CITY OF HAPEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Prepared By:
Finance Department

CITY OF HAPEVILLE, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

TABLE OF CONTENTS (Continued)

Page

STATISTICAL SECTION (CONTINUED)

Revenue Capacity Information (Continued)

Debt Capacity Information

Demographic and Economic Information

Operating Information

INTRODUCTORY SECTION

ALAN HALLMAN
MAYOR

MICHAEL RAST
ALDERMAN AT LARGE

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

April 30, 2018

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, 2017.

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

The City financial statements for the fiscal year ended June 30, 2017 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, 2016, 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 unqualified opinion that the City financial statements for the year ended June 30, 2017 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City Government

The City, located in the south/central portion of Georgia on I-75, has its corporate limits contiguous to those of the City of Atlanta. The City has an easy seven-mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I-85, I-75 and the Metropolitan Atlanta Regional Transit Authority (MARTA). MARTA also provides extensive bus service to supplement the rail system. For travel inside and outside the State, the Hartsfield-Jackson International Airport is within two miles of the City and remains one of the busiest airports in the 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 has 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 Board then adopts the budget no later than June 30 of each year. The approved budget is prepared by fund and department.

Factors Affecting Financial Conditions

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

Local Economy

During the fiscal year, the local City economy experienced improvement in performance that mirrored the regional and national economies. The City has seen its overall real property tax assessments decline by over 21% since 2008 in the aftermath of the collapse of the real estate bubble inflated by toxic mortgages. From a 2013 low the real and personal property values have grown by 16%. In combating the 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 I75. Interstate 20 runs east-west about 10 miles north of the City.

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

- The City of Hapeville, the Development Authority of the City of Hapeville and the Castleton-Condra Three Porsche Avenue and CC3PA have a signed memorandum of Understanding (MOU) to finance, construct, operate and own a new hotel on property located on Porsche Drive located within the City limits. The hotel project consists of a mid-scale hotel project consisting of 179 rooms. The project consists of some tax-exempt financing.

- The Porsche Cars North America's headquarters construction – a 26.4-acre complex with 400 workers and 100 new jobs.

- The renovated Depot Museum and Memorial Plaza.
- The acquisition of the Hapeville Performing Arts Center for which build-out is underway.
- Continuing renovations of several parks and grounds facilities.
- Refurbishing the Water, Sewer and Storm water infrastructure.
- Financing and construction of the Solis hotel via the Hapeville Development Authority.
- Renovation/landscaping of North Central Avenue business district

Some of the other economic developments of 2017 included:

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

Long-Term Financial Planning and Major Initiatives

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

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

Awards and Acknowledgements

As demonstrated by the statements and schedules included in the financial and required supplemental information sections of this report, the City continues meeting its responsibility for 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, 2016. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles, applicable legal requirements and GFOA standards.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's 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 City Mayor and the City Council for their recognition of the importance of the CAFR information for the citizens, vendors and creditors of the City.

Respectfully submitted,

Tim Young, CPA
City Manager

James C. Schuster, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hapeville

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO

City of Hapeville, Georgia
List of Elected and Appointed Officials
June 30, 2017

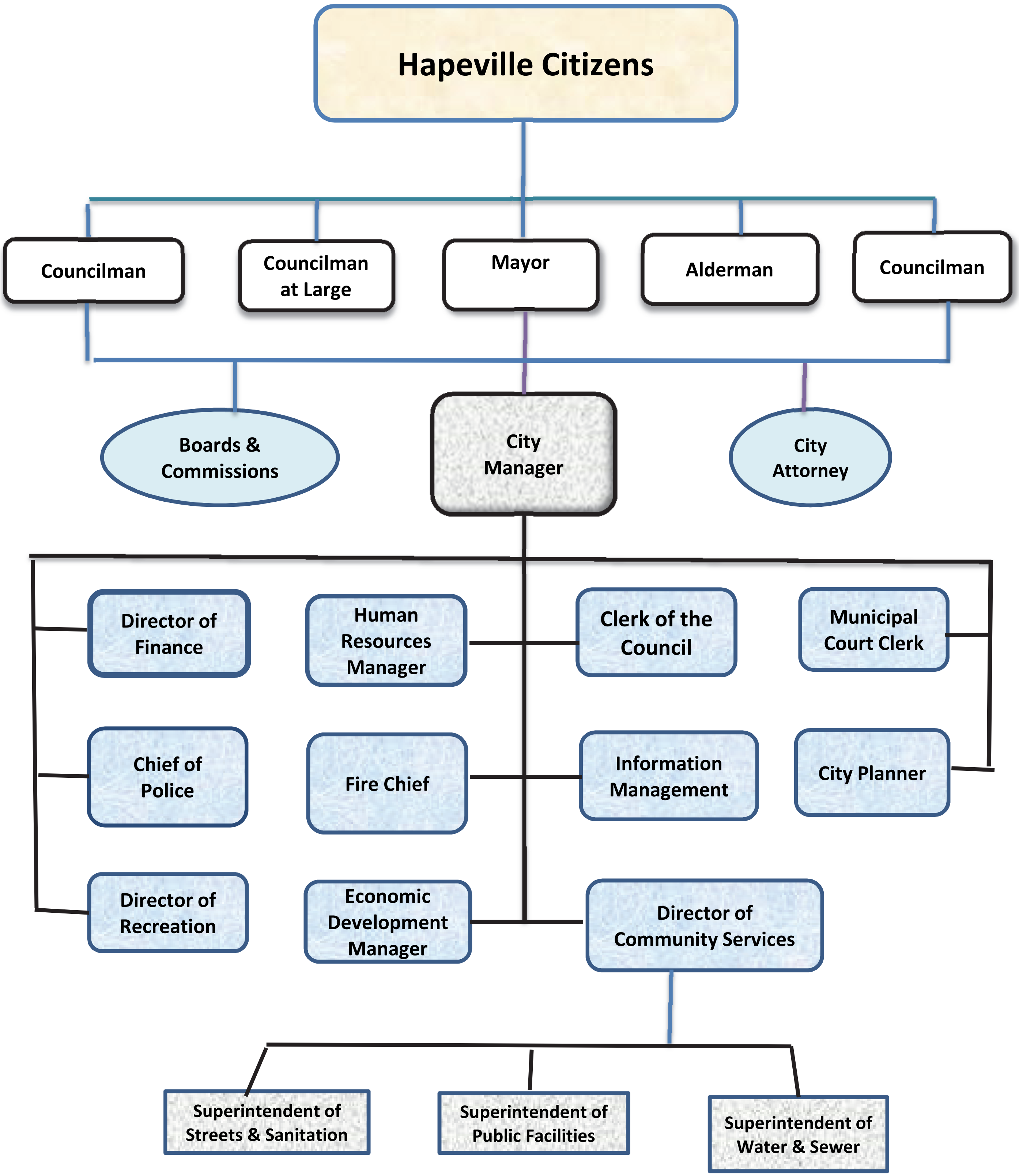
ELECTED OFFICIALS

Mayor	Alan Hallman
Alderman at Large	Michael Rast
Councilman at Large	Michael Randman
Councilman (1st Ward)	Joshua Powell
Councilman (2nd Ward)	Diane Dimmick

APPOINTED OFFICIALS

City Manager	William R. Whitson
Director of Finance	James C. Schuster
Director of Community Services	Lee Sudduth
Chief of Police	Richard M. Glavosek
Fire Chief	David Bloodworth
City Clerk	Jennifer Elkins
Court of Clerk	Monique Cook
Manager of Recreation	Tod Nichols
City Attorney	Fincher Denmark LLC
City Auditor	Mauldin & Jenkins, LLC

City of Hapeville
Organizational Chart



FINANCIAL SECTION

MAULDIN & JENKINS

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, 2017, 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.

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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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, Hotel/Motel Tax Fund and the Hapeville Association of Tourism and Trade 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 Funding Progress - Other Postemployment Benefits (on pages 68 - 69) 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, 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.

The combining and individual nonmajor fund financial statements and schedules 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information (Continued)

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 April 30, 2018 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
April 30, 2018

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, 2017. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2017 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by $17,173,875 (total net position) as of June 30, 2017.

- Total net position is comprised of the following:

  (1) The net investment in capital assets of $28,811,262 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $3,655,597 restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position is a deficit of $15,302,984.

- The City's governmental funds reported total ending fund balance of $3,455,900 at June 30, 2017. This compares to the restated prior year ending fund balance of $2,351,465, showing an increase of $1,104,435 during the current year. Unassigned fund balance of $786,098 at June 30, 2017 shows a $382,087 decrease from the prior year amount at June 30, 2016.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $1,129,057 or 9.9% 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 of resources, deferred 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, culture and recreation, parks and grounds, planning and zoning, and trade, tourism and development. Business-type activities include the water and sewer system, solid waste, and stormwater 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 - 22 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 (4) 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 23 - 25 of this report.

Fiduciary funds (i.e., the agency funds) are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. The City’s single-employer pension plan (a pension trust fund) is reported in these financial statements as a fiduciary fund. The basic fiduciary fund financial statements are presented on pages 26 and 27 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 28 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 - 69 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 70.

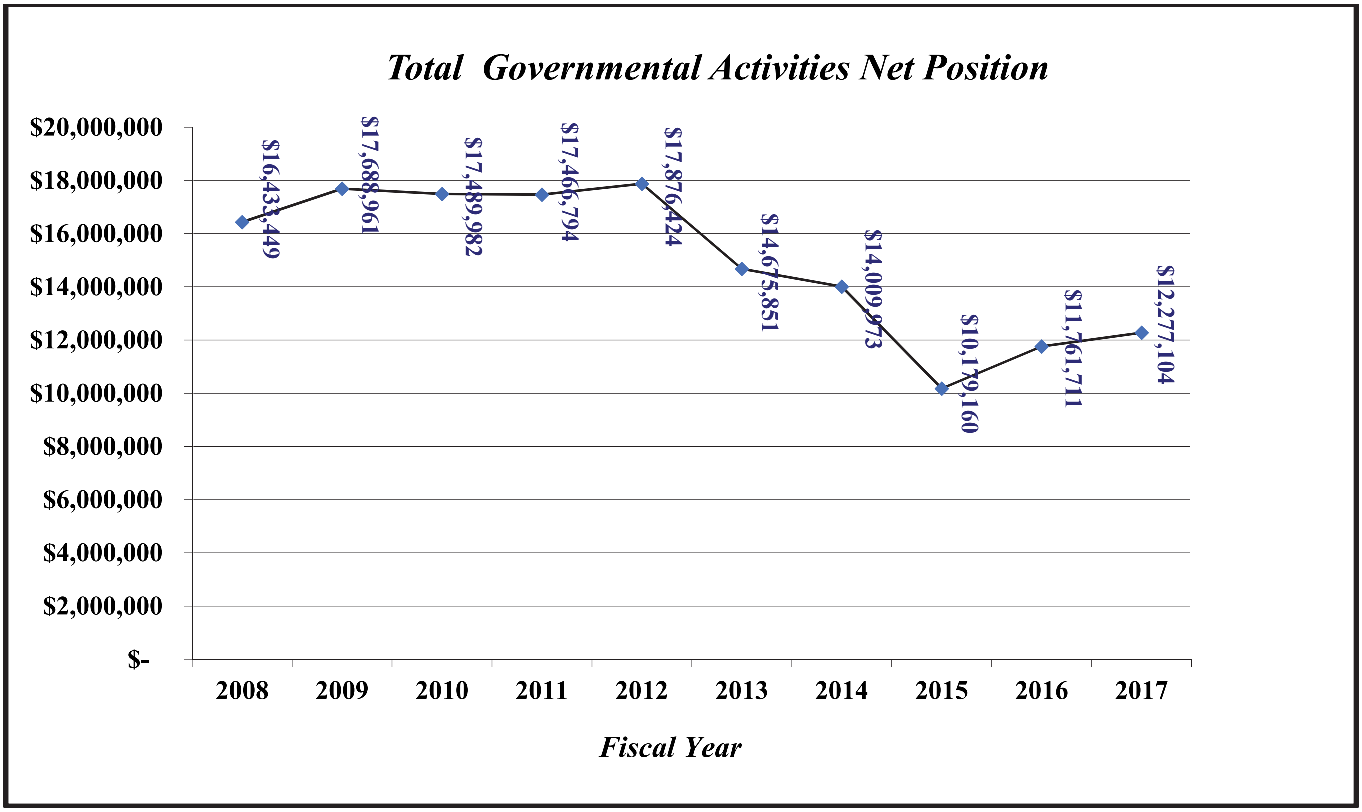
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at fiscal year-end is $17,173,875. 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	
	2017	Restated 2016	2017	Restated 2016	2017	Restated 2016
Assets:						
Current assets	$ 4,497,879	$ 3,480,243	$ 4,238,240	$ 3,807,765	$ 8,736,119	$ 7,288,008
Noncurrent assets						
Other	-	27,672	1,251,298	2,405,360	1,251,298	2,433,032
Capital	16,489,496	16,872,866	13,831,713	13,552,649	30,321,209	30,425,515
Total assets	20,987,375	20,380,781	19,321,251	19,765,774	40,308,626	40,146,555
Deferred outflows of resources	1,020,219	1,956,794	130,845	241,342	1,151,064	2,198,136
Liabilities:						
Current liabilities	1,223,807	1,501,021	1,967,949	2,204,698	3,191,756	3,705,719
Long-term liabilities	7,783,338	9,074,843	12,502,036	13,895,764	20,285,374	22,970,607
Total liabilities	9,007,145	10,575,864	14,469,985	16,100,462	23,477,130	26,676,326
Deferred inflows of resources	723,345	-	85,340	-	808,685	-
Net position:						
Net investment in capital assets	14,979,549	15,380,764	13,831,713	13,552,649	28,811,262	28,933,413
Restricted	2,235,010	994,663	1,430,587	1,064,752	3,665,597	2,059,415
Unrestricted (deficit)	(4,937,455)	(4,613,716)	(10,365,529)	(10,710,747)	(15,302,984)	(15,324,463)
Total net position	$ 12,277,104	$ 11,761,711	$ 4,896,771	$ 3,906,654	$ 17,173,875	$ 15,668,365

The following chart reports the City's total governmental activities net position balances from fiscal year 2008 - 2017.



Since 2008, the City's position has decreased $4,156,345 or 25.3%.

Current assets in governmental activities increased $1,017,636 and business-type activities increased $430,475 in fiscal year June 30, 2017.

The City reported positive balances in net position for both governmental and business-type activities. During 2017, net position increased $515,393 for governmental activities and increased $990,117 for business-type activities. The City's overall financial position improved during fiscal year 2017. The City remains in an improved financial position.

Note that approximately 78.6% 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 71.6% 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 75.2% of its total assets are tied up in capital assets, as presented in the government-wide statement of net position.

The following table provides a summary of the City's changes in net position for the years ended June 30, 2017 and 2016:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Revenues:						
Program:						
Charges for services & fines	$ 1,330,553	$ 866,148	$ 5,907,246	$ 5,162,897	$ 7,237,799	$ 6,029,045
Operating grants	26,333	39,138	-	-	26,333	39,138
Capital grants	667,438	780,581	-	-	667,438	780,581
General:						
Property taxes	5,452,637	4,604,469	-	-	5,452,637	4,604,469
Sales taxes	1,771,491	1,751,341	-	-	1,771,491	1,751,341
Hotel/motel taxes	2,771,189	2,462,623	-	-	2,771,189	2,462,623
Other taxes	1,606,459	1,941,792	-	-	1,606,459	1,941,792
Other	244,041	40,062	-	7,633	244,041	47,695
Total revenues	13,870,141	12,486,154	5,907,246	5,170,530	19,777,387	17,656,684
Program Expenses:						
General government	3,177,991	2,265,737	-	-	3,177,991	2,265,737
Judical	129,440	-	-	-	129,440	-
Public safety	5,729,064	4,936,495	-	-	5,729,064	4,936,495
Highways and streets	784,781	956,954	-	-	784,781	956,954
Culture and recreation	1,832,125	551,428	-	-	1,832,125	551,428
Parks and grounds	-	865,972	-	-	-	865,972
Planning and zoning	298,772	241,023	-	-	298,772	241,023
Trade, tourism and development	905,390	730,231	-	-	905,390	730,231
Interest	44,846	22,095	-	-	44,846	22,095
Water and sewer	-	-	3,282,497	3,341,251	3,282,497	3,341,251
Solid waste management	-	-	616,717	-	616,717	-
Stormwater	-	-	131,665	488,436	131,665	488,436
Development authority	-	-	1,338,589	874,969	1,338,589	874,969
Total expenses	12,902,409	10,569,935	5,369,468	4,704,656	18,271,877	15,274,591
Revenues over expenses	967,732	1,916,219	537,778	465,874	1,505,510	2,382,093
Transfers in and out	(452,339)	(361,340)	452,339	361,340	-	-
Changes in net position	515,393	1,554,879	990,117	827,214	1,505,510	2,382,093
Beginning net position, as restated	11,761,711	10,206,832	3,906,654	3,079,440	15,668,365	13,286,272
Ending net position	$ 12,277,104	$ 11,761,711	$ 4,896,771	$ 3,906,654	$ 17,173,875	$ 15,668,365

Governmental Activity Revenues

The City is heavily reliant on both property taxes and sales taxes to support governmental operations. Property taxes provided 39.3% of the City's total revenues as compared to a 36.9% in fiscal year 2016. Sales and use taxes provided 12.8% of the City's total revenues as compared to a 14% in fiscal year 2016.

Note that program revenues covered just 15.7% of governmental operating expenses as compared to 15.9% in fiscal year 2016. This means that the government's taxpayers and the City and other general revenues funded 84.3% of the governmental activities, primarily from property and sales taxes. As a result, the general economy and the success of local businesses have a major impact on the City's revenue streams.

Governmental Activity Expenses

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

Governmental Activities

	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	$ 3,177,991	24.6%	$ 2,427,647	22.3%
Judicial	129,440	1.0%	129,440	1.2%
Public safety	5,729,064	44.4%	5,193,678	47.7%
Highways and streets	784,781	6.1%	117,343	1.1%
Culture and recreation	1,832,125	14.2%	1,760,969	16.2%
Planning and zoning	298,772	2.3%	298,772	2.7%
Trade, tourism and development	905,390	7.0%	905,390	8.3%
Interest and fiscal charges	44,846	0.4%	44,846	0.5%
Total	$ 12,902,409	100.0%	$ 10,878,085	100.0%

The public safety expenses, both gross and net of program revenues total over 44% of costs. After reporting program revenues for general government, net costs total only 22.3% as compared to 24.6% of gross costs.

Business-Type Activities

Overall Analysis – Total operating revenues increased $736,716 or 14.2%. Operating expenses increased $664,813 or 14.1%. In total, the operating income increased $71,903 or 15.4% over fiscal year 2016 amount.

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

	2017	2016
Water and sewerage system	$ 1,535,807	$ 1,247,356
Storm water utility	193,495	0
Solid waste	(80,269)	47,054
Development authority	161,708	23,626

The following includes an analysis of the fiscal year 2017 financial activities for each enterprise fund. A new storm water utility was established in fiscal year 2017.

