CITY OF HAPEVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Prepared By:
Finance Department

CITY OF HAPEVILLE, GEORGIA

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FOR THE FISCAL YEAR ENDED
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ALAN HALLMAN
MAYOR

TRAVIS HORSLEY
COUNCILMAN AT LARGE

MARK ADAMS
COUNCILMAN WARD I

CHLOE ALEXANDER
COUNCILMAN WARD II

March 4, 2019

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, 2018.

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

The City financial statements for the fiscal year ended June 30, 2018 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, 2018, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Mauldin & Jenkins, LLC, concluded, based upon the completed audit, that there was a reasonable basis for rendering an unmodified opinion that the City financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City Government

The City, located in the south/central portion of Georgia on I-75, has its corporate limits contiguous to those of the City of Atlanta. The City has an easy seven-mile access to the cultural, political and commercial center of the State Capitol. Access is afforded by I-85, I-75 and the Metropolitan Atlanta Regional Transit Authority (MARTA). MARTA also provides extensive bus service to supplement the rail system. For travel inside and outside the State, the Hartsfield-Jackson International Airport is within two miles of the City and remains one of the busiest airports in the world. The City encompasses 2.5 square miles and serves a population of 6,373 according to the 2010 U.S. Census. Population in the City increased 3.1% from 2000 to 2010.

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

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

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

Factors Affecting Financial Conditions

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

Local Economy

During the fiscal year, the City's overall local economy experienced improvement in performance while the performance of the regional and national economies was slow-moving. The City has seen its real & personal property tax assessments increase by 44% from year 2013 to year 2018. In contending with unfavorable economic times, the Mayor, City Council and City management, including the Development Authority, have worked to promote the City and have succeeded in largely sustaining the City.

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

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

- The renovated Depot Museum and Memorial Plaza.
- Beginning build out of the Hapeville Performing Arts Center.
- Continuing renovations of several parks and grounds facilities.
- Refurbishing the Water, Sewer and Storm water infrastructure.
- Opening of the Solis (now Kimpton) hotel.
- Renovation/landscaping of North Central Avenue business district

Some of the other economic developments of 2018 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 2017 and ending in early fiscal year 2018, the Finance Department will continue to develop financial policies that 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, 2017. This was the fourth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles, applicable legal requirements and GFOA standards.

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

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

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

Respectfully submitted,

Tim Young, CPA
City Manager

James C. Schuster, CPA
Finance Director

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

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, 2017

Christopher P. Morrill

Executive Director/CEO

City of Hapeville, Georgia
List of Elected and Appointed Officials
June 30, 2018

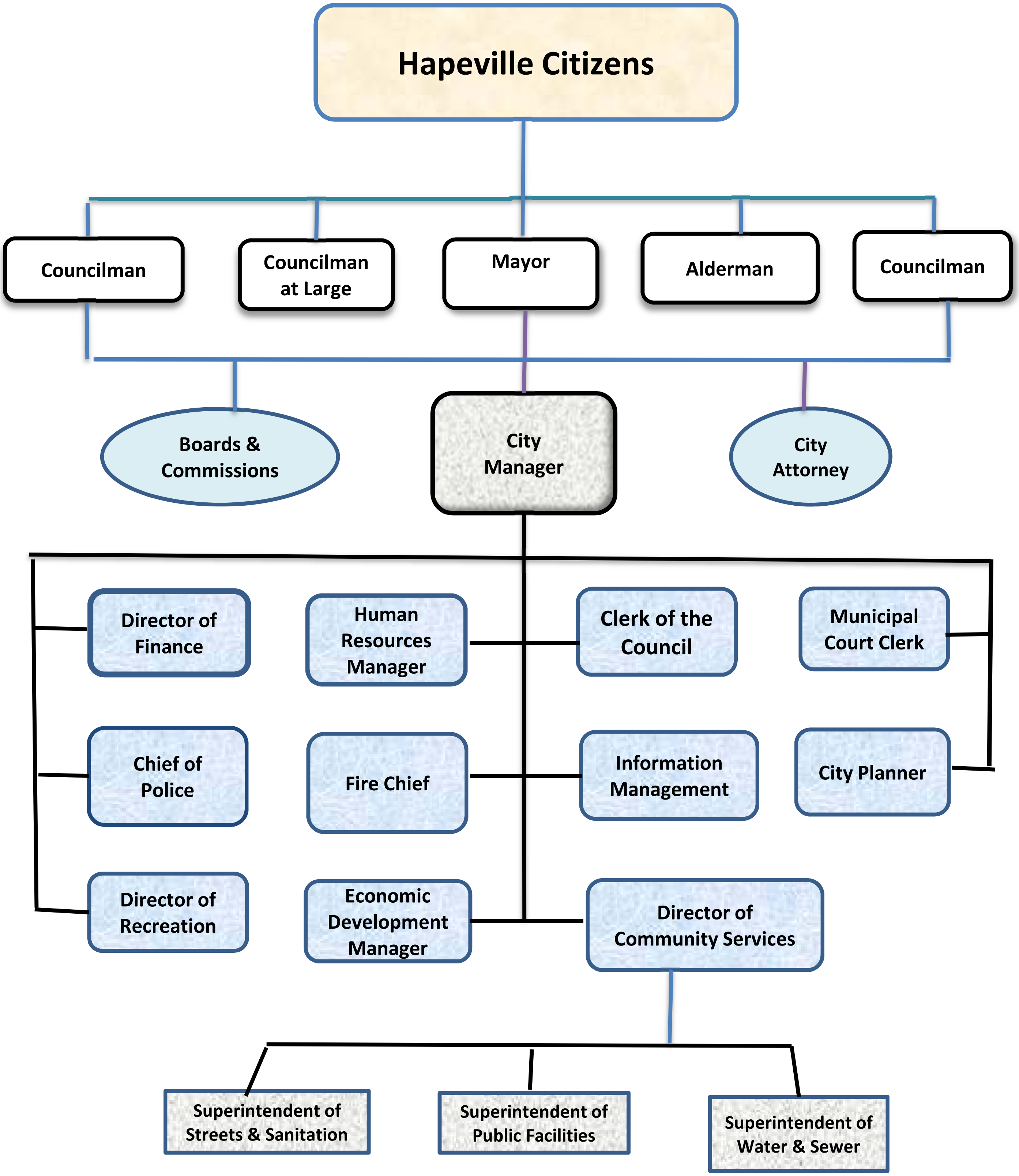
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Manager	Tim Young
Director of Finance	James C. Schuster
Director of Community Services	Lee Sudduth
Chief of Police	Richard M. Glavosek
Fire Chief	David Bloodworth
City Auditor	Chrystal Epps-Griggs
Court of Clerk	Monique Cook
Manager of Recreation	Tod Nichols
City Attorney	Fincher Denmark LLC

City of Hapeville, Georgia
Organizational Chart
June, 30, 2018



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, 2018, 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, 2018, 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 Trade and Tourism Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in notes 10 and 17, the City of Hapeville, Georgia implemented Governmental Accounting Standards (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changed the accounting for the City's total other postemployment benefits (OPEB) liability and the related disclosures. Our opinions are not modified with respect to this matter.

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 66), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 67), the Schedule of Pension Investment Returns – Retirement Plan (on page 68), and the Schedules of changes in the City's Total OPEB Liability and Related Ratios (on page 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, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax Proceeds, as well as the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2019 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
March 4, 2019

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, 2018. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FISCAL YEAR 2018 FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by $13,902,402 (total net position) as of June 30, 2018.
  - Total net position is comprised of the following:
    (1) The net investment in capital assets of $30,334,152 includes property and equipment, net of accumulated depreciation, less outstanding debt related to the purchase or construction of capital assets.
    (2) Net position of $3,986,823 restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    (3) Unrestricted net position is a deficit of $20,418,573.
  - The City's governmental funds reported total ending fund balance of $4,420,967 at June 30, 2018. This compares to the prior year ending fund balance of $3,455,900, showing an increase of $965,067 during the current fiscal year. Unassigned fund balance of $1,324,756 at June 30, 2018 shows a $538,658 increase from the prior fiscal year amount at June 30, 2017.
  - At the end of the current fiscal year, the unassigned fund balance for the General Fund was $1,324,756 or 11.8% of total General Fund expenditures.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The City has three kinds of funds:

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

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

The basic governmental fund financial statements are presented on pages 17 - 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 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 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 - 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 66 - 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.

Single Audit

The City was required to have an audit (single audit) of a federal grant award during fiscal year 2018. The results of the audit can be found beginning on page 80.

