2006	\$ 69,587,550	\$ 172,078,350	\$ 87,959,630	\$ 6,438,505	\$ 8,392,380	\$ -	\$ 9,582,350	\$ 334,874,065	12.610	\$ 837,185,163	2.7%
2007	75,862,700	166,100,910	72,656,800	5,272,105	8,661,560	-	16,167,193	312,386,882	12.610	780,967,205	-6.7%
2008	91,441,020	173,730,220	36,209,540	7,506,021	9,418,620	1,837	727,200	317,580,058	16.610	793,950,145	1.7%
2009	96,200,520	210,443,050	15,258,250	6,505,775	9,155,530	-	668,480	336,894,645	16.610	842,236,613	6.1%
2010	94,194,780	193,925,720	12,441,990	6,702,142	9,583,870	-	1,183,350	315,665,152	16.610	789,162,880	-6.3%
2011	68,910,360	201,627,220	10,193,640	6,112,266	31,045,390	-	1,234,570	316,654,306	16.610	791,635,765	0.3%
2012	47,365,500	199,574,110	10,193,640	6,112,266	8,666,570	-	1,357,480	270,554,606	16.610	676,386,515	-14.6%
2013	39,722,520	213,184,790	3,709,280	6,958,930	8,258,170	-	1,479,940	270,353,750	16.610	675,884,375	-0.1%
2014	46,201,180	199,786,880	9,342,080	5,585,087	7,102,350	19,080	8,292,600	259,744,057	16.610	649,360,143	-3.9%
2015	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%
*	\$ 69,942,903	\$ 192,272,361	\$ 28,662,761	\$ 6,354,789	\$ 11,142,716	\$ 2,324	\$ 4,521,463	\$ 303,856,391		\$ 759,640,978	
**	-34.3%	15.9%	-89.6%	14.5%	-37.6%	0.0%	-21.6%	-22.5%	31.7%	-22.5%	
Percentage of Total											
2006	20.2%	50.0%	25.5%	1.9%	2.4%	0.0%	2.9%	97.1%			
2007	23.1%	50.6%	22.1%	1.6%	2.6%	0.0%	5.2%	94.8%			
2008	28.7%	54.6%	11.4%	2.4%	3.0%	0.0%	0.2%	99.8%			
2009	28.5%	62.3%	4.5%	1.9%	2.7%	0.0%	0.2%	99.8%			
2010	29.7%	61.2%	3.9%	2.1%	3.0%	0.0%	0.4%	99.6%			
2011	21.7%	63.4%	3.2%	1.9%	9.8%	0.0%	0.4%	99.6%			
2012	17.4%	73.4%	3.7%	2.2%	3.2%	0.0%	0.5%	99.5%			
2013	14.6%	78.4%	1.4%	2.6%	3.0%	0.0%	0.5%	99.5%			
2014	17.2%	74.5%	3.5%	2.1%	2.6%	0.0%	3.1%	96.9%			
2015	17.1%	74.7%	3.4%	2.8%	2.0%	0.0%	2.8%	97.2%			

* 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 The tax year is one year prior to the fiscal year.

³ Generally includes timber and heavy equipment.