***Water and Sewerage System Fund* -** The operating income of $1,535,807 in fiscal year 2017 compares to an operating income of $1,247,356 in fiscal year 2016. Total operating revenues for water in fiscal year 2017 were up $229,697 or 5% above the fiscal year 2016 amount. Although the water rates remained the same, this increase relates to increased usage and an increased customer base by 5.3%. Total operating expenses increased just $58,754. However, the cost of water purchased from the City of Atlanta increased $389,882 or 24% due to cost increases.

This fund transferred $1,265,476 to the Development Authority, $350,000 to the general fund and $305,453 to the storm water fund.

At year-end, net position totaled $15,119,814, down from the June 30, 2016 total of $15,504,936.

Storm Water Utility Fund – The operating income of this fund was $193,495 based on operating revenue of $325,160 and operating expenses of $131,665. This fund received, from governmental activities, the drainage system located on Virginia Avenue which was constructed in 1991 at a cost of $1,100,000 and has a current accumulated depreciation of $550,000 for a book value of $550,000. This fund also received a transfer of $305,453 from the water and sewer fund. The net position of this new fund at June 30, 2017 was $1,048,948.

Solid Waste Fund - The total assets decreased $29,149 or 12.3%. Total liabilities decreased $22,281 or 5.4%. The operating loss of $80,269 in fiscal year 2017 compares to operating income of $47,054 in fiscal year 2016. The fiscal year 2017 operating revenues increased just $958 from fiscal year 2016. Total operating expenses increased $128,283 or 26.3%. This increase relates to:

- an overall salary increase of 13.4% since there have not been salary increases in several years
- group insurance costs increased 13%
- a bad debt write-off of $22,193

Development Authority Fund – In this fiscal year, this fund reported only $227,334 in revenues and $65,626 in expenses. This fund received transfers in of $1,940,326 and transferred out $422,511 to governmental funds. This fund received a transfer of $674,850 from the general fund to cover bond debt payments for the 2004A, 2007, and 2014 bond issues. Also transferred was $1,265,476 from the water and sewer fund, which covers 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 year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $3,455,900 compared to a restated balance of $2,351,465 at June 30, 2016.

Of this year-end total, $1,786,098 is unassigned indicating availability for continuing City service delivery requirements.

Legally restricted fund balances include $2,202,616, which is set aside for program purposes. The total ending fund balances of governmental funds show an increase of $1,104,435.

Major Governmental Fund

General Fund - The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The ending unassigned fund balance of $1,129,057 is considered adequate for cash flow purposes, although not excessive, representing the equivalent of 9.9% of annual expenditures.

Total general fund property taxes increased $630,002 or 13.5%. The increase relates to:

- an increase in public utility taxes and real property taxes 7.41%
- a special 1 mill tax on buildings three stories or higher to help defray the cost of fire apparatus

Local option sales taxes revenue increased just $20,151 above the 2016 amount, a sign of a stagnant economy.

Licenses and permits were up $421,796 above the 2016 amount because of a large increase in building permits due to Solis Hotel - $546,248 vs $161,401 recognized in the prior year.

Fines and forfeitures decreased $22,331 or 11% from the 2016 amount.

Total General Fund's expenditures increased $785,931 or 7.4% above the fiscal year 2016 amount. The most significant changes from fiscal year 2016 are described below.

General government costs increased by $875,560 or 38.7%. These increases relate to additional funds used to pay large legal fees related to the DCA Hotel-Motel issue.

Public safety costs decreased $934,807 or 15.5% due to the purchase of fire apparatus in fiscal 2016 that was not duplicated in fiscal 2017. Recreation costs increased substantially by $1,108,345; however, due to changes in classifying costs, this difference is not an accurate comparison. When adjusting totals for reclassifications, the increase is approximately 29%. Some of the increases relates to:

- increase in group insurance
- technical inspections increased by $224,986 or 369%
- repairs and maintenance doubled in cost from $80,370 to $192,993

All other functional expenditures were similar to the prior year.

Hotel/Motel Tax Fund - The City has levied a 7% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(4.5). The City is required to spend an amount equal to 28.58% of the total taxes collected at the rate of 7% for promoting tourism, conventions, and trade shows, or for facilities used for these purposes. Total revenues of $2,771,189 were received. Of this amount, $1,180,795 was transferred to the General Fund and the remaining $1,590,394 was transferred to the Association of Tourism and Trade Special Revenue Fund – a blended component unit and a separate 501(c)(3) organization.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The final revenue budget was amended upward during fiscal year 2017 by $413,201. In total, revenues realized of $10,110,657 were $151,192 above the final amended budget.

Total tax revenues were $136,826 above the amended budget. Most of the difference relates to sales taxes. Most other revenues were approximately equal to the amended budget.

The expenditure budget was amended upward by $1,492,903 or about 15% above the original budget. The police budget was under spent by $62,604.

In total, expenditures totaled 99.9% of the final budget. The total expenditures were under spent by $4,623.

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, 2017, was $16,489,496 and $13,831,713, respectively. The change in this net investment was a 2.3% decrease for governmental activities and a 2.1% 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 year.

The following table provides a summary of capital asset activity:

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Non-depreciable assets:						
Land	$ 1,367,730	$ 1,367,730	$ -	$ -	$ 1,367,730	$ 1,367,730
Construction in progress	2,035,363	1,805,875	61,320	-	2,096,683	1,805,875
Total non-depreciable	3,403,093	3,173,605	61,320	-	3,464,413	3,173,605
Depreciable assets:						
Buildings and improvements	6,692,284	6,300,166	-	-	6,692,284	6,300,166
Intrangible	-	-	5,508,846	5,508,846	5,508,846	5,508,846
Land improvements	3,746,441	3,701,973	-	-	3,746,441	3,701,973
Auto, trucks and equipment	8,622,351	8,235,601	939,880	845,535	9,562,231	9,081,136
Infrastructure	22,895,321	23,895,771	15,057,875	13,957,875	37,953,196	37,853,646
Total depreciable assets	41,956,397	42,133,511	21,506,601	20,312,256	63,462,998	62,445,767
Less accumulated depreciation	28,869,994	28,434,250	7,736,208	6,759,607	36,606,202	35,193,857
Book value - depreciable assets	13,086,403	13,699,261	13,770,393	13,552,649	26,856,796	27,251,910
Percentage depreciated	69%	67%	36%	33%	58%	56%
Total book value	$ 16,489,496	$ 16,872,866	$ 13,831,713	$ 13,552,649	$ 30,321,209	$ 30,425,515

At June 30, 2017, the depreciable capital assets for governmental activities were 69% depreciated. This compares to a similar percentage at June 30, 2016. The City's capital assets have now approached being two-thirds depreciated, which is an indicator that the City needs to consider replacing some of its older assets. With the City's business type activities, 36% of the asset values were depreciated at June 30, 2017 compared to the same 33% at June 30, 2016.

The current year's additions to major construction in progress included:

- Earmark loop access road – $69,815
- Dogwood/North avenue streetscape - $182,167

The projects transferred from construction in progress included:

- City hall improvements – $392,118
- Master parking plan - $35,968

The balance of major projects remaining in construction in progress include:

- Earmark loop access road – $759,388
- Railroad construction - $488,608
- Dogwood/North avenue streetscape - $474,592

The $386,750 addition to general government includes equipment purchased via a capital lease and relate to:

- Computer capacity rights - $57,693
- Server, workstations, software, cameras, computers - $142,390
- Two severs and battery backups - $119,006
- Kohler generator - $67,661

In the business-type activities, $1,409,230 of additions to infrastructure included the following:

- Drainage system on Virginia avenue - $550,000 (net of accumulated depreciation)
- The sanitary storm shelter which was previously constructed in the water and sewer fund and transferred to the stormwater fund at a cost of $305,983(net of accumulated depreciation)

Long-term Debt

During fiscal year 2017, the City retired $1,240,000 or 8.8% of outstanding bonds for business-type activities.

The following table reports long-term debt balances at June 30, 2017 and 2016:

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Capital leases payable	$ 1,509,947	$ 1,492,102	$ -	$ -	$ 1,509,947	$ 1,492,102
Revenue bonds payable	-	-	12,925,000	14,165,000	12,925,000	14,165,000
Net OPEB obligation	2,108,482	1,868,075	286,350	217,078	2,394,832	2,085,153
Net pension liability	4,180,462	5,850,210	491,880	688,877	4,672,342	6,539,087
Compensated absences	507,965	401,337	116,992	96,356	624,957	497,693
Total	$ 8,306,856	$ 9,611,724	$ 13,820,222	$ 15,167,311	$ 22,127,078	$ 24,779,035

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 estimated 2010 population was 6,342. The total 2010 housing units total 2,901. The median value of owner occupants is $126,300.

The unemployment rate for Fulton County, where the City is located is 5.9%.

The primary revenue streams for the City are property taxes, sales taxes and hotel/motel taxes. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes and hotel/motel taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic downturn has affected the City's 2018 revenue streams and the fiscal year 2018 budget is a no-frills operational budget with departmental belt tightening and very few capital projects. We are hopeful the economy will recover by midyear and we will constantly monitor our economic condition to make the necessary adjustments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 2,579,891	$ 2,444,992	$ 5,024,883
Restricted cash	-	1,430,587	1,430,587
Taxes receivable	1,103,487	-	1,103,487
Other receivables	24,165	-	24,165
Notes receivable, current	-	5,325	5,325
Notes receivable, noncurrent	-	118,020	118,020
Accounts receivable, net of allowances	-	708,053	708,053
Due from other governments	323,150	-	323,150
Internal balances	351,139	(351,139)	-
Property held for redevelopment	-	1,133,278	1,133,278
Prepaid items	116,047	422	116,469
Capital assets:			
Non-depreciable	3,403,093	61,320	3,464,413
Depreciable, net of accumulated depreciation	13,086,403	13,770,393	26,856,796
Total assets	20,987,375	19,321,251	40,308,626
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	1,020,219	130,845	1,151,064
Total deferred outflows of resources	1,020,219	130,845	1,151,064
LIABILITIES			
Accounts payable	590,311	192,991	783,302
Accrued liabilities	109,978	250,619	360,597
Customer deposits payable	-	206,153	206,153
Compensated absences due within one year	259,214	23,186	282,400
Compensated absences due in more than one year	248,751	93,806	342,557
Capital leases due within one year	264,304	-	264,304
Capital leases due in more than one year	1,245,643	-	1,245,643
Bonds payable due within one year	-	1,295,000	1,295,000
Bonds payable due in more than one year	-	11,630,000	11,630,000
Net pension liability due in more than one year	4,180,462	491,880	4,672,342
Net OPEB obligation due in more than one year	2,108,482	286,350	2,394,832
Total liabilities	9,007,145	14,469,985	23,477,130
DEFERRED INFLOWS OF RESOURCES			
Pension related items	723,345	85,340	808,685
Total deferred inflows of resources	723,345	85,340	808,685
NET POSITION			
Net investment in capital assets	14,979,549	13,831,713	28,811,262
Restricted for:			
Capital construction	147,113	1,430,587	1,577,700
Transportation projects	257,628	-	257,628
Public safety	84,926	-	84,926
Trade and tourism	1,729,174	-	1,729,174
Culture and recreation	14,035	-	14,035
Law enforcement	2,134	-	2,134
Unrestricted (deficit)	(4,937,455)	(10,365,529)	(15,302,984)
Total net position	$ 12,277,104	$ 4,896,771	$ 17,173,875

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, 2017

		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	$ 3,177,991	$ 749,272	$ 1,072	$ -	$ (2,427,647)	$ -	$ (2,427,647)
Public safety	5,729,064	535,386	-	-	(5,193,678)	-	(5,193,678)
Highway and Streets	784,781	-	-	667,438	(117,343)	-	(117,343)
Recreation	1,832,125	45,895	25,261	-	(1,760,969)	-	(1,760,969)
Judicial	129,440	-	-	-	(129,440)	-	(129,440)
Planning and zoning	298,772	-	-	-	(298,772)	-	(298,772)
Trade tourism and development	905,390	-	-	-	(905,390)	-	(905,390)
Interest on long-term debt	44,846	-	-	-	(44,846)	-	(44,846)
Total governmental activities	12,902,409	1,330,553	26,333	667,438	(10,878,085)	-	(10,878,085)
Business-type activities:							
Development Authority	1,338,589	227,334	-	-	-	(1,111,255)	(1,111,255)
Water and Sewer	3,282,497	4,818,304	-	-	-	1,535,807	1,535,807
Solid Waste Utility	616,717	536,448	-	-	-	(80,269)	(80,269)
Stormwater Utility	131,665	325,160	-	-	-	193,495	193,495
Total business-type activities	5,369,468	5,907,246	-	-	-	537,778	537,778
Total primary government	$ 18,271,877	$ 7,237,799	$ 26,333	$ 667,438	(10,878,085)	537,778	(10,340,307)
General revenues:							
Property taxes					$ 5,452,637	$ -	$ 5,452,637
Franchise taxes					653,527	-	653,527
Insurance premium taxes					407,163	-	407,163
Hotel/Motel taxes					2,771,189	-	2,771,189
Sales taxes					1,771,491	-	1,771,491
Other taxes					545,769	-	545,769
Unrestricted investment earnings					448	-	448
Miscellaneous					243,593	-	243,593
Transfers					(452,339)	452,339	-
Total general revenues and transfers					11,393,478	452,339	11,845,817
Change in net position					515,393	990,117	1,505,510
Net position, beginning of year (restated)					11,761,711	3,906,654	15,668,365
Net position, end of year					$ 12,277,104	$ 4,896,771	$ 17,173,875

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

CITY OF HAPEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	General Fund	Hotel/Motel Fund	Association of Trade & Tourism Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 783,088	$ -	$ 1,448,519	$ 348,284	$ 2,579,891
Taxes receivable	623,487	480,000	-	-	1,103,487
Intergovernmental receivables	-	-	-	323,150	323,150
Other receivables	19,027	-	-	5,138	24,165
Due from other funds	657,218	-	281,143	30,007	968,368
Advances to other funds	-	-	-	351,139	351,139
Prepaid items	116,047	-	-	-	116,047
Total assets	$ 2,198,867	$ 480,000	$ 1,729,662	$ 1,057,718	$ 5,466,247
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 419,556	$ -	$ 488	$ 170,267	$ 590,311
Accrued liabilities	109,978	-	-	-	109,978
Due to other funds	30,007	480,000	-	458,361	968,368
Total liabilities	559,541	480,000	488	628,628	1,668,657
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	309,296	-	-	-	309,296
Unavailable revenue - grants	-	-	-	32,394	32,394
Total deferred inflows of resources	309,296	-	-	32,394	341,690
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	116,047	-	-	-	116,047
Advances:	-	-	-	351,139	351,139
Restricted:					
Capital construction	-	-	-	114,719	114,719
Transportation projects	-	-	-	257,628	257,628
Public safety	84,926	-	-	-	84,926
Trade and tourism	-	-	1,729,174	-	1,729,174
Culture and recreation	-	-	-	14,035	14,035
Law enforcement	-	-	-	2,134	2,134
Unassigned (deficit)	1,129,057	-	-	(342,959)	786,098
Total fund balances	1,330,030	-	1,729,174	396,696	3,455,900
Total liabilities, deferred inflows of resources, and fund balances	$ 2,198,867	$ 480,000	$ 1,729,662	$ 1,057,718	

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.	16,489,496
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	341,690
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(4,126,394)
The deferred inlows and outflows of resources and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds.	(3,883,588)
Net position of governmental activities	$ 12,277,104

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, 2017

	General Fund	Hotel/Motel Fund	Association of Trade & Tourism Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 8,658,037	$ 2,771,189	$ -	$ 23,170	$ 11,452,396
Licenses and permits	715,397	-	-	-	715,397
Intergovernmental	82,060	-	-	599,519	681,579
Fines and forfeitures	180,778	-	-	-	180,778
Charges for services	347,770	-	-	86,608	434,378
Investment income	448	-	-	-	448
Contributions	12,192	-	-	-	12,192
Other revenues	113,975	-	-	129,618	243,593
Total revenues	10,110,657	2,771,189	-	838,915	13,720,761
Expenditures					
Current:					
General government	3,140,702	-	-	-	3,140,702
Public safety	5,109,997	-	-	119,713	5,229,710
Highway & Streets	731,217	-	-	-	731,217
Recreation	1,607,025	-	-	-	1,607,025
Judicial	128,399	-	-	-	128,399
Planning & Zoning	281,799	-	-	-	281,799
Trade tourism and development	87,704	-	761,870	-	849,574
Capital Outlay	-	-	-	718,560	718,560
Debt Service					
Principal	301,243	-	-	-	301,243
Interest	44,846	-	-	-	44,846
Total expenditures	11,432,932	-	761,870	838,273	13,033,075
Excess (deficiency) of revenues over (under) expenditures	(1,322,275)	2,771,189	(761,870)	642	687,686
Other financing sources (uses):					
Capital leases	319,088	-	-	-	319,088
Transfers in	1,633,595	-	1,590,394	384,742	3,608,731
Transfers out	(707,914)	(2,771,189)	(31,967)	-	(3,511,070)
Total other financing sources (uses)	1,244,769	(2,771,189)	1,558,427	384,742	416,749
Net change in fund balances	(77,506)	-	796,557	385,384	1,104,435
Fund balances, beginning of year (restated)	1,407,536	-	932,617	11,312	2,351,465
Fund balances, end of year	$ 1,330,030	$ -	$ 1,729,174	$ 396,696	$ 3,455,900

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, 2017

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

Net change in fund balances - total governmental funds	$	1,104,435
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.		166,630
In the statement of activities, the transfer of capital assets from governmental activities to business type activities is shown as a transfer, while no activity is reported in the governmental funds. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets transferred.		(550,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		149,380
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.		(17,845)
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.		(337,207)
Change in net position - governmental activities	$	515,393