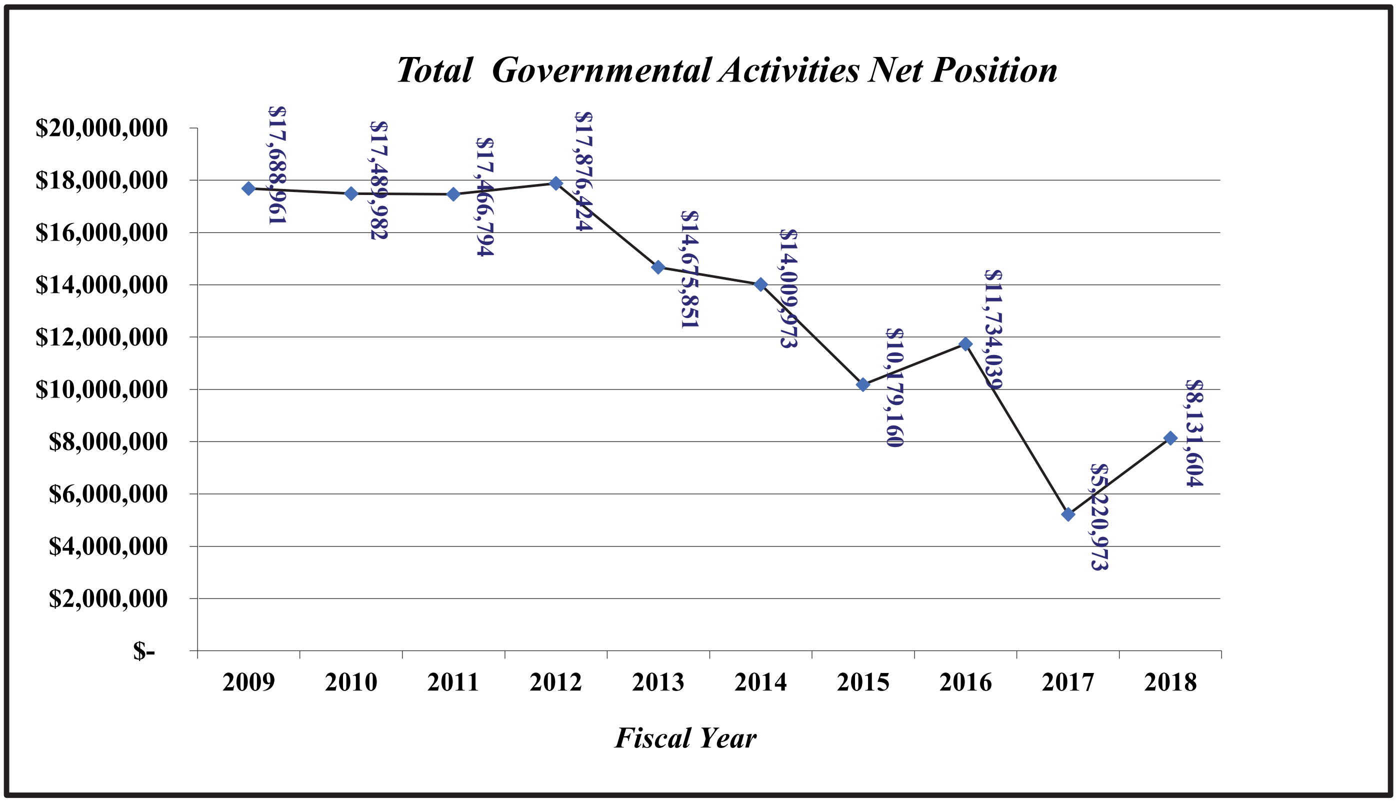
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at fiscal year-end is $13,902,402. 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	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets:						
Current assets	$ 6,056,694	$ 4,497,879	$ 5,196,964	$ 4,238,240	$ 11,253,658	$ 8,736,119
Noncurrent assets						
Other	-	-	1,133,278	1,251,298	1,133,278	1,251,298
Capital	18,335,440	16,489,496	13,533,322	13,831,713	31,868,762	30,321,209
Total assets	24,392,134	20,987,375	19,863,564	19,321,251	44,255,698	40,308,626
Deferred outflows of resources	3,060,215	1,020,219	377,922	130,845	3,438,137	1,151,064
Liabilities:						
Current liabilities	1,798,511	1,223,807	2,184,827	1,967,948	3,983,338	3,191,755
Long-term liabilities	16,865,353	14,839,469	12,208,580	13,460,319	29,073,933	28,299,788
Total liabilities	18,663,864	16,063,276	14,393,407	15,428,267	33,057,271	31,491,543
Deferred inflows of resources	656,881	723,345	77,281	85,340	734,162	808,685
Net position:						
Net investment in capital assets	16,800,830	14,979,549	13,533,322	13,831,713	30,334,152	28,811,262
Restricted	3,078,512	2,235,010	908,311	1,430,587	3,986,823	3,665,597
Unrestricted (deficit)	(11,747,738)	(11,993,586)	(8,670,835)	(11,323,812)	(20,418,573)	(23,317,398)
Total net position	$ 8,131,604	$ 5,220,973	$ 5,770,798	$ 3,938,488	$ 13,902,402	$ 9,159,461

The following chart reports the City's total governmental activities net position balances from fiscal year 2009 – 2018



Since 2009, the City's position has decreased $9,557,357 or 54%.

Current assets in governmental activities increased $1,558,815 and business-type activities increased $958,724 in fiscal year June 30, 2018.

During 2018, net position increased $2,910,631 for governmental activities and increased $1,832,310 for business-type activities. The City's overall financial position improved during fiscal year 2018. The increase in governmental activities is primarily from increased sales and hotel/motel taxes while the increase in business type activities relates to the loss on sale of property in the Development Authority in 2017 with no similar loss noted in fiscal year 2018. The City remains in an improved financial position.

Note that approximately 75.2% 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 68.1% 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 72% 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 fiscal years ended June 30, 2018 and 2017:

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Revenues:						
Program:						
Charges for services & fines	$ 1,208,343	$ 1,330,553	$ 5,608,281	$ 5,907,246	$ 6,816,624	$ 7,237,799
Operating grants	5,290	26,333	-	-	5,290	26,333
Capital grants	3,054,072	667,438	-	-	3,054,072	667,438
General:						
Property taxes	5,242,270	5,452,637	-	-	5,242,270	5,452,637
Sales taxes	1,865,494	1,771,491	-	-	1,865,494	1,771,491
Hotel/motel taxes	3,108,228	2,771,189	-	-	3,108,228	2,771,189
Other taxes	1,730,293	1,606,459	-	-	1,730,293	1,606,459
Other	194,820	244,041	-	-	194,820	244,041
Total revenues	16,408,810	13,870,141	5,608,281	5,907,246	22,017,091	19,777,387
Program Expenses:						
General government	2,490,217	3,177,991	-	-	2,490,217	3,177,991
Judical	124,583	129,440	-	-	124,583	129,440
Public safety	5,496,731	5,729,064	-	-	5,496,731	5,729,064
Highways and streets	953,406	784,781	-	-	953,406	784,781
Culture and recreation	1,715,312	1,832,125	-	-	1,715,312	1,832,125
Planning and zoning	184,740	298,772	-	-	184,740	298,772
Trade, tourism and development	2,045,399	905,390	-	-	2,045,399	905,390
Interest	48,535	44,846	-	-	48,535	44,846
Water and sewer	-	-	3,140,345	3,282,497	3,140,345	3,282,497
Stormwater	-	-	70,284	616,717	70,284	616,717
Solid waste management	-	-	492,131	131,665	492,131	131,665
Development authority	-	-	512,467	1,338,589	512,467	1,338,589
Total expenses	13,058,923	12,902,409	4,215,227	5,369,468	17,274,150	18,271,877
Revenues over expenses	3,349,887	967,732	1,393,054	537,778	4,742,941	1,505,510
Transfers in and out	(439,256)	(452,339)	439,256	452,339	-	-
Changes in net position	2,910,631	515,393	1,832,310	990,117	4,742,941	1,505,510
Beginning net position, as restated	5,220,973	4,705,580	3,938,488	2,948,371	9,159,461	7,653,951
Ending net position, as restated	$ 8,131,604	$ 5,220,973	$ 5,770,798	$ 3,938,488	$ 13,902,402	$ 9,159,461

Governmental Activity - Revenues

The City is heavily reliant on both property taxes and sales taxes to support governmental operations. Property taxes provided 31.9% of the City's total revenues as compared to a 39.3% in fiscal year 2017, sales and use taxes provided 11.4% of the City's total revenues as compared to a 12.8% in fiscal year 2017.

