CITY OF HAPEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Prepared By:
Finance Department

CITY OF HAPEVILLE, GEORGIA

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

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

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

Fire Department
606 King Arnold Street
404-669-2141

Police Department
700 Doug Davis Drive
404-768-7171

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

Hapeville
georgia

ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

December 10, 2020

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

Introduction

Georgia law requires all local governments to prepare a complete set of financial statements, presented in conformity with generally accepted accounting principles (GAAP), and audited by a certified public accounting firm. These financial statements are required by the State of Georgia (State) to be prepared within six months of the end of each fiscal year. However, an extension may be granted for an additional six months if deemed appropriate. Pursuant to that state requirement, enclosed is the Comprehensive Annual Financial Report (CAFR) of the City for the fiscal year ended June 30, 2020.

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

The City's financial statements for the fiscal year ended June 30, 2020 have been audited by Mauldin & Jenkins, LLC, an auditing firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Mauldin & Jenkins, LLC, concluded, based upon the completed audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City Government

The City, located in the south/central portion of Georgia on I-75, has its corporate limits contiguous to those of the City of Atlanta. The City has an easy seven-mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I-85, I-75 and the Metropolitan Atlanta Regional Transit Authority (MARTA). MARTA also provides extensive bus service to supplement the rail system. For travel inside and outside the State, the Hartsfield-Jackson International Airport is within two miles of the City and remains one of the busiest airports in the world. The City encompasses 2.5 square miles and serves a population of 6,373 according to the 2010 U.S. Census. Population in the City increased 3.1% 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 four-member City Council elected by the voters through at-large elections on a city-wide basis. The mayor and council members serve four-year staggered terms. The mayor presides at the Council meetings and only votes in the event of a tie. The City Manager is the City's chief executive officer with oversight of all city departments and operations.

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

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

Factors Affecting Financial Conditions

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

Local Economy

During the fiscal year, the City's overall local economy experienced improvement in performance while the performance of the regional and national economies was slow-moving. The City has seen its real & personal property tax assessments increase by 65% from year 2015 to year 2020. In contending with unfavorable economic times, the Mayor, City Council and City management, including the Development Authority, have worked to promote the City and have succeeded in largely sustaining the City.

In addition, the City staff continued to aggressively recruit new businesses and industrial prospects by showcasing the City's great location and moderate climate, as well as the availability of utilities, a skilled work force, and business incentives. The City has rail transportation through the City. It is also adjacent to the Hartsfield-Jackson International Airport and is bordered on west by Interstate I-85 and on the east by Interstate I-75. Interstate 20 runs east-west about 10 miles north of the City.

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

- Continuing renovations of several parks and grounds facilities
- Completion of new Skate Park
- Completion of new Dog Park
- Refurbishing the Water, Sewer and Storm water infrastructure

- Renovation/landscaping of North Central Avenue business district
- Continuation of art projects enhancing the brand a city for the arts

Awards and Acknowledgements

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

The Government Finance Officers Association of the United States and Canada (GFOA) 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, 2019. This was the sixth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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 reporting standards and we are submitting it to GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,

Tim Young, CPA
City Manager

Randy Brewer, MBA
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, 2019

Christopher P. Morrill

Executive Director/CEO

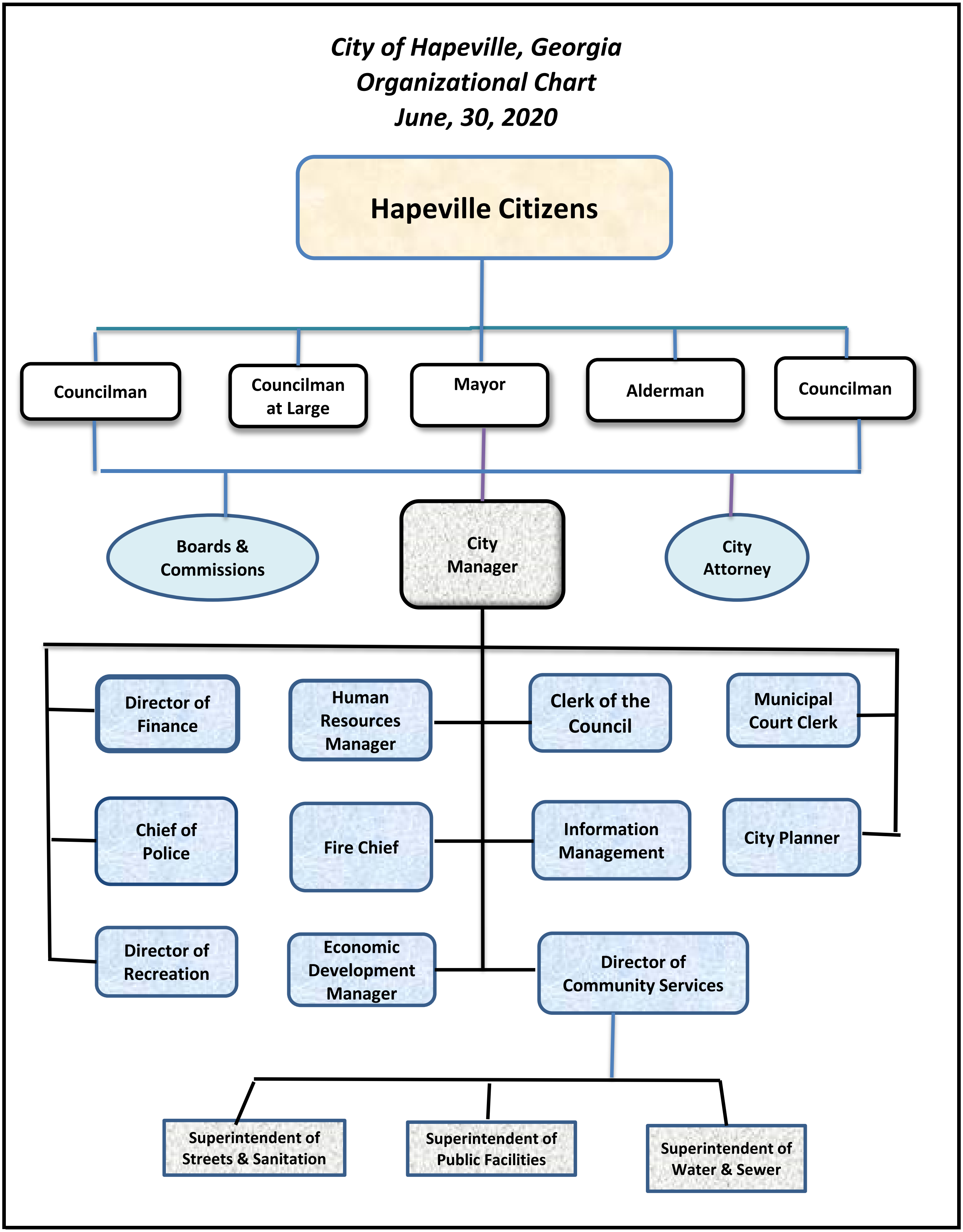
City of Hapeville, Georgia
List of Elected and Appointed Officials
June 30, 2020

ELECTED OFFICIALS

Mayor	Alan Hallman
Alderman at Large	Michael Rast
Councilman at Large	Travis Horsley
Councilman (1st Ward)	Mark Adams
Councilman (2nd Ward)	Chloe Alexander

APPOINTED OFFICIALS

City Manager	Tim Young
Director of Finance	Randy Brewer
Director of Community Services	Lee Sudduth
Chief of Police	Richard M. Glavosek
Fire Chief	David Bloodworth
City Clerk	Chrystal Epps-Griggs
Court of Clerk	Monique Favors
Director of Recreation	Tod Nichols
City Attorney	Smith, Welch, Webb, and White LLC


City of Hapeville, Georgia
Organizational Chart
June, 30, 2020
Hapeville Citizens
Councilman
Councilman at Large
Mayor
Alderman
Councilman
Boards & Commissions
City Manager
City Attorney
Director of Finance
Human Resources Manager
Clerk of the Council
Municipal Court Clerk
Chief of Police
Fire Chief
Information Management
City Planner
Director of Recreation
Economic Development Manager
Director of Community Services
Superintendent of Streets & Sanitation
Superintendent of Public Facilities
Superintendent of Water & Sewer

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Hapeville, Georgia** (the "City") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and Hotel/Motel Tax Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 14), the Schedule of City Contributions – Retirement Plan (on page 65), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 66), the Schedule of Pension Investment Returns – Retirement Plan (on page 67), and the Schedules of Changes in the City's Total OPEB Liability and Related Ratios (on page 68) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 10, 2020

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, 2020. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2020 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $20,310,355 (total net position) as of June 30, 2020.

- Total net position is comprised of the following:

  (1) The net investment in capital assets of $38,930,745 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $1,848,616 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 $20,469,006.

- The City's governmental funds reported total ending fund balance of $3,786,915 at June 30, 2020. This compares to the prior year ending fund balance of $3,827,430 showing a slight decrease of $40,515 during the current fiscal year. Unassigned fund balance of $1,894,140 at June 30, 2020 reflects a decrease of $106,264 from the prior fiscal year.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $1,897,150 or 12.63% of total General Fund expenditures.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements are presented on pages 15 and 16 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 17 - 21 of this report.

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

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City’s proprietary funds are classified as four enterprise funds. The enterprise fund essentially encompasses the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 22 - 24 of this report.

Fiduciary 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 25 and 26 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on pages 27 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's single employer pension plan and postemployment healthcare plans. The required supplementary information can be found on pages 65 - 68 of this report.

Supplementary Information

As discussed, the City reports major funds in the basic financial statements. Comparative information for major funds and combining and individual statements and schedules for nonmajor funds, including budgetary comparison schedules, are presented in a supplementary information section of this report beginning on page 69.

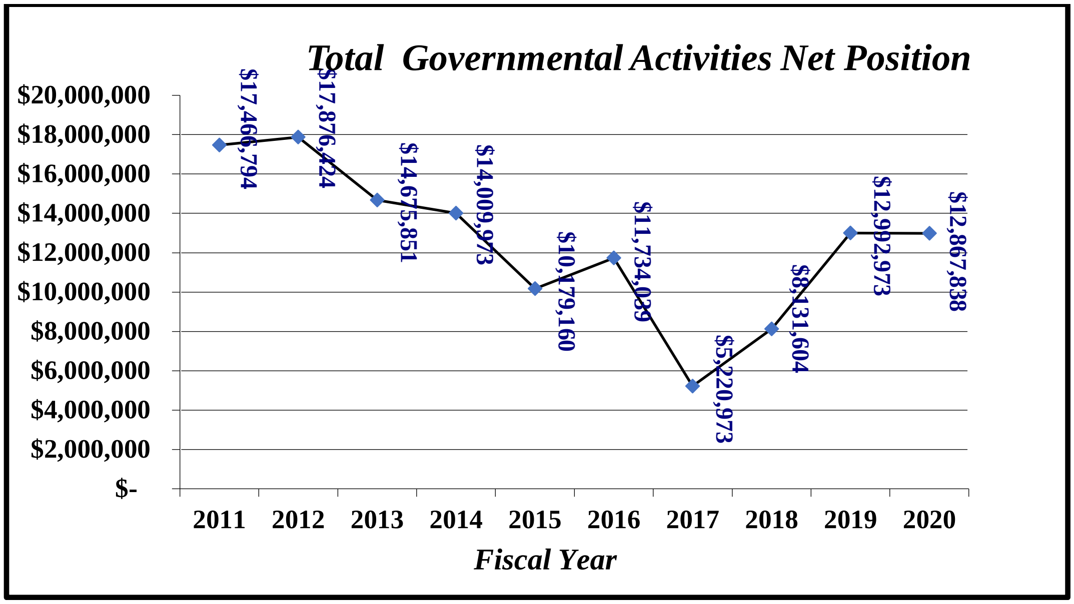
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s net position at fiscal year-end is $20,310,355. The following table provides a summary of the City’s net position on a comparative basis:

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current assets	$ 3,912,848	$ 6,278,012	$ 4,775,198	$ 5,338,839	$ 8,688,046	$ 11,616,851
Noncurrent assets						
Other	692,309	-	1,077,379	1,077,379	1,769,688	1,077,379
Capital	27,119,452	25,141,684	14,474,065	13,095,381	41,593,517	38,237,065
Total assets	31,724,609	31,419,696	20,326,642	19,511,599	52,051,251	50,931,295
Deferred outflows of resources	10,161,736	8,401,429	787,813	1,077,709	10,949,549	9,479,138
Liabilities:						
Current liabilities	1,479,508	3,135,932	3,235,027	2,440,758	4,714,535	5,576,690
Long-term liabilities	22,668,119	23,122,500	10,095,048	11,688,672	32,763,167	34,811,172
Total liabilities	24,147,627	26,258,432	13,330,075	14,129,430	37,477,702	40,387,862
Deferred inflows of resources	4,870,880	569,720	341,863	68,245	5,212,743	637,965
Net position:						
Net investment in capital assets	25,503,707	23,391,066	13,427,038	13,095,381	38,930,745	36,486,447
Restricted	970,169	1,520,642	878,447	812,819	1,848,616	2,333,461
Unrestricted (deficit)	(13,606,038)	(11,918,735)	(6,862,968)	(7,516,567)	(20,469,006)	(19,435,302)
Total net position	$ 12,867,838	$ 12,992,973	$ 7,442,517	$ 6,391,633	$ 20,310,355	$ 19,384,606

The following chart reports the City's total governmental activities net position balances from fiscal year 2011 – 2020:



Since 2011 to 2017, the City's net position decreased from $17,466,794 to $5,220,973 or by 70.11%. Since the low point of 2017, the City's net position increased to $12,867,838 or by 146.46%.

Current assets in governmental activities decreased $2,365,164 and business-type activities decreased $563,641 in fiscal year June 30, 2020.

The City's overall financial position improved during fiscal year 2020. Net position for governmental activities decreased slightly by $125,135. Net position for business-type activities increased $1,050,884 in fiscal 2020 compared to an increase of $701,644 in fiscal 2019.

Note that approximately 85% 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 71% of total assets. The City uses these capital assets to provide utility services to its customers. Combining governmental activities with business type activities, the City has invested approximately 80% of its total assets in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the City's changes in net position for the fiscal years ended June 30, 2020 and 2019:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program:						
Charges for services & fines	$ 1,767,968	$ 1,052,832	$ 5,222,618	$ 5,744,255	$ 6,990,586	$ 6,797,087
Operating grants	4,630	17,656	-	-	4,630	17,656
Capital grants	1,904,573	5,334,753	-	-	1,904,573	5,334,753
General:						
Property taxes	7,439,950	6,177,974	-	-	7,439,950	6,177,974
Sales taxes	1,867,684	1,992,229	-	-	1,867,684	1,992,229
Hotel/motel taxes	2,801,045	3,636,829	-	-	2,801,045	3,636,829
Other taxes	1,798,547	1,899,197	-	-	1,798,547	1,899,197
Other	91,858	54,814	548,965	-	640,823	54,814
Total revenues	17,676,255	20,166,284	5,771,583	5,744,255	23,447,838	25,910,539
Program Expenses:						
General government	3,064,547	2,721,802	-	-	3,064,547	2,721,802
Judical	357,220	154,675	-	-	357,220	154,675
Public safety	7,803,633	6,111,073	-	-	7,803,633	6,111,073
Highways and streets	1,485,918	1,363,892	-	-	1,485,918	1,363,892
Culture and recreation	2,201,635	1,809,491	-	-	2,201,635	1,809,491
Planning and zoning	330,671	187,009	-	-	330,671	187,009
Trade, tourism and development	2,142,435	2,410,903	-	-	2,142,435	2,410,903
Interest	60,495	61,350	-	-	60,495	61,350
Water and sewer utility	-	-	3,802,086	4,021,474	3,802,086	4,021,474
Stormwater utility	-	-	286,534	468,413	286,534	468,413
Solid waste utility	-	-	528,226	504,518	528,226	504,518
Development Authority	-	-	458,689	532,926	458,689	532,926
Total expenses	17,446,554	14,820,195	5,075,535	5,527,331	22,522,089	20,347,526
Revenues over expenses	229,701	5,346,089	696,048	216,924	925,749	5,563,013
Transfers in (out)	(354,836)	(484,720)	354,836	484,720	-	-
Changes in net position	(125,135)	4,861,369	1,050,884	701,644	925,749	5,563,013
Beginning net position	12,992,973	8,131,604	6,391,633	5,689,989	19,384,606	13,821,593
Ending net position	$ 12,867,838	$ 12,992,973	$ 7,442,517	$ 6,391,633	$ 20,310,355	$ 19,384,606

Governmental Activity - Revenues

Governmental revenues decreased $2,490,029 or 12.35%. Charges for services increased $715,136 or 67.92% because of increases in fines and forfeitures of $317,048 due to stronger enforcement procedures and increased police staffing as well as increases in licenses and permits of $366,442 because of increases in building applications. Capital grants decreased $3,430,180 or 64.3% as Department of Transportation grants for railroad improvements and access roads to Hartsfield-Jackson International Airport were completed early in the fiscal year. Property taxes increased $1,261,976 or 20.43% based on increases in assessed property values. Hotel/Motel taxes decreased $835,784 based on the impact of COVID-19 on travel related to Hartsfield-Jackson International Airport. Sales taxes decreased $124,545 or 6.25% and Other taxes decreased $100,650 or 5.3% and are attributable to the impact of COVID-19 on the general economy.

Governmental Activity Expenses

Overall governmental expenses increased $2,626,359 or 17.72%. General government expenses increased $342,745 or 12.59% primarily from increases in pension and other post-employment expenses. Public safety expenses increased $1,692,560 or 27.70% due to increases in salary and staffing as well as increases in pension expenses and other post-employment benefits. Culture and recreation expenses increased $392,144 or 21.67% primarily from increases of $186,100 in technical inspection expenses and other general increases in expenses. Trade, Tourism and Development expenses decreased $268,468 or 11.14% primarily from decreases in professional services.

Business-Type Activities

Overall Analysis – Total revenues increased $27,328 or .48%. Total operating expenses decreased $428,873 or 8.46%. In total, the operating income increased $456,201 or 67.8% over fiscal year 2019 amount.

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

	2020	2019
Water and sewerage utility	$ 571,678	$ 757,967
Storm water utility	(32,384)	(203,043)
Solid Waste	558,139	54,085
Development Authority	31,561	63,784
	$ 1,128,994	$ 672,793

The following includes an analysis of the fiscal year 2020 financial activities for each enterprise fund.

***Water and Sewerage System Fund* -** The operating income of $571,678 in fiscal year 2020 compares to an operating income of $757,967 in fiscal year 2019. Operating revenues decreased $409,541 or 8.57% from $4,779,441 to $4,369,900 primarily from decreases in revenues from commercial customers (primarily hotels) due to the COVID-19 pandemic. Total operating expenses decreased $223,252 or 5.5%, from $4,021,474 in 2019 to $3,798,222 in 2020. Decreases were primarily related to valuations of other post-employment benefits and decreases in water purchases related to the decrease in revenues associated with COVID-19. Transfers to other funds increased $394,361 or 41.18% due to increased allocation for Water and Sewer revenues to cover debt service. At fiscal year-end, net position totaled $13,615,334, a decrease of $784,108 or 5.45% from the prior fiscal year.

***Storm Water Utility Fund* –** The operating loss of this fund was $32,384 compared to a loss of $203,043 in the prior fiscal year. Total operating revenues decreased $11,220 or 4.23% from the prior year. Total operating expenses decreased $181,879 or 38.83% due to decreases in valuation of other post-employment benefits and decreases in repairs and maintenance costs. The net position of this fund at fiscal year end of June 30, 2020 was $938,720.