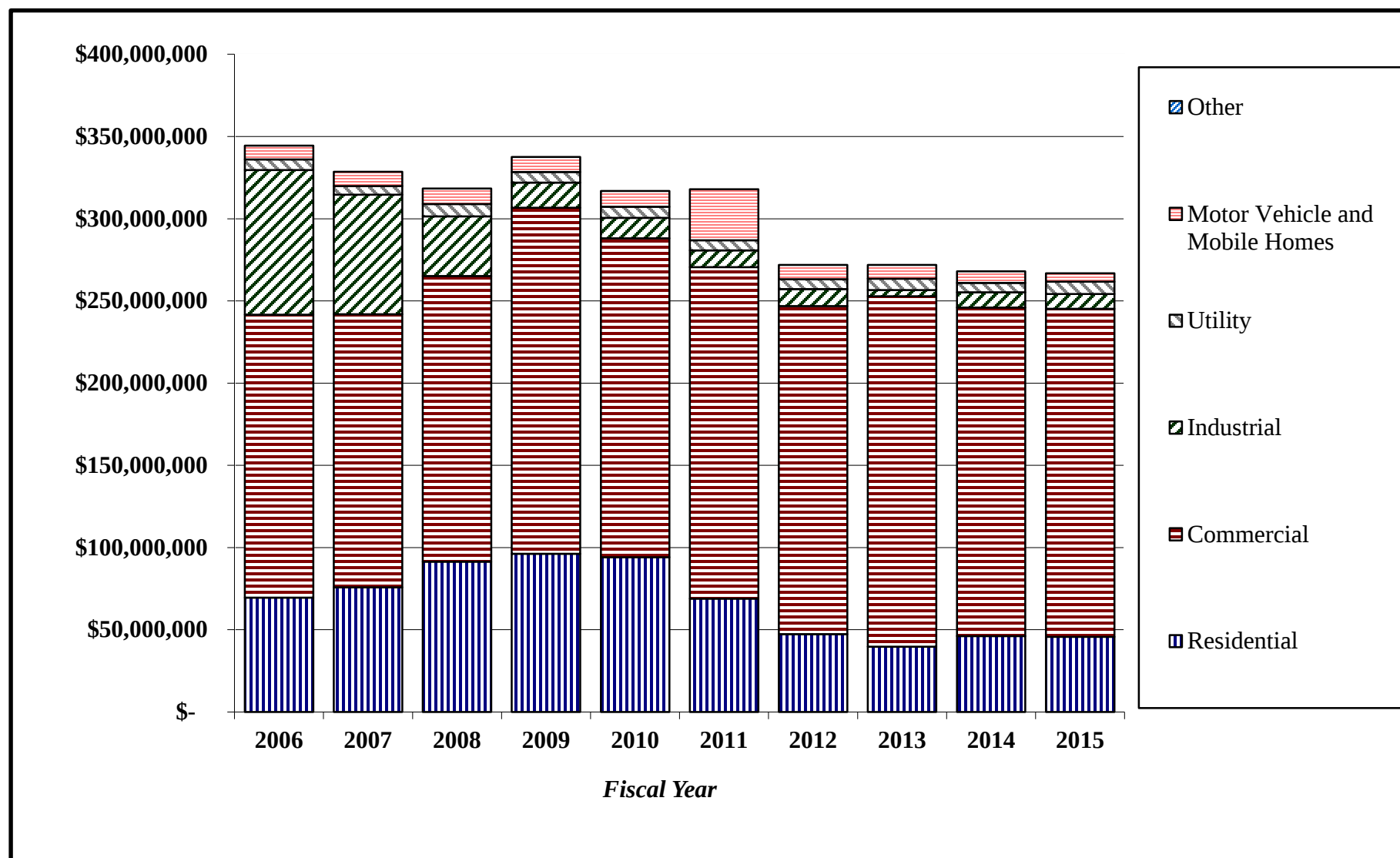
⁴ Tax rates expressed in rate per \$1,000

Data Source:

Georgia Department of Revenue, Tax Digest Consolidation Summary,

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

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



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

Fiscal Year	Direct	Overlapping ¹		
	City Rate	State of Georgia ²	Fulton County	Fulton County School Board
2006	12.610	0.250	11.650	18.107
2007	12.610	0.250	11.470	18.107
2008	16.610	0.250	10.281	18.091
2009	16.610	0.250	10.281	17.502
2010	16.610	0.250	10.281	17.502
2011	16.610	0.250	10.281	18.502
2012	16.610	0.250	10.551	18.502
2013	16.610	0.200	10.551	18.502
2014	16.610	0.150	10.481	18.502
2015	16.610	0.100	12.051	18.502

Notes:

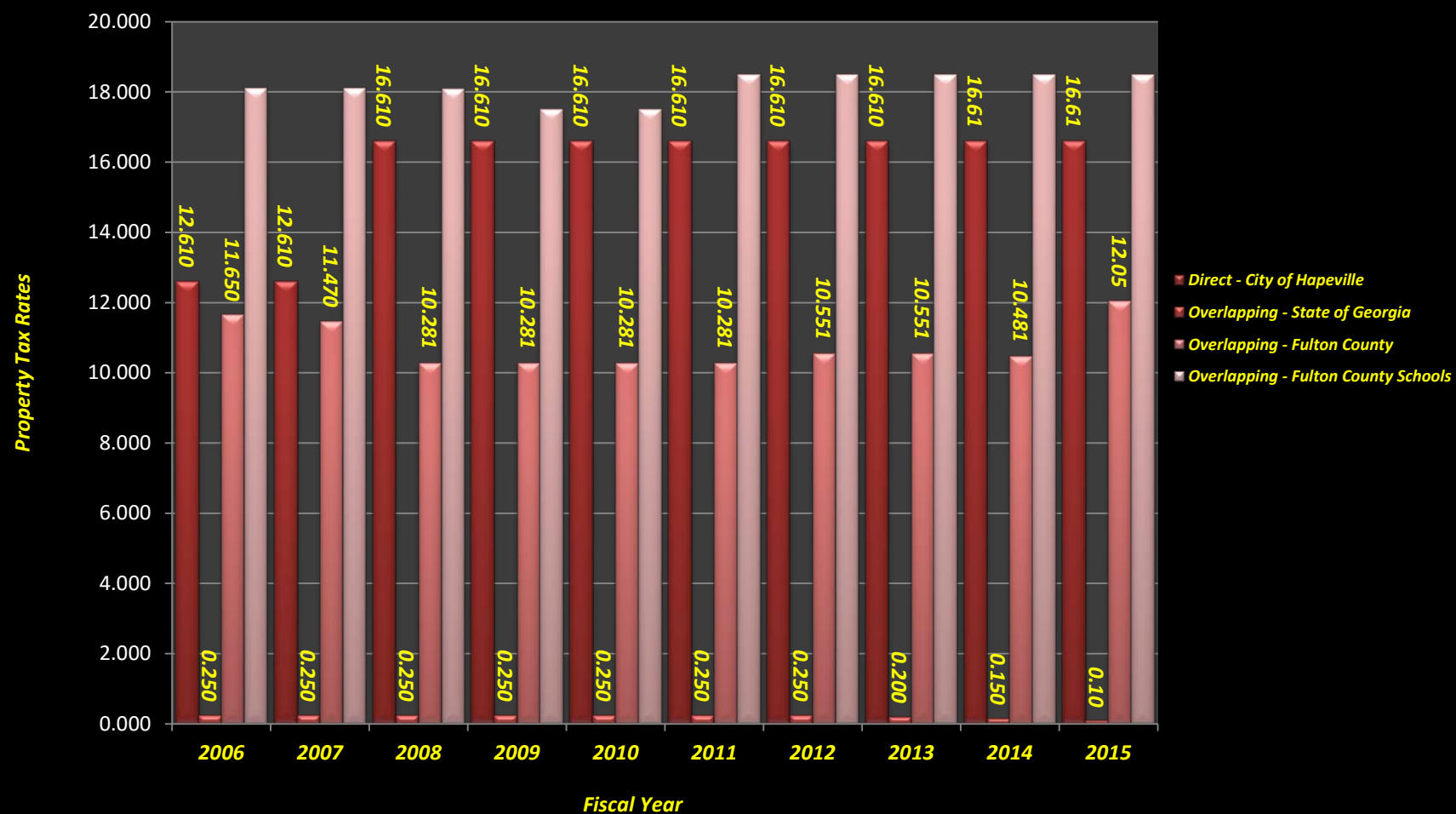
¹ Overlapping rates are those of governments that overlap the City's geographic boundaries.