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, 2017

	Budget			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Taxes				
Property	$ 5,212,014	$ 5,291,088	$ 5,280,086	$ (11,002)
Franchise	677,000	643,315	653,527	10,212
Sales	1,802,500	1,633,876	1,771,492	137,616
Business	460,000	545,769	545,769	-
Insurance Premium	400,000	407,163	407,163	-
Licenses and permits	231,300	715,398	715,397	(1)
Fines and forfeitures	203,000	170,778	180,778	10,000
Interest	150	444	448	4
Charges for services	298,800	347,770	347,770	-
Intergovernmental	-	82,060	82,060	-
Contributions	7,000	12,192	12,192	-
Miscellaneous	254,500	109,612	113,975	4,363
Total revenues	9,546,264	9,959,465	10,110,657	151,192
Expenditures				
Current:				
General government:				
Governing Body	44,186	43,183	43,175	8
Mayor and Commission	17,943	22,587	22,586	1
City Clerk	113,181	127,120	127,120	-
Elections	400	10,189	10,189	-
Finance	983,856	1,006,724	1,005,040	1,684
Law	475,000	875,043	875,042	1
Human Resources	405,521	391,734	391,733	1
Government Buildings	349,656	668,971	665,817	3,154
Total general government	2,389,743	3,145,551	3,140,702	4,849
Public safety:				
Police	2,930,301	2,798,128	2,735,524	62,604
Fire	2,147,755	2,374,479	2,374,473	6
Total public safety	5,078,056	5,172,607	5,109,997	62,610
Judicial	152,060	128,399	128,399	-
Highway & Streets	705,577	710,985	731,217	(20,232)
Recreation	1,076,056	1,607,027	1,607,025	2
Planning & Zoning	266,189	281,801	281,799	2
Trade, Tourism and Development	-	87,705	87,704	1
Debt Service:				
Principal	232,125	258,634	301,243	(42,609)
Interest	44,846	44,846	44,846	-
Total expenditures	9,944,652	11,437,555	11,432,932	4,623
Deficiency of revenues under expenditures	(398,388)	(1,478,090)	(1,322,275)	155,815
Other financing sources (uses)				
Capital leases	-	319,088	319,088	-
Transfers out	(646,515)	(678,012)	(707,914)	(29,902)
Transfers in	1,422,736	1,633,595	1,633,595	-
Total other financing sources (uses)	776,221	1,274,671	1,244,769	(29,902)
Net change in fund balances	377,833	(203,419)	(77,506)	125,913
Fund balances, beginning of year (restated)	1,407,536	1,407,536	1,407,536	-
Fund balances, end of year	$ 1,785,369	$ 1,204,117	$ 1,330,030	$ 125,913

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,503,050	$ 2,775,000	$ 2,771,189	$ (3,811)
Total revenues	2,503,050	2,775,000	2,771,189	(3,811)
OTHER FINANCING SOURCES (USES)				
Operating Transfers:				
Transfers out	(2,503,050)	(2,775,000)	(2,771,189)	3,811
Total transfers	(2,503,050)	(2,775,000)	(2,771,189)	3,811
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

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

CITY OF HAPEVILLE, GEORGIA

ASSOCIATION OF TRADE AND TOURISM FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Trade and Tourism	$ 1,118,245	$ 774,248	$ 761,870	$ (12,378)
Total expenditures	1,118,245	774,248	761,870	(12,378)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,430,314	1,087,053	1,590,394	503,341
Transfers out	(312,000)	(312,805)	(31,967)	280,838
Total other financing sources (uses)	1,118,314	774,248	1,558,427	784,179
Net change in fund balances	69	-	796,557	796,557
FUND BALANCES, beginning of year	932,617	932,617	932,617	-
FUND BALANCES, end of year	$ 932,686	$ 932,617	$ 1,729,174	$ 796,557

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	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	$ 151,139	$ 2,143,441	$ 72,961	$ 77,451	$ 2,444,992
Restricted cash	1,430,587	-	-	-	1,430,587
Accounts receivable, net of allowances	-	498,690	65,134	144,229	708,053
Notes receivable, current	5,325	-	-	-	5,325
Prepaid items	-	422	-	-	422
Total current assets	1,587,051	2,642,553	138,095	221,680	4,589,379
NONCURRENT ASSETS					
Notes receivable, long term	118,020	-	-	-	118,020
Advance from other funds		430,226			430,226
Property held for redevelopment	1,133,278	-	-	-	1,133,278
Construction in progress	-	-	-	61,320	61,320
Infrastructure	-	13,648,644	-	1,409,230	15,057,874
Furniture, fixtures and equipment	-	775,827	164,053	-	939,880
Intangible asset-capacity rights	-	5,508,846	-	-	5,508,846
Accumulated depreciation	-	(6,998,649)	(94,276)	(643,282)	(7,736,207)
Total noncurrent assets	1,251,298	13,364,894	69,777	827,268	15,513,237
Total assets	2,838,349	16,007,447	207,872	1,048,948	20,102,616
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	-	84,334	46,511	-	130,845
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	185,007	7,984	-	192,991
Accrued liabilities	237,455	7,202	5,962	-	250,619
Customer deposits payable	-	206,153	-	-	206,153
Compensated absences payable	-	12,539	10,647	-	23,186
Bonds payable	1,295,000	-	-	-	1,295,000
Total current liabilities	1,532,455	410,901	24,593	-	1,967,949
NONCURRENT LIABILITIES					
Compensated absences, long term	-	36,087	57,719	-	93,806
Advance from other funds	781,365	-	-	-	781,365
Bonds payable,long term	11,630,000	-	-	-	11,630,000
Net pension liability	-	304,154	187,726	-	491,880
Net OPEB obligation	-	167,471	118,879	-	286,350
Total noncurrent liabilities	12,411,365	507,712	364,324	-	13,283,401
Total liabilities	13,943,820	918,613	388,917	-	15,251,350
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	53,354	31,986	-	85,340
NET POSITION					
Investment in capital assets	-	12,934,668	69,777	827,268	13,831,713
Restricted for capital projects	1,430,587	-	-	-	1,430,587
Unrestricted (deficit)	(12,536,058)	2,185,146	(236,297)	221,680	(10,365,529)
Total net position (deficit)	$ (11,105,471)	$ 15,119,814	$ (166,520)	$ 1,048,948	$ 4,896,771

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, 2017

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	Totals
OPERATING REVENUE					
Rental income	$ 6,100	$ -	$ -	$ -	$ 6,100
Water fees	-	4,768,304	-	-	4,768,304
Stormwater fees	-	-	-	325,160	325,160
Sanitation fees	-	-	536,448	-	536,448
Interest on notes receivable	10,384				10,384
Miscellaneous	210,850	50,000	-	-	260,850
Total operating revenues	227,334	4,818,304	536,448	325,160	5,907,246
OPERATING EXPENSES					
Cost of sales and services	65,626	1,271,598	601,427	-	1,938,651
Water purchases	-	1,627,773	-	-	1,627,773
Depreciation and amortization	-	383,126	15,290	28,185	426,601
Miscellaneous	-	-	-	103,480	103,480
Total operating expenses	65,626	3,282,497	616,717	131,665	4,096,505
Operating income (loss)	161,708	1,535,807	(80,269)	193,495	1,810,741
NON-OPERATING REVENUE (EXPENSES)					
Interest expense	(526,447)	-	-	-	(526,447)
Loss on sale of assets held for redevelopment	(746,516)	-	-	-	(746,516)
Total non-operating expenses	(1,272,963)	-	-	-	(1,272,963)
Income (loss) before capital contributions and transfers	(1,111,255)	1,535,807	(80,269)	193,495	537,778
Capital contributions	-	-	-	550,000	550,000
Transfers in	1,940,326	-	-	305,453	2,245,779
Transfers out	(422,511)	(1,920,929)	-	-	(2,343,440)
Total transfers and capital contributions	1,517,815	(1,920,929)	-	855,453	452,339
Change in net position	406,560	(385,122)	(80,269)	1,048,948	990,117
Total net position (deficit), beginning	(11,512,031)	15,504,936	(86,251)	-	3,906,654
Total net position (deficit), ending	$ (11,105,471)	$ 15,119,814	$ (166,520)	$ 1,048,948	$ 4,896,771

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, 2017

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Stormwater Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 216,950	$ 4,972,052	$ 553,731	$ 180,931	$ 5,923,664
Payments to suppliers	(65,626)	(2,727,672)	(294,112)	(103,480)	(3,190,890)
Payments to employees	-	(436,763)	(254,898)	-	(691,661)
Interest on note receivable	10,384	-	-	-	10,384
Net cash provided by operating activities	161,708	1,807,617	4,721	77,451	2,051,497
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	1,940,326	-	-	-	1,940,326
Transfers out to other funds	(422,511)	(1,676,796)	-	-	(2,099,307)
Paid (received) advance (to) from other funds	67,152	(231,419)			(164,267)
Sale of property held for redevelopment	428,860	-	-	-	428,860
Payments received on note receivable	7,505	-	-	-	7,505
Net cash provided by (used in) non-capital financing activities	2,021,332	(1,908,215)	-	-	113,117
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Principal payments on bonds payable	(1,240,000)	-	-	-	(1,240,000)
Interest paid on long term debt	(541,244)	-	-	-	(541,244)
Purchases of capital assets	-	(94,345)	-	-	(94,345)
Net cash used in capital and related financing activities	(1,781,244)	(94,345)	-	-	(1,875,589)
Net increase (decrease) in cash	401,796	(194,943)	4,721	77,451	289,025
Cash, beginning of year	1,179,930	2,338,384	68,240	-	3,586,554
Cash, end of year	$ 1,581,726	2,143,441	$ 72,961	$ 77,451	$ 3,875,579
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	$ 161,708	$ 1,535,807	$ (80,269)	$ 193,495	$ 1,810,741
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	383,126	15,290	28,185	426,601
Change in assets and liabilities:					
(Increase) decrease in fees receivable	-	153,748	17,283	(144,229)	26,802
(Increase) decrease in prepaid items	-	(422)	1,013	-	591
Increase (decrease) in due from other funds	-	413	283	-	696
Increase in deferred outflows for pension items	-	69,082	41,415	-	110,497
Decrease in accounts payable	-	(292,746)	(4,687)	-	(297,433)
Decrease in accrued liabilities	-	(10,172)	(6,448)	-	(16,620)
Increase in compensated absences payable	-	8,920	11,717	-	20,637
Increase in net OPEB obligation	-	18,298	50,974	-	69,272
Increase in customer deposits	-	11,370	-	-	11,370
Increase in due to other funds	-	-	-	-	-
Decrease in net pension liability	-	(123,161)	(73,836)	-	(196,997)
Increase in deferred inflows for pension items	-	53,354	31,986	-	85,340
Net cash provided by operating activities	$ 161,708	$ 1,807,617	$ 4,721	$ 77,451	$ 2,051,497
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contribution of capital assets	$ -	$ (305,453)	$ -	$ 855,453	$ 550,000

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

ASSETS	Pension Trust Fund
Corporate stocks	$ 17,064,851
Mutual funds invested in bonds	6,507,907
Total assets	23,572,758
NET POSITION	
Net position restricted for pension benefits	$ 23,572,758

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, 2017

ADDITIONS	
Contributions	
Employer contributions	$ 698,388
Total contributions	698,388
Investment earnings	
Net increase in fair value of investments	2,564,916
Total investment earnings	2,564,916
Total additions	3,263,304
DEDUCTIONS	
Benefit payments	2,299,009
Total deductions	2,299,009
Change in net position	964,295
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of year	22,608,463
End of year	$ 23,572,758

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 units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. In conformity with generally accepted accounting principles, all of the component units are reported as blended component units.

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.

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

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 units. 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 of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 **Hapeville Association of Trade and Tourism Fund** is a blended component unit that receives transfers of hotel/motel taxes to be used for trade, tourism, economic development and infrastructural projects of 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 Fund** account for water and sewer service operations to the residents of the City. Activities of the fund include administration, operations and maintenance of the system and billing and collection activities.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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

D. Budgets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The local government investment pool, Georgia Extended Asset Pool (GEAP), created by OCGA 36-83-8, is a stable asset investment pool, which follows Standard and Poor's criteria for AA+f rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool's primary objective is the prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price. Pool investors are required to maintain a minimum account balance of $1,000,000 and a one (1) day notice is required for all transactions. Investments consist generally of securities issued or guaranteed as to principal and interest by the U.S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. Holdings in GEAP are reported as cash equivalents on the financial statements.

All remaining 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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items in both government-wide and fund financial statements.

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. The City has one type of item that qualifies for reporting in this category related to changes in its net pension 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 for items that arise from the revenue recognition of property taxes and intergovernmental revenues, *unavailable revenue*. The governmental funds report unavailable revenues from property taxes and intergovernmental revenue 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 liability. Certain changes in the net pension 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 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 expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension 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.

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

The City of Hapeville Employees' Retirement System uses a single fiduciary fund to maintain its financial records. The fiduciary fund is accounted for on a flow of economic resources measurement focus. Employer contributions are recognized when paid or contractually due. Benefit payments are recognized when due and payable in accordance with the terms of the Plan.

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 $4,126,394 difference are as follows:

Capital leases payable	$	(1,509,947)
Net OPEB obligation		(2,108,482)
Compensated absences		(507,965)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(4,126,394)

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 are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds." The details of this $3,883,588 difference are as follows:

Deferred outflows of resources - pension related items	$	1,020,219
Deferred inflows of resources - pension related items		(723,345)
Net pension liability		(4,180,462)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(3,883,588)

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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 $166,630 difference are as follows:

Capital outlay	$	1,152,374
Depreciation expense		(985,744)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	166,630

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 $17,845 difference are as follows:

Issuance of capital leases		(319,088)
Principal payments on capital leases		301,243
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(17,845)

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 $337,206 difference are as follows:

Compensated absences	$	(106,628)
Net other postemployment benefits (OPEB) obligation		(240,407)
Net pension liability and related deferred outflows and deferred inflows of resources		9,829
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(337,206)

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 General Fund had the following departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2017:

Highways and Streets	$	20,232
Debt Service-Principal		42,609
Transfers Out		29,902

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, 2017:

Investment	Maturities	Fair Value
Deposits with Financial Institutions	---	$ 5,406,721
G.E.A.P	---	37,085
Money market funds	---	1,011,664
		$ 6,455,470
Total		
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 5,024,883
Restricted cash		1,430,587
Total		$ 6,455,470

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Primary Government (Continued)

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

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

The Georgia Extended Asset Pool measured at the net asset value invests in U.S. Treasury bills, U.S Treasury notes, securities issued by federal agencies and instrumentalities, banker's acceptances, repurchase agreements with highly rated counterparties, and collateral bank deposits.

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, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2017, the City did not have any deposits that were uninsured or under collateralized, as defined by State statutes.

Interest rate risk: With regard to its investments (aside from those held in the Pension Trust Fund), 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.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2017, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Weighted Average Maturity (Days)	Credit Rating	Fair Value
Money market funds	37	Aaa-mf	$ 1,011,664
G.E.A.P	33	AA+f	37,085
			$ 1,048,749

Fair Value Measurements: The City has the following recurring fair value measurements as of June 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 1,011,664	$ -	$ -	$ 1,011,664
Total investments measured at fair value	$ 1,011,664	$ -	$ -	$ 1,011,664
Investments Carried at Net Asset Value				
G.E.A.P				37,085
Total investments				**$ 1,048,749**

Pension Trust Fund

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

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Pension Trust Fund (continued)

As of June 30, 2017, the Pension Trust Fund had $23,572,758 invested in the following types of investments:

Investment	Fair Value
Mutual funds invested in bonds	$ 6,507,907
Corporate stocks	17,064,851
Total	$ 23,572,758

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.

At June 30, 2017, 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	$ 1,537,848
Mutual funds invested in bonds	AA	196,956
Mutual funds invested in bonds	A	2,719,260
Mutual funds invested in bonds	BBB	897,028
Mutual funds invested in bonds	Below BBB	1,156,815
Corporate stocks	not rated	17,064,851
		$ 23,572,758

At June 30, 2017, 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	5.83 years	$ 6,507,907
		$ 6,507,907

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Concentration: On June 30, 2017, 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 year ended June 30, 2017, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 11.9%. 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, 2017, the Pension Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

Fair Value Measurements: The Pension Trust Fund has the following recurring fair value measurements as of June 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual Funds invested in bonds		$ 6,507,907	$ -	$ 6,507,907
Corporate Stocks		17,064,851		17,064,851
Total investments	$ -	$ 23,572,758	$ -	$ 23,572,758

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.

NOTE 5. RECEIVABLES (Continued)

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.

Receivables at June 30, 2017, 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	Nonmajor Governmental Funds	Governmental Funds Total
Receivables:				
Taxes	$ 623,487	$ 480,000	$ -	$ 1,103,487
Intergovernmental			323,150	323,150
Other	19,027	-	5,138	24,165
Less allowance for uncollectible	-	-	-	-
Net total receivable	$ 642,514	$ 480,000	$ 328,288	$ 1,450,802

	Development Authority	Water & Sewer	Solid Waste	Stormwater	Proprietary Funds Total
Receivables:					
Accounts	$ -	$ 539,891	76,484	$ 247,709	$ 864,084
Less allowance for uncollectible	-	(41,201)	(11,350)	(103,480)	(156,031)
Note receivable	123,345	-	-	-	123,345
Net total receivable	$ 123,345	$ 498,690	$ 65,134	$ 144,229	$ 831,398

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, 2017 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable	130,850	-	(7,505)	123,345	5,325
Total	$ 130,850	$ -	$ (7,505)	$ 123,345	$ 5,325

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
2018	$ 5,325	$ 7,311	$ 12,636
2019	6,750	6,919	13,669
2020	7,167	6,503	13,670
2021	7,609	6,061	13,670
2022	8,078	5,592	13,670
2023-2027	48,507	19,841	68,348
2028	39,909	4,156	44,065
Total	$ 123,345	$ 56,383	$ 179,728

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NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Transfers CIP	Transfers To Business Type	Ending Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	$ 1,367,730	$ -	$ -	$ -	$ -	$ 1,367,730
Construction in progress	1,805,875	735,625	-	(506,137)	-	2,035,363
Total	3,173,605	735,625	-	(506,137)	-	3,403,093
Capital assets, being depreciated:						
Autos & Trucks & Equipment	8,235,601	386,750	-	-	-	8,622,351
Land improvements	3,701,973	8,500	-	35,968	-	3,746,441
Buildings and improvements	6,300,166	-	-	392,118	-	6,692,284
Infrastructure	23,895,771	21,499	-	78,051	(1,100,000)	22,895,321
Total	42,133,511	416,749	-	506,137	(1,100,000)	41,956,397
Less accumulated depreciation for:						
Autos & Trucks & Equipment	(5,664,607)	(387,736)	-	-	-	(6,052,343)
Land improvements	(2,441,076)	(114,040)	-	-	-	(2,555,116)
Buildings and improvements	(2,752,903)	(167,568)	-	-	-	(2,920,471)
Infrastructure	(17,575,664)	(316,400)	-	-	550,000	(17,342,064)
Total	(28,434,250)	(985,744)	-	-	550,000	(28,869,994)
Total capital assets, being depreciated, net	13,699,261	(568,995)	-	506,137	(550,000)	13,086,403
Governmental activities capital assets, net	$ 16,872,866	$ 166,630	$ -	$ -	$ (550,000)	$ 16,489,496

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

Governmental activities:	
General Government	$ 95,003
Public Safety	312,974
Highway & Streets	294,748
Recreation	215,801
Planning & Zoning	11,127
Trade, Tourism and Development	56,091
Total depreciation expense - governmental activities	$ 985,744

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-tpe activities:					
Capital assets, not being depreciated:					
Construction in Progress	$ -	$ 61,320	$ -	$ -	$ 61,320
Capital assets, being depreciated:					
Water System	13,957,875	-	-	-	13,957,875
Rights to Capacity	5,508,846	-	-	-	5,508,846
Equipment	845,535	94,345	-	-	939,880
Infrastructure	-	-	-	1,100,000	1,100,000
Total	20,312,256	94,345	-	1,100,000	21,506,601
Less accumulated depreciation for:					
Water System	(5,060,400)	(194,678)	-	-	(5,255,078)
Rights to capacity amortization	(978,678)	(110,177)	-	-	(1,088,855)
Equipment	(720,529)	(28,464)	-	-	(748,993)
Infrastructure	-	(93,282)	-	(550,000)	(643,282)
Total	(6,759,607)	(426,601)	-	(550,000)	(7,736,208)
Total capital assets, being depreciated, net	13,552,649	(332,256)	-	550,000	13,770,393
Busiiness-type activities capital assets, net	$ 13,552,649	$ (270,936)	$ -	$ 550,000	$ 13,831,713

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

Business-type activities:	
Water & Sewer	$ 272,949
Amortization of rights to capacity- Water & Sewer	110,177
Solid Waste	15,290
Stormwater	28,185
Total depreciation expense - business-type activities	$ 426,601

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases					
SunTrust - Phase I	$ 200,567	$ -	$ (55,939)	$ 144,628	$ 47,240
SunTrust - Phase II	99,203	-	(62,310)	36,893	36,893
SunTrust - Phase III	119,082	-	(28,667)	90,415	29,390
AT&T Capital Services, Inc. lease	130,128	-	(24,426)	105,702	28,440
U.S. Bancorp Firetruck lease	929,154	-	(58,770)	870,384	60,648
De Lage Landen Public Finance LLC	13,968	319,088	(71,131)	261,925	61,693
Net OPEB obligation	1,868,075	653,476	(413,069)	2,108,482	-
Net pension liability	5,850,210	1,972,528	(3,642,276)	4,180,462	-
Compensated absences	401,337	572,763	(466,135)	507,965	259,214
Governmental activity Long-term liabilities	$ 9,611,724	$ 3,517,855	$ (4,822,723)	$ 8,306,856	$ 523,518

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	$ 14,165,000	$ -	$ (1,240,000)	$ 12,925,000	$ 1,295,000
Net OPEB obligation	217,078	125,370	(56,098)	286,350	-
Net pension liability	688,877	232,719	(429,716)	491,880	-
Compensated absences	96,356	53,857	(33,221)	116,992	23,186
Business-type activity Long-term liabilities	$ 15,167,311	$ 411,946	$ (1,759,035)	$ 13,820,222	$ 1,318,186

For governmental funds, capital leases, compensated absences, the net pension liability, OPEB obligations, and claims and judgments are liquidated by the General Fund. For business-type activities, compensated absences, the net pension liability, and OPEB obligations are liquidated by the Water & Sewer Utility Fund and the Solid Waste Fund.