Solid Waste Fund – Net position for this fund increased $558,139 or 121.84%. Revenues increased by $527,762 or 94.48% due to $548,965 of cost recovery from the reallocation of OPEB and Pension plan costs to governmental activities and is no longer reported in this fund as the City now outsources its sanitation services. Expenses increased from $504,518 to $528,226, an increase of $23,708 or 4.70%. Operating income for fiscal 2020 was $558,139, an increase of $504,054 or 932% from the prior fiscal year.

***Development Authority Fund* –** This fund is utilized as the bond agent for the City. In this fiscal year, this fund reported only $61,168 in revenues and $29,607 in expenses. Total transfers into this fund were $1,809,942 which included a transfer from the General Fund of $458,020 to cover bond debt payments for the 2004A, 2014, and 2019 bond issues. This fund also transferred in $1,351,922 from the Water and Sewer Utility Fund, which covered a portion of the same bond issues.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the fiscal year in comparison with upcoming financing requirements. Governmental funds reported stable ending fund balances of $3,786,915 as of fiscal year end of June 30, 2020 compared to a balance of $3,827,430 at fiscal year end of June 30, 2019.

Of this fiscal year-end total, $1,894,140 is unassigned indicating availability for continuing City service delivery requirements. This is an increase of $106,264 or 5.3% over the prior fiscal year. Legally restricted fund balances include $970,169, which is set aside for specific program purposes. The total ending fund balances of governmental funds decreased slightly by $40,515.

Major Governmental Funds

General Fund **-** The General Fund is the City’s primary operating fund, and the largest source of day-to-day service delivery. From our experience, the ending unassigned fund balance of $1,897,150 is considered adequate for cash flow purposes, although not excessive, representing the equivalent of 12.63% of annual expenditures. Below is a comparison of General Fund revenues and expenditures for 2020 and 2019.

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	General Fund			
	2020	**2019**	**$Change**	**% Change**
Revenues:				
Taxes	$ 10,902,900	$ 10,140,338	$ 762,562	7.5%
Licenses and permits	707,583	341,141	366,442	107.4%
Intergovernmental revenues	79,000	100,226	(21,226)	-21.2%
Fines and forfeitures	462,517	145,469	317,048	217.9%
Charges for services	433,620	405,777	27,843	6.9%
Interest income	5,847	53	5,794	10932.1%
Other	90,631	72,417	18,214	25.2%
Total revenues	12,682,098	11,205,421	1,476,677	13.2%
Expenditures:				
General government	2,497,277	2,389,436	107,841	4.5%
Public safety	6,241,058	5,189,787	1,051,271	20.3%
Highways and streets	829,856	811,407	18,449	2.3%
Parks and recreation	1,752,167	1,501,837	250,330	16.7%
Judicial	308,218	148,668	159,550	107.3%
Planning and zoning	285,311	164,460	120,851	73.5%
Trade tourism and development	2,678,510	4,088,543	(1,410,033)	-34.5%
Debt service				
Principal	375,794	308,116	67,678	22.0%
Interest	58,310	57,025	1,285	2.3%
Total expenditures	15,026,501	14,659,279	367,222	2.5%
Excess (deficiency) of revenues over (under) expenditures	(2,344,403)	(3,453,858)	1,109,455	-32.1%
Other financing sources (uses)				
Financed purchases	273,501	-	273,501	
Transfers in	3,104,916	3,743,950	(639,034)	-17.1%
Transfers out	(812,827)	(656,403)	(156,424)	23.8%
Total other financing sources (uses)	2,565,590	3,087,547	521,957	16.9%
Net change in fund balances	221,187	(366,311)	587,498	-160.4%
Fund balances, beginning of fiscal year	2,954,727	3,321,038	(366,311)	-11.0%
Fund balances, end of fiscal year	$ 3,175,914	$ 2,954,727	$ 221,187	7.5%

Total General Fund revenues increased $1,476,677 or 13.2%. The largest increase in revenues was taxes which increased $762,562 or 7.5% as assessed property values have increased. Licenses and permits increased $366,442 or 107.4% due to the current year experiencing several significant building applications. Fines and forfeitures increased $317,048 or 217.9% as the City has implemented stronger enforcement procedures along with increases in police staffing.

Total General Fund expenditures increased $367,222 or 2.5%. As a result of increased police and fire staffing, Public safety expenditures increased $1,051,271 or 20.3%. As a result of significant expenditures for technical inspections and general increases in parks and recreation expenditures, parks and recreation expenditures increased $250,330 or 16.7%. Trade, tourism and development expenditures decreased $1,410,033 or 34.5%, primarily related to one-time theatre renovations incurred in the prior fiscal year.

Hotel/Motel Tax Fund **-** The City has levied an 8% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48- 13-51(b). The City is required to spend an amount equal to 62.50% of the total taxes collected at the rate of 8% for promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues received were $2,801,045 and $3,636,829 in 2020 and 2019, respectively. The significant decrease is related to the effect of the COVID-19 pandemic on travel. In fiscal years 2020 and 2019, $2,801,045 and $3,636,829 were transferred to the General Fund, respectively, to be used for the legally specified purposes.

Capital Project Fund – This fund accounts for capital project expenditures. The fund is mostly funded with federal and state grants. Revenues decreased from $4,053,980 in fiscal year 2019 to $687,848 in fiscal year 2020. The primary sources of revenue for 2019 was $1,541,651 for Earmark Loop Road and $2,119,635 for railroad improvements as well as certain smaller projects. These projects were mostly complete prior to fiscal 2020 and no other significant projects were started in 2020.

Expenditures for this fund decreased from $4,720,401 to $635,514 and are related to the corresponding decrease in the project revenues noted above.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

A comparison of budgeted and actual expenditures for the General Fund can be found on Page 20 of this report. In total, revenues were $1,400,547 worse than budgeted; expenditures were $1,948,224 better than budgeted; and net other financing sources were $326,490 better than budgeted. Overall, budgeted fund balance was $221,187 better than projected.

Sales taxes were $1,495,261 less than budgeted due to the impact of the COVID-19 pandemic on these taxes. Fines and forfeitures were $186,117 better than budgeted due to increased police staffing and stronger enforcement procedures.

Trade, Tourism and Development expenditures were $1,455,808 less than budgeted as theatre renovation costs were less than projected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2020, was $27,119,452 and $14,474,065, respectively. The change in this net investment was a 7.87% increase for governmental activities and a 10.53% increase for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and balances at the end of the fiscal year.

The following table provides a summary of capital asset activity:

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Non-depreciable assets:						
Land	$ 1,367,730	$ 1,367,730	$ -	$ -	$ 1,367,730	$ 1,367,730
Construction in progress	106,959	8,801,471	-	-	106,959	8,801,471
Total non-depreciable	1,474,689	10,169,201	-	-	1,474,689	10,169,201
Depreciable assets:						
Water system	-	-	15,831,306	13,986,875	15,831,306	13,986,875
Rights to capacity	-	-	5,508,846	5,508,846	5,508,846	5,508,846
Buildings and improvements	9,354,288	6,726,412	-	-	9,354,288	6,726,412
Land improvements	4,548,602	3,746,441	-	-	4,548,602	3,746,441
Auto, trucks and equipment	10,101,637	9,585,557	985,005	985,005	11,086,642	10,570,562
Infrastructure	33,764,948	25,690,031	1,183,803	1,183,803	34,948,751	26,873,834
Total depreciable assets	57,769,475	45,748,441	23,508,960	21,664,529	81,278,435	67,412,970
Less accumulated depreciation	32,124,712	30,775,958	9,034,895	8,569,148	41,159,607	39,345,106
Book value - depreciable assets	25,644,763	14,972,483	14,474,065	13,095,381	40,118,828	28,067,864
Percentage depreciated	56%	67%	38%	40%	51%	58%
Total book value	$ 27,119,452	$ 25,141,684	$ 14,474,065	$ 13,095,381	$ 41,593,517	$ 38,237,065

Several significant governmental construction projects were completed during 2020 include:

- Loop Access Road - $3,365,163
- Theatre renovation - $2,525,922
- Railroad construction - $4,303,170
- Skate Park - $353,671
- Doug Davis bicycle path - $417,821
- Other smaller projects - $473, 501

Major additions to governmental capital assets included $516,080 for vehicles and equipment.

Water system infrastructure improvements for 2020 included $966,753 for meter upgrades and $877,878 for the City’s proportionate share of the South River sewer upgrade.

Long-term Debt

The following table reports long-term debt balances at fiscal year ended June 30, 2020 and 2019:

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Financed purchases payable	$ 1,615,745	$ 1,750,618	$ -	$ -	$ 1,615,745	$ 1,750,618
Revenue bonds payable	-	-	9,015,000	10,280,000	9,015,000	10,280,000
Notes payable	-	-	1,047,027	-	1,047,027	-
Net pension liability	8,531,654	9,958,376	651,636	1,241,469	9,183,290	11,199,845
Total OPEB liability	12,673,699	11,732,924	886,871	1,480,552	13,560,570	13,213,476
Compensated absences	662,418	517,469	86,561	134,929	748,979	652,398
	$ 23,483,516	$23,959,387	$ 11,687,095	$ 13,136,950	$ 35,170,611	$ 37,096,337

See Note 7 for additional information about the City's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE CITY

The City is included in the Atlanta, Georgia Metropolitan area, very close to Hartsfield-Jackson International airport. The total population of the City as of July 1, 2020 was estimated to be 7,100 and per capita income is estimated at $24,254 which is 74% of the national average.

The unemployment rate for Fulton County, where the City is located is 8.3%.

The primary revenue streams for the City are property taxes, sales taxes, hotel/motel taxes and the recent addition of a TSPLOST tax. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes and hotel/motel taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. Due to economic conditions that stemmed from the on-going effects of the Coronavirus pandemic, the City has experienced a loss in revenues and project further losses through the end of the 2020 calendar year.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Finance Director, 3468 North Fulton Avenue, Hapeville, GA 30354.

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	Primary Government Governmental Activities	 Business-type Activities	 Total
Cash and cash equivalents	$ 3,554,009	$ 2,106,011	$ 5,660,020
Restricted cash	-	878,447	878,447
Taxes receivable	621,856	-	621,856
Other receivables	47,472	-	47,472
Notes receivable, current	-	7,609	7,609
Notes receivable, noncurrent	-	96,494	96,494
Accounts receivable, net of allowances	-	777,425	777,425
Intergovernmental receivables	570,341	-	570,341
Internal balances	(909,212)	909,212	-
Property held for redevelopment	692,309	1,077,379	1,769,688
Prepaid items	28,382	-	28,382
Capital assets:			
Non-depreciable	1,474,689	-	1,474,689
Depreciable, net of accumulated depreciation	25,644,763	14,474,065	40,118,828
Total assets	31,724,609	20,326,642	52,051,251
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	16,663	16,663
OPEB related items	3,211,401	224,725	3,436,126
Pension related items	6,950,335	546,425	7,496,760
Total deferred outflows of resources	10,161,736	787,813	10,949,549
LIABILITIES			
Accounts payable	432,685	485,041	917,726
Accrued liabilities	231,426	920,133	1,151,559
Customer deposits payable	-	237,806	237,806
Compensated absences due within one year	439,902	42,047	481,949
Compensated absences due in more than one year	222,516	44,514	267,030
Financed purchases due within one year	375,495	-	375,495
Financed purchases due in more than one year	1,240,250	-	1,240,250
Bonds payable due within one year	-	1,550,000	1,550,000
Bonds payable due in more than one year	-	7,465,000	7,465,000
Net pension liability due in more than one year	8,531,654	651,636	9,183,290
Total OPEB liability due in more than one year	12,673,699	886,871	13,560,570
Notes payable due in more than one year	-	1,047,027	1,047,027
Total liabilities	24,147,627	13,330,075	37,477,702
DEFERRED INFLOWS OF RESOURCES			
Pension related items	3,264,328	229,441	3,493,769
OPEB related items	1,606,552	112,422	1,718,974
Total deferred inflows of resources	4,870,880	341,863	5,212,743
NET POSITION			
Net investment in capital assets	25,503,707	13,427,038	38,930,745
Debt service	-	878,447	878,447
Capital construction	87,385	-	87,385
Transportation projects	477,531	-	477,531
Trade and tourism	356,158	-	356,158
Culture and recreation	10,581	-	10,581
Law enforcement	38,514	-	38,514
Unrestricted (deficit)	(13,606,038)	(6,862,968)	(20,469,006)
Total net position	$ 12,867,838	$ 7,442,517	$ 20,310,355

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position — Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 3,064,547	$ 892,094	$ 4,630	$ 9,000	$ (2,158,823)	$ -	$ (2,158,823)
Public safety	7,803,633	800,443	-	-	(7,003,190)	-	(7,003,190)
Highway and Streets	1,485,918	21,925	-	1,895,573	431,580	-	431,580
Recreation	2,201,635	53,506	-	-	(2,148,129)	-	(2,148,129)
Judicial	357,220	-	-	-	(357,220)	-	(357,220)
Planning and zoning	330,671	-	-	-	(330,671)	-	(330,671)
Trade tourism and development	2,142,435	-	-	-	(2,142,435)	-	(2,142,435)
Interest on long-term debt	60,495	-	-	-	(60,495)	-	(60,495)
Total governmental activities	17,446,554	1,767,968	4,630	1,904,573	(13,769,383)	-	(13,769,383)
Business-type activities:							
Development Authority	458,689	61,168	-	-	-	(397,521)	(397,521)
Water and Sewer Utility	3,802,086	4,369,900	-	-	-	567,814	567,814
Solid Waste	528,226	537,400	-	-	-	9,174	9,174
Stormwater Utility	286,534	254,150	-	-	-	(32,384)	(32,384)
Total business-type activities	5,075,535	5,222,618	-	-	-	147,083	147,083
Total primary government	$ 22,522,089	$ 6,990,586	$ 4,630	$ 1,904,573	(13,769,383)	147,083	(13,622,300)
			General revenues:				
			Property taxes		$ 7,439,950	$ -	$ 7,439,950
			Franchise taxes		689,010	-	689,010
			Insurance premium taxes		510,484	-	510,484
			Hotel/Motel taxes		2,801,045	-	2,801,045
			Sales taxes		1,867,684	-	1,867,684
			Other taxes		599,053	-	599,053
			Unrestricted investment earnings		5,847	-	5,847
			Miscellaneous		86,011	548,965	634,976
			Transfers		(354,836)	354,836	-
			Total general revenues and transfers		13,644,248	903,801	14,548,049
			Change in net position		(125,135)	1,050,884	925,749
			Net position, beginning of fiscal year		12,992,973	6,391,633	19,384,606
			Net position, end of fiscal year		$ 12,867,838	$ 7,442,517	$ 20,310,355

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

CITY OF HAPEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	General Fund	Hotel/Motel Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 2,339,226	$ 39,772	$ 709,850	$ 465,161	$ 3,554,009
Taxes receivable, net of allowances	483,364	133,308	-	5,184	621,856
Intergovernmental receivables	-	-	472,369	97,972	570,341
Other receivables	20,690	-	-	26,782	47,472
Due from other funds	207,434	-	-	-	207,434
Advances to other funds	201,915	-	-	-	201,915
Prepaid items	28,382	-	-	-	28,382
Property held for redevelopment	692,309	-	-	-	692,309
Total assets	$ 3,973,320	$ 173,080	$ 1,182,219	$ 595,099	$ 5,923,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 411,849	$ -	$ 18,758	$ 2,078	$ 432,685
Accrued liabilities	231,426	-	-	-	231,426
Due to other funds	-	173,080	1,111,127	34,354	1,318,561
Total liabilities	643,275	173,080	1,129,885	36,432	1,982,672
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	154,131	-	-	-	154,131
Total deferred inflows of resources	154,131	-	-	-	154,131
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	28,382	-	-	-	28,382
Property held for redevelopment	692,309	-	-	-	692,309
Advances to other funds	201,915	-	-	-	201,915
Restricted:					
Capital construction	-	-	52,334	35,051	87,385
Transportation projects	-	-	-	477,531	477,531
Trade and tourism	356,158	-	-	-	356,158
Culture and recreation	-	-	-	10,581	10,581
Law enforcement	-	-	-	38,514	38,514
Unassigned	1,897,150	-	-	(3,010)	1,894,140
Total fund balances	3,175,914	-	52,334	558,667	3,786,915
Total liabilities, deferred inflows of resources, and fund balances	$ 3,973,320	$ 173,080	$ 1,182,219	$ 595,099	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	27,119,452
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	154,131
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,278,163)
The deferred inflows and outflows of resources and the net pension liability and total OPEB liability are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds.	(15,914,497)
Net position of governmental activities	$ 12,867,838

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

CITY OF HAPEVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Hotel/Motel Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 10,902,900	$ 2,801,045	$ -	$ 200,687	$ 13,904,632
Licenses and permits	707,583	-	-	-	707,583
Intergovernmental	79,000	-	687,848	1,137,725	1,904,573
Fines and forfeitures	462,517	-	-	-	462,517
Charges for services	433,620	-	-	164,248	597,868
Investment income	5,847	-	-	-	5,847
Contributions	4,630	-	-	-	4,630
Other revenues	86,001	-	-	10	86,011
Total revenues	12,682,098	2,801,045	687,848	1,502,670	17,673,661
Expenditures					
Current:					
General government	2,497,277	-	-	-	2,497,277
Public safety	6,241,058	-	-	452,060	6,693,118
Highway & Streets	829,856	-	-	-	829,856
Recreation	1,752,167	-	-	2,222	1,754,389
Judicial	308,218	-	-	-	308,218
Planning & Zoning	285,311	-	-	-	285,311
Trade tourism and development	2,678,510	-	-	-	2,678,510
Capital Outlay	-	-	635,514	1,481,779	2,117,293
Debt Service:					
Principal	375,794	-	-	32,580	408,374
Interest	58,310	-	-	2,185	60,495
Total expenditures	15,026,501	-	635,514	1,970,826	17,632,841
Excess (deficiency) of revenues over (under) expenditures	(2,344,403)	2,801,045	52,334	(468,156)	40,820
Other financing sources (uses):					
Financed purchases	273,501	-	-	-	273,501
Transfers in	3,104,916	-	-	354,807	3,459,723
Transfers out	(812,827)	(2,801,045)	-	(200,687)	(3,814,559)
Total other financing sources (uses)	2,565,590	(2,801,045)	-	154,120	(81,335)
Net change in fund balances	221,187	-	52,334	(314,036)	(40,515)
Fund balances, beginning of fiscal year	2,954,727	-	-	872,703	3,827,430
Fund balances, end of fiscal year	$ 3,175,914	$ -	$ 52,334	$ 558,667	$ 3,786,915

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

CITY OF HAPEVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(40,515)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense exceeded in the current period.		1,977,768
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		2,594
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		134,873
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,199,855)
Change in net position - governmental activities	$	(125,135)