² The State of Georgia levies one quarter of one mill on each City's taxable property to help finance their certification of each Georgia city's tax digest. Beginning in fiscal year 2013, the State reduced their tax rate to 15.000.

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			Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes ^{1, 3}	
		Fiscal Year of The Levy		Percentage of Levy		Amount	Percentage of Levy	Uncollected Taxes ^{1, 3}	
		Amount	Amount					Amount	Percentage of Levy
2006	\$ 4,030	\$ 3,606	89.48%	\$ 420	\$ 4,026	99.90%	\$ 4	99.90%	
2007	3,830	3,727	97.31%	99	3,826	99.90%	4	99.90%	
2008	4,762	4,558	95.72%	196	4,754	99.83%	8	99.83%	
2009 ³	4,880	4,671	95.72%	196	4,867	99.73%	13	99.73%	
2010 ³	4,812	4,597	95.53%	188	4,785	99.44%	27	99.44%	
2011	4,506	4,351	96.56%	137	4,488	99.60%	18	99.60%	
2012	3,981	3,842	96.51%	94	3,936	98.87%	45	98.87%	
2013	4,172	3,950	94.68%	192	4,142	99.28%	30	99.28%	
2014	3,968	3,845	96.90%	89	3,934	99.14%	34	99.14%	
2015	3,895	3,841	98.61%	-	3,841	98.61%	54	98.61%	

Notes:

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

² When restating this exhibit to reflect the requirements of GASB Statement No. 44, the collections in the prior year have been applied to the year prior to collection, since restating this table was not practicable. As a result, some years report more than a 100% collection rate.

³ A large portion of the Fulton tax digest was protested, resulting in lower property tax collections.

Data Source:

City Tax Office

City of Hapeville, Georgia
Principal Property Taxpayers (Unaudited)
Fiscal Years Ended June 30, 2015 and 2005

2015				2005			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Digital Doug Davis LLC	\$ 18,641,600	1	7.19%	Delta Airlines	\$ 20,609,450	1	6.38%
Hapeville LTD Partnership	17,190,600	2	6.63%	Ford Motor Company	18,760,280	2	5.81%
Bell Fund IV Asbury Park Apts	14,026,280	3	5.41%	Hapeville LTD Partnership	17,442,080	3	5.40%
Delta Airlines	12,763,591	4	4.92%	First State Investors	11,833,200	4	3.66%
Atlanta Airport PR1 LLC	11,315,600	5	4.36%	Hospitality Properties, Inc	3,652,680	5	1.13%
NFR ECP I	10,958,628	6	4.23%	Residence Inn III LLC	3,427,200	6	1.06%
IBM Credit LLC	5,230,240	7	2.02%	Delta Credit Union	3,332,440	7	1.03%
Epsilon Trading LLC	4,205,497	8	1.62%	Atlanta Airport Motel, Inc	2,728,920	8	0.84%
Delta Community Credit Union	3,830,348	9	1.48%	Apsilon Management, Inc	1,777,880	9	0.55%
Fedex Express Corp	3,707,306	10	1.43%	KGE Associates LTD Partnership	1,040,000	10	0.32%
Total Principal Taxpayers	101,869,690		39.28%	Total Principal Taxpayers	84,604,130		26.19%
All Other Taxpayers	157,505,559		60.72%	All Other Taxpayers	238,403,940		73.81%
Total	<u>\$ 259,375,249</u>		<u>100.00%</u>	Total	<u>\$ 323,008,070</u>		<u>100.00%</u>

Data Source:

2015 - City Tax Office

2005 - Fulton County Tax Assessor's Office

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

Calendar Year	Direct	Overlapping				Total
	City LOST ¹	Fulton County	State of Georgia	Fulton County Schools ²	MARTA ³	Direct and Overlapping Rates
2006	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2007	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2008	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2009	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2010	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2011	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2012	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2013	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2014	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2015	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%

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 expires 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.