Note that program revenues covered 32.7% of governmental operating expenditures as compared to 15.7% in fiscal year 2017. This means that the government's taxpayers and the City and other general revenues funded 67.3% 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	$ 2,490,217	19.1%	$ 1,894,816	21.6%
Judicial	124,583	1.0%	124,583	1.4%
Public safety	5,496,731	42.1%	4,924,394	56.0%
Highways and streets	953,406	7.3%	(2,100,666)	-23.9%
Culture and recreation	1,715,312	13.1%	1,669,417	19.0%
Planning and zoning	184,740	1.4%	184,740	2.1%
Trade, tourism and development	2,045,399	15.7%	2,045,399	23.3%
Interest and fiscal charges	48,535	0.3%	48,535	0.6%
Total	$ 13,058,923	100.0%	$ 8,791,218	100.0%

The public safety expenses, both gross and net of program revenues total over 42% and 56% of costs, respectively. After reporting program revenues for general government, net costs total only 21.6% as compared to 19.1% of gross costs.

Business-Type Activities

Overall Analysis – Total revenues decreased $298,965 or 5.1%. Total expenses decreased $1,154,241 or 21.5%. In total, the operating income increased $72,920 or 4% over fiscal year 2017 amount.

The operating income for each utility was as follows:

	2018	2017
Water and sewerage system	$ 1,507,153	$ 1,535,807
Storm water utility	206,008	193,495
Sanitation	52,169	(80,269)
Development authority	118,331	161,708

The following includes an analysis of the fiscal year 2018 financial activities for each enterprise fund.

***Water and Sewerage System Fund* -** The operating income of $1,507,153 in fiscal year 2018 compares to an operating income of $1,535,807 in fiscal year 2017. Total operating revenues for water in fiscal year 2018 were down $170,806 or 3.5% below the fiscal year 2017 amount. Although the water rates remained the same, this decrease relates to weather of additional rain. Total operating expenses decreased just $142,152 or 4.3%. In fiscal year 2017, there was a write off for bad debts of $80,797 but in fiscal year 2018, the write off was only $2,027. Also, professional fees in this fiscal year were $37,500 less than the prior fiscal year.

This fund transferred $1,477,158 to the Development Authority for debt service. These transfers relates to:

- $496,829 – 2007 Bonds
- $453,182 - 2004A Bonds
- $527,147 - 2014 A1 & A2 Bonds

At fiscal year-end, net position totaled $14,599,036, up from the June 30, 2017 restated total of $14,559,365.

Storm Water Utility Fund – The operating income of this fund was $206,008 based on operating revenue of $276,292 and operating expenses of $70,284. The operating income of $206,008 in fiscal year 2018 compares to an operating income of $193,495 in fiscal year 2017. Total operating revenues for storm water in fiscal year 2018 were down $48,868 or 15% below the fiscal year 2017 amount due to less stormwater processing. Total operating expenses decreased $61,381 or 46.6% since there was a decrease in the write off for bad debts of $82,425. The net position of this fund at June 30, 2018 was $1,254,956.

Sanitation Fund - The total assets decreased $14,023 or 6.7%. Total liabilities increased $425,552 or 109.4%. Most of this increase relates to the OPEB liability pursuant to GASB Statement No. 75. The operating income of $52,169 in fiscal year 2018 compares to operating loss of $80,269 in fiscal year 2017. The fiscal year 2018 operating revenues increased just $7,852 from fiscal year 2017. Total operating expenses decreased $124,586 or 20.2% because there was a decrease in bad debts of $22,193 and a reduction of OPEB/pension of $120,022.

Development Authority Fund – This fund is utilized as the bond agent for the City. In this fiscal year, this fund reported only $141,191 in revenues and $21,860 in expenses. This fund received transfers in of $2,027,851 and transferred out $121,113 to governmental funds. This fund received a transfer of $550,693 from the general fund to cover bond debt payments for the 2004A, 2007, and 2014 bond issues. Also transferred was $1,477,158 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 $4,420,967 compared to a balance of $3,455,900 at June 30, 2017.

Of this fiscal year-end total, $1,324,756 is unassigned indicating availability for continuing City service delivery requirements.

Legally restricted fund balances include $3,078,512, which is set aside for specific program purposes. The total ending fund balances of governmental funds show an increase of $965,067.

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. From our experience, the ending unassigned fund balance of $1,324,756 is considered adequate for cash flow purposes, although not excessive, representing the equivalent of 11.8% of annual expenditures.

Total general fund property taxes decreased $81,951 or just 1.6%.

Local option sales taxes revenue increased just $94,002 above the 2017 amount, a possible sign of a slow-moving economy.

Business taxes increased by $86,222 over fiscal year 2017. Licenses and permits were down $195,471 below the 2017 amount because of a decline in building permits of $217,822. Fines and forfeitures increased $28,288 or 15.6% from the 2017 amount. Charges for services increased $36,310 over fiscal year 2017.

Total General Fund's expenditures decreased $194,900 or just 1.7% below the fiscal year 2017 amount. The most significant changes from fiscal year 2017 are described below.

Under general government, the expenditure for law decreased $485,595 or 55.5%. In fiscal 2017, the City had significant litigation costs that it did not experience in fiscal 2018 therefore a decrease in the fiscal year 2017 amount. More specifically, in this fiscal year, our legal fees totaled $223,946 as compared to $602,909 in the prior fiscal year.

Public safety costs increased $187,224 or 3.7%. Police expenditures increased $215,259 or 7.9%, relates to the purchase of police equipment of $92,574, small equipment $13,000 and the cost of higher salaries. The fire costs decreased $28,035 or 1.2% due to a legal settlement of $68,402 in the prior fiscal year not repeated in the current fiscal year. Highways and streets costs decreased $68,433 or 9.4%.

Trade and tourism costs increased $302,604 resulting in:

- Salaries ($132,105) and group insurance, payroll taxes and retirement contributions;
- Consulting fees ($20,400); and
- Absorbing some costs that were previously paid by the Hyatt Corporation.

Recreation costs in total decreased $92,992. This net number consisted of various increases and decreases. Some of the increases related to:

- Participant recreation, personnel services - $40,837 (mostly salaries); and
- Park areas and grounds, personnel services - $185,123 (mostly salaries).

Some of the decreases are:

- Park areas and grounds, repairs and maintenance - $82,602 (in this fiscal year, some of these costs were charged to a different classification); and
- Park areas and grounds, technical inspections - $112,670 (in fiscal year 2017 there was more hotel construction than in fiscal year 2018).

All other functional expenditures were like the prior year. The general fund transferred $550,693 to the Development Authority for debt service costs.

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 $3,108,228 were received. Of this amount, $1,287,677 was transferred to the General Fund and the remaining $1,820,551 was transferred to the Hapeville Association of Trade and Tourism Special Revenue Fund – a blended component unit and a separate 501(c)(3) organization.

Hapeville Association of Trade and Tourism Fund – This fund is a blended component of the City. This fund's purpose is to improve the availability of basic goods and services within the City, 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.

As indicated above, this fund recognized a transfer from the hotel/motel tax fund totaling $1,820,551 and spent $1,617,725. The ending fund balance totaled $1,932,000.

Capital Project Fund – This fund is accounts for capital project expenditures. The fund is mostly funded with federal and state grants. Revenues increased by $1,571,371 or 479% in 2018.

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 not amended. In total, revenues realized of $10,129,444 were $191,281 below the final amended budget.

Total tax revenues were $208,078 below the amended budget. Most of the actual difference relates to property taxes which were $360,865 below the budget. Most other revenues were approximately equal to the amended budget.

The total expenditure budget was amended downward by $110,600 or about 1% below the original budget. A budget was not adopted for the city manager's office. The City had a City Manager for seven years but had not created a separate department for the manager's office. Out of increased transparency, the City ultimately created the department for fiscal year 2018, however, the budget was not amended to reflect the city manager's office. The fiscal year 2019 budget does include a budget for the city manager's office.

The information technology budget was overspent by $250,577. The cause for this over expenditure of the budget relates to:

- Replacement equipment was purchased resulting from a lightning strike ($133,000);
- Equipment was charged to prepaid items in fiscal year 2017 but charged to the fiscal year 2018 budget although it was actually was budgeted in fiscal year 2017 ($105,000).

In total, expenditures totaled 100.2% of the final budget. The total expenditures budget was over spent by $21,987.

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, 2018, was $18,335,440 and $13,533,322 respectively. The change in this net investment was a 11.2% increase for governmental activities and a 2.2% decrease for business-type activities. See Note 6 for additional information about changes in capital assets during the fiscal year and balances at the end of the fiscal year.