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

CITY OF HAPEVILLE, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Property	$ 6,311,000	$ 7,248,200	$ 7,236,669	$ (11,531)
Franchise	670,000	693,000	689,010	(3,990)
Sales	3,448,749	3,362,945	1,867,684	(1,495,261)
Business	690,000	598,000	599,053	1,053
Insurance Premium	495,000	510,000	510,484	484
Licenses and permits	366,400	710,400	707,583	(2,817)
Fines and forfeitures	457,500	276,400	462,517	186,117
Interest	500	6,500	5,847	(653)
Charges for services	399,900	427,800	433,620	5,820
Intergovernmental	85,000	85,000	79,000	(6,000)
Contributions	5,500	5,500	4,630	(870)
Miscellaneous	52,700	158,900	86,001	(72,899)
Total revenues	12,982,249	14,082,645	12,682,098	(1,400,547)
Expenditures				
Current:				
General government:				
Governing Body	42,886	39,386	38,760	626
Mayor and Commission	24,043	22,543	21,059	1,484
City Manager	672,516	738,302	674,505	63,797
City Clerk	203,672	182,987	171,468	11,519
Elections	12,500	12,500	5,809	6,691
Finance	702,821	756,773	708,835	47,938
Law	330,000	344,000	365,210	(21,210)
Human Resources	207,067	207,340	197,043	10,297
Information Technology	392,265	347,265	314,588	32,677
Total general government	2,587,770	2,651,096	2,497,277	153,819
Public safety:				
Police	3,598,606	3,381,104	3,045,597	335,507
Fire	3,690,978	3,190,016	3,195,461	(5,445)
Total public safety	7,289,584	6,571,120	6,241,058	330,062
Judicial	186,179	187,342	308,218	(120,876)
Highway & Streets	856,564	895,336	829,856	65,480
Recreation	1,692,159	1,809,683	1,752,167	57,516
Planning & Zoning	395,924	270,744	285,311	(14,567)
Trade, Tourism and Development	3,381,484	4,134,318	2,678,510	1,455,808
Debt Service:				
Principal	476,141	396,776	375,794	20,982
Interest	58,310	58,310	58,310	-
Total expenditures	16,924,115	16,974,725	15,026,501	1,948,224
Deficiency of revenues under expenditures	(3,941,866)	(2,892,080)	(2,344,403)	547,677
Other financing sources (uses)				
Financed purchases	898,000	266,791	273,501	6,710
Transfers out	(1,480,698)	(967,219)	(812,827)	154,392
Transfers in	4,558,065	3,592,508	3,104,916	(487,592)
Total other financing sources (uses)	3,975,367	2,892,080	2,565,590	(326,490)
Net change in fund balances	33,501	-	221,187	221,187
Fund balances, beginning of fiscal year	2,954,727	2,954,727	2,954,727	-
Fund balances, end of fiscal year	$ 2,988,228	$ 2,954,727	$ 3,175,914	$ 221,187

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

CITY OF HAPEVILLE, GEORGIA
HOTEL/MOTEL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 3,750,000	$ 2,810,000	$ 2,801,045	$ (8,955)
Total revenues	3,750,000	2,810,000	2,801,045	(8,955)
OTHER FINANCING USES				
Transfers:				
Transfers out	(3,750,000)	(2,810,000)	(2,801,045)	8,955
Total transfers	(3,750,000)	(2,810,000)	(2,801,045)	8,955
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-type Activities - Enterprise Funds				
ASSETS	**Development Authority Fund**	**Water & Sewer Utility Fund**	**Solid Waste Fund**	**NonMajor Fund Stormwater Utility Fund**	**Totals**
CURRENT ASSETS					
Cash	$ 59,242	$ 1,816,673	$ 28,943	$ 201,153	$ 2,106,011
Restricted cash	878,447	-	-	-	878,447
Accounts receivable, net of allowances	-	506,573	85,527	185,325	777,425
Notes receivable, current	7,609	-	-	-	7,609
Due from other funds	-	1,111,127	-	-	1,111,127
Total current assets	945,298	3,434,373	114,470	386,478	4,880,619
NONCURRENT ASSETS					
Notes receivable, long term	96,494	-	-	-	96,494
Property held for redevelopment	1,077,379	-	-	-	1,077,379
Infrastructure	-	15,522,077	-	1,493,033	17,015,110
Furniture, fixtures and equipment	-	814,803	170,203	-	985,006
Intangible asset-capacity rights	-	5,508,846	-	-	5,508,846
Accumulated depreciation	-	(8,163,839)	(140,706)	(730,352)	(9,034,897)
Total noncurrent assets	1,173,873	13,681,887	29,497	762,681	15,647,938
Total assets	2,119,171	17,116,260	143,967	1,149,159	20,528,557
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	16,663	-	-	-	16,663
OPEB related items	-	183,394	-	41,331	224,725
Pension related items	-	498,956	-	47,469	546,425
Total deferred outflows of resources	16,663	682,350	-	88,800	787,813
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	423,464	34,437	27,140	485,041
Accrued liabilities	130,495	787,275	453	1,910	920,133
Customer deposits payable	-	237,806	-	-	237,806
Compensated absences payable	-	17,772	1,317	22,958	42,047
Bonds payable	1,550,000	-	-	-	1,550,000
Total current liabilities	1,680,495	1,466,317	36,207	52,008	3,235,027
NONCURRENT LIABILITIES					
Compensated absences, long term	-	36,793	7,721	-	44,514
Advance from other funds	201,915	-	-	-	201,915
Bonds payable, long term	7,465,000	-	-	-	7,465,000
Net pension liability	-	620,234	-	31,402	651,636
Total OPEB liability	-	723,760	-	163,111	886,871
Notes payable	-	1,047,027	-	-	1,047,027
Total noncurrent liabilities	7,666,915	2,427,814	7,721	194,513	10,296,963
Total liabilities	9,347,410	3,894,131	43,928	246,521	13,531,990
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	197,399	-	32,042	229,441
OPEB related items	-	91,746	-	20,676	112,422
Total deferred inflows of resources	-	289,145	-	52,718	341,863
NET POSITION					
Net investment in capital assets	-	12,634,860	29,497	762,681	13,427,038
Restricted for debt service	878,447	-	-	-	878,447
Unrestricted (deficit)	(8,090,023)	980,474	70,542	176,039	(6,862,968)
Total net position (deficit)	$ (7,211,576)	$ 13,615,334	$ 100,039	$ 938,720	$ 7,442,517

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	Totals
OPERATING REVENUE					
Water fees	$ -	$ 4,369,900	$ -	$ -	$ 4,369,900
Stormwater fees	-	-	-	254,150	254,150
Sanitation fees	-	-	537,400	-	537,400
Interest on notes receivable	6,634	-	-	-	6,634
Miscellaneous	54,534	-	548,965	-	603,499
Total operating revenues	61,168	4,369,900	1,086,365	254,150	5,771,583
OPERATING EXPENSES					
Cost of sales and services	29,607	1,875,637	513,300	257,511	2,676,055
Water purchases	-	1,500,787	-	-	1,500,787
Depreciation and amortization	-	421,798	14,926	29,023	465,747
Total operating expenses	29,607	3,798,222	528,226	286,534	4,642,589
Operating income (loss)	31,561	571,678	558,139	(32,384)	1,128,994
NON-OPERATING EXPENSES					
Interest expense	(429,082)	(3,864)	-	-	(432,946)
Total non-operating expenses	(429,082)	(3,864)	-	-	(432,946)
Income (loss) before transfers	(397,521)	567,814	558,139	(32,384)	696,048
Transfers in	1,809,942	-	-	-	1,809,942
Transfers out	(103,184)	(1,351,922)	-	-	(1,455,106)
Total transfers	1,706,758	(1,351,922)	-	-	354,836
Change in net position	1,309,237	(784,108)	558,139	(32,384)	1,050,884
Total net position (deficit), beginning	(8,520,813)	14,399,442	(458,100)	971,104	6,391,633
Total net position (deficit), ending	$ (7,211,576)	$ 13,615,334	$ 100,039	$ 938,720	$ 7,442,517

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Nonmajor Fund Stormwater Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 61,168	$ 4,538,887	$ 534,100	$ 206,666	$ 5,340,821
Payments to suppliers	(55,713)	(2,154,736)	(513,035)	(206,968)	(2,930,452)
Payments to employees	-	(384,951)	(80,716)	(75,506)	(541,173)
Other net changes related to Pension and OPEB plans	-	(63,409)	3,067	5,970	(54,372)
Net cash provided by (used in) operating activities	5,455	1,935,791	(56,584)	(69,838)	1,814,824
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	1,809,942	-	-	-	1,809,942
Transfers out to other funds	(103,184)	(1,351,922)	-	-	(1,455,106)
Proceeds from issuance of debt refunding	4,705,000	-	-	-	4,705,000
Payments to refunded bond escrow agent	(4,526,663)	-	-	-	(4,526,663)
Principal payments on bonds payable	(1,460,000)	-	-	-	(1,460,000)
Interest paid on long term debt	(506,689)	(3,864)	-	-	(510,553)
Paid (received) advance (to) from other funds	(78,027)	279,941	-	-	201,914
Payments received on note receivable	7,167	-	-	-	7,167
Net cash used in non-capital financing activities	(152,454)	(1,075,845)	-	-	(1,228,299)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Proceeds from issuance of notes payable	-	1,047,027	-	-	1,047,027
Purchases of capital assets	-	(1,844,431)	-	-	(1,844,431)
Net cash used in capital and related financing activities	-	(797,404)	-	-	(797,404)
Net increase (decrease) in cash	(146,999)	62,542	(56,584)	(69,838)	(210,879)
Cash, beginning of fiscal year	1,084,688	1,754,131	85,527	270,991	3,195,337
Cash, end of fiscal year	$ 937,689	$ 1,816,673	$ 28,943	$ 201,153	$ 2,984,458

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 31,561	$ 571,678	$ 558,139	$ (32,384)	$ 1,128,994
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	421,798	14,926	29,023	465,747
Change in assets and liabilities:					
(Increase) Decrease in accounts receivable	-	168,987	(3,300)	(47,484)	118,203
(Increase) Decrease in deferred outflows for pension items	-	(5,248)	304,650	(1,038)	298,364
(Increase) Decrease in deferred outflows for OPEB items	-	(46,031)	68,590	(14,364)	8,195
Increase (Decrease) in accounts payable	(26,106)	11,237	(2,657)	(48,330)	(65,856)
Increase (Decrease) in accrued liabilities	-	778,846	(3,400)	409	775,855
Increase (Decrease) in compensated absences payable	-	3,068	(74,394)	22,958	(48,368)
Decrease in total OPEB liability	-	(149,384)	(435,991)	(8,306)	(593,681)
Increase in customer deposits	-	18,108	-	-	18,108
Increase in due to other funds	-	25,478	-	-	25,478
Decrease in net pension liability	-	(109,819)	(458,293)	(21,721)	(589,833)
Increase in deferred inflows for pension items	-	156,446	(24,295)	30,943	163,094
Increase (Decrease) in deferred inflows for OPEB items	-	90,627	(559)	20,456	110,524
Net cash provided by operating activities	$ 5,455	$ 1,935,791	$ (56,584)	$ (69,838)	$ 1,814,824

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

ASSETS	Pension Trust Fund
Corporate stocks	$ 2,177,484
Mutual funds invested in bonds	988,490
Total assets	3,165,974
LIABILITIES	
Accounts payable	3,165,974
Net position restricted for pension benefits	$ -

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ADDITIONS	
Contributions	
Employer contributions	$ 765,000
Total additions	765,000
DEDUCTIONS	
Benefit payments	2,333,528
Net decrease in fair value of investments	75,743
Transfers to multiple-employer plan	21,464,763
Total deductions	23,874,034
Change in net position	(23,109,034)
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of fiscal year	23,109,034
End of fiscal year	$ -

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, 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.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The **Capital Project Fund** account for the receipt and expenditure of funds related to major capital projects throughout the City restricted for capital construction projects within the City.

The City reports the following major proprietary funds:

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

The **Water and Sewer Utility Fund** account for water and sewer service operations to the residents of the City. Activities of the fund include administration, operations and maintenance of the system and billing and collection activities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City also reports the following non major proprietary fund:

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

The City also reports the following fund types:

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

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

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 contributed by the City at rates determined by actuarial computations. The pension trust fund merged with and transferred all plan assets, administration, and custodial duties to the Georgia Municipal Employees Benefit System (GMEBS) as of March 31, 2020. The remaining balances payable to GMEBS will be transferred subsequent to June 30, 2020.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

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

E. Deposits and Investments

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

All investments are recorded at fair value.

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items in both government-wide and fund financial statements. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Capital Assets

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

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

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

Assets	Years
Infrastructure	10-30
Buildings and improvements	15-50
Land improvements	10-20
Furniture and Equipment	10-15
Autos, Trucks, and Equipment	5-10
Water and Sewer System	50
Intangible-Water Capacity Rights	50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

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

K. Long-Term Obligations

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

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

L. Fund Equity

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund balances are classified as follows:

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

M. Pensions

Effective March 31, 2020, the City merged with and transferred all plan assets (*except for $3,165,974 which will be transferred subsequent to June 30, 2020*), administration, and custodial duties to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Hapeville Retirement Plan (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Management Estimates

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

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds." The details of this $2,278,163 difference are as follows:

Financed purchases payable	$	(1,615,745)
Compensated absences		(662,418)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(2,278,163)

Another element of that reconciliation explains that "the deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan and OPEB plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds." The details of this $15,914,497 difference are as follows:

Deferred outflows of resources - pension related items	$	6,950,335
Deferred inflows of resources - pension related items		(3,264,328)
Deferred outflows of resources - OPEB related items		3,211,401
Deferred inflows of resources - OPEB related items		(1,606,552)
Net pension liability		(8,531,654)
Total OPEB liability		(12,673,699)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(15,914,497)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,977,768 difference are as follows:

Capital outlay	$	3,326,522
Depreciation expense		(1,348,754)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	1,977,768

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $134,873 difference are as follows:

Issuance of financed purchases	$	(273,501)
Principal payments on financed purchases		408,374
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	134,873

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

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

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $2,199,855 difference are as follows:

Compensated absences	$	(144,949)
Total other postemployment benefits (OPEB) liability deferred inflows/outflows of resources		(1,166,718)
Net pension liability and related deferred outflows and deferred inflows/outflows of resources		(888,188)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(2,199,855)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Prior to July 1, the Director of Finance submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. After revisions, if any, by the council, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City. Encumbrances outstanding do not constitute expenditures or liabilities and are re-appropriated in the subsequent year. Unencumbered appropriations lapse at year-end. The budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles. Proprietary fund type budgets are adopted for management control purposes only.

The following Funds had the following departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2020:

General Fund - Law	$	21,210
General Fund - Fire		5,445
General Fund - Judicial		120,876
General Fund - Planning & Zoning		14,567
Asset Forfeiture - Public Safety		6,131
TSPLOST Fund - Capital Outlay		281,779
Vehicle Excise Tax Fund - Transfers Out		5,679

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

NOTE 4. DEPOSITS AND INVESTMENTS

Primary Government

The table below summarizes the City's cash and cash equivalents and investments by type as of June 30, 2020:

Investment	Maturities		Balance
Deposits with financial institutions	--	$	6,027,715
Money market funds	20 days		510,752
Total		$	6,538,467
As reported in the Statement of Net Position:			
Cash and cash equivalents		$	5,660,020
Restricted cash			878,447
Total		$	6,538,467

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

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

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government (Continued)

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

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2020, the financial institution holding the main operating deposits of the City is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State.

Interest rate risk: With regard to its investments (aside from those held in the Pension Trust Fund, which dissolved during the fiscal year ended June 30, 2020), the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2020, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Weighted Average Maturity (Days)	Moody's Credit Rating	Fair Value
Money market funds	20	Aaa	$ 510,752

Fair Value Measurements: The City has the following recurring fair value measurements as of June 30, 2020:

Investment	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 510,752	$ -	$ -	$ 510,752
Total investments measured at fair value	$ 510,752	$ -	$ -	$ 510,752

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund

The policy of the Pension Trust Fund (which merged with and transferred all plan assets (*except for $3,165,974 which will be transferred subsequent to June 30, 2020*), administration, and custodial duties to the Georgia Municipal Employees Benefit System effective March 31, 2020) in regard to investments, including the allocation of invested assets, is established and may be amended by the Board of Trustees of the Employees' Retirement System of the City of Hapeville. The Pension Trust Fund is authorized to invest in cash and cash equivalents (including money market funds and stable value funds), fixed income securities (government and corporate entity obligations, asset-backed securities, commercial paper or similar fixed income contracts), and domestic equities.

As of June 30, 2020, the Pension Trust Fund had $3,165,974 invested in the following types of investments:

Investment	Fair Value
Mutual funds invested in bonds	$ 988,490
Corporate stocks	2,177,484
Total	$ 3,165,974

Credit Risk. It is the Plan's policy to limit investments to either mutual fund equities or fixed income bonds. Domestic bonds are limited to those with ratings that meet or exceed investment grade as defined by Moody's, S&P, or Fitch. Mutual funds invested in bonds are also not classified by credit quality.

Interest Rate Risk: The pension trust fund investment policy adopts the following asset mix to achieve a low level of risk for the plan: 70% equity securities and 30% fixed income securities.

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NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund (Continued)

At June 30, 2020, information on the credit risk related to the Pension Trust Fund's investments is disclosed as follows:

Investment	Credit Rating	Fair Value
Mutual funds invested in bonds	AAA - BBB	$ 988,490
Corporate stocks	not rated	2,177,484
		$ 3,165,974

At June 30, 2020, information on the interest rate risk related to the Pension Trust Fund's investments is disclosed as follows:

Investment	Weighted Average Maturity	Fair Value
Mutual funds invested in bonds	1.11 years	$ 988,490
		$ 988,490

Concentration: On June 30, 2020, the Pension Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

Rate of Return: For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 7.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2020, the Pension Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund (Continued)

Fair Value Measurements: The Pension Trust Fund has the following recurring fair value measurements as of June 30, 2020:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual Funds invested in bonds	$ -	$ 988,490	$ -	$ 988,490
Corporate Stocks	$ -	2,177,484	$ -	2,177,484
Total investments	$ -	$ 3,165,974	$ -	$ 3,165,974

The mutual fund securities classified in Level 2 of the fair value hierarchy are valued using quoted prices of identical or similar assets in markets that are not active or inputs other than quoted prices. The corporate stocks classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 5. RECEIVABLES

Property tax receivables

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

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

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NOTE 5. RECEIVABLES (CONTINUED)

Property tax receivables (Continued)

Receivables at June 30, 2020, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Hotel/Motel	Capital Project	Nonmajor Governmental Funds	Governmental Funds Total
Receivables:					
Taxes	$ 647,143	$ 133,308	$ -	$ 5,184	$ 785,635
Intergovernmental	-	-	472,369	97,972	570,341
Other	20,690	-	-	26,782	47,472
Less allowance for uncollectible	(163,779)	-	-	-	(163,779)
Net total receivable	$ 504,054	$ 133,308	$ 472,369	$ 129,938	$ 1,239,669

	Development Authority	Water & Sewer	Solid Waste	Stormwater	Proprietary Funds Total
Receivables:					
Accounts	$ -	$ 682,016	$ 126,603	$ 338,183	$ 1,146,802
Less allowance for uncollectible	-	(175,443)	(41,076)	(152,858)	(369,377)
Note receivable	104,103	-	-	-	104,103
Net total receivable	$ 104,103	$ 506,573	$ 85,527	$ 185,325	$ 881,528

Notes Receivables

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

Activity on the note for the fiscal year ended June 30, 2020 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable	$ 111,270	$ -	$ (7,167)	$ 104,103	$ 7,609
Total	$ 111,270	$ -	$ (7,167)	$ 104,103	$ 7,609

NOTE 5. RECEIVABLES (CONTINUED)

Notes Receivables (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 7,609	$ 6,061	$ 13,670
2022	8,078	5,592	13,670
2023	8,576	5,093	13,669
2024	9,105	4,564	13,669
2025	9,667	4,003	13,670
2026-2030	58,048	10,300	68,348
2031	3,690	36	3,726
Total	$ 104,773	$ 35,649	$ 140,422

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NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers CIP	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,367,730	$ -	$ -	$ -	$ 1,367,730
Construction in progress	8,801,471	2,744,735	-	(11,439,247)	106,959
Total	10,169,201	2,744,735	-	(11,439,247)	1,474,689
Capital assets, being depreciated:					
Autos & Trucks & Equipment	9,585,557	516,080	-	-	10,101,637
Land improvements	3,746,441	14,500	-	787,661	4,548,602
Buildings and improvements	6,726,412	32,207	-	2,595,669	9,354,288
Infrastructure	25,690,031	19,000	-	8,055,917	33,764,948
Total	45,748,441	581,787	-	11,439,247	57,769,475
Less accumulated depreciation for:					
Autos & Trucks & Equipment	(6,710,115)	(454,621)	-	-	(7,164,736)
Land improvements	(2,783,848)	(134,399)	-	-	(2,918,247)
Buildings and improvements	(3,268,100)	(207,720)	-	-	(3,475,820)
Infrastructure	(18,013,895)	(552,014)	-	-	(18,565,909)
Total	(30,775,958)	(1,348,754)	-	-	(32,124,712)
Total capital assets, being depreciated, net	14,972,483	(766,967)	-	11,439,247	25,644,763
Governmental activities capital assets, net	$ 25,141,684	$ 1,977,768	$ -	$ -	$ 27,119,452