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
Sales Taxes Collected by Group (Unaudited) ²
Calendar Years 2009 - 2015

By Group	2009		2010		2011		2012		2013		2014		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
NAICS codes:⁴														
General merchandise	\$ 16,232,562	12.50%	\$ 27,467,089	12.73%	\$ 26,344,143	11.77%	\$ 22,335,661	6.58%	\$ 29,048,800	12.38%	\$ 30,104,069	12.20%	\$ 61,822,522	12.33%
Food/bars	27,424,757	21.12%	43,489,917	20.16%	43,788,988	19.56%	45,907,866	13.53%	48,469,044	20.65%	51,715,777	20.95%	107,359,475	21.41%
Manufacturing	8,681,075	6.69%	12,447,497	5.77%	11,876,878	5.31%	105,127,795	30.97%	13,031,405	5.55%	15,518,051	6.29%	30,470,222	6.08%
Utilities	9,438,093	7.27%	15,516,232	7.19%	13,822,103	6.18%	14,974,480	4.41%	14,564,172	6.20%	15,691,932	6.36%	31,720,766	6.33%
Other retail	16,732,759	12.89%	28,680,933	13.30%	28,304,008	12.65%	28,864,180	8.50%	27,439,327	11.69%	28,954,796	11.73%	59,276,860	11.82%
Wholesale	7,679,644	5.92%	14,921,503	6.92%	19,717,692	8.81%	20,715,137	6.10%	22,707,086	9.67%	24,610,514	9.97%	47,215,666	9.41%
Automotive	8,740,443	6.73%	14,541,053	6.74%	16,949,228	7.57%	18,495,932	5.45%	9,620,779	4.10%	5,440,737	2.20%	11,237,140	2.24%
Home furnishings	10,807,468	8.32%	17,984,958	8.34%	18,723,733	8.37%	31,904,031	9.40%	19,541,967	8.33%	20,641,685	8.36%	42,477,404	8.47%
Miscellaneous services	14,949,730	11.52%	24,842,900	11.52%	26,404,200	11.80%	30,138,227	8.88%	31,678,693	13.50%	32,236,430	13.06%	65,550,166	13.07%
Other services	1,589,193	1.22%	3,161,945	1.47%	5,703,393	2.55%	7,900,889	2.33%	5,738,590	2.44%	6,339,155	2.57%	12,118,235	2.42%
Accommodations	6,482,739	4.99%	11,134,572	5.16%	11,069,356	4.95%	11,675,195	3.44%	11,068,488	4.72%	13,120,840	5.32%	27,286,092	5.44%
Construction	1,066,196	0.82%	1,508,165	0.70%	1,129,538	0.50%	1,364,639	0.40%	1,813,022	0.77%	2,452,704	0.99%	4,976,662	0.99%
Total Taxable Sales	\$ 129,824,659	100.00%	\$ 215,696,765	100.00%	\$ 223,833,260	100.00%	\$ 339,404,032	100.00%	\$ 234,721,373	100.00%	\$ 246,826,690	100.00%	\$501,511,210	100.00%
Total percentage change	-		66.1%		3.8%		51.6%		-30.8%		5.2%		103.2%	

Notes:¹ Only seven years of data is available.² Information only available for the total Fulton County.³ Beginning in May 2009, the Georgia Department of Revenue changed their sales classifications, therefore, only seven months reported.⁴ North American Industry Classification System (NAICS)**Data Source:**

Georgia Department of Revenue

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

Fiscal Year	Gallons	% Change
2009	185,866,000	n/a
2010	190,486,000	2.5%
2011	225,972,000	18.6%
2012	225,724,000	-0.1%
2013	207,470,000	-8.1%
2014	212,189,000	2.3%
2015	209,846,000	-1.1%

Notes:

Data not available prior to fiscal year 2009.

Data Source:

¹ City's billing department.