The following table provides a summary of capital asset activity:

Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Non-depreciable assets:						
Land	$ 1,367,730	$ 1,367,730	$ -	$ -	$ 1,367,730	$ 1,367,730
Construction in progress	4,240,360	2,035,363	-	61,320	4,240,360	2,096,683
Total non-depreciable	5,608,090	3,403,093	-	61,320	5,608,090	3,464,413
Depreciable assets:						
Water system	-	-	13,986,875	13,957,875	13,986,875	13,957,875
Rights to capacity	-	-	5,508,846	5,508,846	5,508,846	5,508,846
Buildings and improvements	6,726,412	6,692,284	-	-	6,726,412	6,692,284
Land improvements	3,746,441	3,746,441	-	-	3,746,441	3,746,441
Auto, trucks and equipment	9,011,860	8,622,351	985,005	939,880	9,996,865	9,562,231
Infrastructure	22,996,208	22,895,321	1,183,803	1,100,000	24,180,011	23,995,321
Total depreciable assets	42,480,921	41,956,397	21,664,529	21,506,601	64,145,450	63,462,998
Less accumulated depreciation	29,753,571	28,869,994	8,131,207	7,736,208	37,884,778	36,606,202
Book value - depreciable assets	12,727,350	13,086,403	13,533,322	13,770,393	26,260,672	26,856,796
Percentage depreciated	70%	69%	38%	36%	59%	58%
Total book value	$ 18,335,440	$ 16,489,496	$ 13,533,322	$ 13,831,713	$ 31,868,762	$ 30,321,209

At June 30, 2018, the depreciable capital assets for governmental activities were 70% depreciated. This compares to a similar percentage at June 30, 2017. 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, 38% of the asset values were depreciated at June 30, 2018 compared to the same 36% at June 30, 2017.

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

- Dogwood, $1,770,371;
- Railroad, $284,734; and
- Smaller projects including the Loop Access, North Central,Theatre, playground project.

The $389,508 (net of deletions) addition to general government autos, trucks and equipment purchased relates to:

- Autos, trucks and equipment - $360,690;
- Computers and a replacement telephone system - $135,424; and
- Two police vehicle and related equipment - $34,142.

Long-term Debt

The following table reports long-term debt balances at June 30, 2018 and 2017:

Outstanding Borrowings

	Governmental Activities		Business-type Activities		Totals	
	2018	**Restated 2017**	**2018**	**Restated 2017**	**2018**	**Restated 2017**
Capital leases payable	$ 1,534,610	$ 1,509,947	$ -	$ -	$ 1,534,610	$ 1,509,947
Revenue bonds payable	-	-	11,630,000	12,925,000	11,630,000	12,925,000
Net pension liability	5,959,180	4,180,462	707,312	491,880	6,666,492	4,672,342
Total OPEB liability	9,388,230	9,164,613	1,132,066	1,244,633	10,520,296	10,409,246
Compensated absences	509,964	507,965	125,685	116,992	635,649	624,957
Total	$ 17,391,984	$ 15,362,987	$ 13,595,063	$ 14,778,505	$ 30,987,047	$ 30,141,492

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

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE CITY

The City is included in the Atlanta, Georgia Metropolitan area, very close to Hartsfield-Jackson International airport. The total population of the City as of July 1, 2018 was estimated to be 6,947 and total households estimated to be 2,487. The number of housing units in the City was estimated to be 3,245 in 2017. The median value of owner-occupied housing units in Georgia was $136,912.

The unemployment rate for Fulton County, where the City is located is 4.7% and in the City 3.0% for those in the labor force for 2017.

The primary revenue streams for the City are property taxes, sales taxes, hotel/motel taxes and the recent addition of a TSPLOST tax. This is a good revenue mix as property taxes are classified as "inelastic" and sales taxes and hotel/motel taxes are classified as "elastic." Sales tax revenue is highly sensitive to fluctuations in the economy. The current economic situation has been a bit of an upturn, with personal income in the U.S. improving. The City's 2018 revenue streams and the fiscal year 2018 budget has improved slightly but is still a no-frills operational budget with departmental levels remaining steady.

Capital projects have been able to continue with the new T-SPLOST tax helping with those projects. For 2018-19, the projects will be winding down until possibly 2020 when there are several capital projects scheduled to begin. We are hopeful the economy will continue toward good recovery and we will constantly monitor our economic condition to make any necessary adjustments.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 3,601,026	$ 3,347,730	$ 6,948,756
Restricted cash	-	908,311	908,311
Taxes receivable	1,197,788	-	1,197,788
Other receivables	22,395	-	22,395
Notes receivable, current	-	6,750	6,750
Notes receivable, noncurrent	-	111,270	111,270
Accounts receivable, net of allowances	-	822,903	822,903
Due from other governments	1,217,786	-	1,217,786
Property held for redevelopment	-	1,133,278	1,133,278
Prepaid items	17,699	-	17,699
Capital assets:			
Non-depreciable	5,608,090	-	5,608,090
Depreciable, net of accumulated depreciation	12,727,350	13,533,322	26,260,672
Total assets	24,392,134	19,863,564	44,255,698
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	3,060,215	377,922	3,438,137
Total deferred outflows of resources	3,060,215	377,922	3,438,137
LIABILITIES			
Accounts payable	1,014,184	349,785	1,363,969
Accrued liabilities	98,728	233,591	332,319
Customer deposits payable	-	214,968	214,968
Due to other governments	158,968	-	158,968
Compensated absences due within one year	223,530	36,483	260,013
Compensated absences due in more than one year	286,434	89,202	375,636
Capital leases due within one year	303,101	-	303,101
Capital leases due in more than one year	1,231,509	-	1,231,509
Bonds payable due within one year	-	1,350,000	1,350,000
Bonds payable due in more than one year	-	10,280,000	10,280,000
Net pension liability due in more than one year	5,959,180	707,312	6,666,492
Total OPEB liability due in more than one year	9,388,230	1,132,066	10,520,296
Total liabilities	18,663,864	14,393,407	33,057,271
DEFERRED INFLOWS OF RESOURCES			
Pension related items	639,655	75,204	714,859
OPEB related items	17,226	2,077	19,303
Total deferred inflows of resources	656,881	77,281	734,162
NET POSITION			
Net investment in capital assets	16,800,830	13,533,322	30,334,152
Restricted for:			
Capital construction	101,419	908,311	1,009,730
Transportation projects	980,755	-	980,755
Public safety	46,583	-	46,583
Trade and tourism	1,932,000	-	1,932,000
Culture and recreation	15,621	-	15,621
Law enforcement	2,134	-	2,134
Unrestricted (deficit)	(11,747,738)	(8,670,835)	(20,418,573)
Total net position	$ 8,131,604	$ 5,770,798	$ 13,902,402

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, 2018

		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	$ 2,490,217	$ 590,111	$ 5,290	$ -	$ (1,894,816)	$ -	$ (1,894,816)
Public safety	5,496,731	572,337	-	-	(4,924,394)	-	(4,924,394)
Highway and Streets	953,406	-	-	3,054,072	2,100,666	-	2,100,666
Recreation	1,715,312	45,895	-	-	(1,669,417)	-	(1,669,417)
Judicial	124,583	-	-	-	(124,583)	-	(124,583)
Planning and zoning	184,740	-	-	-	(184,740)	-	(184,740)
Trade tourism and development	2,045,399	-	-	-	(2,045,399)	-	(2,045,399)
Interest on long-term debt	48,535	-	-	-	(48,535)	-	(48,535)
Total governmental activities	13,058,923	1,208,343	5,290	3,054,072	(8,791,218)	-	(8,791,218)
Business-type activities:							
Development Authority	512,467	140,191	-	-	-	(372,276)	(372,276)
Water and Sewer	3,140,345	4,647,498	-	-	-	1,507,153	1,507,153
Solid Waste Utility	492,131	544,300	-	-	-	52,169	52,169
Stormwater Utility	70,284	276,292	-	-	-	206,008	206,008
Total business-type activities	4,215,227	5,608,281	-	-	-	1,393,054	1,393,054
Total primary government	$ 17,274,150	$ 6,816,624	$ 5,290	$ 3,054,072	(8,791,218)	1,393,054	(7,398,164)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Property taxes	$ 5,242,270	$ -	$ 5,242,270
Franchise taxes	665,196	-	665,196
Insurance premium taxes	433,106	-	433,106
Hotel/Motel taxes	3,108,228	-	3,108,228
Sales taxes	1,865,494	-	1,865,494
Other taxes	631,991	-	631,991
Unrestricted investment earnings	781	-	781
Miscellaneous	194,039	-	194,039
Transfers	(439,256)	439,256	-
Total general revenues and transfers	11,701,849	439,256	12,141,105
Change in net position	2,910,631	1,832,310	4,742,941
Net position, beginning of fiscal year (restated)	5,220,973	3,938,488	9,159,461
Net position, end of fiscal year	$ 8,131,604	$ 5,770,798	$ 13,902,402