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

Governmental activities:	
General government	$ 170,239
Public safety	332,146
Highway & streets	524,127
Recreation	245,819
Trade, tourism and development	76,423
Total depreciation expense - governmental activities	$ 1,348,754

NOTE 6. CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, being depreciated:					
Water System	$ 13,986,875	$ 1,844,431	$ -	$ -	$ 15,831,306
Rights to Capacity	5,508,846	-	-	-	5,508,846
Equipment	985,005	-	-	-	985,005
Infrastructure	1,183,803	-	-	-	1,183,803
Total	21,664,529	1,844,431	-	-	23,508,960
Less accumulated depreciation for:					
Water System	(5,734,862)	(297,133)	-	-	(6,031,995)
Rights to capacity amortization	(1,309,209)	(110,177)	-	-	(1,419,386)
Equipment	(823,749)	(29,414)	-	-	(853,163)
Infrastructure	(701,328)	(29,023)	-	-	(730,351)
Total	(8,569,148)	(465,747)	-	-	(9,034,895)
Total capital assets, being depreciated, net	13,095,381	1,378,684	-	-	14,474,065
Busiiness-type activities capital assets, net	$ 13,095,381	$ 1,378,684	$ -	$ -	$ 14,474,065

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

Business-type activities:	
Water & Sewer Utility	$ 311,621
Amortization of rights to capacity- Water & Sewer	110,177
Solid Waste	14,926
Stormwater Utility	29,023
Total depreciation expense - business-type activities	$ 465,747

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Financed purchases from direct borrowings:					
SunTrust - Phase I	$ 59,237	$ -	$ (39,218)	$ 20,019	$ 20,019
SunTrust - Phase III	30,895	-	(30,895)	-	-
SunTrust - Phase IV	519,102	-	(72,724)	446,378	75,190
AT&T Capital Services, Inc. lease	46,821	-	(32,580)	14,241	14,241
U.S. Bancorp Firetruck lease	747,152	-	(64,587)	682,565	66,652
De Lage Landen Public Finance LLC	289,414	-	(116,110)	173,304	120,461
Regions Police Vehicles	57,997	-	(31,108)	26,889	26,889
Regions Vehicles	-	273,501	(21,152)	252,349	52,043
Total OPEB liability	11,732,924	2,416,693	(1,475,918)	12,673,699	-
Net pension liability	9,958,376	2,885,467	(4,312,189)	8,531,654	-
Compensated absences	517,469	492,695	(347,746)	662,418	439,902
Governmental activity Long-term liabilities	$ 23,959,387	$ 6,068,356	$ (6,544,227)	$ 23,483,516	$ 815,397

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable - direct placement	$ 10,280,000	$ 4,705,000	$ (5,970,000)	$ 9,015,000	$ 1,550,000
Total OPEB liability	1,480,552	123,693	(717,374)	886,871	-
Net pension liability	1,241,469	201,353	(791,186)	651,636	-
Notes payable-direct borrowing	-	1,047,027	-	1,047,027	-
Compensated absences	134,929	50,451	(98,819)	86,561	42,047
Business-type activity Long-term liabilities	$ 13,136,950	$ 6,127,524	$ (7,577,379)	$ 11,687,095	$ 1,592,047

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

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

The original cost of the City's assets under capital lease arrangements at June 30, 2020 is $3,279,577 and there has been $1,082,200 of accumulated depreciation as of fiscal year-end. Annual amortization of leased assets is included in depreciation expense.

Phase I of the lease began January 2011 for financing the acquisition of various vehicles totaling $812,941 including five police vehicles, an ambulance, a fire pumper truck, a garbage truck, and a pickup truck. The annual interest rate applicable to this lease is 2.75% and matures in December 2020.

Phase III of the lease began June 2016 for financing the acquisition of three police vehicles totaling $119,082. The annual interest rate applicable to this phase is 2.5% and matured in June 2020.

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

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

In March 2016, the City entered into two lease agreements – one with De Lage Landen Public Finance LLC for the purchase of computer equipment costing $13,968 and one with U.S. Bancorp Government Leasing and Finance, Inc. for the purchase of one 95' Midmount Aerial Platform Fire Truck for $1,010,796. The annual interest rates applicable to these two leases are 6.459% and 3.196% and mature in July 2020 and June 2029, respectively.

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

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

In November 2016, the City entered into an equipment lease with De Lage Landen Public Finance LLC for the purchase of server, workstations and cameras costing $142,390. The annual interest rate applicable to a lease is 3.60% and matures in May 2021.

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

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

In April 2018, the City entered into an equipment lease purchase agreement with Regions Bank for the purchase of police vehicles costing $92,754. The annual interest rate applicable to this lease is 4.00% and matures December 20, 2024.

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

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

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

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

	Governmental Activities
Fiscal Year Ending June 30,	
2021	$ 424,597
2022	290,517
2023	235,785
2024	235,732
2025	252,649
2026-2030	358,260
Total minimum lease payments	1,797,540
Less amount representing interest	181,795
Present value of future minimum lease payments	$ 1,615,745

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

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

In June 2004, the Development Authority issued Tax Exempt Revenues Bond Series 2004A in the amount of $4,855,000 to be used for paying off capital lease payable to Georgia Municipal Association and for developing and maintaining a streetscape project, and constructing improvements to the City's existing water and sewer system. The bond rate is 4.80% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year. As of June 30, 2020, the current outstanding amount of debt considered legally defeased for the 2004A Series Bonds equals $1,625,000.

In June 2004, the Development Authority issued Tax Exempt Revenues Bond Series 2004B in the amount of $4,435,000 to be used for paying off the Authority's debt to the City and for completion of the 2004B projects. The bond rate is based on the Wall Street Journal LIBOR Daily Floating Rate plus 2.50% with a maturity date of August 1, 2024. The bond principal payments are due on August 1 of each year and interest is payable semi-annually on February 1 and August 1 each year. As of June 30, 2020, the current outstanding amount of debt considered legally defeased for the 2004B Series Bonds equals $1,705,000.

In January 2007, the Development Authority issued Tax Exempt Revenue Bonds, Series 2007, in the amount of $2,180,000 to be used to finance all or a portion of the costs of certain public infrastructure projects of the City. The interest rate of the semi-annual February and August payment is 4% through February 1, 2015, 4.25% from August 1, 2015 through February 1, 2023, and 4.275% from August 1, 2023 through February 1, 2027. As of June 30, 2020, the current outstanding amount of debt considered legally defeased for the 2004B Series Bonds equals $1,180,000.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

In January 2014, the Development Authority issued Tax Exempt Revenue Bonds, Series 2014A-1, in the amount of $5,765,000 and Taxable Revenue Bonds, Series 2014A-2, in the amount of $620,000. The Series 2014 Bonds are being issued for the provision of certain improvements to its City Hall complex, welcome center and various water and sewerage infrastructure systems along with costs of issuance. The interest rate on the Series 2014A-1 is 3.83% per annum and the interest rate on the Series 2014A-2 is 2.7% per annum. The Series 2014A-1 Bonds mature on July 1, 2028 and the Series 2014A-2 was paid off as of June 30, 2017.

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

	Principal	Interest	Total
Series 2014 A-1			
Fiscal Year Ending June 30,			
2021	$ 425,000	$ 163,254	$ 588,254
2022	440,000	146,689	586,689
2023	460,000	129,454	589,454
2024	475,000	111,549	586,549
2025	495,000	92,973	587,973
2026-2029	2,180,000	170,818	2,350,818
Total	$ 4,475,000	$ 814,737	$ 5,289,737

	Principal	Interest	Total
Series 2019A			
Fiscal Year Ending June 30,			
2021	$ 795,000	$ 55,863	$ 850,863
2022	815,000	38,368	853,368
2023	270,000	23,599	293,599
2024	280,000	17,658	297,658
2025	280,000	11,554	291,554
2026-2029	320,000	8,828	328,828
Total	$ 2,760,000	$ 155,870	$ 2,915,870

	Principal	Interest	Total
Series 2019B			
Fiscal Year Ending June 30,			
2021	$ 330,000	$ 42,959	$ 372,959
2022	340,000	34,048	374,048
2023	355,000	24,805	379,805
2024	370,000	15,162	385,162
2025	385,000	5,120	390,120
Total	$ 1,780,000	$ 122,094	$ 1,902,094

NOTE 7. LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

On February 5, 2019, the GEFA Board awarded the City a $1,535,000 loan through direct borrowing at an interest rate of 1.25%. As of June 30, 2020, the loan is still in the drawdown phase and no debt payments are required. Currently, the outstanding balance of the note payable at June 30, 2020 is $1,047,027. The Note contains a provision that the fixed charges coverage ratio may not be less than 1.05.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Hotel/Motel Fund	$ 173,080
General Fund	Nonmajor Governmental Funds	34,354
Water and Sewer Utility Fund	Capital Project Fund	1,111,127
		$ 1,318,561

Advanced to/from other funds:

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

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

Interfund transfers:

Transfers In	Transfers Out	Amount
Development Authority Fund	General Fund	$ 458,020
General Fund	Hotel/Motel Fund	2,801,045
Nonmajor Governmental Funds	General Fund	354,807
General Fund	Nonmajor Governmental Funds	200,687
General Fund	Development Authority Fund	103,184
Development Authority Fund	Water & Sewer Utility Fund	1,351,922
		$ 5,269,665

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Transfers are used to (1) move unrestricted revenues collected in various funds to finance various programs of the City accounted for in the General Fund in accordance with budgetary authorizations, (2) move cash to cover operations to the nonmajor governmental funds, and (3) move Hotel/Motel taxes between funds for expending in accordance with State law.

NOTE 9. PENSION PLANS

Plan Administration

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 the Georgia Municipal Association. 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. Effective March 31, 2020, the Plan merged with and transferred administrative and custodial duties to the Georgia Municipal Employee Benefit System (GMEBS).

Plan Contribution

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 noncontributory, and the City's policy is to contribute 100% of an actuarially determined rate. Prior to the merge and transfer of administrative and custodial duties to GMEBS, the City contributions to the Plan were $765,000 for the fiscal year ended June 30, 2020.

Plan Membership

As of January 1, 2020, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	98
Terminated vested participants not yet receiving benefits	46
Active participants	126
	270

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City

Actuarial assumptions. The total pension liability as of December 31, 2019, that was measured by actuarial valuation as of January 1, 2020 used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25% plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. This was a change from the PubG-2010 Mortality Table used in the prior year. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study covering the period January 1, 2015 to June 30, 2019 for GMEBS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Long-Term Expected Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	0%	0.00%
Total	100%	

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rates used to measure the Total Pension Liability (TPL) were 7.375% and 7.50% as of December 31, 2019 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position (FNP) was projected to be available to make all projected future benefit payments for 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 TPL as of both December 31, 2019 and June 30, 2019.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/19	$ 34,308,879	$ 23,109,034	$ 11,199,845
Changes for the year:			
Service cost	126,131	-	126,131
Interest	2,546,090	-	2,546,090
Experience differences	(3,955,417)	-	(3,955,417)
Change of assumptions	414,599	-	414,599
Net investment income	-	1,147,958	(1,147,958)
Benefit payments	(974,289)	(974,289)	-
Net changes	(1,842,886)	173,669	(2,016,555)
Balances at 12/31/19 reported as 6/30/20	$ 32,465,993	$ 23,282,703	$ 9,183,290

The plan's fiduciary net position as a percentage of the total pension liability is 71.71%.

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

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
$ 12,877,791	$ 9,183,290	$ 6,112,500

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 December 31, 2019 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended June 30, 2020, the City recognized pension expense of $1,524,811. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,103,964	$ 3,493,769
Differences resulting from changes in actuarial assumptions	3,780,332	-
Net difference between projected and actual earnings on pension plan investments	847,464	-
Contributions subsequent to the measurement date	765,000	-
Total	$ 7,496,760	$ 3,493,769

The amount shown above for "contributions subsequent to the measurement date of December 31, 2019," will be recognized as a reduction to the net pension liability in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as show on the table on the following page:

NOTE 9. PENSION PLANS (CONTINUED)

Net Pension Liability of the City (Continued)

Fiscal Year ending June 30:		
2021	$	275,733
2022		(36,615)
2023		155,812
2024		875,976
2025		670,640
Thereafter		1,296,445
Total	$	3,237,991

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Administration and Benefits. The City, as authorized by the City Council, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the "PHCB Plan"). The PHCB Plan is administered by the City management, under the direction of the City Council. Each fiscal year the City determines the plan benefits and the premium rate for participants (active and retirees). However, dependent coverage which is not available for active employees has a co-pay of 50%. The City also provides retiree life insurance with a face value of $19,500. Medical coverage changes to Medicare supplement at age 65. All full time employees who are also eligible to retire and receive unreduced benefits under the Defined Benefit Pension Plan are eligible participants in the Plans. The City Council established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the PHCB Plan.

Plan Membership. Membership of the PHCB Plan consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Active participants	118
Retirees and beneficiaries currently receiving benefits	60
Total	178

Contributions. The City Council has elected to fund the PHCB plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. Per a City resolution, the City is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the fiscal year ended June 30, 2020, the City contributed $229,416 to the pay as you go benefits for the PHCB Plan.

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

Total OPEB Liability of the City

The City's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	2.21%
Healthcare Cost Trend Rate:	5.00% Ultimate Trend in 2023
Inflation Rate:	2.00%

Mortality rates were based on the PubG-2010 Mortality Table, projected by the MP-2019 Mortality Improvement Scale.

Discount rate. The discount rate used to measure the total OPEB liability was 2.21%. The Plan is not funded. Therefore, the 20-year tax-free municipal bond (Bond Buyer 20-Bond General Obligation Index) yield of 2.21% as of June 30, 2020 was used as the discount rate.

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the fiscal year ended June 30, 2020, were as follows:

	Total OPEB Liability (a)
Balances at 6/30/19	$ 13,213,476
Changes for the year:	
Service cost	243,151
Interest	398,231
Experience differences	(1,963,876)
Assumption changes	1,899,004
Benefit payments, including refunds of employee contributions	(229,416)
Net changes	347,094
Balances at 6/30/20	$ 13,560,570

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

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

Total OPEB Liability of the City (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	$ 15,374,307	$ 13,560,570	$ 12,051,538

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

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	$ 12,061,957	$ 13,560,570	$ 15,330,763

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2020 and the current sharing pattern of costs between employer and inactive employees.

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

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of $921,174. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,718,974
Changes in assumptions	3,436,126	-
Total	$ 3,436,126	$ 1,718,974

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED

Total OPEB Liability of the City (Continued)

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

Fiscal Year ending June 30:		
2021	$	279,792
2022		279,792
2023		279,792
2024		279,792
2025		279,792
Thereafter		318,192
Total	$	1,717,152

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Hapeville's Internal Revenue Code Section 457 and 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by Mass Mutual for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Council. All employees who work at least 30 hours per week are eligible to participate in the plan. At June 30, 2020, there were 25 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended June 30, 2020, was $40,595.

The City also provides an opportunity for the City Manager to participate in a defined contribution money-purchase pension plan, known as City of Hapeville/City Manager Plan, administered by ICMA Retirement Corporation. Participant contributions are not required to be eligible for the employer contribution. There is no vesting period. Loans are not permitted under the Plan. The City has no fiduciary relationship with the plan and plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrator for the exclusive benefit of the participants of the Plan. For the fiscal year ended June 30, 2020, the City contributed $11,781 of matching contributions to the Plan for the City manager.

NOTE 12. FUND DEFICITS

For the fiscal year ended June 30, 2020, the City's E-911 Fund had a deficit fund balance of $3,010 and the Development Authority Fund had a deficit of net position of $7,211,576. These deficits of fund balance and net position will be reduced through General Fund appropriations, as needed, and the sale of real estate properties.

NOTE 13. RISK MANAGEMENT

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Contractual Commitments

For the fiscal year ended June 30, 2020, contractual commitments on uncompleted contracts were $1,433,000.

Grant Contingencies

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

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

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 8%. Revenues were $2,801,045 for the fiscal year ended June 30, 2020. The City is required to spend an amount equal to 62.5 percent of the total taxes collected for the purpose of promoting tourism, conventions, and trade shows, or for facilities used for these purposes as required by O.C.G.A. 48-13-51(b). The City transferred $2,801,045 to the General Fund.

The City imposes a 3% excise tax on all rental motor vehicles within the City. This car rental tax is intended to be used for public safety activities. Revenues were $200,687 for the fiscal year ended June 30, 2020, of which 100% was transferred to the General Fund.

NOTE 16. CONDUIT DEBT

The Development Authority issued Series 2017 Economic Development Bonds to provide financial assistance to a private entity for the acquisition of land and construction of a hotel at the Porsche facility in the City of Hapeville, which is deemed to be of public interest. The Development Authority is not obligated in any manner for repayment of the Bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of bonds issued was $424,097,500. The amount outstanding at June 30, 2020 is unknown.

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ALAN HALLMAN
MAYOR

MIKE RAST
ALDERMAN AT LARGE

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

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

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2020
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market value
Investment rate of return	7.38%
Projected Salary Increases	2.75% plus service-based merit increases.
Future Inflation	2.25%
Discount Rate	7.375%
Cost-of-living Adjustment	1.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	15 years
Retirement age	20% from age 55 to age 60 if retirement eligible. 100% at age 60 if retirement eligible.
Mortality	Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25

(2) Dissolution of Trust Fund:

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

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

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

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

Notes to the Schedule:

(1) The schedule will present 10 years of information once it is accumulated.

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

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	7.5%	5.8%	6.1%	11.9%	1.6%	2.3%	18.1%

Notes to the Schedule:

(1) The schedule will present 10 years of information once it is accumulated.

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

CITY OF HAPEVILLE, GEORGIA

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

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

Notes to the Schedule:

(1) The schedule will present 10 years of information once it is accumulated.