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015		
Minimum charge (0-2k gal)	\$ 14.00	\$ 14.00	\$ 15.72	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56	\$ 17.56
0-2k gal	7.00	7.00	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78
2k-10k gal	7.00	7.00	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78
10k-50k gal	7.65	7.65	8.51	9.43						
50k + gal	8.00	8.00	8.86	9.78						
10k-16k gal					10.98	10.98	10.98	10.98	10.98	10.98
16k+ gal					17.56	17.56	17.56	17.56	17.56	17.56

Data Source:

City Customer Service Department

Notes:

Only eight years of information available.

City of Hapeville, Georgia
Number of Water Customer Accounts at Year-end (Unaudited) ²
Last Eight Fiscal Years ¹

Fiscal Year	Number	% Change
2008	2,069	n/a
2009	2,078	0.4%
2010	2,070	-0.4%
2011	2,076	0.3%
2012	2,068	-0.4%
2013	2,085	0.8%
2014	2,075	-0.5%
2015	2,129	2.6%

Notes:

1 Only eight years of data is available

Data Source:

² City Customer Service Department.

City of Hapeville, Georgia
Ten Largest Customers - Water Service (Unaudited)
Fiscal Years 2007 & 2015

Fiscal Year 2007 ¹				Fiscal Year 2015		
Rank	Customer	Consumption Gallons	%	Customer	Consumption Gallons	%
1	Atlanta Airport Hilton	24,283	8.2%	Atlanta Airport Hilton	19,157	9.1%
2	Ashkouti (King Arnold Apts)	20,476	6.9%	Digital Doug Davis, LLC	13,514	6.4%
3	Incity Suites	6,781	2.3%	Bell Fund-Asbury Park Apts	7,313	3.5%
4	Wachovia Bank Ops Bldg	5,102	1.7%	Marriott, Inc	5,276	2.5%
5	Del Mar Apts	4,279	1.4%	Wachovia Bank Ops Bldg	4,782	2.3%
6	Hapeville Coin Laundry	3,897	1.3%	Delta Airlines	4,485	2.1%
7	Apsilon Management (Best Western)	3,403	1.1%	Incity Suites	3,963	1.9%
8	Delta Airlines	3,324	1.1%	Venus Enterprises	2,891	1.4%
9	Marriott, Inc	2,905	1.0%	Del Mar Apts	2,668	1.3%
10	Delta Airlines	1,701	0.6%	QD Properties	2,423	1.2%
Total Ten Largest Customers		76,151	25.7%	Total Ten Largest Customer:	66,472	31.7%
All Other Customers		220,413	74.3%	All Other Customers	143,374	68.3%
Total		296,564	100.0%	Total	209,846	100.0%

Data Source:

City Water Department

Notes:¹ New billing software installed

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

	Fiscal Year Ended June 30,							
	2008	2009	2010	2011	2012	2013	2014	2015
Minimum charge (0-2k gal)	\$ 7.50	\$ 7.50	\$ 7.50	\$ 7.50	\$ 8.25	\$ 8.44	\$ 12.24	\$ 12.24
0-2k gal	3.75	3.75	3.75	3.75	4.13	4.22	6.12	6.12
2k-10k gal	4.75	4.75	4.75	4.75	5.23	5.36	7.77	7.77
10k-50k	5.25	5.25	5.25	5.25	5.78	5.92	8.58	8.58
50k +	5.50	5.50	5.50	5.50	6.05	6.20	8.99	8.99

Data Source:

City Customer Service Department

Notes:

Only eight years of information available.

City of Hapeville, Georgia
Ratios of Total Debt Outstanding by Type (Unaudited) ¹
Last Ten Fiscal Years