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

CITY OF HAPEVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General Fund	Hotel/Motel Fund	Hapeville Association of Trade & Tourism Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 563,014	$ -	$ 1,791,114	$ 166,328	$ 1,080,570	$ 3,601,026
Taxes receivable	686,703	511,085	-	-	-	1,197,788
Intergovernmental receivables	-	-	-	1,118,921	98,865	1,217,786
Other receivables	17,872	-	-	-	4,523	22,395
Due from other funds	783,089	-	301,500	81,272	-	1,165,861
Prepaid items	17,699	-	-	-	-	17,699
Total assets	$ 2,068,377	$ 511,085	$ 2,092,614	$ 1,366,521	$ 1,183,958	$ 7,222,555
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 216,764	$ -	$ 1,646	$ 691,598	$ 104,176	$ 1,014,184
Accrued liabilities	98,728	-	-	-	-	98,728
Due to other governments	-	-	158,968	-	-	158,968
Due to other funds	-	511,085	-	573,504	81,272	1,165,861
Total liabilities	315,492	511,085	160,614	1,265,102	185,448	2,437,741
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	363,847	-	-	-	-	363,847
Total deferred inflows of resources	363,847	-	-	-	-	363,847
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaid items	17,699	-	-		-	17,699
Restricted:						
Capital construction	-	-	-	101,419	-	101,419
Transportation projects	-	-	-		980,755	980,755
Public safety	46,583	-	-		-	46,583
Trade and tourism	-	-	1,932,000		-	1,932,000
Culture and recreation	-	-	-		15,621	15,621
Law enforcement	-	-	-		2,134	2,134
Unassigned	1,324,756	-	-		-	1,324,756
Total fund balances	1,389,038	-	1,932,000	101,419	998,510	4,420,967
Total liabilities, deferred inflows of resources, and fund balances	$ 2,068,377	$ 511,085	$ 2,092,614	$ 1,366,521	$ 1,183,958	

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.	18,335,440
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	363,847
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(2,044,574)
The deferred inlows and outflows of resources and the net pension liability and total OPEB liability are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds.	(12,944,076)
Net position of governmental activities	$ 8,131,604

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, 2018

	General Fund	Hotel/Motel Fund	Hapeville Association of Trade & Tourism Fund	Capital Project Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 8,793,922	$ 3,108,228	$ -	$ -	$ 21,978	$ 11,924,128
Licenses and permits	519,926	-	-	-	-	519,926
Intergovernmental	22,340	-	-	1,899,120	1,132,612	3,054,072
Fines and forfeitures	209,066	-	-	-	-	209,066
Charges for services	384,080	-	-	-	95,271	479,351
Investment income	781	-	-	-	-	781
Contributions	5,290	-	-	-	-	5,290
Other revenues	194,039	-	-	-	-	194,039
Total revenues	10,129,444	3,108,228	-	1,899,120	1,249,861	16,386,653
Expenditures						
Current:						
General government	2,729,155	-	-	-	-	2,729,155
Public safety	5,297,221	-	-	-	90,420	5,387,641
Highway & Streets	662,784	-	-	-	-	662,784
Recreation	1,514,033	-	-	-	-	1,514,033
Judicial	128,537	-	-	-	-	128,537
Planning & Zoning	179,123	-	-	-	-	179,123
Trade tourism and development	390,308	-	1,617,725	-	-	2,008,033
Capital Outlay	-	-	-	1,949,189	399,963	2,349,152
Debt Service:						
Principal	294,661	-	-	-	28,440	323,101
Interest	42,210	-	-	-	6,325	48,535
Total expenditures	11,238,032	-	1,617,725	1,949,189	525,148	15,330,094
Excess (deficiency) of revenues over (under) expenditures	(1,108,588)	3,108,228	(1,617,725)	(50,069)	724,713	1,056,559
Other financing sources (uses):						
Capital leases	347,764	-	-	-	-	347,764
Transfers in	1,399,114	-	1,820,551	28,589	-	3,248,254
Transfers out	(579,282)	(3,108,228)	-	-	-	(3,687,510)
Total other financing sources (uses)	1,167,596	(3,108,228)	1,820,551	28,589	-	(91,492)
Net change in fund balances	59,008	-	202,826	(21,480)	724,713	965,067
Fund balances, beginning of fiscal year	1,330,030	-	1,729,174	122,899	273,797	3,455,900
Fund balances, end of fiscal year	$ 1,389,038	$ -	$ 1,932,000	$ 101,419	$ 998,510	$ 4,420,967

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, 2018

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

Net change in fund balances - total governmental funds	$	965,067
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense exceeded in the current period.		1,845,944
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		22,157
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.		(24,663)
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.		102,126
Change in net position - governmental activities	$	2,910,631

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Property	$ 5,559,000	$ 5,559,000	$ 5,198,135	$ (360,865)
Franchise	656,000	656,000	665,196	9,196
Sales	1,847,000	1,847,000	1,865,494	18,494
Business	540,000	540,000	631,991	91,991
Insurance Premium	400,000	400,000	433,106	33,106
Licenses and permits	616,800	616,800	519,926	(96,874)
Fines and forfeitures	272,000	272,000	209,066	(62,934)
Interest	150	150	781	631
Charges for services	320,575	320,575	384,080	63,505
Intergovernmental	-	-	22,340	22,340
Contributions	10,000	10,000	5,290	(4,710)
Miscellaneous	99,200	99,200	194,039	94,839
Total revenues	10,320,725	10,320,725	10,129,444	(191,281)
Expenditures				
Current:				
General government:				
Governing Body	47,186	47,186	41,604	5,582
Mayor and Commission	20,043	20,043	18,520	1,523
City Manager	-	-	120,906	(120,906)
City Clerk	123,265	103,365	94,434	8,931
Elections	10,050	5,050	78	4,972
Finance	1,023,574	1,050,374	1,053,555	(3,181)
Law	430,000	390,000	389,447	553
Human Resources	377,508	419,008	413,864	5,144
Information Technology	372,670	346,170	596,747	(250,577)
Total general government	2,404,296	2,381,196	2,729,155	(347,959)
Public safety:				
Police	3,172,307	3,030,307	2,950,783	79,524
Fire	2,292,651	2,327,151	2,346,438	(19,287)
Total public safety	5,464,958	5,357,458	5,297,221	60,237
Judicial	159,639	159,639	128,537	31,102
Highway & Streets	718,738	718,738	662,784	55,954
Recreation	1,508,561	1,519,561	1,514,033	5,528
Planning & Zoning	257,730	273,230	179,123	94,107
Trade, Tourism and Development	460,685	460,685	390,308	70,377
Debt Service:				
Principal	307,192	300,692	294,661	6,031
Interest	44,846	44,846	42,210	2,636
Total expenditures	11,326,645	11,216,045	11,238,032	(21,987)
Deficiency of revenues under expenditures	(1,005,920)	(895,320)	(1,108,588)	(213,268)
Other financing sources				
Capital leases	-	-	347,764	347,764
Transfers out	(470,955)	(430,555)	(579,282)	(148,727)
Transfers in	1,510,000	1,510,000	1,399,114	(110,886)
Total other financing sources (uses)	1,039,045	1,079,445	1,167,596	88,151
Net change in fund balances	33,125	184,125	59,008	(125,117)
Fund balances, beginning of fiscal year	1,330,030	1,330,030	1,330,030	-
Fund balances, end of fiscal year	$ 1,363,155	$ 1,514,155	$ 1,389,038	$ (125,117)

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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 2,850,000	$ 2,850,000	$ 3,108,228	$ 258,228
Total revenues	2,850,000	2,850,000	3,108,228	258,228
OTHER FINANCING SOURCES (USES)				
Operating Transfers:				
Transfers out	(2,850,000)	(2,850,000)	(3,108,228)	(258,228)
Total transfers	(2,850,000)	(2,850,000)	(3,108,228)	(258,228)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

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

CITY OF HAPEVILLE, GEORGIA

HAPEVILLE 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, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Trade and Tourism	$ 2,070,000	$ 2,070,000	$ 1,617,725	$ 452,275
Total expenditures	2,070,000	2,070,000	1,617,725	452,275
OTHER FINANCING SOURCES				
Transfers in	2,070,000	2,070,000	1,820,551	(249,449)
Total other financing sources	2,070,000	2,070,000	1,820,551	(249,449)
Net change in fund balances	-	-	202,826	202,826
FUND BALANCES, beginning of fiscal year	1,729,174	1,729,174	1,729,174	-
FUND BALANCES, end of fiscal year	$ 1,729,174	$ 1,729,174	$ 1,932,000	$ 202,826