(2) The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF HAPEVILLE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

The City reports the following non major special revenue funds:

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

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

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

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

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

The City reports the following non major capital project fund:

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

CITY OF HAPEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds					Capital Project Fund	
ASSETS	**Asset Forfeiture Fund**	**E-911 Fund**	**Vehicle Excise Tax Fund**	**Tax Allocation District Fund**	**Other Special Revenue Fund**	**T - SPLOST Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 38,514	$ -	$ -	$ 35,051	$ 10,581	$ 381,015	$ 465,161
Taxes receivable	-	-	5,184	-	-	-	5,184
Intergovernmental receivables	-	-	-	-	-	97,972	97,972
Accounts receivable	-	26,782	-	-	-	-	26,782
Total assets	$ 38,514	$ 26,782	$ 5,184	$ 35,051	$ 10,581	$ 478,987	$ 595,099
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 622	$ -	$ -	$ -	$ 1,456	$ 2,078
Due to other funds	-	29,170	5,184	-	-	-	34,354
Total liabilities	-	29,792	5,184	-	-	1,456	36,432
FUND BALANCES							
Restricted:							
Law enforcement	38,514	-	-	-	-	-	38,514
Culture and recreation	-	-	-	-	10,581	-	10,581
Transportation projects	-	-	-	-	-	477,531	477,531
Capital construction	-	-	-	35,051	-	-	35,051
Unassigned (deficit)		(3,010)		-	-	-	(3,010)
Total fund balances (deficits)	38,514	(3,010)	-	35,051	10,581	477,531	558,667
Total liabilities and fund balances	$ 38,514	$ 26,782	$ 5,184	$ 35,051	$ 10,581	$ 478,987	$ 595,099

CITY OF HAPEVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					Capital Project Fund	
	Asset Forfeiture Fund	E-911 Fund	Vehicle Excise Tax Fund	Tax Allocation District Fund	Other Special Revenue Fund	T - SPLOST Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ 200,687	$ -	$ -	$ -	$ 200,687
Charges for services	-	164,248	-	-	-	-	164,248
Intergovernmental	-	-	-	-	-	1,137,725	1,137,725
Miscellaneous	10	-	-	-	-	-	10
Total revenues	10	164,248	200,687	-	-	1,137,725	1,502,670
EXPENDITURES							
Current expenditures:							
Public safety	6,131	444,799	-	-	1,130	-	452,060
Public works	-	-	-	-	2,222	-	2,222
Capital outlay	-	-	-	-	-	1,481,779	1,481,779
Debt service:							
Principal	-	32,580	-	-	-	-	32,580
Interest	-	2,185	-	-	-	-	2,185
Total expenditures	6,131	479,564	-	-	3,352	1,481,779	1,970,826
Excess (deficiency) of revenues over (under) expenditures	(6,121)	(315,316)	200,687	-	(3,352)	(344,054)	(468,156)
Other financing sources (uses):							
Transfers in	42,501	312,306	-	-	-	-	354,807
Transfers out	-	-	(200,687)	-	-	-	(200,687)
Total other financing sources (uses)	42,501	312,306	(200,687)	-	-	-	154,120
Net change in fund balances	36,380	(3,010)	-	-	(3,352)	(344,054)	(314,036)
FUND BALANCES, beginning of fiscal year	2,134	-	-	35,051	13,933	821,585	872,703
FUND BALANCES (DEFICITS), end of fiscal year	$ 38,514	$ (3,010)	$ -	$ 35,051	$ 10,581	$ 477,531	$ 558,667

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND
EMERGENCY- 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 110,000	$ 110,000	$ 164,248	$ 54,248
Total revenues	110,000	110,000	164,248	54,248
EXPENDITURES				
Public safety	575,852	575,852	444,799	131,053
Debt service:				
Principal retirements	32,580	32,580	32,580	-
Interest and fiscal charges	2,185	2,185	2,185	-
Total expenditures	610,617	610,617	479,564	131,053
Deficiency of revenues under expenditures	(500,617)	(500,617)	(315,316)	185,301
OTHER FINANCING SOURCES				
Transfers in	500,617	500,617	312,306	(188,311)
Total other financing sources	500,617	500,617	312,306	(188,311)
Net change in fund balances	-	-	(3,010)	(3,010)
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES (deficit), end of fiscal year	$ -	$ -	$ (3,010)	$ (3,010)

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND
VEHICLE EXCISE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 195,008	$ 195,008	$ 200,687	$ 5,679
Total revenues	195,008	195,008	200,687	5,679
OTHER FINANCING USES				
Transfers out	(195,008)	(195,008)	(200,687)	(5,679)
Total other financing uses	(195,008)	(195,008)	(200,687)	(5,679)
Net change in fund balances	-	-	-	
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

CITY OF HAPEVILLE, GEORGIA
TAX ALLOCATION DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

CITY OF HAPEVILLE, GEORGIA
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 5,000	$ -	$ -	$ -
Charges for services	110,000	-	-	-
Taxes	25,000	-	-	-
Miscellaneous	3,500	-	-	-
Total revenues	143,500	-	-	-
EXPENDITURES				
Public safety	138,000	3,000	1,130	1,870
Culture and recreation	5,500	5,500	2,222	3,278
Total expenditures	143,500	8,500	3,352	5,148
Net change in fund balances	-	(8,500)	(3,352)	5,148
FUND BALANCES, beginning of fiscal year	13,933	13,933	13,933	-
FUND BALANCES, end of fiscal year	$ 13,933	$ 5,433	$ 10,581	$ 5,148

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND
ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	**Final**	**Actual**	**Final Budget**
REVENUES				
Interest	$ -	$ -	$ 10	$ 10
Total revenues	-	-	10	10
EXPENDITURES				
Public safety	-	-	6,131	(6,131)
Total expenditures	-	-	6,131	(6,131)
Deficiency of revenues under expenditures	-	-	(6,121)	(6,121)
OTHER FINANCING SOURCES				
Transfers in	-	-	42,501	42,501
Total other financing sources	-	-	42,501	42,501
Net change in fund balances	-	-	36,380	36,380
FUND BALANCES, beginning of year	2,134	2,134	2,134	-
FUND BALANCES, end of year	$ 2,134	$ 2,134	$ 38,514	$ 36,380

CITY OF HAPEVILLE, GEORGIA

CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,801,600	$ 1,120,000	$ 687,848	$ (432,152)
Total revenues	2,801,600	1,120,000	687,848	(432,152)
EXPENDITURES				
Capital outlay	5,272,000	1,264,100	635,514	628,586
Total expenditures	5,272,000	1,264,100	635,514	628,586
Excess (deficiency) of revenues over (under) expenditures	(2,470,400)	(144,100)	52,334	196,434
OTHER FINANCING SOURCES				
Transfers in	2,470,400	144,100	-	(144,100)
Total other financing sources	2,470,400	144,100	-	(144,100)
Net change in fund balances	-	-	52,334	52,334
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ 52,334	$ 52,334

CITY OF HAPEVILLE, GEORGIA
CAPITAL PROJECT FUND
TSPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budget			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Intergovernmental	$ 2,470,400	$ 1,200,000	$ 1,137,725	$ (62,275)
Total revenues	2,470,400	1,200,000	1,137,725	(62,275)
EXPENDITURES				
Capital outlay	2,470,400	1,200,000	1,481,779	(281,779)
Total expenditures	2,470,400	1,200,000	1,481,779	(281,779)
Net change in fund balances	-	-	(344,054)	(344,054)
FUND BALANCES, beginning of fiscal year	821,585	821,585	821,585	-
FUND BALANCES, end of fiscal year	$ 821,585	$ 821,585	$ 477,531	$ (344,054)

CITY OF HAPEVILLE, GEORGIA

Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax
For the Fiscal Year Ended June 30, 2020

Project Description	Original Estimated Costs	Current Estimated Costs	Prior Years	Current Year	Total	Percentage of Completion
Operation and Safety Improvement - Silent Crossing Project	$ 1,600,000	$ 1,800,000	$ -	$ 167,131	$ 167,131	9%
Pedestrian Improvements - Sidewalk, Curb &Gutter, Bike Lane - Dogwood	1,900,000	1,000,000	414,269	509,633	923,902	92%
Maintenance and Safety - (Paving) Loop Road & Rail Facility Project	1,400,000	3,100,000	1,262,941	704,088	1,967,029	63%
Traffic & Street Signage and Traffic Signal Improvements	600,000	300,000	-	78,059	78,059	26%
Pre-Engineering, Project Administration	834,792	334,792	57,315	22,868	80,183	24%
	$ 6,334,792	$ 6,534,792	$ 1,734,525	$ 1,481,779	$ 3,216,304	49%

Notes to the Schedule:

(1) Several project costs were reallocated by the City based on an assessment of the expenditures in prior fiscal years. The aggregate costs in the "Prior Years" costs column agree to the prior year's costs incurred but individual line items have been reallocated and current estimated costs have also been revised based on the City's review of its budget for each project.

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 - XIA
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-XXI
Debt Capacity These tables contain information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	XXII-XXIV
Demographic and Economic Information These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the City operates and (2) to provide information that facilitates comparisons of financial statement information over time and among cities.	XXV-XXIII
Operating Information These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.	XXVII-XXIII

Data Source:

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

Exhibit I

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities										
General government	$ 1,656,739	$ 1,663,338	$ 1,753,542	$ 2,148,678	$ 2,086,642	$ 2,265,737	$ 3,177,991	$ 2,490,217	$ 2,721,802	$ 3,064,547
Judicial	-	-	-	-	-	-	129,440	124,583	154,675	357,220
Public safety	6,352,891	6,282,263	6,239,602	5,923,757	5,011,852	4,936,495	5,729,064	5,496,731	6,111,073	7,803,633
Highways and streets	1,221,317	1,283,554	1,263,217	1,101,104	1,025,120	956,954	784,781	953,406	1,363,892	1,485,918
Culture and recreation[2]	505,923	599,769	603,976	557,634	548,727	551,428	1,832,125	1,715,312	1,809,491	2,201,635
Parks and grounds[2]	806,653	895,269	1,012,004	1,051,603	934,433	865,972	-	-	-	-
Planning and zoning[1]	997,670	851,305	893,210	273,602	284,203	241,023	298,772	184,740	187,009	330,671
Trade, tourism and development[1]	966,864	894,111	1,002,938	594,325	673,741	730,231	905,390	2,045,399	2,410,903	2,142,435
Debt-related expenses	336,976	332,543	314,830	16,782	11,008	22,095	44,846	48,535	61,350	60,495
Total Primary Government Expenses	12,845,033	12,802,152	13,083,319	11,667,485	10,575,726	10,569,935	12,902,409	13,058,923	14,820,195	17,446,554
Program Revenues:										
Governmental Activities										
Charges for services	1,740,491	1,710,470	1,958,670	1,011,165	1,048,241	866,148	1,330,553	1,208,343	1,052,832	1,767,968
Operating grants and contributions	29,354	81,631	77,234	49,232	40,977	39,138	26,333	5,290	17,656	4,630
Capital grants and contributions	2,236,472	1,651,861	1,411,890	725,947	613,912	780,581	667,438	3,054,072	5,334,753	1,904,573
Total Primary Government Program Revenues	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324	4,267,705	6,405,241	3,677,171
Net (Expense) Revenue	(8,838,716)	(9,358,190)	(9,635,525)	(9,881,141)	(8,872,596)	(8,884,068)	(10,878,085)	(8,791,218)	(8,414,954)	(13,769,383)
General Revenues:										
Governmental activities										
Taxes										
Property	4,521,462	3,924,999	4,185,266	4,066,615	3,795,160	4,604,469	5,452,637	5,242,270	6,177,974	7,439,950
Sales	1,503,326	1,598,359	1,596,392	1,668,856	1,739,336	1,751,341	1,771,491	1,865,494	1,992,229	1,867,684
Occupation	251,795	260,999	231,405	265,775	289,887	324,329	-	-	-	-
Franchise	682,581	762,675	549,260	643,481	673,023	679,502	653,527	665,196	681,134	689,010
Insurance premium	344,731	308,470	327,079	351,426	354,276	391,735	407,163	433,106	466,835	510,484
Hotel/motel	1,622,430	1,545,360	1,732,001	1,951,860	2,275,691	2,462,623	2,771,189	3,108,228	3,636,829	2,801,045
Other	421,820	649,075	592,961	544,169	558,608	546,226	545,769	631,991	751,228	599,053
Other local revenue	24,505	41,212	26,018	27,884	27,320	39,844	243,593	194,039	54,761	86,011
Unrestricted investment earnings	1,084	1,872	979	121	191	218	448	781	53	5,847
Transfers	141,143	290,322	258,899	(304,924)	265,139	(361,340)	(452,339)	(439,256)	(484,720)	(354,836)
Total Primary Government General Revenues	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478	11,701,849	13,276,323	13,644,248
Total Primary Government Change in Net Position	$ 676,161	$ 25,153	$ (135,265)	$ (665,878)	$ 1,106,035	$ 1,554,879	$ 515,393	$ 2,910,631	$ 4,861,369	$ (125,135)

Data Source:

Applicable years' annual financial report.

Notes:

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

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

Exhibit II

City of Hapeville, Georgia

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

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities										
General government	12.9%	13.0%	13.4%	18.4%	19.7%	21.4%	24.6%	19.1%	18.4%	17.6%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%	1.0%	2.0%
Public safety	49.5%	49.1%	47.7%	50.8%	47.4%	46.7%	44.4%	42.1%	41.2%	44.7%
Highways and streets	9.5%	10.0%	9.7%	9.4%	9.7%	9.1%	6.1%	7.3%	9.2%	8.5%
Culture and recreation [2]	3.9%	4.7%	4.6%	4.8%	5.2%	5.2%	14.2%	13.1%	12.2%	12.6%
Parks and grounds [2]	6.3%	7.0%	7.7%	9.0%	8.8%	8.2%	0.0%	0.0%	0.0%	0.0%
Planning and zoning[1]	7.8%	6.6%	6.8%	2.3%	2.7%	2.3%	2.3%	1.4%	1.3%	1.9%
Trade, tourism and development[1]	7.5%	7.0%	7.7%	5.1%	6.4%	6.9%	7.0%	15.7%	16.3%	12.3%
Debt-related expenses	2.6%	2.6%	2.4%	0.2%	0.1%	0.1%	0.4%	0.4%	0.4%	0.3%
Total Primary Government Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Governmental Activities										
Charges for services	43.4%	49.7%	56.8%	56.6%	61.5%	51.4%	65.7%	28.3%	16.4%	48.1%
Operating grants and contributions	0.7%	2.4%	2.2%	2.8%	2.4%	2.3%	1.3%	0.1%	0.3%	0.1%
Capital grants and contributions	55.8%	48.0%	41.0%	40.6%	36.0%	46.3%	33.0%	71.6%	83.3%	51.8%
Total Primary Government Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Governmental activities										
Taxes										
Property	47.5%	41.8%	44.1%	44.1%	38.0%	44.1%	47.9%	44.8%	46.5%	54.5%
Sales	15.8%	17.0%	16.8%	18.1%	17.4%	16.8%	15.5%	15.9%	15.0%	13.7%
Occupation	2.6%	2.8%	2.4%	2.9%	2.9%	3.1%	0.0%	0.0%	0.0%	0.0%
Franchise	7.2%	8.1%	5.8%	7.0%	6.7%	6.5%	5.7%	5.7%	5.1%	5.0%
Insurance premium	3.6%	3.3%	3.4%	3.8%	3.6%	3.8%	3.6%	3.7%	3.5%	3.7%
Hotel/motel	17.1%	16.5%	18.2%	21.2%	22.8%	23.6%	24.3%	26.6%	27.4%	20.5%
Other	4.4%	6.9%	6.2%	5.9%	5.6%	5.2%	4.8%	5.4%	5.7%	4.4%
Other local revenue	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	2.1%	1.7%	0.4%	0.6%
Unrestricted investment earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	1.5%	3.1%	2.7%	-3.3%	2.7%	-3.5%	-4.0%	-3.8%	-3.7%	-2.6%
Total Primary Government General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

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

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

Data Source:

Applicable years' annual financial report.

Exhibit III

City of Hapeville, Georgia

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

Source	2011	2012	2013	2014	2015	2016	2017	2018 (restated)	2019	2020
Expenses:										
Water and sewer	$ 3,335,691	$ 3,025,737	$ 2,898,013	$ 2,898,611	$ 2,915,863	$ 3,341,251	$ 3,282,497	$ 3,140,345	$ 4,021,474	$ 3,802,086
Stormwater	538,295	557,955	563,392	544,970	465,351	488,436	131,665	70,284	468,413	286,534
Solid waste management[2]	-	-	-	-	-	-	616,717	492,131	504,518	528,226
Development authority [1]	-	-	-	658,283	616,700	577,621	1,338,589	512,467	532,926	458,689
Total Expense[3]	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468	4,215,227	5,527,331	5,075,535
Program Revenues:										
Charges for services	3,604,871	4,258,491	4,311,342	4,700,291	4,824,266	5,162,897	5,907,246	5,527,472	5,744,255	5,771,583
Operating grants	-	-	-	-	17,484	-	-	-	-	-
Total Program Revenues	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246	5,527,472	5,744,255	5,771,583
Net (Expense) Revenue	(269,115)	674,799	849,937	598,427	843,836	755,589	537,778	1,312,245	216,924	696,048
General Revenues:										
Unrestricted investment income	-	-	-	-	-	7,633	-	-	-	-
Other	-	-	-	-	-	(297,348)	-	-	-	-
Transfers	(141,143)	(290,322)	(258,899)	304,924	(265,139)	361,340	452,339	439,256	484,720	354,836
Total General Revenues	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720	354,836
Change in Net Position	$ (410,258)	$ 384,477	$ 591,038	$ 903,351	$ 578,697	$ 827,214	$ 990,117	$ 1,751,501	$ 701,644	$ 1,050,884

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.

[2] Beginning in fiscal year 2017, the City created a new solid waste management fund.

[3] The 2018 Column was restated to correct prior year revenues for the Stormwater Fund. See footnote 19 further discussions.

Exhibit IV

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

Source	2011	2012	2013	2014	2015	2016	2017	2018 (restated)	2019	2020
Expenses:										
Governmental activities[1]	$ 12,845,033	$ 12,802,152	$ 13,083,319	$ 11,667,485	$ 10,575,726	$ 10,569,935	$ 12,902,409	$ 13,058,923	$ 14,820,195	$ 17,446,554
Business-type activities[2]	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468	4,215,227	5,527,331	5,075,535
Total Expenses	16,719,019	16,385,844	16,544,724	15,769,349	14,573,640	14,977,243	18,271,877	17,274,150	20,347,526	22,522,089
Program Revenues:										
Governmental activities[1]	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324	4,267,705	6,405,241	3,677,171
Business-type activities[2]	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246	5,527,472	5,744,255	5,771,583
Total Program Revenues	7,611,188	7,702,453	7,759,136	6,486,635	6,544,880	6,848,764	7,931,570	9,795,177	12,149,496	9,448,754
Net (Expense) Revenue	(9,107,831)	(8,683,391)	(8,785,588)	(9,282,714)	(8,028,760)	(8,128,479)	(10,340,307)	(7,478,973)	(8,198,030)	(13,073,335)
General Revenues:										
Governmental activities[1]	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478	11,701,849	13,276,323	13,644,248
Business-type activities[2]	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256	484,720	354,836
Total General Revenues	9,373,734	9,093,021	9,241,361	9,520,187	9,713,492	10,510,572	11,845,817	12,141,105	13,761,043	13,999,084
Change in Net Position	$ 265,903	$ 409,630	$ 455,773	$ 237,473	$ 1,684,732	$ 2,382,093	$ 1,505,510	$ 4,662,132	$ 5,563,013	$ 925,749

Notes:

[1] See Exhibit I

[2] See Exhibit III

Exhibit V

City of Hapeville, Georgia

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

Last Ten Fiscal Years[1]

(accrual basis of accounting)

	2011	2012	2013	2014 [2]	2015 [3]	2016 [3]	2017	Restated 2018 [4]	2019	2020
Governmental Activities										
Net investment in capital assets	$ 6,735,028	$ 7,959,122	$ 9,016,141	$ 14,818,698	$ 14,921,279	$ 15,380,764	$ 14,979,549	$ 16,800,830	$ 23,391,066	$ 25,503,707
Restricted	47,232	17,664	17,710	263,636	567,630	994,663	2,235,010	3,078,512	1,520,642	970,169
Unrestricted (deficit)	2,111,016	941,643	(107,688)	(1,072,361)	(5,309,749)	(4,613,716)	(11,993,586)	(11,747,738)	(11,918,735)	(13,606,038)
Subtotal Governmental Activities Net Position	8,893,276	8,918,429	8,926,163	14,009,973	10,179,160	11,761,711	5,220,973	8,131,604	12,992,973	12,867,838
Business-type Activities										
Net investment in capital assets	8,106,862	8,309,831	8,066,581	5,095,322	13,480,537	13,552,649	13,831,713	13,533,322	13,095,381	13,427,038
Restricted	668,862	682,055	695,907	1,259,777	901,288	1,064,752	1,430,587	908,311	812,819	878,447
Unrestricted (deficit)	(202,206)	(33,891)	458,263	(3,278,274)	(11,274,713)	(10,710,747)	(11,323,812)	(8,751,644)	(7,516,567)	(6,862,968)
Subtotal Business-type Activities Net Position	8,573,518	8,957,995	9,220,751	3,076,825	3,107,112	3,906,654	3,938,488	5,689,989	6,391,633	7,442,517
Primary Government										
Net investment in capital assets	14,841,890	16,268,953	17,082,722	19,914,020	28,401,816	28,933,413	28,811,262	30,334,152	36,486,447	38,930,745
Restricted	716,094	699,719	713,617	1,523,413	1,468,918	2,059,415	3,665,597	3,986,823	2,333,461	1,848,616
Unrestricted (deficit)	1,908,810	907,752	350,575	(4,350,635)	(16,584,462)	(15,324,463)	(23,317,398)	(20,499,382)	(19,435,302)	(20,469,006)
Total Primary Government Net Position	$ 17,466,794	$ 17,876,424	$ 18,146,914	$ 17,086,798	$ 13,286,272	$ 15,668,365	$ 9,159,461	$ 13,821,593	$ 19,384,606	$ 20,310,355

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.