NOTE 7. LONG-TERM DEBT (Continued)

Capital Leases – Equipment. The City has entered into several lease agreements as lessee for financing the acquisition of equipment used in general governmental activities. The lease agreements qualify as capital leases 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, 2017 is $2,407,202 and there has been $688,427 of accumulated depreciation as of 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 II of the lease began January 2013 for financing the acquisition of various vehicles and equipment totaling $303,455 and included three police vehicles, one community service vehicle, two vehicles for the fire department, one vehicle for the recreation department and a breathing apparatus. The annual interest rate applicable to this phase is 1.885% and matures in January 2018.

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 matures in June 2020.

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)

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 this 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.

The City's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities
Fiscal Year Ending June 30,	
2018	$ 314,439
2019	267,118
2020	267,112
2021	195,278
2022	88,469
2023-2027	442,343
2028-2029	176,937
Total minimum lease payments	1,751,696
Less amount representing interest	241,749
Present value of future minimum lease payments	$ 1,509,947

Bonds Payable. 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.

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.

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.

NOTE 7. LONG-TERM DEBT (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 system along with costs of issuance. The interest rate on the Series 2014A-1 is 3.83% per annum and the interest rate on the Series 2014A-2 is 2.7% per annum. The series 2014A-1 bonds mature on July 1, 2028 and the Series 2014A-2 was paid off as of June 30, 2017.

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

Series 2004-A	**Principal**	**Interest**	**Total**
Fiscal Year Ending June 30,			
2018	$ 540,000	$ 146,640	$ 686,640
2019	565,000	120,120	685,120
2020	595,000	92,280	687,280
2021	620,000	63,120	683,120
2022	650,000	32,640	682,640
2023-2025	355,000	26,280	381,280
Total	$ 3,325,000	$ 481,080	$ 3,806,080

Series 2004B	**Principal**	**Interest**	**Total**
Fiscal Year Ending June 30,			
2018	$ 255,000	$ 87,381	$ 342,381
2019	270,000	79,931	349,931
2020	290,000	69,415	359,415
2021	305,000	58,420	363,420
2022	320,000	46,507	366,507
2023-2025	1,080,000	62,198	1,142,198
Total	$ 2,520,000	$ 403,852	$ 2,923,852

Series 2007	**Principal**	**Interest**	**Total**
Fiscal Year Ending June 30,			
2018	$ 120,000	$ 61,144	$ 181,144
2019	120,000	56,044	176,044
2020	125,000	50,944	175,944
2021	135,000	45,630	180,630
2022	140,000	39,894	179,894
2023-2027	780,000	104,819	884,819
Total	$ 1,420,000	$ 358,475	$ 1,778,475

NOTE 7. LONG-TERM DEBT (Continued)

	Principal	Interest	Total
Series 2014 A-1			
Fiscal Year Ending June 30,			
2018	$ 380,000	$ 589,501	$ 969,501
2019	395,000	194,660	589,660
2020	410,000	179,244	589,244
2021	425,000	163,254	588,254
2022	440,000	146,689	586,689
2023-2027	2,480,000	461,132	2,941,132
2028-2029	1,130,000	43,662	1,173,662
Total	$ 5,660,000	$ 1,778,142	$ 7,438,142

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NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 458,361
General Fund	Hotel Motel Fund	198,857
Association of Tourism & Trade Fund	Hotel Motel Fund	281,143
Nonmajor governmental funds	General Fund	30,007
		$ 968,368

Advanced to/from other funds:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds	Development Authority Fund	351,139
Water & Sewer Fund	Development Authority Fund	430,226
		$ 781,365

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	General Fund	$ 674,850
Nonmajor governmental funds	General Fund	33,064
General Fund	Hotel Motel Fund	1,180,795
Hapeville Association of Tourism & Trade Fund	Hotel Motel Fund	1,590,394
Nonmajor governmental funds	Hapeville Association of Tourism & Trade Fund	31,967
Nonmajor governmental funds	Development Authority	319,711
General Fund	Development Authority	102,800
Development Authority	Water & Sewer Fund	1,265,476
General Fund	Water & Sewer Fund	350,000
Stormwater Fund	Water & Sewer Fund	305,453
		$ 5,854,510

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, (3) move Hotel/Motel taxes between funds for expending in accordance with State law, and (4) to provide funding to the Capital Improvement Fund for construction and other capital asset acquisition and project costs paid.

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 a Board of Trustees; consisting of a City council member, City manager, City finance director, and two City employees, who executed a trust agreement with MassMutual Financial Group to hold, manage, invest, and distribute contributions in accordance with the provisions of the Plan. All full time City employees and City Officials are eligible to participate in the plan. Benefits vest after ten years of service. Members may retire on reaching the age of 60 or 65, (55 for police or firefighters). Early retirement is possible on reaching the age 50 or 55, depending on the classification. Benefits are calculated at 1.00% to 2.50% of the average monthly earnings for the period of the five highest years prior to retirement, payable monthly for life. The City Council of Hapeville has the authority to establish or amend all Plan provisions. The Plan does not issue a separate financial statement

Plan 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. City contributions to the Plan were $698,388 for the year ended June 30, 2017.

Plan Membership

As of January 1, 2017, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	96
Terminated vested participants not yet receiving benefits	26
Active participants	103
	225

Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Inflation	2.5%
Salary increases	2.5% for inflation plus merit increases of 2.9 to 4.9%
Investment rate of return	7.5%, including inflation, net of investment expense

Mortality rates were based on the 1983 GAM Mortality Table. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study complete in May 2005 taking into account 10 years of data experience.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are: Domestic fixed income equities securities – 3.5% and Domestic/International equities – 6.2%. Current allocation is 30% fixed income and 70% equities.

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

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

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, 2017 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/16	$ 29,147,550	$ 22,608,463	$ 6,539,087
Changes for the year:			
Service cost	96,591	-	96,591
Interest	2,108,653	-	2,108,653
Differences between expected and actual experience	(808,685)	-	(808,685)
Contributions—employer	-	698,388	(698,388)
Net investment income	-	2,564,916	(2,564,916)
Benefit payments	(2,299,009)	(2,299,009)	-
Net changes	(902,450)	964,295	(1,866,745)
Balances at 6/30/17	$ 28,245,100	$ 23,572,758	$ 4,672,342

The plan's fiduciary net position as a percentage of the total pension liability is 83.5%.

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.

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
$ 7,724,125	$ 4,672,342	$ 2,116,157

NOTE 9. PENSION PLANS (Continued)

Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2017 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, 2017, the City recognized pension expense of $687,403. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,092,649	$ 808,685
Net difference between projected and actual earnings on pension plan investments	58,415	-
Total	$ 1,151,064	$ 808,685

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

Year ending June 30:	
2018	$ (72,702)
2019	(72,700)
2020	425,062
2021	174,564
2022	(114,789)
2023	54,652
Thereafter	(51,708)
Total	$ 342,379

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Hapeville's Other Postretirement Benefits Plan (the "OPEB Plan") is a single-employer defined benefit postretirement health care plan to provide medical and dental benefits, (Plan 1) and life insurance benefits (Plan 2) to its eligible retirees. The benefits are provided in accordance with the City Ordinances and policies, which can be amended by the City Council. The OPEB Plan does not issue a separate report.

Eligibility/Benefits

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

Plan Membership

As of July 1, 2015, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

	Medical and Dental	Life Insurance
Retirees and beneficiaries receiving benefits	70	51
Active participants	120	120
	190	171

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia; however, the City has elected to fund the plans on a pay-as-you go basis. Any spouses included contribute 50% of the premium.

The annual required contribution for the current year was determined as part of the July 1, 2015, actuarial valuation which was rolled forward to June 30, 2017. The table on the following page shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the Plans, and changes in the City's net OPEB obligation to the Plans.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

Determination of Annual Required Contribution:	Medical and Dental	Life Insurance	Total
Normal Cost at year end	$ 212,929	$ 11,972	$ 224,901
Amortization of UAAL	512,581	48,245	560,826
Annual Required Contribution (ARC)	725,510	60,217	785,727
Determination of Net OPEB Obligation:			
Annual Required Contributions	725,510	60,217	785,727
Interest on net OPEB obligations	93,051	7,562	100,613
Adjustment to ARC	(129,557)	(9,183)	(138,740)
Annual OPEB cost	689,004	58,596	747,600
Employer Contributions made	(437,921)	-	(437,921)
Increase in net OPEB obligation	251,083	58,596	309,679
Net OPEB obligation - beginning of year	1,947,135	138,018	2,085,153
Net OPEB obligation - end of year	$ 2,198,218	$ 196,614	$ 2,394,832

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculators. In the actuarial valuation dated July 1, 2015, the projected unit credit cost method was used. The actuarial assumptions include a 4.0 percent discount rate for unfunded. Other actuarial assumptions include mortality rates using the 1983 Group Annuity Mortality Table, withdrawal rates based on the age of the employee, disability rates, retirement rates and an annual healthcare cost trend rate of 5.0 percent. The inflation rate assumption of 2.5% is incorporated in the healthcare cost trend rate. The actuarial asset valuation method is fair value. The UAAL is being amortized over open periods using level dollar payments. The amortization period is currently 23 years and will grade down to 15 years.

The schedules on the following page are schedules of funding progress for medical and dental plans and life insurance plans using the entry age actuarial cost method and the actuarial assumptions from the most recent valuation date (July 1, 2016).

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (continued)

Schedule of Funding Progress (Medical and Dental)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2016	-	$ 7,664,811	$ 7,664,811	0.0%	$ 4,541,000	168.8%

Schedule of Funding Progress (Life Insurance)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2016	-	$ 761,432	$ 761,432	0.0%	$ 4,541,000	16.8%

Annual OPEB Cost

The City’s actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2017, is as follows:

Annual required contribution	$ 785,727
Interest on net OPEB obligation	100,613
Adjustments to annual required contribution	(138,740)
Annual OPEB cost	747,600
Contributions made	(437,921)
Increase in net OPEB obligation	309,679
Net OPEB obligation, beginning of year	2,085,153
Net OPEB obligation, end of year	$ 2,394,832

The required contribution was determined as part of the July 1, 2015 actuarial valuation. The chart below shows the annual OPEB cost for the current year, along with the percentage actually contributed by the City.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost (continued)

Schedule of Employer Costs and Contributions

	Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
Medical & Dental	June 30, 2017	$ 689,004	63.56%	$ 2,198,218
	June 30, 2016	671,711	70.17%	1,947,135
	June 30, 2015	564,554	81.91%	1,746,752
Life	June 30, 2017	$ 58,596	0.00%	$ 196,614
	June 30, 2016	57,330	136.93%	138,018
	June 30, 2015	51,399	37.98%	158,688

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, 2017, there were 24 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 year ended June 30, 2017, was $40,479.

The City also provides an opportunity for the City Manager and Finance Director to participate in a defined contribution money-purchase pension plan, known as City of Hapeville/City Manager Plan, administered by ICMA Retirement Corporation. 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 plans and plan assets are not available to the City or its general creditors. The Plans assets are held in trust by the administrator for the exclusive benefit of the participants of the Plans. For the year ended June 30, 2017, the finance director contributed a total of $16,750 to the plan, the City manager contributed $16,083 to the plan, and the City contributed $12,866 of matching contributions to the plan for the City manager.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2017, the City's Development Authority and Solid Waste Funds had a deficit net position of $11,105,471 and $166,521, respectively. These deficits in the funds' 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, 2017, contractual commitments on uncompleted contracts were $5,099,000.

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 7%. Revenues were $2,771,189 for the year ended June 30, 2017. The City is required to spend an amount equal to 28.58 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(4.5). The City transferred $1,180,795 to the General Fund and the remaining $1,590,394 was transferred to the Hapeville Association of Tourism and Trade Fund – a blended component unit and also a separate 501(c)(3) organization.

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 $23,170 for the fiscal year ended June 30, 2017, of which 100% was spent on public safety activities.

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 these bonds outstanding, qualifying as conduit debt, at June 30, 2017 is $424,097,500.

NOTE 17. CHANGE IN REPORTING ENTITY

The City has determined the internal service fund is no longer functioning as a fund servicing other funds and the City has changed the reporting of this fund to be reported in the General Fund. The impact of the change in reporting entity is shown below.

	Governmental Activities	Business Type Activities	General Fund	Internal Service Fund
Net position / fund balance as previously reported	$ 11,734,039	$ 3,934,326	$ 1,385,868	$ 21,668
Change in reporting entity	-	-	21,668	(21,668)
Adjustment to reflect consolidation of internal service fund activities	27,672	(27,672)	-	-
Net position / fund balance as restated	$ 11,761,711	$ 3,906,654	$ 1,407,536	$ -

1891

Hapeville

GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2017	2016	2015	2014
Actuarially determined contribution	$ 698,388	$ 526,090	$ 557,148	$ 1,158,240
Contributions in relation to the actuarially determined contribution	698,388	526,090	557,148	1,158,240
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 4,279,786	$ 4,541,206	$ 5,249,658	$ 4,912,290
Contributions as a percentage of covered-employee payroll	16.32%	11.58%	10.61%	23.58%

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	June 30, 2016
Cost Method	Individual Entry Age
Actuarial Asset Valuation Method	Market
Assumed Rate of Return on Investments	7.50% net of investment expenses
Projected Salary Increases	2.5% for inflation plus merit increases of 0.4% to 2.4%
Cost-of-living Adjustment	N/A
Amortization Method	Level dollar for unfunded liability
Remaining Amortization Period	Varies by Source of Amortization

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

CITY OF HAPEVILLE, GEORGIA

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

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 96,591	$ 111,626	$ 117,867	$ 121,891
Interest on total pension liability	2,108,653	2,030,740	2,032,600	2,034,184
Differences between expected and actual experience	(808,685)	1,166,057	46,763	45,428
Changes in actuarial assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(2,299,009)	(2,211,614)	(2,219,779)	(2,217,473)
Net change in total pension liability	(902,450)	1,096,809	(22,549)	(15,970)
Total pension liability - beginning	29,147,550	28,050,741	28,073,290	28,089,260
Total pension liability - ending (a)	$ 28,245,100	$ 29,147,550	$ 28,050,741	$ 28,073,290
Plan fiduciary net position				
Contributions - employer	698,388	$ 526,090	$ 557,148	$ 1,158,240
Net investment income	2,564,916	361,896	563,309	3,892,858
Benefit payments, including refunds of member contributions	(2,299,009)	(2,211,614)	(2,219,778)	(2,217,473)
Administrative expenses	-	-	-	(69,202)
Net change in plan fiduciary net position	964,295	(1,323,628)	(1,099,321)	2,764,423
Plan fiduciary net position - beginning	22,608,463	23,932,091	25,031,412	22,266,989
Plan fiduciary net position - ending (b)	$ 23,572,758	$ 22,608,463	$ 23,932,091	$ 25,031,412
City's net pension liability - ending (a) - (b)	$ 4,672,342	$ 6,539,087	$ 4,118,650	$ 3,041,878
Plan fiduciary net position as a percentage of the total pension liability	83.5%	77.6%	85.3%	89.2%
Covered-employee payroll	$ 4,279,786	$ 4,541,206	$ 5,249,658	$ 4,912,290
City's net pension liability as a percentage of covered-employee payroll	109.2%	144.0%	78.5%	61.9%

Notes to the Schedule:

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

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF PENSION INVESTMENT RETURNS

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

Notes to the Schedule:

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

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS (MEDICAL AND DENTAL)
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2016 (1)	$ -	$ 7,664,811	$ 7,664,811	0.0%	$ 4,541,000	168.79%
7/1/2015 (2)	-	7,664,811	7,664,811	0.0%	5,250,000	146.00%
7/1/2014	-	7,417,498	7,417,498	0.0%	4,912,000	151.01%
7/1/2013	-	7,790,844	7,790,844	0.0%	4,769,000	163.36%
7/1/2012	-	7,707,690	7,707,690	0.0%	4,880,000	157.94%
7/1/2011	-	8,115,734	8,115,734	0.0%	4,913,000	165.19%
1/1/2010	-	9,241,537	9,241,537	0.0%	4,692,000	196.96%
1/1/2009	-	8,885,190	8,885,190	0.0%	4,805,000	184.92%

Notes to the Schedule:

(1) The actuarial assumptions used for the schedule are detailed in Note 10 to the financial statements.

(2) The valuation performed as of 7/1/2016 is an interim valuation performed using the same assumptions as the 7/1/2015 valuation with actuarial roll-forward techniques used to calculate the actuarial accrued liability as of the interim valuation date.