June 30,	Governmental Activities				Business-type Activities	Grand Total	Percentage of Personal Income	Estimated ² Population	Per Capita
	Certificates of Participation	Notes	Capital Leases	Total	Revenue Bonds				
2006	\$ -	\$ -	\$ -	\$ -	\$ 5,055,000	\$ 5,055,000	0.010%	845,181	6
2007	-	-	150,674	150,674	4,580,000	4,730,674	0.009%	869,329	5
2008	990,000	-	259,897	1,249,897	4,085,000	5,334,897	0.010%	888,694	6
2009	815,000	-	122,867	937,867	3,570,000	4,507,867	0.009%	905,511	5
2010	515,000	-	61,298	576,298	3,035,000	3,611,298	0.007%	920,581	4
2011	325,000	743,505	17,656	1,086,161	2,475,000	3,561,161	0.007%	949,777	4
2012	165,000	589,743	-	754,743	1,895,000	2,649,743	0.005%	977,129	3
2013	-	735,254	-	735,254	11,020,000	11,755,254	0.021%	984,293	12
2014	-	553,081	-	553,081	16,395,000	16,948,081	0.029%	991,509	17
2015	-	427,529	-	427,529	15,345,000	15,772,529	0.030%	1,008,275	16

Notes:

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

Data Sources:

¹ Applicable years' annual financial report.

² Exhibit XXI.

City of Hapeville, Georgia
Direct and Overlapping Governmental Activities Debt (Unaudited)
June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Underlying Debt
Overlapping Debt²			
Fulton County Schools General Obligation Bonds	\$ 71,840,000	100.0%	\$ 71,840,000
City of Union City Georgia, Revenue Bonds (Fulton County School District Project)	28,508,888	100.0%	<u>28,508,888</u>
Total Overlapping Debt			100,348,888
City Direct Debt			
Notes payable			<u>427,529</u>
Total Direct and Overlapping Debt			<u><u>\$ 100,776,417</u></u>

Notes:

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

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

Data Source:

³ Each specific government

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxable Assessed Value ¹	<u>\$ 334,874,065</u>	<u>\$ 312,386,882</u>	<u>\$ 317,580,058</u>	<u>\$ 336,894,645</u>	<u>\$ 315,665,152</u>	<u>\$ 316,654,306</u>	<u>\$ 270,554,606</u>	<u>\$ 270,353,750</u>	<u>\$ 259,744,057</u>	<u>\$ 259,375,249</u>
Legal Debt Margin										
Debt limit (10% of assessed value) ²	<u>\$ 33,487,407</u>	<u>\$ 31,238,688</u>	<u>\$ 31,758,006</u>	<u>\$ 33,689,465</u>	<u>\$ 31,566,515</u>	<u>\$ 31,665,431</u>	<u>\$ 27,055,461</u>	<u>\$ 27,035,375</u>	<u>\$ 25,974,406</u>	<u>\$ 25,937,525</u>
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 33,487,407</u>	<u>\$ 31,238,688</u>	<u>\$ 31,758,006</u>	<u>\$ 33,689,465</u>	<u>\$ 31,566,515</u>	<u>\$ 31,665,431</u>	<u>\$ 27,055,461</u>	<u>\$ 27,035,375</u>	<u>\$ 25,974,406</u>	<u>\$ 25,937,525</u>
Total net debt applicable to the limit as a % of the debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Notes:

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

Data Source:

¹ Exhibit XII

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

Calendar Year	Population ¹	(thousands of dollars)	Per Capita		Median Age ⁴	Unemployment Rate		
		Personal Income ²	Personal Income ³	Personal Income % of U.S. ³		County ⁵	State of Georgia ⁶	United States ⁷
2006	845,181	\$ 49,656,730	\$ 53,949	159%	N/A	5.0%	5.1%	4.6%
2007	869,329	51,146,432	57,887	163%	N/A	4.7%	4.8%	4.6%
2008	888,694	54,379,042	60,980	162%	N/A	6.2%	6.3%	5.6%
2009	905,511	52,177,800	61,964	157%	N/A	10.5%	10.4%	9.5%
2010	920,581	51,034,971	59,604	146%	N/A	10.2%	10.3%	9.4%
2011	949,777	53,234,047	54,249	140%	N/A	10.2%	10.4%	9.1%
2012	977,129	56,258,497	55,407	139%	35.2	9.3%	8.9%	8.2%
2013	984,293	57,199,599	58,112	130%	N/A	8.6%	8.3%	7.5%
2014	996,319	58,488,140	58,704	132%	N/A	7.5%	7.8%	6.1%
2015	1,008,275	59,774,879	59,284	132%	N/A	6.0%	6.1%	5.3%