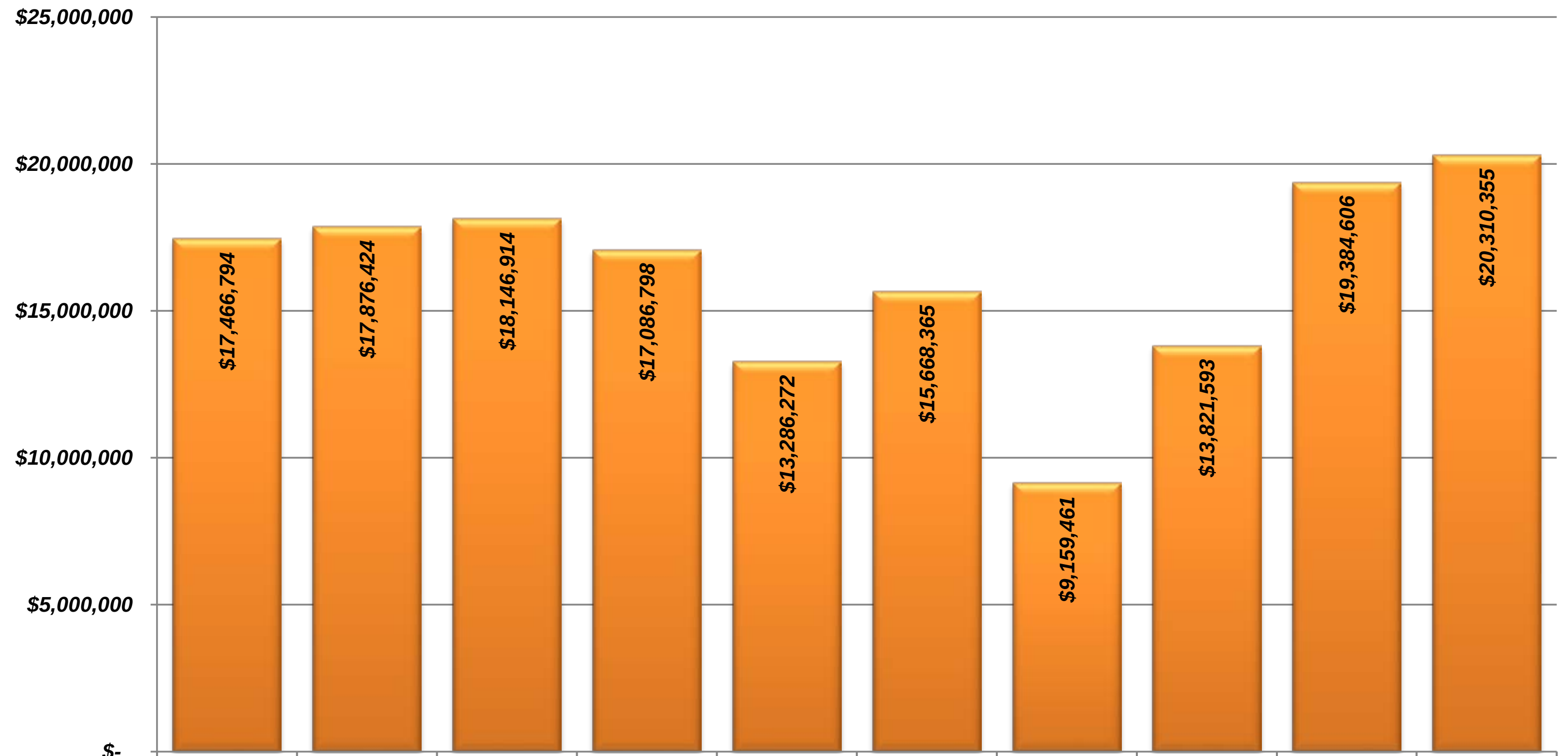
[2] Beginning in fiscal year 2014, the Development Authority was reclassified from a discretely presented component unit to a blended component unit.

[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.

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

Exhibit V-A

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



Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	$17,466,794	$17,876,424	$18,146,914	$17,086,798	$13,286,272	$15,668,365	$9,159,461	$13,821,593	$19,384,606	$20,310,355

City of Hapeville, Georgia

General Governmental Revenues by Source (Unaudited) [1]
Last Ten Fiscal Years
(modified accrual basis of accounting)

Revenue Source	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taxes	$ 9,283,461	$ 9,121,022	$ 9,243,503	$ 9,642,439	$ 9,642,439	$ 11,452,396	$ 11,452,396	$ 11,924,128	$ 13,918,539	$ 13,904,632
Licenses and permits	217,233	202,589	235,481	162,052	210,250	293,601	715,397	519,926	341,141	707,583
Charges for services	1,006,773	1,054,535	1,224,244	341,630	353,917	344,438	434,378	479,351	566,222	597,868
Fines and forfeitures	529,436	445,239	494,250	515,742	480,305	203,109	180,778	209,066	145,469	462,517
Intergovernmental	1,226,856	1,244,920	1,205,269	736,294	640,843	791,677	681,579	3,054,072	5,334,753	1,904,573
Contributions	22,288	20,140	20,945	21,244	8,360	28,042	12,192	5,290	17,656	4,630
Investment earnings	861	1,726	979	121	191	218	448	781	53	5,847
Other local revenue	1,045,675	517,751	293,497	37,182	36,773	39,844	243,593	194,039	54,761	86,011
Total revenues	$ 13,332,583	$ 12,607,922	$ 12,718,168	$ 11,456,704	$ 11,373,078	$ 13,153,325	$ 13,720,761	$ 16,386,653	$ 20,378,594	$ 17,673,661
% change from prior year	7.5%	-5.4%	0.9%	-9.9%	-0.7%	15.7%	4.3%	19.4%	24.4%	-13.3%

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taxes	69.6%	72.3%	72.7%	84.2%	84.8%	87.1%	83.5%	72.8%	68.3%	78.7%
Licenses and permits	1.6%	1.6%	1.9%	1.4%	1.8%	2.2%	5.2%	3.2%	1.7%	4.0%
Charges for services	7.6%	8.4%	9.6%	3.0%	3.1%	2.6%	3.2%	2.9%	2.8%	3.4%
Fines and forfeitures	4.0%	3.5%	3.9%	4.5%	4.2%	1.5%	1.3%	1.3%	0.7%	2.6%
Grant revenue	9.2%	9.9%	9.5%	6.4%	5.6%	6.0%	5.0%	18.6%	26.2%	10.8%
Contributions	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%	0.0%	0.1%	0.0%
Investment earnings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	7.8%	4.1%	2.3%	0.3%	0.4%	0.4%	1.8%	1.2%	0.3%	0.5%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

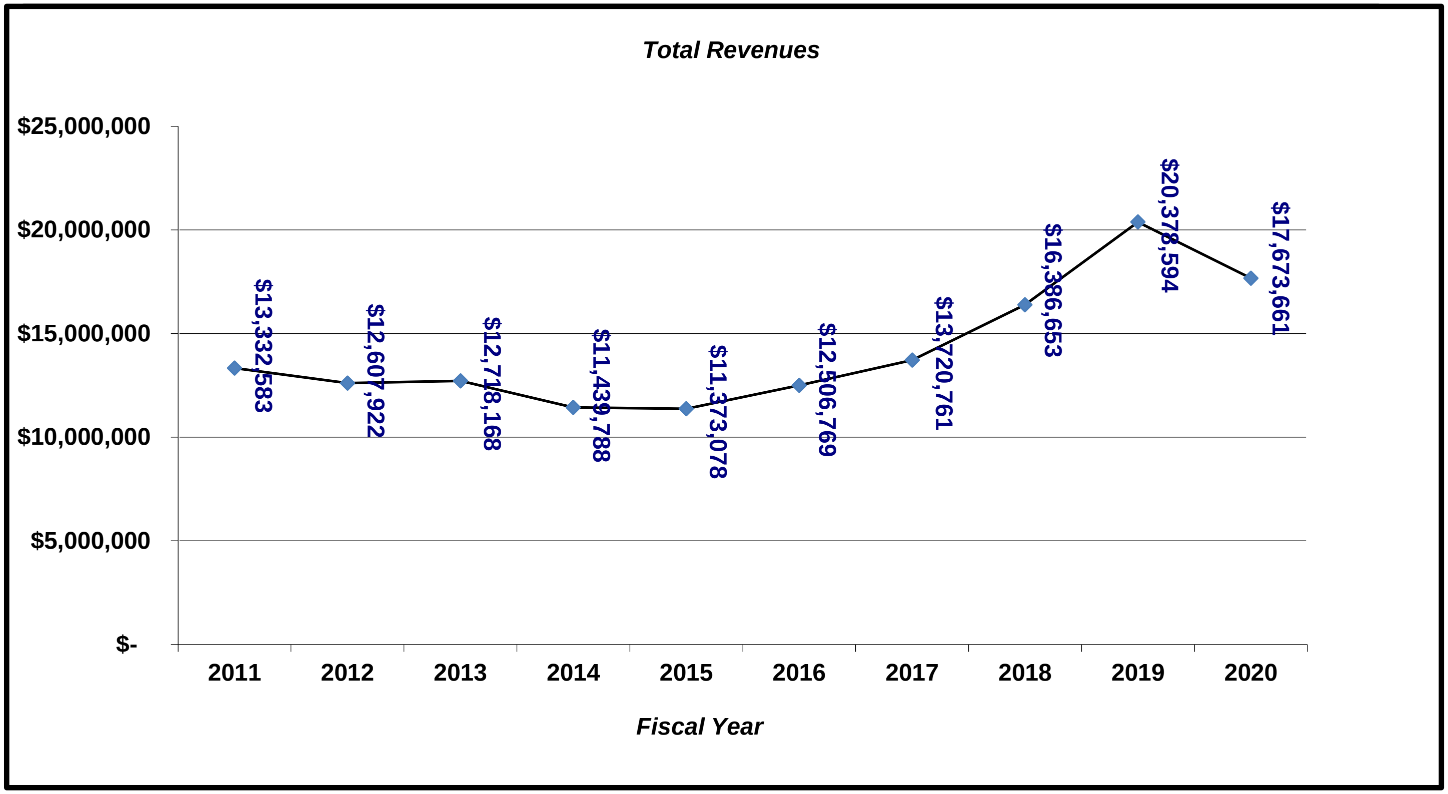
Notes:

[1] Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

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



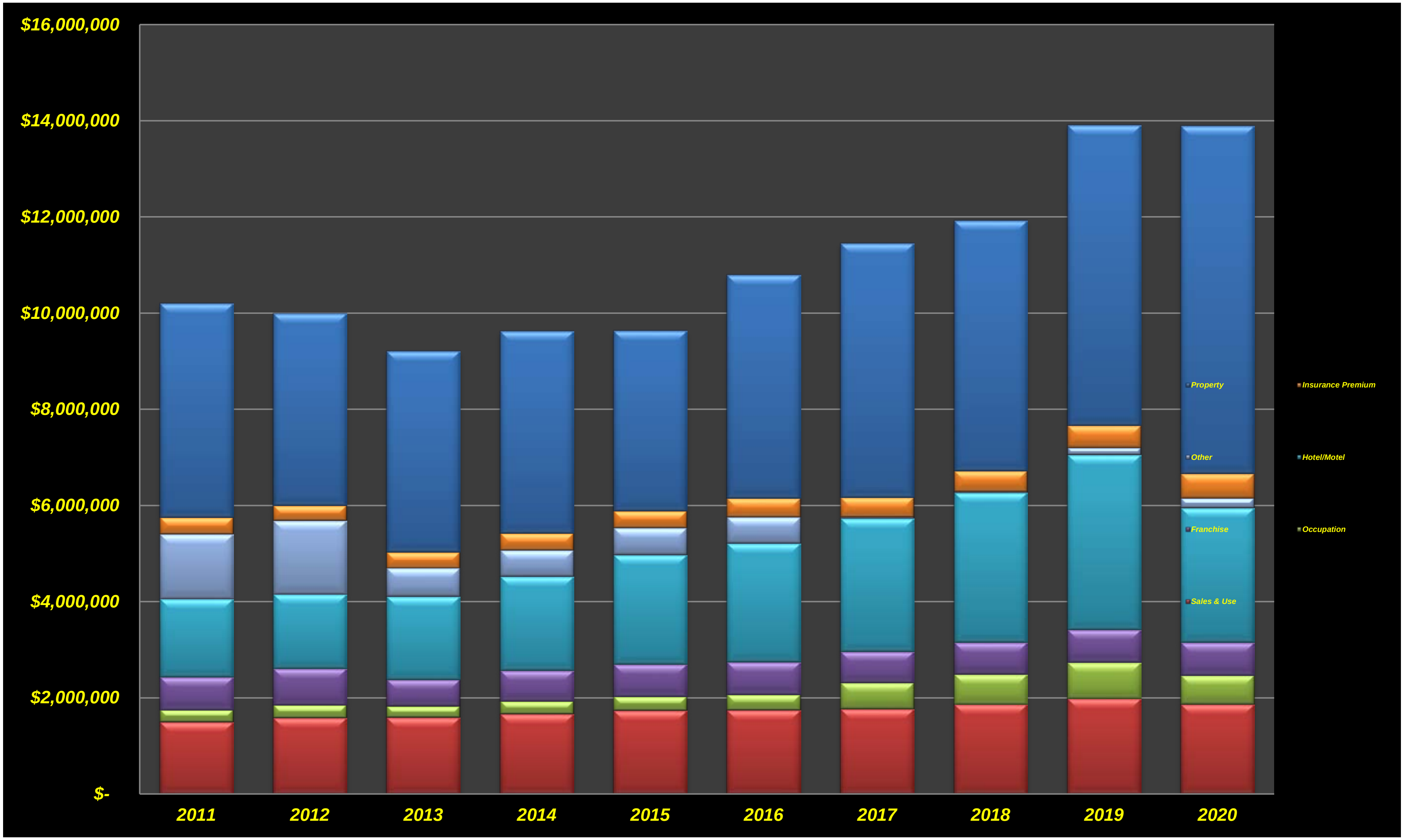
City of Hapeville, Georgia
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Business and Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
2011	$ 4,456,779	$ 1,503,326	$ 251,795	$ 682,581	$ 344,731	$ 1,622,430	$ 1,348,876	$ 10,210,518
2012	3,996,085	1,589,359	260,999	762,675	308,470	1,545,360	1,532,093	9,995,041
2013	4,185,266	1,596,392	231,405	549,260	327,079	1,732,001	592,961	9,214,364
2014	4,199,957	1,668,856	265,775	643,481	351,426	1,951,860	544,168	9,625,523
2015	3,751,618	1,739,336	289,887	673,023	354,276	2,275,691	558,608	9,642,439
2016	4,650,084	1,751,341	324,329	679,502	391,735	2,462,623	546,226	10,805,840
2017	5,280,086	1,771,491	545,769	653,527	407,163	2,771,189	23,171	11,452,396
2018	5,198,135	1,865,494	631,991	665,196	433,106	3,108,228	21,978	11,924,128
2019	6,248,912	1,992,229	751,228	681,134	466,835	3,636,829	141,372	13,918,539
2020	7,236,669	1,867,684	599,053	689,010	510,484	2,801,045	200,687	13,904,632
% Change in Dollars Over 10 Years	62.4%	24.2%	137.9%	0.9%	48.1%	72.6%	-85.1%	36.2%
	Percentage of Total							
2011	43.6%	14.7%	2.5%	6.7%	3.4%	15.9%	13.2%	100.0%
2012	40.0%	15.9%	2.6%	7.6%	3.1%	15.5%	15.3%	100.0%
2013	45.4%	17.3%	2.5%	6.0%	3.5%	18.8%	6.4%	100.0%
2014	43.6%	17.3%	2.8%	6.7%	3.7%	20.3%	5.7%	100.0%
2015	38.9%	18.0%	3.0%	7.0%	3.7%	23.6%	5.8%	100.0%
2016	43.0%	16.2%	3.0%	6.3%	3.6%	22.8%	5.1%	100.0%
2017	46.1%	15.5%	4.8%	5.7%	3.6%	24.2%	0.2%	100.0%
2018	43.6%	15.6%	5.3%	5.6%	3.6%	26.1%	0.2%	100.0%
2019	44.9%	14.3%	5.4%	4.9%	3.4%	26.1%	1.0%	100.0%
2020	52.0%	13.4%	4.3%	5.0%	3.7%	20.1%	1.4%	100.0%

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current:										
General government	$ 1,533,387	$ 1,608,800	$ 1,683,984	$ 2,098,323	$ 2,152,548	$ 2,265,142	$ 3,140,702	$ 2,729,155	$ 2,389,436	$ 2,497,277
Judicial	-	-	-	-	-	-	128,399	128,537	148,668	308,218
Public safety	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710	5,387,641	5,475,912	6,693,118
Highways and streets	686,546	693,347	720,074	630,731	653,502	645,837	731,217	662,784	811,407	829,856
Culture and recreation	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	1,754,389
Parks and ground	819,179	793,280	885,678	889,047	802,037	711,505	-	-	-	-
Planning and zoning [2]	782,569	787,873	832,085	216,639	234,728	232,704	281,799	179,123	164,460	285,311
Trade, tourism and development [2]	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033	4,088,543	2,678,510
Total Current	11,513,946	11,525,791	11,901,067	10,523,415	10,143,660	11,230,027	11,968,426	12,609,306	14,587,106	15,046,679
% Change From Prior Year	3.4%	0.1%	3.3%	-11.6%	-3.6%	10.7%	6.6%	5.4%	15.7%	3.2%
Capital Outlay	2,276,910	1,630,974	1,413,254	859,824	957,584	1,133,938	718,560	2,349,152	6,054,963	2,117,293
% Change From Prior Year	183.2%	-28.4%	-13.3%	-39.2%	11.4%	18.4%	-36.6%	226.9%	157.8%	-65.0%
Debt Service										
Principal	409,437	468,762	482,944	182,172	125,552	226,234	301,243	323,101	338,556	408,374
Interest and fees	343,699	379,562	280,102	16,782	11,008	22,095	44,846	48,535	61,350	60,495
Total Debt Service	753,136	848,324	763,046	198,954	136,560	248,329	346,089	371,636	399,906	468,869
% Change From Prior Year	22.3%	12.6%	-10.1%	-73.9%	-31.4%	81.8%	39.4%	7.4%	7.6%	17.2%
Total Expenditures	$ 14,543,992	$ 14,005,089	$ 14,077,367	$ 11,582,193	$ 11,237,804	$ 12,612,294	$ 13,033,075	$ 15,330,094	$ 21,041,975	$ 17,632,841
% Change From Prior Year	15.8%	-3.7%	0.5%	-17.7%	-3.0%	12.2%	3.3%	17.6%	37.3%	-16.2%
Debt Service as a % of Noncapital Expenditures	1.0%	1.1%	6.0%	1.9%	1.3%	2.2%	2.8%	2.9%	3.0%	3.3%

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.

[3] In fiscal year 2019, trade, tourism and development costs included expenditures for theater renovations.