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	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	$ 121,243	$ 2,940,771	$ 50,919	$ 234,797	$ 3,347,730
Restricted cash	908,311	-	-	-	908,311
Accounts receivable, net of allowances	-	540,869	82,603	199,431	822,903
Notes receivable, current	6,750	-	-	-	6,750
Total current assets	1,036,304	3,481,640	133,522	434,228	5,085,694
NONCURRENT ASSETS					
Notes receivable, long term	111,270	-	-	-	111,270
Property held for redevelopment	1,133,278	-	-	-	1,133,278
Infrastructure	-	13,677,644	-	1,493,033	15,170,677
Furniture, fixtures and equipment	-	814,803	170,202	-	985,005
Intangible asset-capacity rights	-	5,508,846	-	-	5,508,846
Accumulated depreciation	-	(7,349,026)	(109,875)	(672,305)	(8,131,206)
Total noncurrent assets	1,244,548	12,652,267	60,327	820,728	14,777,870
Total assets	2,280,852	16,133,907	193,849	1,254,956	19,863,564
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	-	240,388	137,534	-	377,922
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	344,685	5,100	-	349,785
Accrued liabilities	221,861	7,057	4,673	-	233,591
Customer deposits payable	-	214,968	-	-	214,968
Compensated absences payable	-	22,414	14,069	-	36,483
Bonds payable	1,350,000	-	-	-	1,350,000
Total current liabilities	1,571,861	589,124	23,842	-	2,184,827
NONCURRENT LIABILITIES					
Compensated absences, long term	-	27,444	61,758	-	89,202
Bonds payable,long term	10,280,000	-	-	-	10,280,000
Net pension liability	-	440,221	267,091	-	707,312
Total OPEB liability	-	670,288	461,778	-	1,132,066
Total noncurrent liabilities	10,280,000	1,137,953	790,627	-	12,208,580
Total liabilities	11,851,861	1,727,077	814,469	-	14,393,407
DEFERRED INFLOWS OF RESOURCES					
Pension related items	-	46,952	28,252	-	75,204
OPEB related items	-	1,230	847	-	2,077
Total deferred inflows of resources	-	48,182	29,099	-	77,281
NET POSITION					
Investment in capital assets	-	12,652,267	60,327	820,728	13,533,322
Restricted for capital projects	908,311	-	-	-	908,311
Unrestricted (deficit)	(10,479,320)	1,946,769	(572,512)	434,228	(8,670,835)
Total net position (deficit)	$ (9,571,009)	$ 14,599,036	$ (512,185)	$ 1,254,956	$ 5,770,798

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, 2018

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	NonMajor Fund Stormwater Utility Fund	Totals
OPERATING REVENUE					
Water fees	$ -	$ 4,647,498	$ -	$ -	$ 4,647,498
Stormwater fees	-	-	-	276,292	276,292
Sanitation fees	-	-	544,300	-	544,300
Interest on notes receivable	7,793	-	-	-	7,793
Miscellaneous	132,398	-	-	-	132,398
Total operating revenues	140,191	4,647,498	544,300	276,292	5,608,281
OPERATING EXPENSES					
Cost of sales and services	21,860	1,193,225	476,532	20,206	1,711,823
Water purchases	-	1,596,743	-	-	1,596,743
Depreciation and amortization	-	350,377	15,599	29,023	394,999
Miscellaneous	-	-	-	21,055	21,055
Total operating expenses	21,860	3,140,345	492,131	70,284	3,724,620
Operating income	118,331	1,507,153	52,169	206,008	1,883,661
NON-OPERATING EXPENSES					
Interest expense	(490,607)	-	-	-	(490,607)
Total non-operating expenses	(490,607)	-	-	-	(490,607)
Income (loss) before transfers	(372,276)	1,507,153	52,169	206,008	1,393,054
Transfers in	2,027,851	9,676	-	-	2,037,527
Transfers out	(121,113)	(1,477,158)	-	-	(1,598,271)
Total transfers	1,906,738	(1,467,482)	-	-	439,256
Change in net position	1,534,462	39,671	52,169	206,008	1,832,310
Total net position (deficit), beginning (restated)	(11,105,471)	14,559,365	(564,354)	1,048,948	3,938,488
Total net position (deficit), ending	$ (9,571,009)	$ 14,599,036	$ (512,185)	$ 1,254,956	$ 5,770,798

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, 2018

	Business-type Activities - Enterprise Funds				
	Development Authority Fund	Water & Sewer Utility Fund	Solid Waste Fund	Nonmajor Fund Stormwater Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 140,191	$ 4,605,319	$ 526,831	$ 221,090	$ 5,493,431
Payments to suppliers	(21,860)	(2,167,969)	(162,411)	(41,261)	(2,393,501)
Payments to employees	-	(534,788)	(380,313)	-	(915,101)
Net cash provided by (used in) by operating activities	118,331	1,902,562	(15,893)	179,829	2,184,829
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	2,027,851	9,676	-	-	2,037,527
Transfers out to other funds	(121,113)	(1,477,158)	-	-	(1,598,271)
Paid (received) advance (to) from other funds	(781,365)	430,226	-	-	(351,139)
Payments received on note receivable	5,325	-	-	-	5,325
Net cash provided by (used in) non-capital financing activities	1,130,698	(1,037,256)	-	-	93,442
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Principal payments on bonds payable	(1,295,000)	-	-	-	(1,295,000)
Interest paid on long term debt	(506,201)	-	-	-	(506,201)
Purchases of capital assets	-	(67,976)	(6,149)	(22,483)	(96,608)
Net cash used in capital and related financing activities	(1,801,201)	(67,976)	(6,149)	(22,483)	(1,897,809)
Net increase (decrease) in cash	(552,172)	797,330	(22,042)	157,346	380,462
Cash, beginning of fiscal year	1,581,726	2,143,441	72,961	77,451	3,875,579
Cash, end of fiscal year	$ 1,029,554	2,940,771	$ 50,919	$ 234,797	$ 4,256,041
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	$ 118,331	$ 1,507,153	$ 52,169	$ 206,008	$ 1,883,661
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	350,377	15,599	29,023	394,999
Change in assets and liabilities:					
(Increase) in accounts receivable	-	(42,179)	(17,469)	(55,202)	(114,850)
Decrease in prepaid items	-	422	-	-	422
Increase in deferred outflows for pension items	-	(156,054)	(91,023)	-	(247,077)
Increase (Decrease) in accounts payable	-	159,678	(2,884)	-	156,794
Decrease in accrued liabilities	-	(145)	(1,289)	-	(1,434)
Increase in compensated absences payable	-	1,232	7,461	-	8,693
Decrease in total OPEB liability	-	(57,632)	(54,935)	-	(112,567)
Increase in customer deposits	-	8,815	-	-	8,815
Increase in net pension liability	-	136,067	79,365	-	215,432
Decrease in deferred inflows for pension items	-	(6,402)	(3,734)	-	(10,136)
Increase in deferred inflows for OPEB items	-	1,230	847	-	2,077
Net cash provided by (used in) by operating activities	$ 118,331	$ 1,902,562	$ (15,893)	$ 179,829	$ 2,184,829

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

CITY OF HAPEVILLE, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

ASSETS	Pension Trust Fund
Corporate stocks	$ 16,491,147
Mutual funds invested in bonds	6,743,392
Total assets	23,234,539
NET POSITION	
Net position restricted for pension benefits	$ 23,234,539

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, 2018

ADDITIONS	
Contributions	
Employer contributions	$ 664,738
Total contributions	664,738
Investment earnings	
Net increase in fair value of investments	1,360,784
Total investment earnings	1,360,784
Total additions	2,025,522
DEDUCTIONS	
Benefit payments	2,363,741
Total deductions	2,363,741
Change in net position	(338,219)
NET POSITION RESTRICTED FOR PENSION BENEFITS:	
Beginning of fiscal year	23,572,758
End of fiscal year	$ 23,234,539

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 for property taxes and 180 days for all other items, of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City also reports the following non major proprietary fund:

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

The City also reports the following fund types:

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

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

The **Pension Trust Fund** accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by the City at rates determined by actuarial computations.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

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

E. Deposits and Investments

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

All investments are recorded at fair value.

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items in both government-wide and fund financial statements. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

H. Capital Assets

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. 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 and total OPEB liability. Certain changes in the net pension and total OPEB liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

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 $2,044,574 difference are as follows:

Capital leases payable	$	(1,534,610)
Compensated absences		(509,964)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(2,044,574)

Another element of that reconciliation explains that "the deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan and OPEB plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the governmental funds." The details of this $12,944,076 difference are as follows:

Deferred outflows of resources - pension related items	$	3,060,215
Deferred inflows of resources - pension related items		(639,655)
Deferred inflows of resources - OPEB related items		(17,226)
Net pension liability		(5,959,180)
Total OPEB liability		(9,388,230)
Net adjustment to reduce *fund balance - total governmental funds to arrive at net position - governmental activities*	$	(12,944,076)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,845,944 difference are as follows:

Capital outlay	$ 2,852,518
Depreciation expense	(1,006,574)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 1,845,944

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 $24,663 difference are as follows:

Issuance of capital leases	(347,764)
Principal payments on capital leases	323,101
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (24,663)

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

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $102,126 difference are as follows:

Compensated absences	$	(1,999)
Total other postemployment benefits (OPEB) liability deferred inflows of resources		(240,843)
Net pension liability and related deferred outflows and deferred inflows / outflows of resources		344,968
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	102,126

NOTE 3. LEGAL COMPLIANCE – BUDGETS

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

The following Funds had the following departments with excess of actual expenditures over appropriations for the fiscal year ended June 30, 2018:

General Fund- City Manager	120,906
General Fund- Finance	3,181
General Fund- Information Technology	250,577
General Fund- Fire	19,287
General Fund- Transfers Out	148,727
Emergency 911 Fund - Principal	28,440
Emergency 911 Fund - Interest	6,325
Hotel Motel Tax Fund- Transfers Out	258,228

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, 2018:

Investment	Maturities	Balance
Deposits with financial institutions	--	$ 7,232,767
Money market funds	--	624,300
Total		$ 7,857,067
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 6,948,756
Restricted cash		908,311
Total		$ 7,857,067

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

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

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Primary Government (Continued)

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

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. As of June 30, 2018, 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.