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS (LIFE INSURANCE)
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
7/1/2016 (1)	$ -	$ 761,432	$ 761,432	0.0%	$ 4,541,000	16.77%
7/1/2015 (2)	-	761,432	761,432	0.0%	5,250,000	14.50%
7/1/2014	-	690,775	690,775	0.0%	4,912,000	14.06%
7/1/2013	-	668,564	668,564	0.0%	4,769,000	14.02%
7/1/2012	-	652,858	652,858	0.0%	4,880,000	13.38%
7/1/2011	-	645,517	645,517	0.0%	4,913,000	13.14%
1/1/2010	-	531,152	531,152	0.0%	4,692,000	11.32%
1/1/2009	-	489,413	489,413	0.0%	4,805,000	10.19%

Notes to the Schedule:

(1) The actuarial assumptions used for the schedule are detailed in Note 10 to the financial statements.

(2) The valuation performed as of 7/1/2016 is an interim valuation performed using the same assumptions as the 7/1/2015 valuation with actuarial roll-forward techniques used to calculate the actuarial accrued liability as of the interim valuation date.

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.

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

The City reports the following non major capital project funds:

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

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

CITY OF HAPEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				Capital Project Funds		
ASSETS	**Asset Forfeiture Fund**	**E-911 Fund**	**Vehicle Excise Tax Fund**	**Other Special Revenue Fund**	**Capital Project Fund**	**T - SPLOST Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 2,134	$ -	$ 2,370	$ 12,323	$ 162,234	$ 169,223	$ 348,284
Intergovernmental receivables	-	-	-	-	234,745	88,405	323,150
Other receivables	-	-	-	5,138	-	-	5,138
Due from other funds	-	-	-	-	30,007	-	30,007
Advance to other funds	-	-	-	-	351,139	-	351,139
Total assets	$ 2,134	$ -	$ 2,370	$ 17,461	$ 778,125	$ 257,628	$ 1,057,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	-	-	2,370	3,426	164,471	-	170,267
Due to other funds	-	-	-	-	458,361	-	458,361
Total liabilities	-	-	2,370	3,426	622,832	-	628,628
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue- grants	-	-	-	-	32,394	-	32,394
Total deferred inflows of resources	-	-	-	-	32,394	-	32,394
FUND BALANCES							
Nonspendable:							
Advance to other funds	-	-	-	-	351,139	-	351,139
Restricted:							
Law enforcement	2,134	-	-	-	-	-	2,134
Culture and recreation	-	-	-	14,035	-	-	14,035
Transportation projects	-	-	-	-	-	257,628	257,628
Capital construction	-	-	-	-	114,719	-	114,719
Unassigned				-	(342,959)	-	(342,959)
Total fund balance	2,134	-	-	14,035	122,899	257,628	396,696
Total liabilities, deferred inflows of resources, and fund balances	$ 2,134	$ -	$ 2,370	$ 17,461	$ 778,125	$ 257,628	$ 1,057,718

CITY OF HAPEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				Capital Project Funds		
	Asset Forfeiture Fund	E-911 Fund	Vehicle Excise Tax Fund	Other Special Revenue Fund	Capital Project Fund	T - SPLOST Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ 23,170	$ -	$ -	$ -	$ 23,170
Charges for services	-	86,608	-	-	-	-	86,608
Intergovernmental	-	-	-	14,142	327,749	257,628	599,519
Miscellaneous	-	-	-	650	128,968	-	129,618
Total revenues	-	86,608	23,170	14,792	456,717	257,628	838,915
EXPENDITURES							
Public safety	-	86,608	23,170	9,935	-	-	119,713
Capital outlay	-	-	-	-	718,560	-	718,560
Total expenditures	-	86,608	23,170	9,935	718,560	-	838,273
Excess (deficiency) of revenues over (under) expenditures	-	-	-	4,857	(261,843)	257,628	642
Other financing sources:							
Transfers in	-	-	-	-	384,742	-	384,742
Total other financing sources	-	-	-	-	384,742	-	384,742
Net change in fund balances	-	-	-	4,857	122,899	257,628	385,384
FUND BALANCES, beginning of year	2,134	-	-	9,178	-	-	11,312
FUND BALANCES, end of year	$ 2,134	$ -	$ -	$ 14,035	$ 122,899	$ 257,628	$ 396,696

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Fines and forfeitures	$ -	$ -	$ -	$ -
Total revenue	-	-	-	-
EXPENDITURES				
Public safety	-	-	-	-
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	2,134	2,134	2,134	-
FUND BALANCES, end of year	$ 2,134	$ 2,134	$ 2,134	$ -

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND

EMERGENCY- 911 FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 76,000	$ 89,000	$ 86,608	$ (2,392)
EXPENDITURES				
Public safety	76,000	$ 89,000	86,608	2,392
Total expenditures	76,000	89,000	86,608	2,392
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

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 YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 30,000	$ 30,000	$ 23,170	$ (6,830)
EXPENDITURES				
Public safety	30,000	30,000	23,170	6,830
Total expenditures	30,000	30,000	23,170	6,830
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

CITY OF HAPEVILLE, GEORGIA

OTHER SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 5,000	$ 14,550	$ 14,142	$ (408)
Miscellaneous	-	650	650	-
Total revenue	5,000	15,200	14,792	(408)
EXPENDITURES				
Culture and recreation	5,000	15,200	9,935	5,265
Net change in fund balances	-	-	4,857	4,857
FUND BALANCES, beginning of year	9,178	9,178	9,178	-
FUND BALANCES, end of year	$ 9,178	$ 9,178	$ 14,035	$ 4,857

City of Hapeville, Georgia

Introduction to Statistical Section

(Unaudited)

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

Contents	***Exhibits***
Financial Trends These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.	I - 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-XXII
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.	XXIII-XXV
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.	XXVI-XXVII
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.	XXVIII-XXIX

Data Source:

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

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

	For the Fiscal Year Ended June 30,									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Expenses:										
Governmental Activities										
General government	$ 1,788,672	$ 1,989,413	$ 1,485,410	$ 1,656,739	$ 1,663,338	$ 1,753,542	$ 2,148,678	$ 2,086,642	$ 2,265,737	$ 3,177,991
Judicial	-	-	-	-	-	-	-	-	-	129,440
Public safety	5,486,095	5,484,335	6,203,308	6,352,891	6,282,263	6,239,602	5,923,757	5,011,852	4,936,495	5,729,064
Highways and streets	1,245,904	1,258,880	1,393,790	1,221,317	1,283,554	1,263,217	1,101,104	1,025,120	956,954	784,781
Culture and recreation	566,842	398,171	501,631	505,923	599,769	603,976	557,634	548,727	551,428	1,832,125
Parks and grounds	653,652	716,252	735,937	806,653	895,269	1,012,004	1,051,603	934,433	865,972	-
Planning and zoning[1]	566,481	649,217	944,020	997,670	851,305	893,210	273,602	284,203	241,023	298,772
Trade, tourism and development[1]	30,260	1,115,853	927,722	966,864	894,111	1,002,938	594,325	673,741	730,231	905,390
Debt-related expenses	95,207	144,944	175,689	336,976	332,543	314,830	16,782	11,008	22,095	44,846
Total Primary Government Expenses	10,433,113	11,757,065	12,367,507	12,845,033	12,802,152	13,083,319	11,667,485	10,575,726	10,569,935	12,902,409
Program Revenues:										
Governmental Activities										
Charges for services	1,939,215	1,862,404	1,543,971	1,740,491	1,710,470	1,958,670	1,011,165	1,048,241	866,148	1,330,553
Operating grants and contributions	13,939	20,570	20,100	29,354	81,631	77,234	49,232	40,977	39,138	26,333
Capital grants and contributions	145,148	284,917	590,972	2,236,472	1,651,861	1,411,890	725,947	613,912	780,581	667,438
Total Primary Government Program Revenues	2,098,302	2,167,891	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324
Net (Expense) Revenue	(8,334,811)	(9,589,174)	(10,212,464)	(8,838,716)	(9,358,190)	(9,635,525)	(9,881,141)	(8,872,596)	(8,884,068)	(10,878,085)
General Revenues:										
Governmental activities										
Taxes										
Property	4,866,883	5,001,623	4,785,375	4,521,462	3,924,999	4,185,266	4,066,615	3,795,160	4,604,469	5,452,637
Sales	1,664,596	1,487,305	1,492,207	1,503,326	1,598,359	1,596,392	1,668,856	1,739,336	1,751,341	1,771,491
Occupation	241,132	320,264	280,330	251,795	260,999	231,405	265,775	289,887	324,329	-
Franchise	622,223	678,640	661,534	682,581	762,675	549,260	643,481	673,023	679,502	653,527
Insurance premium	337,842	355,584	350,546	344,731	308,470	327,079	351,426	354,276	391,735	407,163
Hotel/motel	896,036	1,838,555	1,613,809	1,622,430	1,545,360	1,732,001	1,951,860	2,275,691	2,462,623	2,771,189
Other	576,005	947,893	572,989	421,820	649,075	592,961	544,169	558,608	546,226	545,769
Other local revenue	28,782	22,938	313,017	24,505	41,212	26,018	27,884	27,320	39,844	243,593
Unrestricted investment earnings	48,684	10,259	5,354	1,084	1,872	979	121	191	218	448
Transfers	(872,030)	(190,419)	-	141,143	290,322	258,899	(304,924)	265,139	(361,340)	(452,339)
Total Primary Government General Revenues	8,410,153	10,472,642	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478
Total Primary Government Change in Net Position	$ 75,342	$ 883,468	$ (137,303)	$ 676,161	$ 25,153	$ (135,265)	$ (665,878)	$ 1,106,035	$ 1,554,879	$ 515,393

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.

Exhibit II

City of Hapeville, Georgia

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

Last Ten Fiscal Years

(accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Expenses:										
Governmental Activities										
General government	17.1%	16.9%	12.0%	12.9%	13.0%	13.4%	18.4%	19.7%	21.4%	24.6%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
Public safety	52.6%	46.6%	50.2%	49.5%	49.1%	47.7%	50.8%	47.4%	46.7%	44.4%
Highways and streets	11.9%	10.7%	11.3%	9.5%	10.0%	9.7%	9.4%	9.7%	9.1%	6.1%
Culture and recreation	5.4%	3.4%	4.1%	3.9%	4.7%	4.6%	4.8%	5.2%	5.2%	14.2%
Parks and grounds	6.3%	6.1%	6.0%	6.3%	7.0%	7.7%	9.0%	8.8%	8.2%	0.0%
Planning and zoning[1]	5.4%	5.5%	7.6%	7.8%	6.6%	6.8%	2.3%	2.7%	2.3%	2.3%
Trade, tourism and development[1]	0.3%	9.5%	7.5%	7.5%	7.0%	7.7%	5.1%	6.4%	6.9%	7.0%
Debt-related expenses	0.9%	1.2%	1.4%	2.6%	2.6%	2.4%	0.2%	0.1%	0.1%	0.4%
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	92.4%	85.9%	71.6%	43.4%	49.7%	56.8%	56.6%	61.5%	51.4%	65.7%
Operating grants and contributions	0.7%	0.9%	0.9%	0.7%	2.4%	2.2%	2.8%	2.4%	2.3%	1.3%
Capital grants and contributions	6.9%	13.1%	27.4%	55.8%	48.0%	41.0%	40.6%	36.0%	46.3%	33.0%
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	57.9%	47.8%	47.5%	47.5%	41.8%	44.1%	44.1%	38.0%	44.1%	47.9%
Sales	19.8%	14.2%	14.8%	15.8%	17.0%	16.8%	18.1%	17.4%	16.8%	15.5%
Occupation	2.9%	3.1%	2.8%	2.6%	2.8%	2.4%	2.9%	2.9%	3.1%	0.0%
Franchise	7.4%	6.5%	6.6%	7.2%	8.1%	5.8%	7.0%	6.7%	6.5%	5.7%
Insurance premium	4.0%	3.4%	3.5%	3.6%	3.3%	3.4%	3.8%	3.6%	3.8%	3.6%
Hotel/motel	10.7%	17.6%	16.0%	17.1%	16.5%	18.2%	21.2%	22.8%	23.6%	24.3%
Other	6.8%	9.1%	5.7%	4.4%	6.9%	6.2%	5.9%	5.6%	5.2%	4.8%
Other local revenue	0.3%	0.2%	3.1%	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	2.1%
Unrestricted investment earnings	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	-10.4%	-1.8%	0.0%	1.5%	3.1%	2.7%	-3.3%	2.7%	-3.5%	-4.0%
Total Primary Government General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

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

Data Source:

Applicable years' annual financial report.

Exhibit III

City of Hapeville, Georgia

Changes in Net Position - Business-type Activities (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
Source	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Expenses:										
Water and sewer	$ 3,194,968	$ 2,743,568	$ 2,915,006	$ 3,335,691	$ 3,025,737	$ 2,898,013	$ 2,898,611	$ 2,915,863	$ 3,341,251	$ 3,282,497
Stormwater	381,659	410,936	506,144	538,295	557,955	563,392	544,970	465,351	488,436	616,717
Solid waste management [2]	-	-	-	-	-	-	-	-	-	131,665
Development authority [1]	-	-	-	-	-	-	658,283	616,700	577,621	1,338,589
Total Expenses	3,576,627	3,154,504	3,421,150	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468
Program Revenues:										
Charges for services	3,123,013	3,180,364	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,824,266	5,162,897	5,907,246
Operating grants	-	-	-	-	-	-	-	17,484	-	-
Total Program Revenues	3,123,013	3,180,364	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246
Net (Expense) Revenue	(453,614)	25,860	(179,035)	(269,115)	674,799	849,937	598,427	843,836	755,589	537,778
General Revenues:										
Unrestricted investment income	35,119	-	-	-	-	-	-	-	7,633	-
Other	239,902	122,462	147,757	-	-	-	-	-	(297,348)	-
Transfers	872,030	190,419	-	(141,143)	(290,322)	(258,899)	304,924	(265,139)	361,340	452,339
Total General Revenues	1,147,051	312,881	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339
Change in Net Position	$ 693,437	$ 338,741	$ (31,278)	$ (410,258)	$ 384,477	$ 591,038	$ 903,351	$ 578,697	$ 827,214	$ 990,117

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 Stormwater Utility Fund.

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

	For the Fiscal Year Ended June 30,									
Source	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Expenses:										
Governmental activities[1]	$ 10,433,113	$ 11,757,065	$ 12,367,507	$ 12,845,033	$ 12,802,152	$ 13,083,319	$ 11,667,485	$ 10,575,726	$ 10,569,935	$ 12,902,409
Business-type activities[2]	3,576,627	3,154,504	3,421,150	3,873,986	3,583,692	3,461,405	4,101,864	3,997,914	4,407,308	5,369,468
Total Expenses	14,009,740	14,911,569	15,788,657	16,719,019	16,385,844	16,544,724	15,769,349	14,573,640	14,977,243	18,271,877
Program Revenues:										
Governmental activities[1]	2,098,302	2,167,891	2,155,043	4,006,317	3,443,962	3,447,794	1,786,344	1,703,130	1,685,867	2,024,324
Business-type activities[2]	3,123,013	3,180,364	3,242,115	3,604,871	4,258,491	4,311,342	4,700,291	4,841,750	5,162,897	5,907,246
Total Program Revenues	5,221,315	5,348,255	5,397,158	7,611,188	7,702,453	7,759,136	6,486,635	6,544,880	6,848,764	7,931,570
Net (Expense) Revenue	(8,788,425)	(9,563,314)	(10,391,499)	(9,107,831)	(8,683,391)	(8,785,588)	(9,282,714)	(8,028,760)	(8,128,479)	(10,340,307)
General Revenues:										
Governmental activities[1]	8,410,153	10,472,642	10,075,161	9,514,877	9,383,343	9,500,260	9,215,263	9,978,631	10,438,947	11,393,478
Business-type activities[2]	1,147,051	312,881	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339
Total General Revenues	9,557,204	10,785,523	10,222,918	9,373,734	9,093,021	9,241,361	9,520,187	9,713,492	10,510,572	11,845,817
Change in Net Position	$ 768,779	$ 1,222,209	$ (168,581)	$ 265,903	$ 409,630	$ 455,773	$ 237,473	$ 1,684,732	$ 2,382,093	$ 1,505,510

Notes:

[1] See Exhibit I

[2] See Exhibit III

City of Hapeville, Georgia

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

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014 [2]	2015 [3]	2016 [3]	2017
Governmental Activities										
Net investment in capital assets	$ 4,988,189	$ 4,340,118	$ 5,316,912	$ 6,735,028	$ 7,959,122	$ 9,016,141	$ 14,818,698	$ 14,921,279	$ 15,380,764	$ 14,979,549
Restricted	-	-	-	47,232	17,664	17,710	263,636	567,630	994,663	2,235,010
Unrestricted (deficit)	2,295,836	3,830,678	2,765,640	2,111,016	941,643	(107,688)	(1,072,361)	(5,309,749)	(4,613,716)	(4,937,455)
Subtotal Governmental Activities Net Position	7,284,025	8,170,796	8,082,552	8,893,276	8,918,429	8,926,163	14,009,973	10,179,160	11,761,711	12,277,104
Business-type Activities										
Net investment in capital assets	6,896,947	7,625,029	7,829,260	8,106,862	8,309,831	8,066,581	5,095,322	13,480,537	13,552,649	13,831,713
Restricted	651,970	681,498	271,948	668,862	682,055	695,907	1,259,777	901,288	1,064,752	1,430,587
Unrestricted (deficit)	1,600,507	1,600,507	906,222	(202,206)	(33,891)	458,263	(3,278,274)	(11,274,713)	(10,710,747)	(10,365,529)
Subtotal Business-type Activities Net Position	9,149,424	9,907,034	9,007,430	8,573,518	8,957,995	9,220,751	3,076,825	3,107,112	3,906,654	4,896,771
Primary Government										
Net investment in capital assets	11,885,136	11,965,147	13,146,172	14,841,890	16,268,953	17,082,722	19,914,020	28,401,816	28,933,413	28,811,262
Restricted	651,970	681,498	649,998	716,094	699,719	713,617	1,523,413	1,468,918	2,059,415	3,665,597
Unrestricted (deficit)	3,896,343	5,042,316	3,693,812	1,908,810	907,752	350,575	(4,350,635)	(16,584,462)	(15,324,463)	(15,302,984)
Total Primary Government Net Position	$ 16,433,449	$ 17,688,961	$ 17,489,982	$ 17,466,794	$ 17,876,424	$ 18,146,914	$ 17,086,798	$ 13,286,272	$ 15,668,365	$ 17,173,875

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 of net pension liability on the statement of net position under GASB 68.