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

General Governmental Current Expenditures by Function (Unaudited) (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current:										
General government	$ 1,533,387	$ 1,608,800	$ 1,683,984	$ 2,098,323	$ 2,152,548	$ 2,265,142	$ 3,140,702	$ 2,729,155	$ 2,389,436	$ 2,497,277
Judicial	-	-	-	-	-	-	128,399	128,537	148,668	308,218
Public safety	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710	5,387,641	5,475,912	6,693,118
Highways and streets	686,546	693,347	720,074	630,731	653,502	645,837	731,217	662,784	811,407	829,856
Culture and recreation	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033	1,508,680	1,754,389
Parks and grounds	819,179	793,280	885,678	889,047	802,037	711,505	-	-	-	-
Planning and zoning [2]	782,569	787,873	832,085	216,639	234,728	232,704	281,799	179,123	164,460	285,311
Trade, tourism and development [2]	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033	4,088,543	2,678,510
Total Current	$ 11,513,946	$ 11,525,791	$ 11,901,067	$ 10,523,415	$ 10,143,660	$ 11,230,027	$ 11,968,426	$ 12,609,306	$ 14,587,106	$ 15,046,679

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current:										
General government	13.3%	14.0%	14.1%	19.9%	21.2%	20.2%	26.2%	21.6%	16.4%	16.6%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.0%	1.0%	2.0%
Public safety	53.8%	53.6%	52.0%	53.0%	50.1%	55.0%	43.7%	42.7%	37.5%	44.5%
Public works	6.0%	6.0%	6.1%	6.0%	6.4%	5.8%	6.1%	5.3%	5.6%	5.5%
Culture and recreation	4.4%	4.8%	4.7%	5.0%	5.1%	4.6%	13.4%	12.0%	10.3%	11.7%
Parks and grounds	7.1%	6.9%	7.4%	8.4%	7.9%	6.3%	0.0%	0.0%	0.0%	0.0%
Planning, zoning and development	6.8%	6.8%	7.0%	2.1%	2.3%	2.1%	2.4%	1.4%	1.1%	1.9%
Trade and tourism	8.5%	7.9%	8.7%	5.5%	6.9%	6.1%	7.1%	15.9%	28.0%	17.8%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

(1) Includes all governmental fund types.

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

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

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

Chart-General Governmental Current Expenditures (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

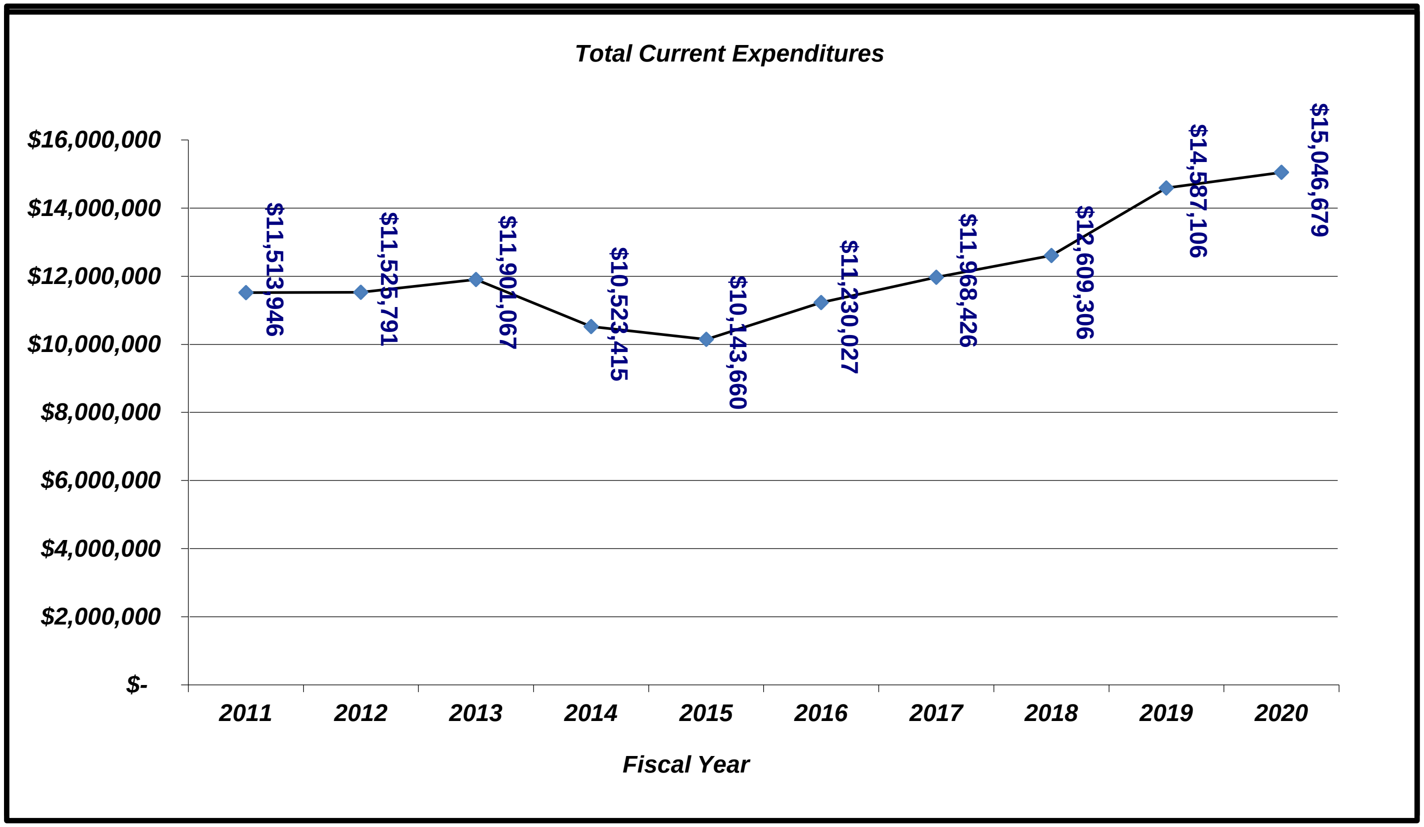


Exhibit X

City of Hapeville, Georgia

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

Source	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Revenues	$ 13,332,583	$ 12,607,922	$ 12,718,168	$ 11,456,704	$ 11,373,078	$ 13,153,325	$ 13,720,761	$ 16,386,653	$ 20,378,594	$ 17,673,661
Total Expenditures	14,543,992	14,005,089	14,077,367	11,582,193	11,237,804	12,612,294	13,033,075	15,330,094	21,041,975	17,632,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,211,409)	(1,397,167)	(1,359,199)	(125,489)	135,274	541,031	687,686	1,056,559	(663,381)	40,820
Other Financing Sources (Uses)										
Financed purchases	-	-	303,455	-	-	1,290,807	319,088	347,764	554,564	273,501
Proceeds from notes payable	812,942	-	-	-	-	-	-	-	-	-
Sale of capital assets	223	146	124	86	-	25,000	-	-	-	-
Transfers in	851,051	927,753	1,125,676	3,193,278	3,186,516	3,113,335	3,608,731	3,248,254	3,914,833	3,459,723
Transfers out	(498,920)	(464,321)	(840,188)	(3,498,203)	(2,921,378)	(3,474,675)	(3,511,070)	(3,687,510)	(4,399,553)	(3,814,559)
Total Other Financing Sources (Uses)	1,165,296	463,578	589,067	(304,839)	265,138	954,467	416,749	(91,492)	69,844	(81,335)
Net Change in Fund Balances	$ (46,113)	$ (933,589)	$ (770,132)	$ (430,328)	$ 400,412	$ 1,495,498	$ 1,104,435	$ 965,067	$ (593,537)	$ (40,515)

Data Source:

Applicable years' annual financial report.

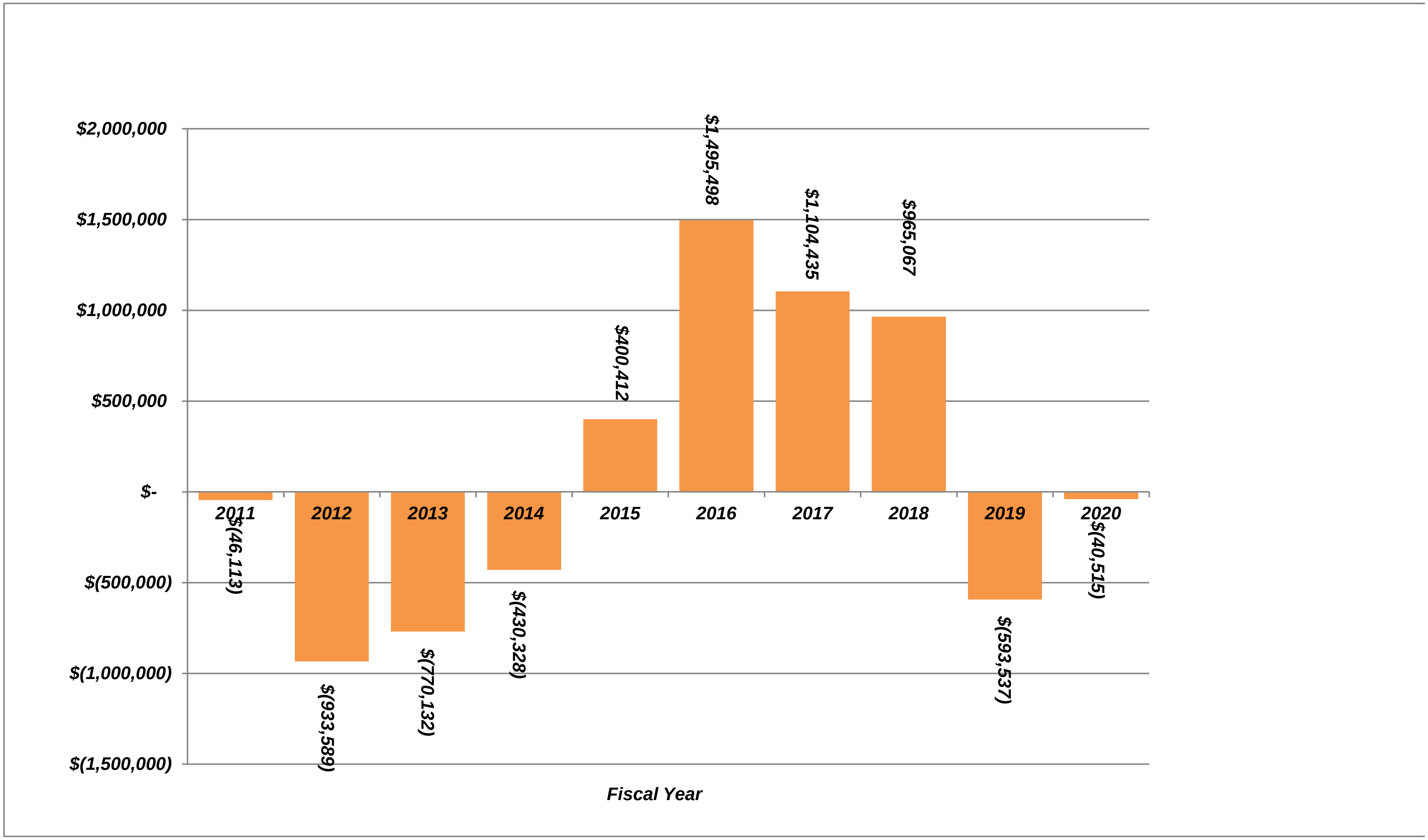
Exhibit XA

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 2011 - 2020
(modified accrual basis of accounting)

	At June 30,									
	2011	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*
General Fund										
Reserved										
Unreserved										
Nonspendable	$ 176,165	$ 183,844	$ 106,164	$ -	$ 147,736	$ 166,949	$ 116,047	$ 17,699	$ 306,384	$ 922,606
Restricted-Program Purposes	-	-	11,518	51,283	51,008	50,734	84,926	46,583 **	647,939	356,158
Assigned-Capital Outlay	350,000	11,000	-	-	-	-	-	-	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489	1,189,853	1,129,057	1,324,756	2,000,404	1,897,150
Total General Fund	4,005,925	3,101,904	2,343,243	868,090	964,233	1,407,536	1,330,030	1,389,038	2,954,727	3,175,914
General Fund Percentage Change	0.0%	-22.6%	-24.5%	-63.0%	11.1%	46.0%	-5.5%	4.4%	112.7%	7.5%
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	351,139	-	-	-
Restricted:										
Program Purposes	47,232	17,664	6,192	212,353	516,622	943,929	2,117,690	3,031,929	872,703	614,011
Unassigned (deficit)	-	-	-	-	-	-	(342,959)	-	-	(3,010)
Total All Other Governmental Funds	47,232	17,664	6,192	212,353	516,622	943,929	2,125,870	3,031,929	872,703	611,001
All Other Governmental Funds Percentage Change	N/A	-62.6%	-64.9%	3329.5%	143.3%	82.7%	125.2%	42.6%	-71.2%	-30.0%
Total Governmental Funds										
Nonspendable	176,165	183,844	106,164	-	147,736	166,949	467,186	17,699	306,384	922,606
Restricted	47,232	17,664	17,710	263,636	567,630	994,663	2,202,616	3,078,512	1,520,642	970,169
Assigned	350,000	11,000	-	-	-	-	-	-	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489	1,189,853	786,098	1,324,756	2,000,404	1,894,140
Total Governmental Funds	$ 4,053,157	$ 3,119,568	$ 2,349,435	$ 1,080,443	$ 1,480,855	$ 2,351,465	$ 3,455,900	$ 4,420,967	$ 3,827,430	$ 3,786,915
All Governmental Funds Percentage Change	N/A	-23.0%	-24.7%	-54.0%	37.1%	58.8%	47.0%	27.9%	-13.4%	-1.1%

Notes:

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

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

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

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

Amounts

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property [2]	Less: Tax Exempt Property	Total Taxable Assessed Value[1]	Total Direct Tax Rate [3]	Estimated Actual Value	Annual Percentage Change
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	41,617,080	202,738,210	4,295,200	6,895,880	8,428,420	-	1,300,140	262,674,650	16.610	656,686,625	-2.8%
2015	46,201,180	199,786,880	9,342,080	5,585,087	7,102,350	19,080	8,292,600	259,744,057	16.610	649,360,143	-1.1%
2016	45,694,000	199,454,270	9,114,920	7,372,269	5,237,390	14,800	7,512,400	259,375,249	16.610	648,438,123	-0.1%
2017	46,282,180	205,240,460	16,488,000	20,331,731	4,025,640	28,800	7,225,550	285,171,261	16.610	712,928,153	9.9%
2018	47,735,190	312,457,620	16,113,920	27,267,698	2,902,570	28,800	10,240,610	396,265,188	16.610	990,662,970	39.0%
2019	92,655,980	230,352,900	16,868,000	32,176,619	2,066,900	93,080	7,627,470	366,586,009	16.610	916,465,023	-7.5%
2020	113,906,300	268,208,410	16,898,680	35,698,772	1,584,490	108,360	7,803,640	428,601,372	16.610	1,071,503,430	16.9%
*	$ 59,009,029	$ 223,262,487	$ 11,321,736	$ 15,451,152	$ 7,931,789	$ 29,292	$ 5,407,440	$ 311,598,045	16.610	$ 778,995,112	
**	65.3%	33.0%	65.8%	484.1%	-94.9%		532.1%	35.4%	0.0%	35.4%	

Percentage of Total Assessed Value

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value
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	15.8%	76.8%	1.6%	2.6%	3.2%	0.0%	0.5%	99.5%
2015	17.2%	74.5%	3.5%	2.1%	2.6%	0.0%	3.1%	96.9%
2016	17.1%	74.7%	3.4%	2.8%	2.0%	0.0%	2.8%	97.2%
2017	15.8%	70.2%	5.6%	7.0%	1.4%	0.0%	2.5%	97.5%
2018	11.7%	76.9%	4.0%	6.7%	0.7%	0.0%	2.5%	97.5%
2019	24.8%	61.6%	4.5%	8.6%	0.6%	0.0%	2.0%	98.0%
2020	26.1%	61.5%	3.9%	8.2%	0.4%	0.0%	1.8%	98.2%

* Dollar average for ten years.

** Percentage change in dollars over ten years.

Notes:

[1] All property is assessed at 40% of fair market value.

[2] Generally includes timber and heavy equipment.

[3] Tax rates expressed in rate per $1,000

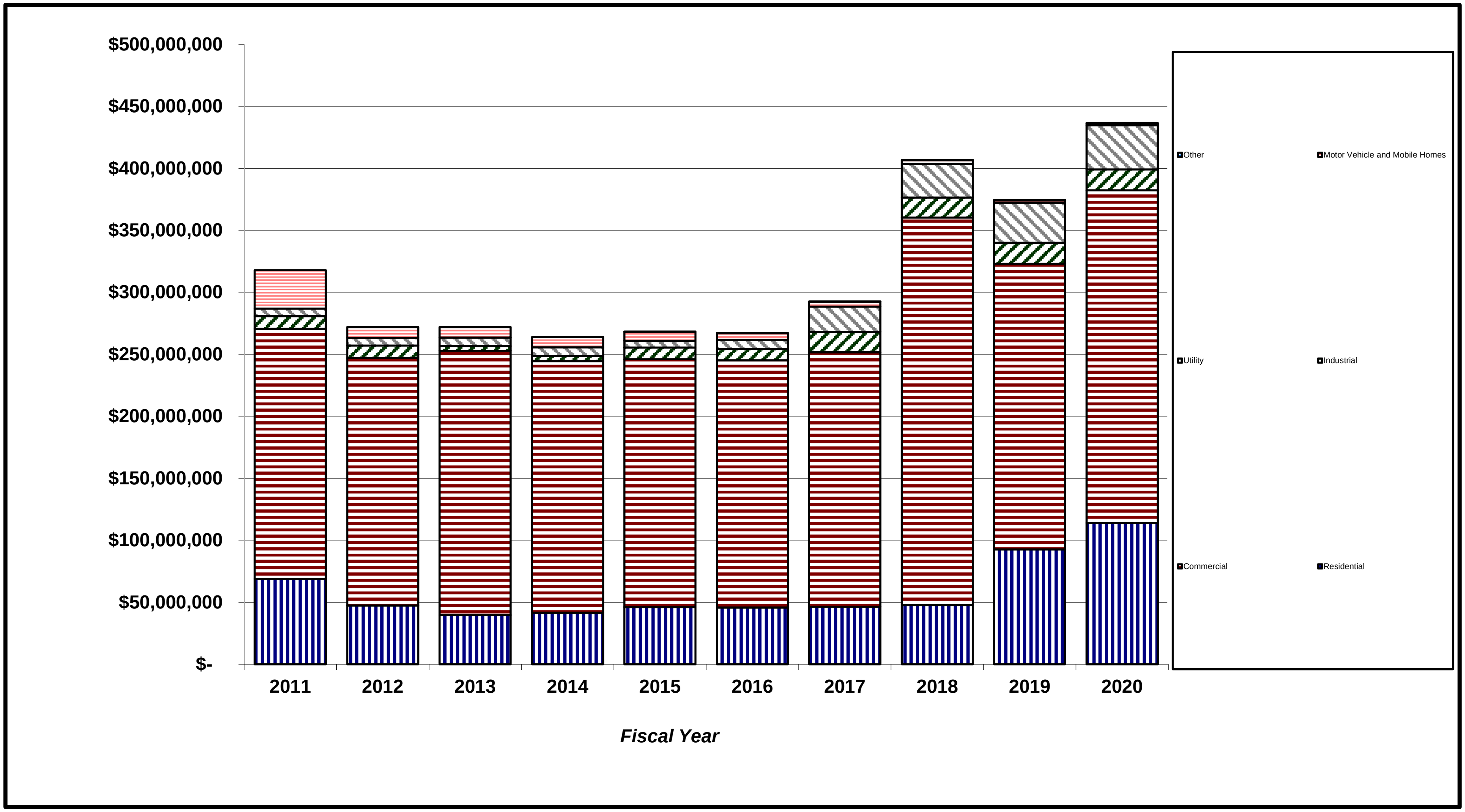
[4] The fiscal year indicated above reports the tax digest from the prior calendar year.