At June 30, 2018, 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	22	Aaa	$ 624,300

Fair Value Measurements: The City has the following recurring fair value measurements as of June 30, 2018:

Investment	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 624,300	$ -	$ -	$ 624,300
Total investments measured at fair value	$ 624,300	$ -	$ -	$ 624,300

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

As of June 30, 2018, the Pension Trust Fund had $23,234,539 invested in the following types of investments:

Investment	Fair Value
Mutual funds invested in bonds	$ 6,743,392
Corporate stocks	16,491,147
Total	$ 23,234,539

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.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund (continued)

At June 30, 2018, 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	$	1,791,628
Mutual funds invested in bonds	AA		375,258
Mutual funds invested in bonds	A		1,543,363
Mutual funds invested in bonds	BBB		1,523,985
Mutual funds invested in bonds	Below BBB		1,270,227
Mutual funds invested in bonds	not rated		238,931
Corporate stocks	not rated		16,491,147
		$	23,234,539

At June 30, 2018, 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	3.70 years	$	6,743,392
		$	6,743,392

Concentration: On June 30, 2018, the Pension Trust Fund did not have any debt or equity investments in any one organization, other than those issued by the U.S. Government, which represented greater than 5% of plan fiduciary net position.

Rate of Return: For the fiscal year ended June 30, 2018, the annual money-weighted rate of return on Pension Trust Fund investments, net of investment expenses, was 6.05%. 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, 2018, the Pension Trust Fund did not have any deposits with financial institutions which were uninsured or under collateralized, as defined by State statutes.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Trust Fund (continued)

Fair Value Measurements: The Pension Trust Fund has the following recurring fair value measurements as of June 30, 2018:

Investment	Level 1	Level 2	Level 3	Fair Value
Mutual Funds invested in bonds	$ -	$ 6,743,392	$ -	$ 6,743,392
Corporate Stocks	$ -	16,491,147		16,491,147
Total investments	$ -	$ 23,234,539	$ -	$ 23,234,539

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

NOTE 5. RECEIVABLES

Property tax receivables

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

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

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NOTE 5. RECEIVABLES (CONTINUED)

Property tax receivables (Continued)

Receivables at June 30, 2018, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Hotel/Motel	Capital Project	Nonmajor Governmental Funds	Governmental Funds Total
Receivables:					
Taxes	$ 686,703	$ 511,085	$	$ -	$ 1,197,788
Intergovernmental		-	1,118,921	98,865	1,217,786
Other	17,872	-	-	4,523	22,395
Less allowance for uncollectible	-	-	-	-	-
Net total receivable	$ 704,575	$ 511,085	$ 1,118,921	$ 103,388	$ 2,437,969

	Development Authority	Water & Sewer	Solid Waste	Stormwater	Proprietary Funds Total
Receivables:					
Accounts	$ -	$ 583,038	94,179	$ 323,949	$ 1,001,166
Less allowance for uncollectible	-	(42,169)	(11,576)	(124,518)	(178,263)
Note receivable	118,020	-	-	-	118,020
Net total receivable	$ 118,020	$ 540,869	$ 82,603	$ 199,431	$ 940,923

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, 2018 is shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable	123,345	-	(5,325)	118,020	6,750
Total	$ 123,345	$ -	$ (5,325)	$ 118,020	$ 6,750

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
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	8,576	5,093	13,669
2024-2028	51,499	16,849	68,348
2029-2031	28,341	2,054	30,395
Total	$ 118,020	$ 49,071	$ 167,091

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NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers CIP	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 1,367,730	$ -	$ -	$ -	$ 1,367,730
Construction in progress	2,035,363	2,340,012	-	(135,015)	4,240,360
Total	3,403,093	2,340,012	-	(135,015)	5,608,090
Capital assets, being depreciated:					
Autos & Trucks & Equipment	8,622,351	512,506	(122,997)	-	9,011,860
Land improvements	3,746,441	-	-	-	3,746,441
Buildings and improvements	6,692,284	-	-	34,128	6,726,412
Infrastructure	22,895,321	-	-	100,887	22,996,208
Total	41,956,397	512,506	(122,997)	135,015	42,480,921
Less accumulated depreciation for:					
Autos & Trucks & Equipment	(6,052,343)	(400,259)	122,997	-	(6,329,605)
Land improvements	(2,555,116)	(114,366)	-	-	(2,669,482)
Buildings and improvements	(2,920,471)	(173,814)	-	-	(3,094,285)
Infrastructure	(17,342,064)	(318,135)	-	-	(17,660,199)
Total	(28,869,994)	(1,006,574)	122,997	-	(29,753,571)
Total capital assets, being depreciated, net	13,086,403	(494,068)	-	135,015	12,727,350
Governmental activities capital assets, net	$ 16,489,496	$ 1,845,944	$ -	$ -	$ 18,335,440

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

Governmental activities:	
General Government	$ 151,662
Public Safety	270,499
Highway & Streets	299,676
Recreation	214,598
Planning & Zoning	11,127
Trade, Tourism and Development	59,012
Total depreciation expense - governmental activities	$ 1,006,574

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	29,000	-	-	13,986,875
Rights to Capacity	5,508,846	-	-	-	5,508,846
Equipment	939,880	45,125	-	-	985,005
Infrastructure	1,100,000	22,483	-	61,320	1,183,803
Total	21,506,601	96,608	-	61,320	21,664,529
Less accumulated depreciation for:					
Water System	(5,255,078)	(216,106)	-	-	(5,471,184)
Rights to capacity amortization	(1,088,855)	(110,177)	-	-	(1,199,032)
Equipment	(748,993)	(39,693)	-	-	(788,686)
Infrastructure	(643,282)	(29,023)	-	-	(672,305)
Total	(7,736,208)	(394,999)	-	-	(8,131,207)
Total capital assets, being depreciated, net	13,770,393	(298,391)	-	61,320	13,533,322
Busiiness-type activities capital assets, net	$ 13,831,713	$ (298,391)	$ -	$ -	$ 13,533,322

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

Business-type activities:	
Water & Sewer	$ 240,200
Amortization of rights to capacity- Water & Sewer	110,177
Solid Waste	15,599
Stormwater	29,023
Total depreciation expense - business-type activities	$ 394,999

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases					
SunTrust - Phase I	$ 144,628	$ -	$ (47,237)	$ 97,391	$ 38,160
SunTrust - Phase II	36,893	-	(36,893)	-	-
SunTrust - Phase III	90,415	-	(29,391)	61,024	30,130
AT&T Capital Services, Inc. lease	105,702	-	(28,441)	77,261	30,440
U.S. Bancorp Firetruck lease	870,384	-	(60,645)	809,739	62,587
De Lage Landen Public Finance LLC	261,925	255,010	(115,627)	401,308	111,894
Regions Police Vehicles	-	92,754	(4,867)	87,887	29,890
Total OPEB liability	9,164,613	518,780	(295,163)	9,388,230	-
Net pension liability	4,180,462	3,577,508	(1,798,790)	5,959,180	-
Compensated absences	507,965	573,449	(571,450)	509,964	223,530
Governmental activity Long-term liabilities	$ 15,362,987	$ 5,017,501	$ (2,988,504)	$ 17,391,984	$ 526,631

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable	$ 12,925,000	$ -	$ (1,295,000)	$ 11,630,000	$ 1,350,000
Total OPEB liability	1,244,633	13,664	(126,231)	1,132,066	-
Net pension liability	491,880	442,164	(226,732)	707,312	-
Compensated absences	116,992	57,281	(48,588)	125,685	36,483
Business-type activity Long-term liabilities	$ 14,778,505	$ 513,109	$ (1,696,551)	$ 13,595,063	$ 1,386,483

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

Beginning balances for the City' total OPEB liability were restated due to the implementation of GASB 75 as of July 1, 2017.

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, 2018 is $2,754,967 and there has been $978,547 of accumulated depreciation as of fiscal year-end. Annual amortization of leased assets is included in depreciation expense.