City of Hapeville, Georgia

Total Government-wide Net Position (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

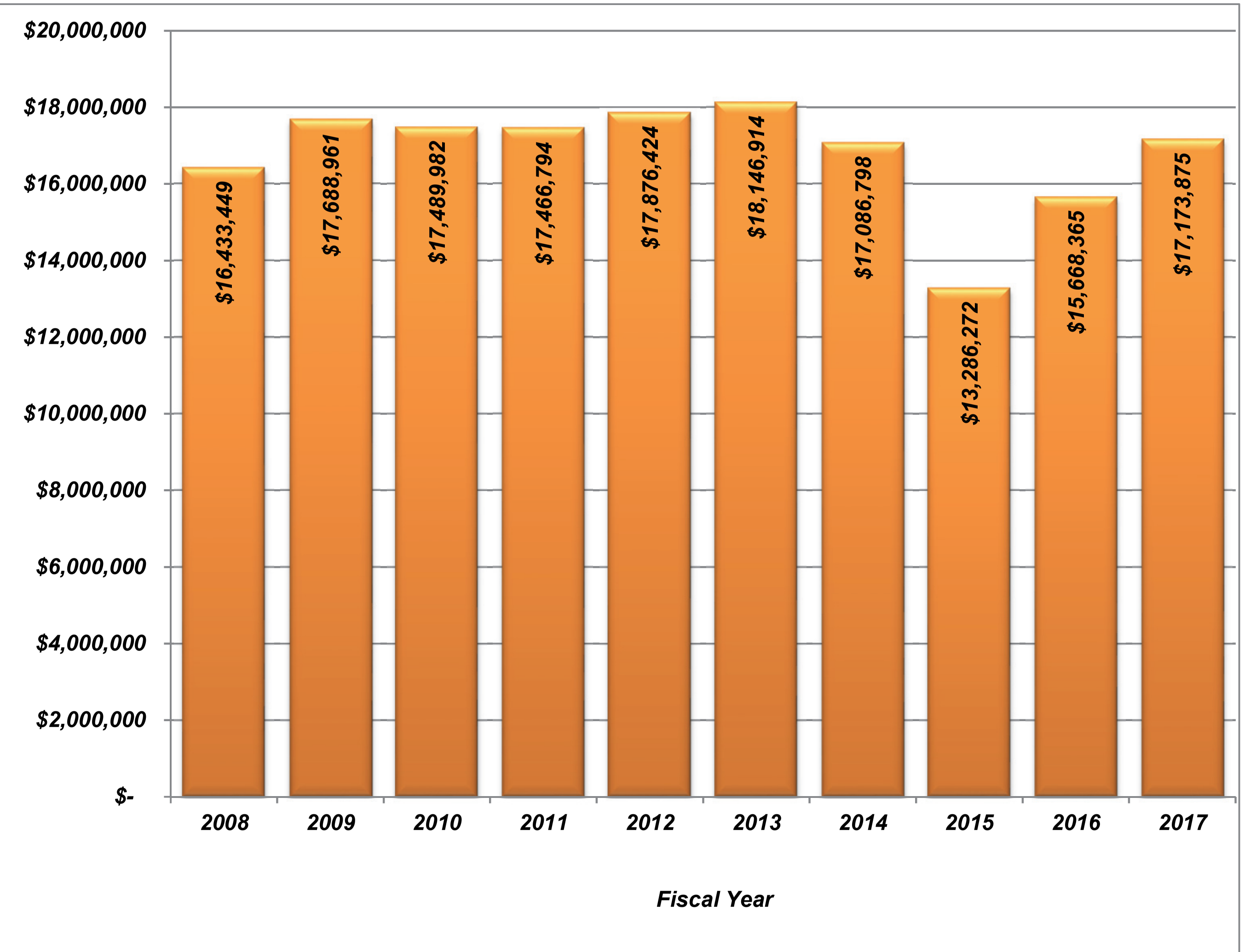


Exhibit VI

City of Hapeville, Georgia

General Governmental Revenues by Source (Unaudited) [1]

Last Ten Fiscal Years

(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
Revenue Source	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Taxes	$ 9,120,904	$ 10,374,440	$ 9,919,404	$ 9,283,461	$ 9,121,022	$ 9,243,503	$ 9,625,523	$ 9,642,439	$ 10,805,840	$ 11,452,396
Licenses and permits	481,863	211,765	184,368	217,233	202,589	235,481	162,052	210,250	293,601	715,397
Charges for services	831,618	1,138,522	1,027,030	1,006,773	1,054,535	1,224,244	341,630	353,917	344,438	434,378
Fines and forfeitures	551,570	488,274	336,133	529,436	445,239	494,250	515,742	480,305	203,109	180,778
Intergovernmental	145,925	198,372	28,707	1,226,856	1,244,920	1,205,269	736,294	640,843	791,677	681,579
Contributions	13,162	20,570	20,100	22,288	20,140	20,945	21,244	8,360	28,042	12,192
Investment earnings	48,684	6,981	804	861	1,726	979	121	191	218	448
Other local revenue	22,107	306,685	880,922	1,045,675	517,751	293,497	37,182	36,773	39,844	243,593
Total revenues	$ 11,215,833	$ 12,745,609	$ 12,397,468	$ 13,332,583	$ 12,607,922	$ 12,718,168	$ 11,439,788	$ 11,373,078	$ 12,506,769	$ 13,720,761
% change from prior year	7.1%	13.6%	-2.7%	7.5%	-5.4%	0.9%	-10.1%	-0.6%	10.0%	9.7%
Taxes	81.3%	81.4%	80.0%	69.6%	72.3%	72.7%	84.1%	84.8%	86.4%	83.5%
Licenses and permits	4.3%	1.7%	1.5%	1.6%	1.6%	1.9%	1.4%	1.8%	2.3%	5.2%
Charges for services	7.4%	8.9%	8.3%	7.6%	8.4%	9.6%	3.0%	3.1%	2.8%	3.2%
Fines and forfeitures	4.9%	3.8%	2.7%	4.0%	3.5%	3.9%	4.5%	4.2%	1.6%	1.3%
Grant revenue	1.3%	1.6%	0.2%	9.2%	9.9%	9.5%	6.4%	5.6%	6.3%	5.0%
Contributions	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%
Investment earnings	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	0.2%	2.4%	7.1%	7.8%	4.1%	2.3%	0.3%	0.4%	0.4%	1.8%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

[1] Includes all governmental fund types.

Data Source:

Applicable years' annual financial report.

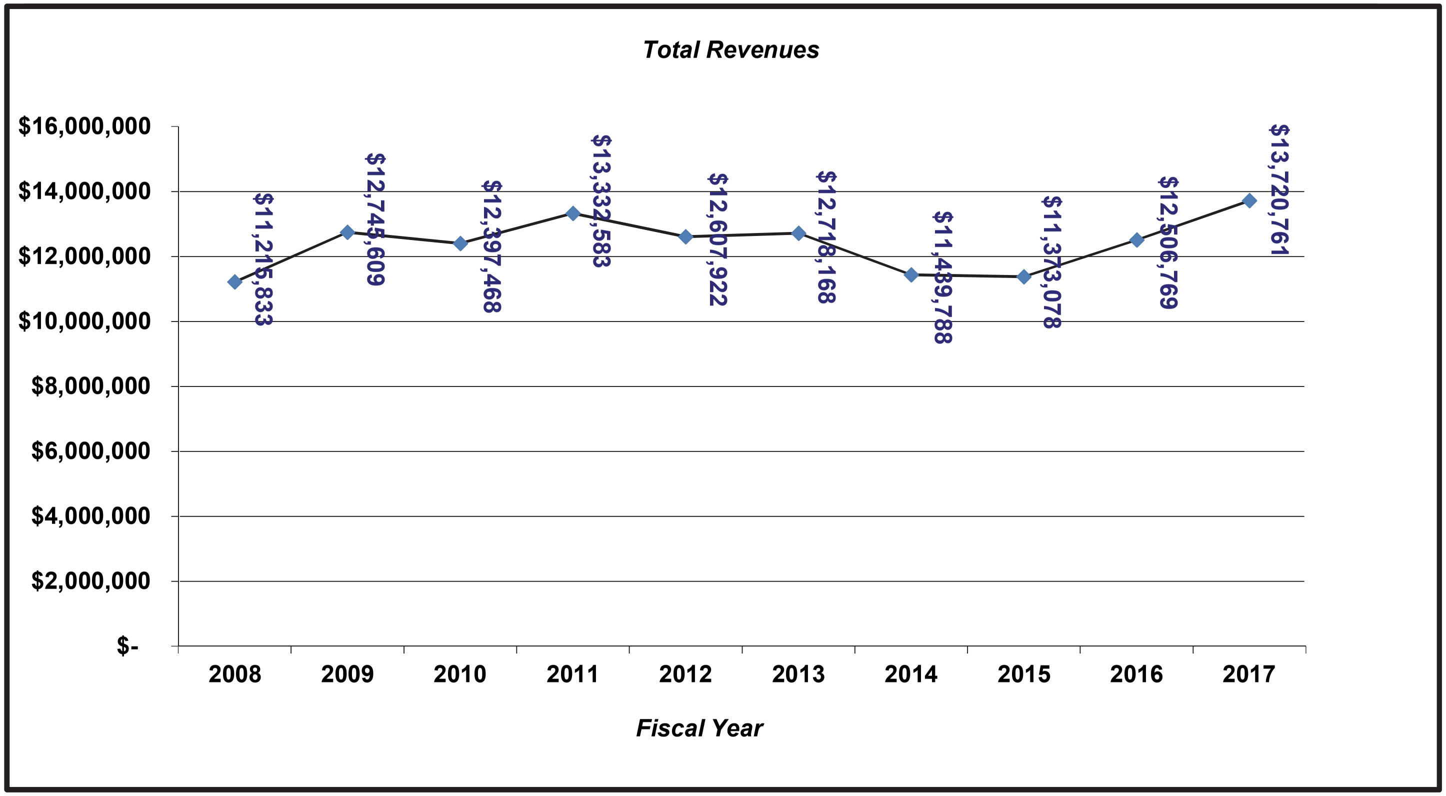
Exhibit VI-A

City of Hapeville, Georgia

Chart-General Governmental Revenues (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)



City of Hapeville, Georgia

Tax Revenues by Source - Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Biusiness and Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
				Amounts				
2008	$ 4,783,070	$ 1,664,596	$ 241,132	$ 622,223	$ 337,842	$ 2,192,556	$ 576,005	$ 10,417,424
2009	4,746,199	1,487,305	320,264	678,640	355,584	1,838,555	947,893	10,374,440
2010	4,947,989	1,492,207	280,330	661,534	350,546	1,613,808	572,990	9,919,404
2011	4,456,779	1,503,326	251,795	682,581	344,731	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	1,771,492	545,769	653,527	407,163	2,771,189	23,170	11,452,396
% Change in Dollars Over 10 Years	10.4%	6.4%	126.3%	5.0%	20.5%	26.4%	-96.0%	9.9%
				Percentage of Total				
2008	45.9%	16.0%	2.3%	6.0%	3.2%	21.0%	5.5%	100.0%
2009	45.7%	14.3%	3.1%	6.5%	3.4%	17.7%	9.1%	100.0%
2010	49.9%	15.0%	2.8%	6.7%	3.5%	16.3%	5.8%	100.0%
2011	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%	0.1%	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)

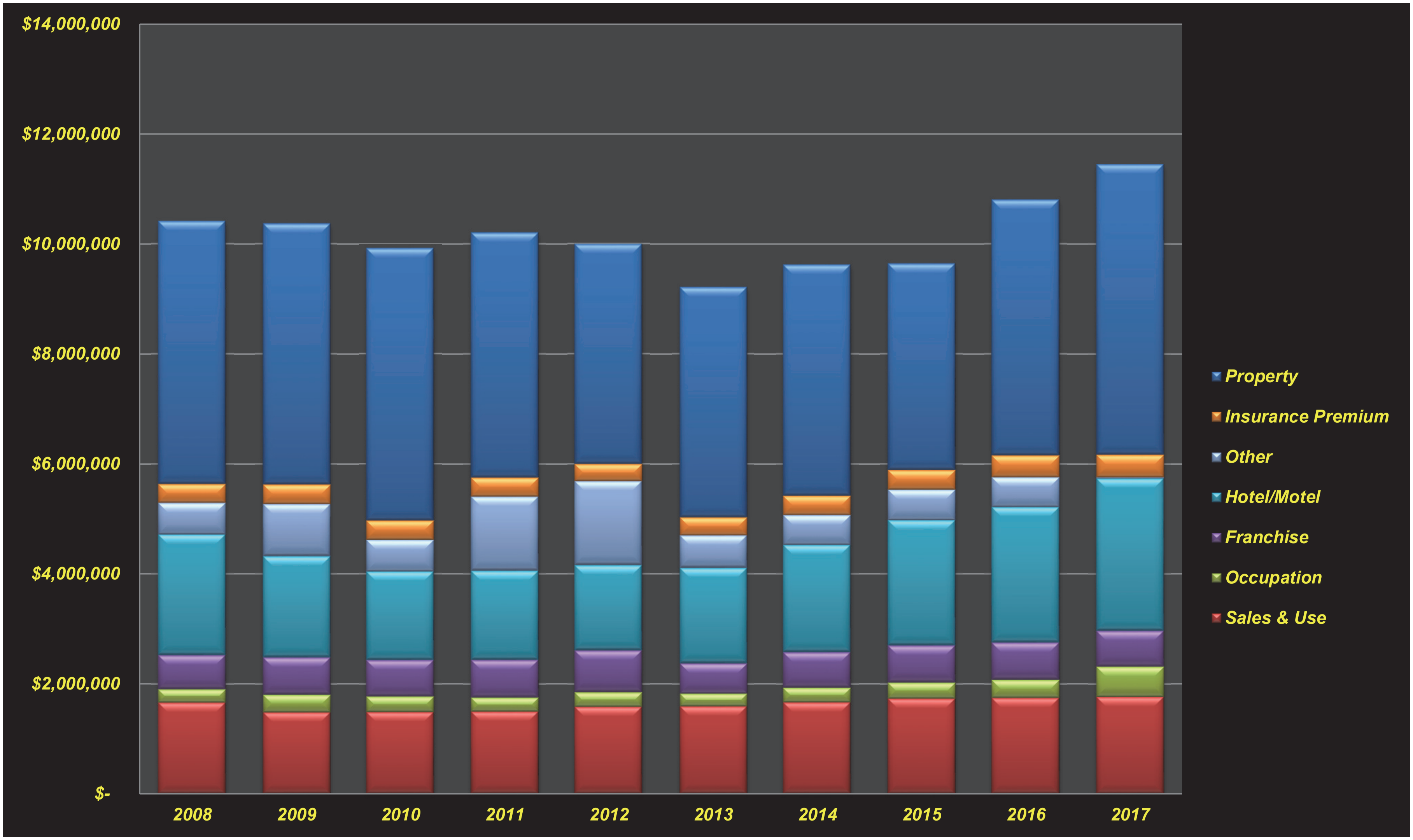


Exhibit VIII

City of Hapeville, Georgia

General Governmental Expenditures by Function (Unaudited) [1]

Last Ten Fiscal Years

(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
Function	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Current:										
General government	$ 1,576,348	$ 1,662,792	$ 1,558,009	$ 1,533,387	$ 1,608,800	$ 1,683,984	$ 2,098,323	$ 2,152,548	$ 2,265,142	$ 3,140,702
Judicial	-	-	-	-	-	-	-	-	-	128,399
Public safety	4,899,888	5,146,535	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710
Highways and streets	530,255	604,873	747,055	686,546	693,347	720,074	630,731	653,502	645,837	731,217
Culture and recreation	539,595	411,293	459,633	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025
Parks and ground	631,359	707,962	716,645	819,179	793,280	885,678	889,047	802,037	711,505	-
Planning and zoning [2]	547,960	534,349	696,950	782,569	787,873	832,085	216,639	234,728	232,704	281,799
Trade, tourism and development [2]	30,260	1,115,853	962,202	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574
Total Current	8,755,665	10,183,657	11,135,750	11,513,946	11,525,791	11,901,067	10,523,415	10,143,660	11,230,027	11,968,426
% Change From Prior Year	-23.7%	16.3%	9.3%	3.4%	0.1%	3.3%	-11.6%	-3.6%	10.7%	6.6%
Capital Outlay	1,634,076	1,190,398	804,119	2,276,910	1,630,974	1,413,254	859,824	957,584	1,133,938	718,560
% Change From Prior Year	100.0%	-27.2%	-32.4%	183.2%	-28.4%	-13.3%	-39.2%	11.4%	18.4%	-36.6%
Debt Service										
Principal	93,755	305,386	446,534	409,437	468,762	482,944	182,172	125,552	226,234	301,243
Interest and fees	146,856	124,782	169,382	343,699	379,562	280,102	16,782	11,008	22,095	44,846
Total Debt Service	240,611	430,168	615,916	753,136	848,324	763,046	198,954	136,560	248,329	346,089
% Change From Prior Year	-39.0%	78.8%	43.2%	22.3%	12.6%	-10.1%	-73.9%	-31.4%	81.8%	39.4%
Total Expenditures	$ 10,630,352	$ 11,804,223	$ 12,555,785	$ 14,543,992	$ 14,005,089	$ 14,077,367	$ 11,582,193	$ 11,237,804	$ 12,612,294	$ 13,033,075
% Change From Prior Year	-10.4%	11.0%	6.4%	15.8%	-3.7%	0.5%	-17.7%	-3.0%	12.2%	3.3%
Debt Service as a % of Noncapital Expenditures	2.7%	4.1%	0.8%	1.0%	1.1%	6.0%	1.9%	1.3%	2.2%	2.8%

Notes:

[1] Includes all governmental fund types.