Notes:

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

Data Sources:

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

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

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

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

⁵ Fulton County, GA

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

⁷ U.S. Department of Labor, Bureau of Labor Statistics,
http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000

N/A - Not Available

City of Hapeville, Georgia
Principal Employers (Unaudited)
For the Fiscal Year Ended June 30, 2015

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

Notes:

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

Data Source:

City Administration

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

Function/program	Fiscal Year								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government									
City clerk	1	1	1	1	1	1	1	1	1
Human resources	1	1	1	1	1	1	1	1	1
Finance and information technology	2	5	9	7	5	5	5	5	5
Purchasing	5	-	-	-	-	-	-	-	-
Planning	1	1	1	1	1	1	1	-	-
Parks, building and grounds	11	11	7	7	12	12	12	15	12
Courts	2	2	2	3	3	3	3	3	1
Police	54	54	43	47	49	49	48	42	54
Fire	33	33	34	36	33	33	33	31	33
Sanitation	7	7	8	8	6	6	6	6	6
Public works	7	7	7	7	7	7	7	8	8
Economic development	4	4	2	3	6	6	6	3	2
Recreation	4	4	9	9	10	10	10	17	11
Water and sewer	11	11	7	7	6	6	6	6	6
Total	143	141	131	137	140	140	139	138	140
Percentage Change From Prior Year	n/a	-1.4%	-7.1%	4.6%	2.2%	0.0%	-0.7%	-0.7%	1.4%

Notes:

Fiscal year 2006 not available

City of Hapeville, Georgia
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years ¹

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21	21	21	21	21
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection Trucks	4	4	4	4	4	5	5	5	5	5
Other Public Works										
Streets (miles)	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4	4	4	4	4	4	4	4	4	4
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	1	1	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



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March 31, 2016

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hapeville, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Hapeville, Georgia's basic financial statements, and have issued our report thereon dated March 31, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Hapeville, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hapeville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hapeville, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Yours truly,

J. K. Boatwright & Co., P. C.

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

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

March 31, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited City of Hapeville, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Hapeville, Georgia's major federal programs for the year ended June 30, 2015. City of Hapeville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of Hapeville, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

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

Yours truly,

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

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

City of Hapeville, Georgia
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>			
Passed through Georgia Department of Early Care and Learning (Bright from the Start)			
Summer Food Service Program			
Summer 2014	10.559	8398	\$ 6,052
Summer 2015	10.559	S011-65	6,315
			<u>12,367</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Fulton County, Georgia			
Community Development Block Grant/Entitlement Grant			
Sidewalk Improvements	14.216	Fulton 2014	<u>67,624</u>
<u>U. S. Department of Transportation</u>			
Passed through Georgia Department of Transportation:			
Highway Planning and Construction -			
Earmark - Airport Loop Access Road	20.205	CSHPP-007-00(532)	69,632
Streetscape-LCI - N Central Ave	20.205	CSSTP-0008-00(903)	110,264
Streetscape-LCI - Dogwood Drive	20.205	P# 0010329	32,562
TE N Fulton Streetscape	20.205	P# 10647	177,668
Transportation Facility Improvements - Rail Facilities and Corridor	20.205	P# 0007949	<u>150,509</u>
Total for U.S. Department of Transportation			<u>540,635</u>
Total Federal Financial Awards			<u>\$ 620,626</u>

Note 1 - Basis of Presentation

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

City of Hapeville, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

City of Hapeville, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II – Financial Statement Findings

No matters are reported

Section III – Federal Award Findings and Questioned Costs

No matters are reported.

**City of Hapeville, Georgia
Schedule of Prior Year Findings
For the Year Ended June 30, 2015**

Finding 2014-1

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

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

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

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

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

Status of Corrective Action – The City has hired an additional qualified staff person in the finance department. Separation of duties has been implemented.