Data Source:

Georgia Department of Revenue, Tax Digest Consolidation Summary,
http://dor.georgia.gov/county-ad-valorem-tax-digest-consolidated-summaries

Exhibit XIIA

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



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

	Direct	Overlapping [1]		
Fiscal Year	City Rate	State of Georgia [2]	Fulton County	Fulton County School Board
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
2016	16.610	0.050	10.500	18.502
2017	16.610	-	10.450	18.483
2018	16.610	-	10.380	18.546
2019	16.610	-	10.200	17.796
2020	16.610	-	10.200	17.796

Notes:

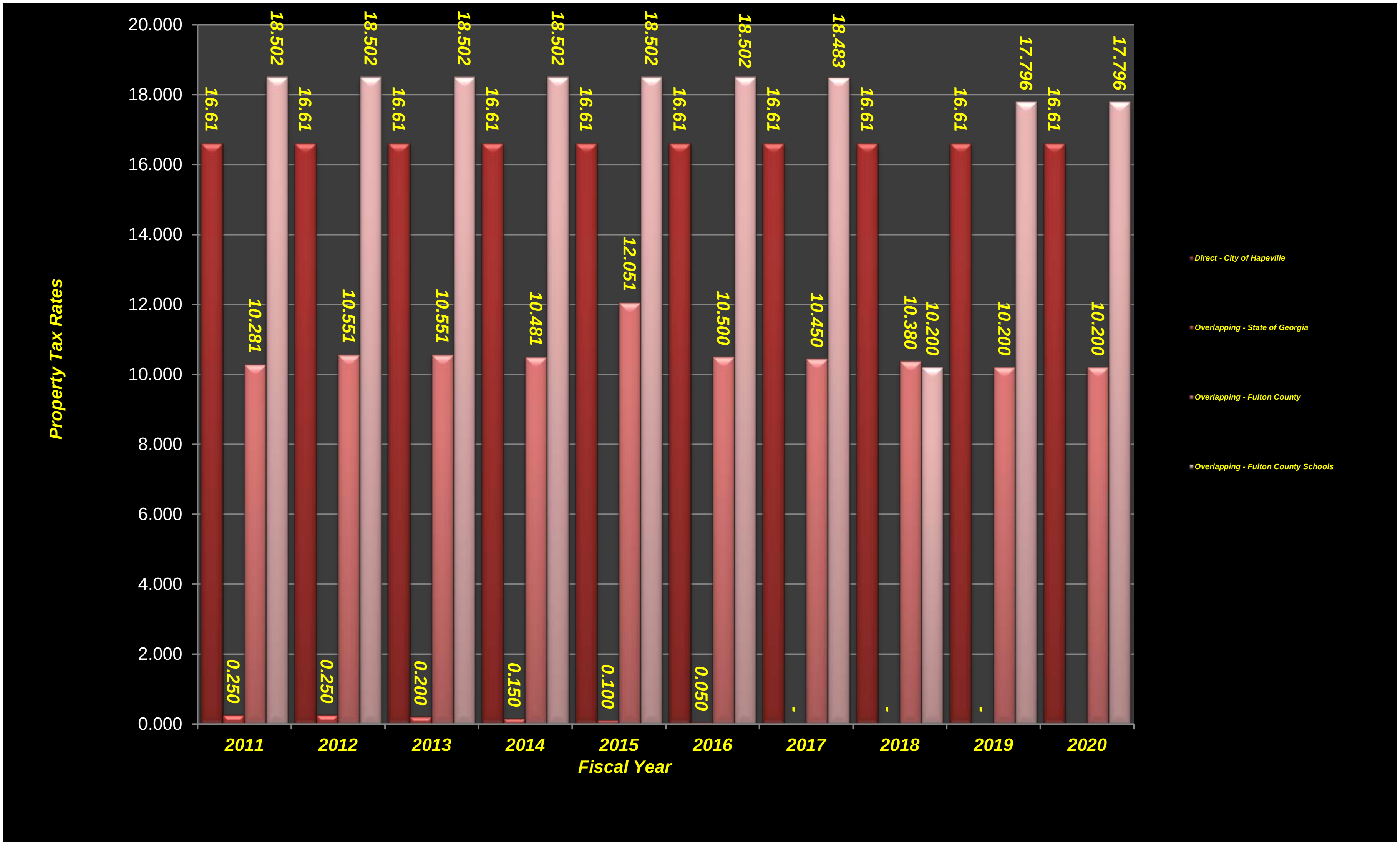
[1] Overlapping rates are those of governments that overlap the City's geographic boundaries.

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

Data Source:

Georgia Department of Revenue, Property Tax Division,
http://dor.georgia.gov/county-tax-digest-mill-rates

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



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

Fiscal Year	Taxes Levied for the Calendar Year	Collected Within the Fiscal Year of The Levy		Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes [1]	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2011	$ 4,506	$ 4,351	96.56%	$ 143	$ 4,494	99.73%	$ 12	99.73%
2012	3,981	3,842	96.51%	131	3,973	99.80%	8	99.80%
2013	4,172	3,950	94.68%	202	4,152	99.52%	20	99.52%
2014	3,968	3,845	96.90%	105	3,950	99.55%	18	99.55%
2015	3,895	3,841	98.61%	37	3,878	99.56%	17	99.56%
2016	4,569	4,529	99.12%	9	4,538	99.32%	31	99.32%
2017	4,942	4,710	95.31%	43	4,753	96.18%	189	96.18%
2018	4,975	4,822	96.92%	110	4,932	99.14%	43	99.14%
2019	5,934	5,794	97.64%	98	5,892	99.29%	42	99.29%
2020	6,928	6,780	97.86%	-	6,780	97.86%	148	97.86%

Notes:

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

Data Source:

City Tax Office

City of Hapeville, Georgia

Principal Property Taxpayers (Unaudited)
Fiscal Years Ended June 30, 2020 and 2011

2020					2011				
Principal Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**		**Principal Taxpayer**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
HAPEVILLE HOTEL LIMITED PARTNER	$ 53,610,800	1	7.10%		DELTA AIR LINES INC	$ 68,467,036	1	11.70%
DIGITAL DOUG DAVIS LLC	45,974,200	2	6.09%		HAPEVILLE LTD PARTNERSHIP	45,360,000	2	7.75%
MIKEONE EK ATL OPS CENTER LLC	42,649,900	3	5.65%		FIRST STATES INVESTORS THIRTY	43,180,300	3	7.38%
BLUE ATLANTIC HARTSFIELD LP	41,800,000	4	5.53%		DELTA AIRLINES INC	30,152,048	4	5.15%
DELTA AIR LINES INC	29,928,500	5	3.96%		OXFORD OLDE TOWNE JV LLC	22,594,700	5	3.86%
CITY OF ATLANTA	17,589,800	6	2.33%		AIRPORT STATION L L C	16,626,800	6	2.84%
STATE BANK OF TEXAS	16,934,000	7	2.24%		RESIDENCE INN III L L C	13,522,300	7	2.31%
APSILON MANAGEMENT ATLANTA LLC	12,655,000	8	1.68%		DELTA COMMUNITY CREDIT UNION	10,750,000	8	1.84%
HOSPITALITY PROPERTIES INC	12,468,000	9	1.65%		HOSPITALITY PROPERTIES INC	9,900,000	9	1.69%
DIAMOND HOLDINGS AND HOSPITALITY	11,728,000	10	1.55%		APSILON MANAGEMENT INC	7,500,000	10	1.28%
Total Principal Taxpayers	285,338,200		37.77%		**Total Principal Taxpayers**	268,053,184		45.80%
All Other Taxpayers	470,116,490		62.23%		**All Other Taxpayers**	317,206,352		54.20%
Total	$ 755,454,690		100.00%		**Total**	$ 585,259,536		100.00%

Data Source:

City Tax Office

City of Hapeville, Georgia

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

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

Notes:

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

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

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

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

Data Source:

Georgia Department of Revenue, Sales and Use Tax Division

http://dor.georgia.gov/documents/historical-sales-tax-rate-chart

City of Hapeville, Georgia

Water Consumption Billed (Unaudited) [1]
Last Ten Fiscal Years

Fiscal Year	Gallons	% Change
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%
2016	220,707,000	5.2%
2017	232,370,000	5.3%
2018	224,782,000	-3.3%
2019	227,299,000	1.1%
2020 (2)	182,265,400	-19.8%

Data Source:

[1] City's billing department.

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

Exhibit XVIII

City of Hapeville, Georgia

Water Service Rates (Unaudited)
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2018	2019	2020
Minimum charge (0-2k gal)	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56
0-2k gal	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
2k-10k gal	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
10k-50k	9.43	-	-	-	-	-	-	-	-	-	-
50k + gal	9.78	-	-	-	-	-	-	-	-	-	-
10k - 16 k gal	-	-	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98	10.98
16k gal	-	-	17.56	17.56	17.56	17.56	17.56	17.56	17.56	17.56	17.56

Data Source:
City Customer Service Department

City of Hapeville, Georgia

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

Fiscal Year	Number	% Change
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%
2016	2,156	1.3%
2017	2,100	-2.6%
2018	2,188	4.2%
2019	2,205	0.8%
2020	2,267	2.8%

Data Source:
[1] City Customer Service Department.

Exhibit XX

City of Hapeville, Georgia

Ten Largest Customers - Water Service (Unaudited)
Fiscal Years 2020 & 2011

	Fiscal Year 2020			Fiscal Year 2011		
Rank	**Customer**	**Consumption Gallons (000)**	**%**	**Customer**	**Consumption Gallons (000)**	**%**
1	INCITY SUITES	8,008.38	6.8%	ATLANTA AIRPORT HILTON	18.66	8.5%
2	BLUE ATLANTIC HARTSFIELD LP	5,434.88	4.6%	DELTA AIRLINES, INC.	14.59	6.6%
3	ACRON 2 PORSCHE DR.	4,095.78	3.5%	DELTA AIRLINES INC. RESERV.	7.97	3.6%
4	DEL MAR APARTMENTS	3,348.20	2.8%	OXFORD PROPERTIES	7.73	3.5%
5	PORSCHE CARS NORTH AMERICA	2,507.92	2.1%	INCITY SUITES	7.61	3.5%
6	DELTA AIRLINES, INC. RESERV.	2,336.88	2.0%	DEL MAR APARTMENTS	5.98	2.7%
7	FRANKLIN VILLAGE	2,247.27	1.9%	WACHOVIA BANK OPS BLDG	5.87	2.7%
8	QD PROPERTIES L.L.C.	1,700.98	1.4%	BEST WESTERN HAPEVILLE	3.01	1.4%
9	MARRIOTT INC., SITE #311AD	1,554.64	1.3%	MARRIOTT INC. SITE #57231 C/O	2.70	1.2%
10	MARRIOTT INC. SITE #57231 C/O	1,542.80	1.3%	QD PROPERTIES L.L.C.	2.68	1.2%
	Total Ten Largest Customers	32,778	27.7%	**Total Ten Largest Customers**	77	34.9%
	All Other Customers	85,659	72.3%	**All Other Customers**	143	65.1%
	Total	118,437	100.0%	**Total**	220	100.0%

Data Source:
City Water Department

Exhibit XXI

City of Hapeville, Georgia

Sewer Service Rates (Unaudited)
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Minimum charge (0-2k gal)	$ 7.50	$ 8.25	$ 8.44	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24
0-2k gal	3.75	4.13	4.22	6.12	6.12	6.12	6.12	6.12	6.12	6.12
2k-10k gal	4.75	5.23	5.36	7.77	7.77	7.77	7.77	7.77	7.77	7.77
10k-50k	5.25	5.78	5.92	8.58	8.58	8.58	8.58	8.58	8.58	8.58
50k +	5.50	6.05	6.20	8.99	8.99	8.99	8.99	8.99	8.99	8.99

Data Source:

City Customer Service Department

City of Hapeville, Georgia

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

	Governmental Activities				Business-type Activities						
June 30,	Certificates of Participation	Notes	Financed Purchases	Total	Revenue Bonds	Notes Payable	Total	Grand Total	Percentage of Personal Income	Estimated [2] Population	Per Capita
2011	$ 325,000	$ -	$ 761,161	$ 1,086,161	$ 2,475,000	$ -	$ 2,475,000	$ 3,561,161	2.607%	6,542	544
2012	165,000	-	589,743	754,743	1,895,000	-	1,895,000	2,649,743	1.840%	6,673	397
2013	-	-	735,254	735,254	11,020,000	-	11,020,000	11,755,254	7.914%	6,668	1,763
2014	-	-	553,081	553,081	16,395,000	-	16,395,000	16,948,081	11.110%	6,640	2,552
2015	-	-	427,529	427,529	15,345,000	-	15,345,000	15,772,529	10.073%	6,614	2,385
2016	-	-	1,492,102	1,492,102	14,165,000	-	14,165,000	15,657,102	9.689%	6,603	2,371
2017	-	-	1,509,947	1,509,947	12,925,000	-	12,925,000	14,434,947	8.962%	6,581	2,193
2018	-	-	1,534,610	1,534,610	11,630,000	-	11,630,000	13,164,610	8.174%	6,581	2,000
2019	-	-	1,750,618	1,750,618	10,280,000	-	10,280,000	12,030,618	7.383%	6,658	1,807
2020	-	-	1,615,745	1,615,745	9,015,000	1,047,027	10,062,027	11,677,772	7.369%	6,534	1,787

Notes:

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

Data Sources:

[1] Applicable years' annual financial report.

[2] Exhibit XXVI.

City of Hapeville, Georgia

Direct and Overlapping Governmental Activities Debt (Unaudited)
June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Underlying Debt
Overlapping General Obligation Debt [2,3]			
Fulton County, Georgia	$ 239,939,000	0.55%	$ 1,315,787
Fulton County Board of Education	22,385,000	0.55%	122,756
Total Overlapping Debt	262,324,000		1,438,542
City Direct Debt			
Financed purchases	1,615,745	100.00%	1,615,745
Total Direct and Overlapping Debt	$ 263,939,745		$ 3,054,287

Notes:

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

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

[3] *Outstanding debt obtained from Fulton County CAFR as of 12-31-19 and Fulton County Board of Education CAFR as of 6-30-19*

Data Source:

Each specific government

Exhibit XXIV

City of Hapeville, Georgia

Legal Debt Margin (Unaudited)
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Taxable Assessed Value [1]	$ 316,654,306	$ 270,554,606	$ 270,353,750	$ 262,674,650	$ 259,744,057	$ 259,375,249	$ 285,171,261	$ 285,171,261	$ 366,586,009	$ 428,601,372
Legal Debt Margin										
Debt limit (10% of assessed value)[2]	$ 31,665,431	$ 27,055,461	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126	$ 28,517,126	$ 36,658,601	$ 42,860,137
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 31,665,431	$ 27,055,461	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126	$ 28,517,126	$ 36,658,601	$ 42,860,137
Total net debt applicable to the limit as a % of the debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

[2] Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed

[3] The City has no outstanding general obligation debt.

Data Source:

[1] Exhibit XII

City of Hapeville, Georgia

Demographic and Economic Statistics (Unaudited)
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income	Per Capita: Per Capita Income (1)	Per Capita: Per Capita Income % of U.S. (1)	Median Age (1)	Unemployment Rate: County (2)	Unemployment Rate: State of Georgia (2)	Unemployment Rate: United States (2)
2011	6,542	$ 136,583,876	$ 20,878	78.52%	35.2	10.2%	10.4%	9.1%
2012	6,673	143,983,321	21,577	79.95%	35.2	9.3%	8.9%	8.2%
2013	6,668	148,536,368	22,276	80.49%	35.2	8.6%	8.3%	7.5%
2014	6,640	152,554,000	22,975	79.89%	35.2	7.5%	7.8%	6.1%
2015	6,614	156,579,836	23,674	78.29%	35.2	6.0%	6.1%	5.3%
2016	6,603	161,595,219	24,473	78.69%	35.2	5.9%	6.3%	5.4%
2017	6,581	161,063,394	24,474	76.52%	35.2	4.3%	4.3%	4.1%
2018	6,581	161,063,394	24,474	72.61%	35.2	3.7%	3.6%	4.0%
2019	6,658	162,947,892	24,474	72.61%	34.8	3.1%	3.4%	3.5%
2020	6,534	158,475,636	24,254	71.96%	33.0	8.3%	6.3%	6.9%

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

Exhibit XXVI

City of Hapeville, Georgia

Principal Employers (Unaudited)
For the Fiscal Year Ended June 30, 2020

Employer	Type of Business	Number of Employees
Delta Airlines	Airlines	1,392
Federal Express	Cargo	671
Norred & Associates, Inc	Security	620
Travelport	Reservation - Airlines	272
Hilton	Hotel/Motel	250
Prime Flight of DE, Inc	Airlines	227
Merritt Hospitality, Inc	Hotel/Motel	186
Chick-fil-A - Dwarf House	Restaurant	106
Sylvan Airport Parking, Inc	Airport Parking	80
Swissport Cargo	Cargo	65

Data Source:

City Administration - Business License Listing 2020

City of Hapeville, Georgia

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

Function/program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
City clerk	1	1	1	1	1	1	1	2	2	2
Human resources	1	1	1	1	1	2	2	1	1	1
Finance and information technology	5	5	5	5	5	3	3	5	5	6
Purchasing	-	-	-	-	-	-	-	-	-	-
Planning	1	1	1	-	-	-	-	-	-	-
Parks, building and grounds	12	12	12	15	12	13	13	12	10	12
Courts	3	3	3	3	1	2	2	2	1	2
Police	49	49	48	42	54	51	51	41	37	43
Fire	33	33	33	31	33	33	33	34	33	35
Sanitation	6	6	6	6	6	6	6	6	2	1
Public works	7	7	7	8	8	8	8	12	11	11
Economic development	6	6	6	3	2	3	3	3	3	3
Recreation	10	10	10	17	11	10	10	6	5	6
Water and sewer	6	6	6	6	6	8	8	7	8	7
Total	140	140	139	138	140	140	140	131	118	129
Percentage Change From Prior Year	2.2%	0.0%	-0.7%	-0.7%	0.7%	0.7%	1.4%	-6.4%	-9.9%	9.3%

Data Source:
City Administration - Payroll Service Provider (Paycom)

City of Hapeville, Georgia

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21	21	21	21	24	29
Fire Stations	2	2	2	2	2	2	2	2	2	2	2
Refuse Collections											
Collection Trucks	4	5	5	5	5	5	5	5	5	5	5
Other Public Works											
Streets (miles)	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Streetlights	-	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4	4	4	4	4	4	4	4	4	4	5
Parks & Recreation											
Acreage	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67
Community Centers	2	2	2	2	2	2	2	2	2	2	2
Water											
Miles of water mains	21	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	24

Data Source

Various City Departments

COMPLIANCE SECTION

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

Community Service	Economic Development	Fire Department	Police Department	Recreation Department
3474 N. Fulton Avenue	3468 N. Fulton Avenue	606 King Arnold Street	700 Doug Davis Drive	3444 N. Fulton Avenue
404-669-2120	404-669-8269	404-669-2141	404-768-7171	404-669-2136

MAULDIN & JENKINS
CPAs & ADVISORS

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

Honorable Mayor and Members
Of the City Council
Hapeville, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia (the "City") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 10, 2020

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditor's Results

<u>Financial Statements</u>

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes __X___ no
Significant deficiencies identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	_____yes __X___ no

<u>Federal Awards</u>

There was not an audit of major federal award programs for the fiscal year ended June 30, 2020 due to the total amount expended being less than $750,000.