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

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

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

Last Ten Fiscal Years

(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function	**Amounts**									
Current:										
General government	$ 1,576,348	$ 1,662,792	$ 1,558,009	$ 1,533,387	$ 1,608,800	$ 1,683,984	$ 2,098,323	$ 2,152,548	$ 2,265,142	$ 3,140,702
Judicial	-	-	-	-	-	-	-	-	-	128,399
Public safety	4,899,888	5,146,535	5,995,256	6,199,755	6,181,657	6,193,538	5,574,850	5,082,874	6,175,585	5,229,710
Highways and streets	530,255	604,873	747,055	686,546	693,347	720,074	630,731	653,502	645,837	731,217
Culture and recreation	539,595	411,293	459,633	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025
Parks and grounds	631,359	707,962	716,645	819,179	793,280	885,678	889,047	802,037	711,505	-
Planning and zoning [2]	547,960	534,349	696,950	782,569	787,873	832,085	216,639	234,728	232,704	281,799
Trade, tourism and development [2]	30,260	1,115,853	962,202	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574
Total Current	$ 8,755,665	$ 10,183,657	$ 11,135,750	$ 11,513,946	$ 11,525,791	$ 11,901,067	$ 10,523,415	$ 10,143,660	$ 11,230,027	$ 11,968,426
	Percentage of Totals									
Current:										
General government	18.0%	16.3%	14.0%	13.3%	14.0%	14.1%	19.9%	21.2%	20.2%	26.2%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
Public safety	56.0%	50.5%	53.8%	53.8%	53.6%	52.0%	53.0%	50.1%	55.0%	43.7%
Public works	6.1%	5.9%	6.7%	6.0%	6.0%	6.1%	6.0%	6.4%	5.8%	6.1%
Culture and recreation	6.2%	4.0%	4.1%	4.4%	4.8%	4.7%	5.0%	5.1%	4.6%	13.4%
Parks and grounds	7.2%	7.0%	6.4%	7.1%	6.9%	7.4%	8.4%	7.9%	6.3%	0.0%
Planning, zoning and development	6.3%	5.2%	6.3%	6.8%	6.8%	7.0%	2.1%	2.3%	2.1%	2.4%
Trade and tourism	0.3%	11.0%	8.6%	8.5%	7.9%	8.7%	5.5%	6.9%	6.1%	7.1%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

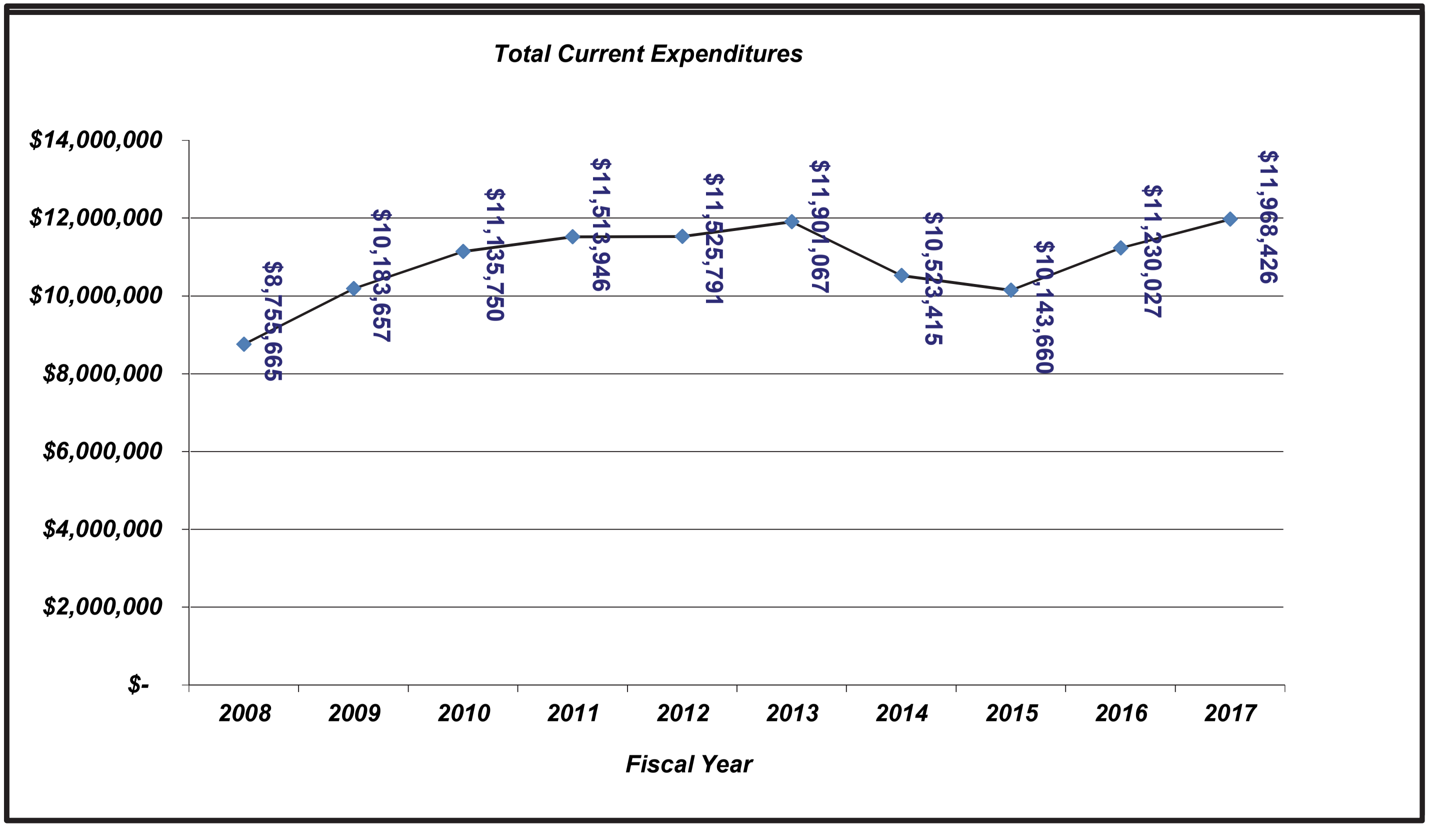
[1] Includes all governmental fund types.

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

Data Source:

Applicable years' annual financial report.

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



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

	For the Fiscal Year Ended June 30,									
Source	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total Revenues	$ 11,215,833	$ 12,745,609	$ 12,397,468	$ 13,332,583	$ 12,607,922	$ 12,718,168	$ 11,439,788	$ 11,373,078	$ 12,506,769	$ 13,720,761
Total Expenditures	10,630,352	11,804,223	12,555,785	14,543,992	14,005,089	14,077,367	11,582,193	11,237,804	12,612,294	13,033,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	585,481	941,386	(158,317)	(1,211,409)	(1,397,167)	(1,359,199)	(142,405)	135,274	(105,525)	687,686
Other Financing Sources (Uses)										
Aid from component unit	878,559	677,537	-	-	-	-	-	-	-	-
Capital leases inception	1,010,000	-	-	-	-	303,455	-	-	1,290,807	319,088
Proceeds from notes payable	-	-	-	812,942	-	-	-	-	-	-
Sale of capital assets	6,675	1,170	-	223	146	124	86	-	25,000	-
Sale of confiscated goods	-	-	-	-	-	-	-	-	-	-
Transfers in	931,580	2,335,876	1,349,713	851,051	927,753	1,125,676	3,193,278	3,186,516	3,113,335	3,608,731
Transfers out	(1,803,610)	(2,305,544)	(1,015,846)	(498,920)	(464,321)	(840,188)	(3,498,203)	(2,921,378)	(3,474,675)	(3,511,070)
Total Other Financing Sources (Uses)	1,023,204	709,039	333,867	1,165,296	463,578	589,067	(304,839)	265,138	954,467	416,749
Net Change in Fund Balances	$ 1,608,685	$ 1,650,425	$ 175,550	$ (46,113)	$ (933,589)	$ (770,132)	$ (447,244)	$ 400,412	$ 848,942	$ 1,104,435

Data Source:
Applicable years' annual financial report.

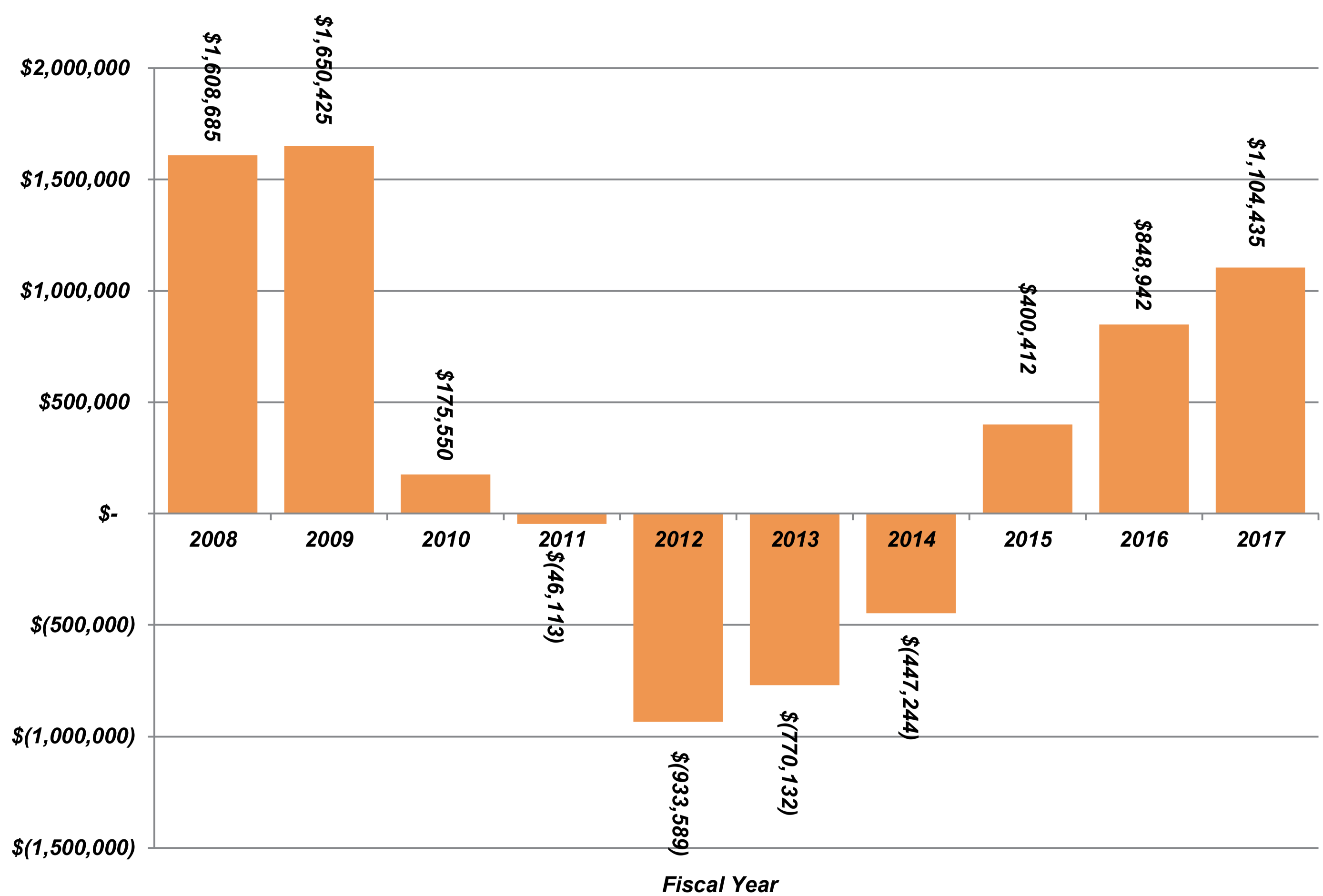
Exhibit XA

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 2008 - 2010

(modified accrual basis of accounting)

	2008	2009	2010
General Fund			
Reserved	$ 219,572	$ 167,317	$ 176,165
Unreserved	1,971,149	3,754,303	3,935,568
Subtotal General Fund	2,190,721	3,921,620	4,111,733
General Fund Percentage Change	272.5%	79.0%	4.8%
All Other Governmental Funds			
Reserved, reported in:			
Hotel/Motel Fund	82,575	2,100	12,152
Asset/Forfeiture Fund	-	-	18,452
Debt Service Fund	-	-	(43,067)
Subtotal All Other Governmental Funds	82,575	2,100	(12,463)
All Other Governmental Funds Percentage Change	7.9%	-97.5%	-693.5%
Total Governmental Funds			
Reserved	302,147	169,417	163,702
Unreserved	1,971,149	3,754,303	3,935,568
Total Governmental Funds	$ 2,273,296	$ 3,923,720	$ 4,099,270
All Governmental Funds Percentage Change	242.0%	72.6%	4.5%

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2011 - 2017
(modified accrual basis of accounting)

	At June 30,						
	2011	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***
General Fund							
Nonspendable	$ 176,165	$ 183,844	$ 106,164	$ -	$ 147,736	$ 166,949	$ 116,047
Restricted-Program Purposes	-	-	11,518	51,283	51,008	50,734	84,926
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
Total General Fund	4,005,925	3,101,904	2,343,243	868,090	964,233	1,407,536	1,330,030
General Fund Percentage Change	N/A	-22.6%	-24.5%	-63.0%	11.1%	46.0%	-5.5%
All Other Governmental Funds							
Nonspendable							
Restricted:	-	-	-	-	-	-	351,139
Program Purposes	47,232	17,664	6,192	212,353	516,622	943,929	2,117,690
Unassigned	-	-	-	-	-	-	(342,959)
Total Other Governmental Funds	47,232	17,664	6,192	212,353	516,622	943,929	2,125,870
All Other Governmental Funds Percentage Change	N/A	-62.6%	-64.9%	3329.5%	143.3%	82.7%	125.2%
Total Governmental Funds							
Nonspendable	176,165	183,844	106,164	-	147,736	166,949	467,186
Restricted	47,232	17,664	17,710	263,636	567,630	994,663	2,202,616
Assigned	350,000	11,000	-	-	-	-	-
Unassigned	3,479,760	2,907,060	2,225,561	816,807	765,489	1,189,853	786,098
Total Governmental Funds	$ 4,053,157	$ 3,119,568	$ 2,349,435	$ 1,080,443	$ 1,480,855	$ 2,351,465	$ 3,455,900
All Governmental Funds Percentage Change	N/A	-23.0%	-24.7%	-54.0%	37.1%	58.8%	47.0%

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

Data Source:
Applicable years' annual financial report.

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

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
	Amounts										
2008	$ 91,441,020	$ 173,730,220	$ 36,209,540	$ 7,506,021	$ 9,418,620	$ 1,837	$ 727,200	$ 317,580,058	16.610	$ 793,950,145	1.7%
2009	96,200,520	210,443,050	15,258,250	6,505,775	9,155,530	-	668,480	336,894,645	16.610	842,236,613	6.1%
2010	94,194,780	193,925,720	12,441,990	6,702,142	9,583,870	-	1,183,350	315,665,152	16.610	789,162,880	-6.3%
2011	68,910,360	201,627,220	10,193,640	6,112,266	31,045,390	-	1,234,570	316,654,306	16.610	791,635,765	0.3%
2012	47,365,500	199,574,110	10,193,640	6,112,266	8,666,570	-	1,357,480	270,554,606	16.610	676,386,515	-14.6%
2013	39,722,520	213,184,790	3,709,280	6,958,930	8,258,170	-	1,479,940	270,353,750	16.610	675,884,375	-0.1%
2014	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%
*	$ 63,482,996	$ 199,384,941	$ 12,306,504	$ 6,638,960	$ 10,766,257	$ 3,969	$ 2,639,573	$ 289,944,053	16.610	$ 724,860,131	
**	-49.4%	18.1%	-54.5%	170.9%	-57.3%	1467.8%	893.6%	-10.2%	0.0%	-10.2%	
	Percentage of Total Assessed Value										
2008	28.7%	54.6%	11.4%	2.4%	3.0%	0.0%	0.2%	99.8%			
2009	28.5%	62.3%	4.5%	1.9%	2.7%	0.0%	0.2%	99.8%			
2010	29.7%	61.2%	3.9%	2.1%	3.0%	0.0%	0.4%	99.6%			
2011	21.7%	63.4%	3.2%	1.9%	9.8%	0.0%	0.4%	99.6%			
2012	17.4%	73.4%	3.7%	2.2%	3.2%	0.0%	0.5%	99.5%			
2013	14.6%	78.4%	1.4%	2.6%	3.0%	0.0%	0.5%	99.5%			
2014	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%			

* 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

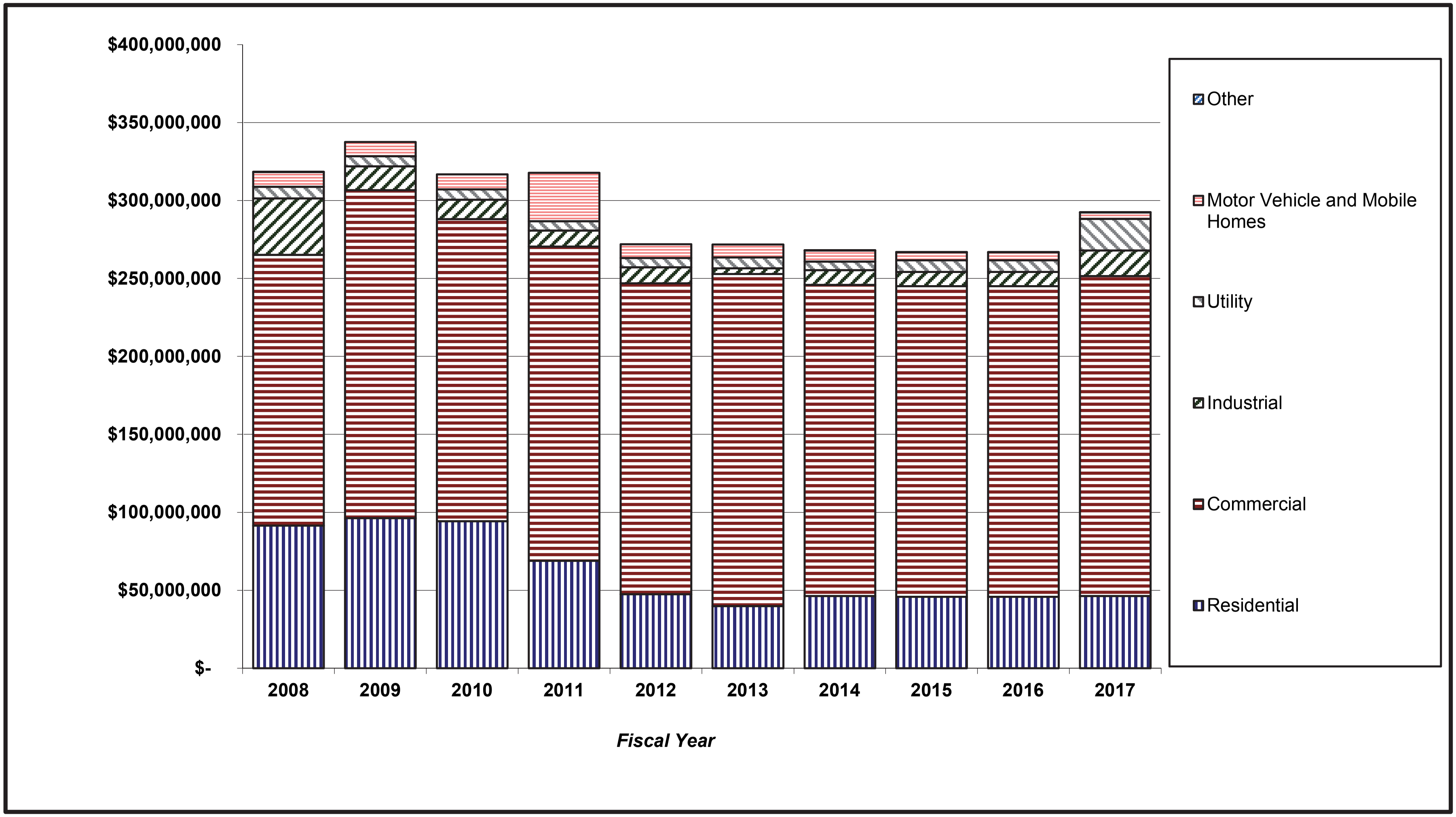
[5] The fiscal year indicated above reports the tax digest from the prior calendar year.

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	Fulton County	Fulton County School Board
2008	16.610	0.250	10.281	18.091
2009	16.610	0.250	10.281	17.502
2010	16.610	0.250	10.281	17.502
2011	16.610	0.250	10.281	18.502
2012	16.610	0.250	10.551	18.502
2013	16.610	0.200	10.551	18.502
2014	16.610	0.150	10.481	18.502
2015	16.610	0.100	12.051	18.502
2016	16.610	0.050	10.500	18.502
2017	16.610	-	10.450	18.483

Notes:

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

Data Source:

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

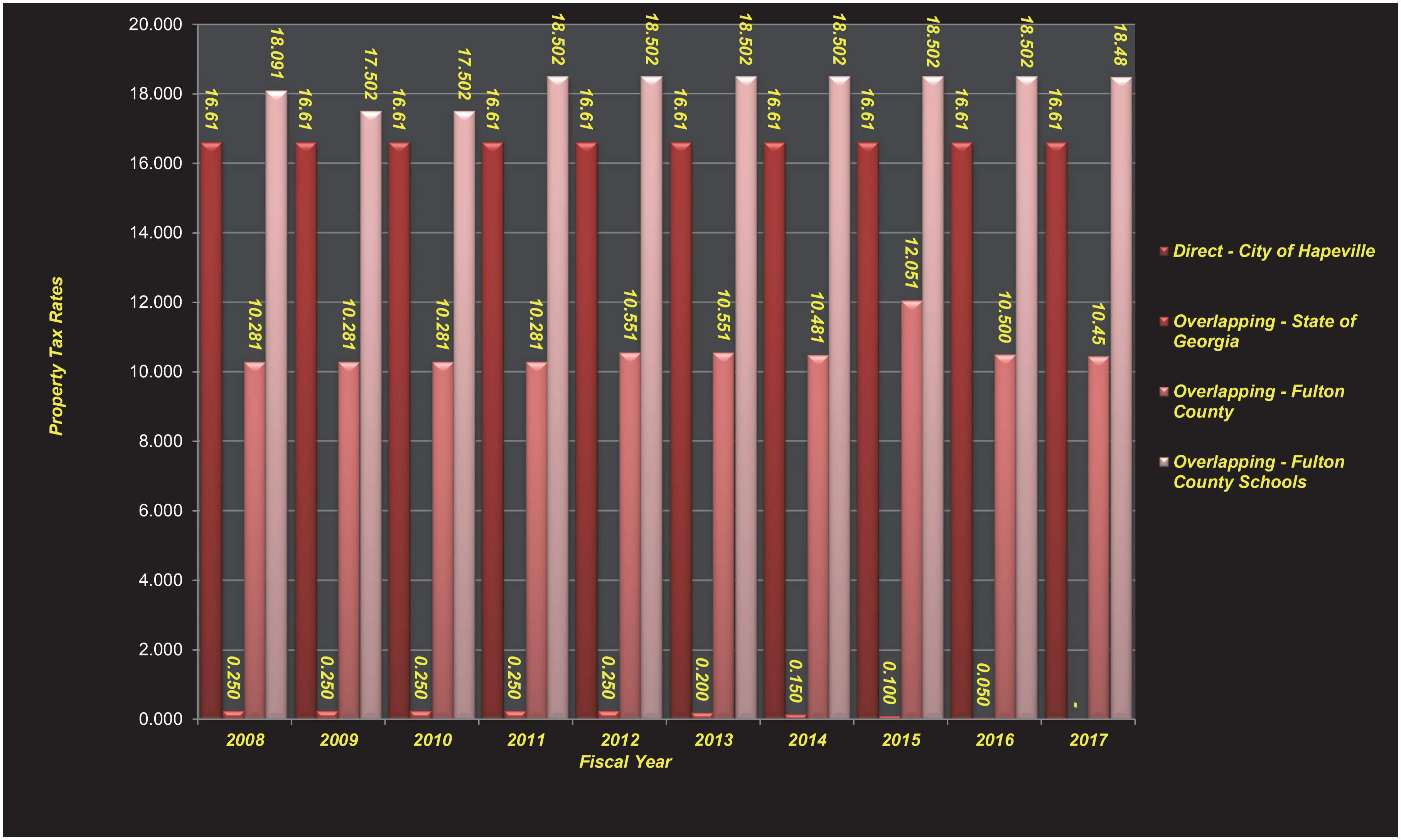
Exhibit XIII-A

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
2008	$ 4,762	$ 4,558	95.72%	$ 199	$ 4,757	99.90%	$ 5	99.90%
2009	4,880	4,671	95.72%	202	4,873	99.86%	7	99.86%
2010	4,812	4,597	95.53%	194	4,791	99.56%	21	99.56%
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%	104	3,949	99.52%	19	99.52%
2015	3,895	3,841	98.61%	36	3,877	99.54%	18	99.54%
2016	4,569	4,529	99.12%	8	4,537	99.30%	32	99.30%
2017	4,942	4,710	95.31%	-	4,710	95.31%	232	95.31%

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, 2017 and 2009

2017				2009			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Delta Air Lines Inc.	$ 26,727,722	1	9.37%	Delta Air Lines Inc.	$83,787,185	1	22.00%
Digital Doug Davis LLC	18,389,680	2	6.45%	City of Atlanta	76,960,700	2	20.20%
Hapeville LTD Partnership	18,000,000	3	6.31%	Hapeville Limited Partnership	55,000,000	3	14.44%
Bell Fund IV Asbury Park Apts	14,971,840	4	5.25%	First State Investors Three	47,234,000	4	12.40%
Mikeone EK Atl Ops Center LLC	10,958,628	5	3.84%	Delta Airlines Inc.	30,152,025	5	7.92%
Federal Express Corp	8,975,334	6	3.15%	Ford Motor Co	18,467,660	6	4.85%
City of Atlanta	7,189,960	7	2.52%	Residence Inn III LLC	13,522,300	7	3.55%
I B M Credit LLC	4,725,720	8	1.66%	Epsilon Management Inc.	12,916,900	8	3.39%
Delta Community Credit Union	4,462,952	9	1.57%	Hospitality Properties Inc.	12,160,000	9	3.19%
BRE Newton Hotels Property Own	4,233,804	10	1.48%	Atlanta Airport Motel Inc.	11,284,700	10	2.96%
Total Principal Taxpayers	118,635,641		41.60%	**Total Principal Taxpayers**	361,485,470		94.90%
All Other Taxpayers	166,535,620		58.40%	**All Other Taxpayers**	19,416,903		43.42%
Total	$ 285,171,261		100.00%	**Total**	$ 380,902,373		100.00%

City of Hapeville, Georgia

Direct and Overlapping Sales and Use Tax Rates (Unaudited)

Last Ten Calendar Years

	Direct	Overlapping				Total
Calendar Year	**City LOST [1]**	**Fulton County [4]**	**State of Georgia**	**Fulton County Schools [2]**	**MARTA[3]**	**Direct and Overlapping Rates**
2008	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2009	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2010	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2011	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2012	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2013	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2014	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
2015	1.00%	1.00%	4.00%	1.00%	1.00%	8.00%
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%

Notes:

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

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

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

[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
Sales Taxes Collected by Group (Unaudited) [2]
Calendar Years 2009 - 2017

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

By Group	2014 Amount	2014 %	2015 Amount	2015 %	2016 Amount	2016 %	2017 [5] Amount	2017 [5] %
NAICS codes:[4]								
General merchandise	$ 30,104,069	12.20%	$ 31,718,454	12.45%	$ 31,112,471	12.08%	$ 22,930,493	11.84%
Food/bars	51,715,777	20.95%	55,643,697	21.85%	58,710,171	22.80%	45,154,514	23.31%
Manufacturing	15,518,051	6.29%	14,952,171	5.87%	14,500,350	5.63%	9,563,476	4.94%
Utilities	15,691,932	6.36%	16,028,833	6.29%	15,974,517	6.20%	10,666,469	5.51%
Other retail	28,954,796	11.73%	30,322,063	11.91%	30,340,087	11.78%	23,270,004	12.01%
Wholesale	24,610,514	9.97%	22,605,152	8.88%	21,262,133	8.26%	16,893,574	8.72%
Automotive	5,440,737	2.20%	5,796,404	2.28%	5,988,997	2.33%	4,952,260	2.56%
Home furnishings	20,641,685	8.36%	21,835,719	8.57%	22,100,778	8.58%	16,675,259	8.61%
Miscellaneous services	32,236,430	13.06%	33,313,736	13.08%	33,354,746	12.95%	25,420,530	13.12%
Other services	6,339,155	2.57%	5,779,080	2.27%	6,735,998	2.62%	5,259,144	2.71%
Accommodations	13,120,840	5.32%	14,165,253	5.56%	14,540,426	5.65%	10,815,765	5.58%
Construction	2,452,704	0.99%	2,523,958	0.99%	2,929,319	1.14%	2,132,827	1.10%
Total Taxable Sales	$ 246,826,690	100.00%	$ 254,684,520	100.00%	$ 257,549,993	100.00%	$ 193,734,315	100.00%
Total percentage change	5.2%		3.2%		1.1%		-24.8%	

Notes:
[1] Only nine years of data is available.
[2] Information only available for the total Fulton County.
[3] Beginning in May 2009, the Georgia Department of Revenue changed their sales classifications, therefore, only seven months reported.
[4] North American Industry Classification System (NAICS)
[5] *Only data available for 2017 was January through September of 2017*

Data Source:
Georgia Department of Revenue

City of Hapeville, Georgia
Water Consumption Billed (Unaudited) [1]
Last Nine Fiscal Years

Fiscal Year	Gallons	% Change
2009	185,866,000	n/a
2010	190,486,000	2.5%
2011	225,972,000	18.6%
2012	225,724,000	-0.1%
2013	207,470,000	-8.1%
2014	212,189,000	2.3%
2015	209,846,000	-1.1%
2016	220,707,000	5.2%
2017	232,370,000	5.3%

Notes:
Data not available prior to fiscal year 2009.

Data Source:
[1] City's billing department.

Exhibit XIX

City of Hapeville, Georgia

Water Service Rates (Unaudited)

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2008	***2009***	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***
Minimum charge (0-2k gal)	$ 14.00	$ 14.00	$ 15.72	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56
0-2k gal	7.00	7.00	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78
2k-10k gal	7.00	7.00	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78
10k-50k	7.65	7.65	8.51	9.43						
50k + gal	8.00	8.00	8.86	9.78						
10k -16k gal					10.98	10.98	10.98	10.98	10.98	10.98
16k gal					17.56	17.56	17.56	17.56	17.56	17.56

Data Source:

City Customer Service Department

Exhibit XX

City of Hapeville, Georgia

Number of Water Customer Accounts at Year-end (Unaudited) [1]

Last Ten Fiscal Years

Fiscal Year	Number	% Change
2008	2,069	n/a
2009	2,078	0.4%
2010	2,070	-0.4%
2011	2,076	0.3%
2012	2,068	-0.4%
2013	2,085	0.8%
2014	2,075	-0.5%
2015	2,129	2.6%
2016	2,156	1.3%
2017	2,100	-2.6%

Data Source:

[1] City Customer Service Department.

City of Hapeville, Georgia
Ten Largest Customers - Water Service (Unaudited)
Fiscal Years 2008 & 2017

	Fiscal Year 2008			Fiscal Year 2017		
Rank	**Customer**	**Consumption Gallons**	**%**	**Customer**	**Consumption Gallons**	**%**
1	Atlanta Airport Hilton	24,332	8.7%	Atlanta Airport Hilton	24,241	11.0%
2	Ashkouti, Albert	20,260	7.2%	Digital Doug Davis, LLC	15,521	7.0%
3	Wachovia Bank OPS Bldg.	5,629	2.0%	Bell Fund - Asbury Park Apt.	6,871	3.1%
4	Del Mar Apartments	3,560	1.3%	Marriott Inc. Site #311AD	5,755	2.6%
5	Apsilon Management	3,255	1.2%	Porsche Cars North America	5,633	2.6%
6	Franklin Village	3,218	1.1%	Delta Airlines Inc. Reserv	4,581	2.1%
7	Hapeville Coin Laundry	3,101	1.1%	Venus Enterprises	3,715	1.7%
8	Delta Airlines, Inc. Reserv	2,646	0.9%	Wachovia Bank Ops Bldg.	3,524	1.6%
9	Marriott Inc. Site #57231	2,639	0.9%	Del Mar Apartments	3,355	1.5%
10	Apsilon Management	2,613	0.9%	Marriott Inc. Site #57231	3,169	1.4%
	Total Ten Largest Customers	71,253	25.4%	**Total Ten Largest Customers**	76,365	34.6%
	All Other Customers	209,390	74.6%	**All Other Customers**	144,342	65.4%
	Total	280,643	100.0%	**Total**	220,707	100.0%

Data Source:
City Water Department

Exhibit XXII

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

	Fiscal Year Ended June 30,									
	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*
Minimum charge (0-2k gal)	$ 7.50	$ 7.50	$ 7.50	$ 7.50	$ 8.25	$ 8.44	$ 12.24	$ 12.24	$ 12.24	$ 12.24
0-2k gal	3.75	3.75	3.75	3.75	4.13	4.22	6.12	6.12	6.12	6.12
2k-10k gal	4.75	4.75	4.75	4.75	5.23	5.36	7.77	7.77	7.77	7.77
10k-50k	5.25	5.25	5.25	5.25	5.78	5.92	8.58	8.58	8.58	8.58
50k +	5.50	5.50	5.50	5.50	6.05	6.20	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	Capital Leases	Total	Revenue Bonds	Grand Total	Percentage of Personal Income	Estimated [2] Population	Per Capita
2008	$ 990,000	$ -	$ 259,897	$ 1,249,897	$ 4,085,000	$ 5,334,897	0.010%	888,694	$ 6
2009	815,000	-	122,867	937,867	3,570,000	4,507,867	0.009%	905,511	5
2010	515,000	-	61,298	576,298	3,035,000	3,611,298	0.007%	920,581	4
2011	325,000	-	761,161	1,086,161	2,475,000	3,561,161	0.007%	949,777	4
2012	165,000	-	589,743	754,743	1,895,000	2,649,743	0.005%	977,129	3
2013	-	-	735,254	735,254	11,020,000	11,755,254	0.021%	984,293	12
2014	-	-	553,081	553,081	16,395,000	16,948,081	0.027%	991,509	17
2015	-	-	427,529	427,529	15,345,000	15,772,529	0.026%	1,008,275	16
2016	-	-	1,492,102	1,492,102	14,165,000	15,657,102	0.022%	1,010,562	15
2017	-	-	1,509,947	1,509,947	12,925,000	14,434,947	0.019%	1,023,336	14

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. 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Underlying Debt
Overlapping General Obligation Debt [2,3]			
Fulton County, Georgia	$ 143,880,673	0.48%	$ 689,529
Fulton County Board of Education	71,840,000	1.03%	737,691
Total Overlapping Debt	215,720,673		1,427,219
City Direct Debt			
Capital Leases	1,507,947	100.00%	1,507,947
Total Direct and Overlapping Debt	$ 217,228,620		$ 2,935,166

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 12-31-16 and Fulton County Board of Education CAFR as of 6-30-15*

Data Source:

Each specific government

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

	June 30,									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Taxable Assessed Value [1]	$ 317,580,058	$ 336,894,645	$ 315,665,152	$ 316,654,306	$ 270,554,606	$ 270,353,750	$ 262,674,650	$ 259,744,057	$ 259,375,249	$ 285,171,261
Legal Debt Margin										
Debt limit (10% of assessed value) [2]	$ 31,758,006	$ 33,689,465	$ 31,566,515	$ 31,665,431	$ 27,055,461	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 31,758,006	$ 33,689,465	$ 31,566,515	$ 31,665,431	$ 27,055,461	$ 27,035,375	$ 26,267,465	$ 25,974,406	$ 25,937,525	$ 28,517,126
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 value of the taxable property located within the City.

[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]	*(thousands of dollars)* Personal Income [2]	Per Capita Personal Income [3]	Per Capita Personal Income % of U.S. [3]	Median Age [4]	Unemployment Rate County [5]	Unemployment Rate State of Georgia [6]	Unemployment Rate United States [7]
2008	888,694	$ 54,379,042	$ 60,980	162%	N/A	6.2%	6.3%	5.6%
2009	905,511	52,177,800	61,964	157%	N/A	10.5%	10.4%	9.5%
2010	920,581	51,034,971	59,604	146%	N/A	10.2%	10.3%	9.4%
2011	949,777	53,234,047	54,249	140%	N/A	10.2%	10.4%	9.1%
2012	977,129	56,258,497	55,407	139%	35.2	9.3%	8.9%	8.2%
2013	984,293	57,199,599	58,112	130%	N/A	8.6%	8.3%	7.5%
2014	996,319	58,488,140	58,704	132%	N/A	7.5%	7.8%	6.1%
2015	1,008,275	59,774,879	59,284	132%	N/A	6.0%	6.1%	5.3%
2016	1,010,562	70,716,189	69,977	135%	N/A	5.9%	6.3%	5.4%
2017 [8]	1,023,336	75,824,470	74,095	114%	N/A	5.1%	4.3%	4.4%

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

Data Sources:

[1] Real Estate Center, http://recenter.tamu.edu/data/empc/LAUCN132850.htm (2007-2013), estimated by management (2014)

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

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

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

[5] Fulton County, GA

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

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

[8] Population demographics for Hapeville only, https://suburbanstats.org/population/georgia/how-many-people-live-in-hapeville - for 2016 and 2017 was 6,373

Population for Fulton County from www.census.gov

N/A - Not Available

Exhibit XXVII

City of Hapeville, Georgia

Principal Employers (Unaudited)

For the Fiscal Year Ended June 30, 2017

Employer	Type of Business	Number of Employees
Delta Airlines	Airlines	1650
Federal Express	Cargo	683
Swissport Cargo	Cargo	250
American Global	Shipping	194
Travelport	Shipping	125
Hilton	Hotel/Motel	106
Atlanta Department of Aviation	Airport Parking	80
Solis Hotel	Hotel/Motel	72
Chick-fil-A	Restaurant	64

Data Source:

City Administration

City of Hapeville, Georgia

City Employees by Function/Program (Unaudited)

Last Ten Fiscal Years

Function/program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
City clerk	1	1	1	1	1	1	1	1	1	1
Human resources	1	1	1	1	1	1	1	1	2	2
Finance and information technology	5	9	7	5	5	5	5	5	3	3
Purchasing	-	-	-	-	-	-	-	-	-	-
Planning	1	1	1	1	1	1	-	-	-	-
Parks, building and grounds	11	7	7	12	12	12	15	12	13	13
Courts	2	2	3	3	3	3	3	1	2	2
Police	54	43	47	49	49	48	42	54	51	51
Fire	33	34	36	33	33	33	31	33	33	33
Sanitation	7	8	8	6	6	6	6	6	6	6
Public works	7	7	7	7	7	7	8	8	8	8
Economic development	4	2	3	6	6	6	3	2	3	3
Recreation	4	9	9	10	10	10	17	11	10	10
Water and sewer	11	7	7	6	6	6	6	6	8	8
Total	141	131	137	140	140	139	138	140	140	140
Percentage Change From Prior Year	-1.4%	-7.1%	4.6%	2.2%	0.0%	-0.7%	-0.7%	0.7%	0.7%	1.4%

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

	Fiscal Year									
Function/Program	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21	21	21	21	21
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection Trucks	4	4	4	5	5	5	5	5	5	5
Other Public Works										
Streets (miles)	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4	4	4	4	4	4	4	4	4	4
Parks & Recreation										
Acreage	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67	34.67
Community Centers	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	21	21	21	21	21	21	21	21	21	21
Sewer Service:										
Miles of sanitary sewers	24	24	24	24	24	24	24	24	24	24

Data Source
Various City Departments