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

Phase 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 matured 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.

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

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

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

	Governmental Activities
Fiscal Year Ending June 30,	
2019	$ 354,656
2020	354,651
2021	277,335
2022	143,147
2023	88,468
2024-2028	442,343
2029	88,468
Total minimum lease payments	1,749,068
Less amount representing interest	214,458
Present value of future minimum lease payments	$ 1,534,610

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.

NOTE 7. LONG-TERM DEBT (Continued)

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.

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:

	Principal	Interest	Total
Series 2004-A			
Fiscal Year Ending June 30,			
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	110,000	14,400	124,400
2024-2025	245,000	11,880	256,880
Total	$ 2,785,000	$ 334,440	$ 3,119,440

	Principal	Interest	Total
Series 2004B			
Fiscal Year Ending June 30,			
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	340,000	34,114	374,114
2024-2025	740,000	28,084	768,084
Total	$ 2,265,000	$ 316,471	$ 2,581,471

NOTE 7. LONG-TERM DEBT (Continued)

Series 2007	Principal	Interest	Total
Fiscal Year Ending June 30,			
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	145,000	33,944	178,944
2024-2027	635,000	70,875	705,875
Total	$ 1,300,000	$ 297,331	$ 1,597,331

Series 2014 A-1	Principal	Interest	Total
Fiscal Year Ending June 30,			
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	460,000	129,454	589,454
2024-2028	2,575,000	364,329	2,939,329
2029	575,000	11,011	586,011
Total	$ 5,280,000	$ 1,188,641	$ 6,468,641

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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	$ 573,504
General Fund	Hotel Motel Fund	209,585
Hapeville Association of Trade & Tourism Fund	Hotel Motel Fund	301,500
Capital Project	Nonmajor governmental funds	81,272
		$ 1,165,861

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.

Interfund transfers:

Transfers In	Transfers Out	Amount
Development Authority	General Fund	$ 550,693
General Fund	Hotel Motel Fund	1,287,677
Hapeville Association of Trade & Tourism Fund	Hotel Motel Fund	1,820,551
Capital Project	General Fund	28,589
General Fund	Development Authority	111,437
Water & Sewer Fund	Development Authority	9,676
Development Authority	Water & Sewer Fund	1,477,158
		$ 5,285,781

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 $664,738 for the year ended June 30, 2018.

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, 2018, 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 January 1, 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 January 1, 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, 2018 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.

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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, 2018 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	$ 28,245,100	$ 23,572,758	$ 4,672,342
Changes for the year:			
Service cost	94,909	-	94,909
Interest	2,038,463	-	2,038,463
Differences between expected and actual experience	1,886,300	-	1,886,300
Contributions—employer	-	664,738	(664,738)
Net investment income	-	1,360,784	(1,360,784)
Benefit payments	(2,363,741)	(2,363,741)	-
Net changes	1,655,931	(338,219)	1,994,150
Balances at 6/30/18	$ 29,901,031	$ 23,234,539	$ 6,666,492

The plan's fiduciary net position as a percentage of the total pension liability is 77.7%.

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%)
$ 9,905,276	$ 6,666,492	$ 3,953,460

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, 2018 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, 2018, the City recognized pension expense of $277,989. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,828,917	$ 714,859
Net difference between projected and actual earnings on pension plan investments	609,220	-
Total	$ 3,438,137	$ 714,859

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:	
2019	$ 224,126
2020	721,887
2021	471,389
2022	182,036
2023	351,476
Thereafter	772,364
Total	$ 2,723,278

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan Membership. Membership of the PHCB Plan consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Active participants	78
Retirees and beneficiaries currently receiving benefits	69
Total	147

Contributions. The City Council has elected to fund the PHCB plan on a "pay as you go" basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. Per a City resolution, the City is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the fiscal year ended June 30, 2018, the City did not make any contributions for the pay as you go benefits for the PHCB Plan

Total OPEB Liability of the City

Effective July 1, 2017, the City implemented the provisions of GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the City's accounting for OPEB amounts. The information disclosed below is presented in accordance with this new standard.

The City's total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017 with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate:	4.00%
Healthcare Cost Trend Rate:	5.00% Ultimate Trand in 2023
Inflation Rate:	2.50%
Salary increase:	4.50% including inflation

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

Mortality rates were based on the 1983 GAM Mortality Table.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014.

Discount rate. The discount rate used to measure the total OPEB liability was 2.98%. This rate was determined using the Standard & Poor's Municipal Yield, an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 4.00% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2018.

Changes in the Total OPEB Liability of the City. The changes in the components of the total OPEB liability of the City for the fiscal year ended June 30, 2018, were as follows:

	Total OPEB Liability (a)
Balances at 6/30/17	$ 10,409,246
Changes for the year:	
Service cost	119,266
Interest	413,178
Differences between expected and actual experience	(19,303)
Benefit payments, including refunds of employee contributions	(402,091)
Net changes	111,050
Balances at 6/30/18	$ 10,520,296

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

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 11,848,447	$ 10,520,296	$ 9,189,158

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

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

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Total OPEB liability	$ 9,191,480	$ 10,520,296	$ 12,175,797

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2018 and the current sharing pattern of costs between employer and inactive employees.

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of $532,444. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,303
Total	$ -	$ 19,303

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

Fiscal Year ending June 30:	
2019	$ (2,371)
2020	(2,371)
2021	(2,371)
2022	(2,371)
2023	(2,371)
Thereafter	(7,448)
Total	$ (19,303)

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, 2018, there were 28 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. Total employee contributions for the fiscal year ended June 30, 2018, was $45,479.

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 fiscal year ended June 30, 2018, the finance director contributed a total of $21,000 to the plan, and the City contributed $4,183 of matching contributions to the plan for the City manager.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2018, the City's Development Authority and Solid Waste Funds had a deficit net position of $9,571,009 and $512,185, 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, 2018, contractual commitments on uncompleted contracts were $3,461,815.

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 $3,108,228 for the fiscal year ended June 30, 2018. 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 $1,287,677 to the General Fund and the remaining $1,820,551 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 $21,978 for the fiscal year ended June 30, 2018, 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 bonds issued was $424,097,500. The amount outstanding at June 30, 2018 is unknown.

NOTE 17. RESTATEMENT

As discussed previously in Note 10, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits (OPEB) Other than Pensions*. The new standard significantly changed the City's accounting for OPEB amounts.

As a result of this change in accounting principle, the City was required to restate beginning net position for the following:

Net position, governmental activities, as previously reported	$	12,277,104
City's total OPEB liability, beginning balance		(9,164,613)
Removal of net OPEB obligation under GASB Statement No. 45		2,108,482
Beginning net position, governmental activities, restated	$	5,220,973

Net position, business type, as previously reported	$	4,896,771
City's total OPEB liability, beginning balance		(1,244,633)
Removal of net OPEB obligation under GASB Statement No. 45		286,350
Beginning net position, business type activities, restated	$	3,938,488

Net position, water & sewer fund, as previously reported	$	15,119,814
City's total OPEB liability, beginning balance		(727,920)
Removal of net OPEB obligation under GASB Statement No. 45		167,471
Beginning net position, water & sewer fund, restated	$	14,559,365

Deficit, solid waste fund, as previously reported	$	(166,520)
City's total OPEB liability, beginning balance		(516,713)
Removal of net OPEB obligation under GASB Statement No. 45		118,879
Beginning deficit, solid waste fund, restated	$	(564,354)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAPEVILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

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

Notes to the Schedule:

(1) Actuarial Assumptions

Valuation Date	January 1, 2017
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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 94,909	$ 96,591	$ 111,626	$ 117,867	$ 121,891
Interest on total pension liability	2,038,463	2,108,653	2,030,740	2,032,600	2,034,184
Differences between expected and actual experience	1,886,300	(808,685)	1,166,057	46,763	45,428
Benefit payments, including refunds of employee contributions	(2,363,741)	(2,299,009)	(2,211,614)	(2,219,779)	(2,217,473)
Net change in total pension liability	1,655,931	(902,450)	1,096,809	(22,549)	(15,970)
Total pension liability - beginning	28,245,100	29,147,550	28,050,741	28,073,290	28,089,260
Total pension liability - ending (a)	$ 29,901,031	$ 28,245,100	$ 29,147,550	$ 28,050,741	$ 28,073,290
Plan fiduciary net position					
Contributions - employer	$ 664,738	$ 698,388	$ 526,090	$ 557,148	$ 1,158,240
Net investment income	1,360,784	2,564,916	361,896	563,309	3,892,858
Benefit payments, including refunds of member contributions	(2,363,741)	(2,299,009)	(2,211,614)	(2,219,778)	(2,217,473)
Administrative expenses	-	-	-	-	(69,202)
Net change in plan fiduciary net position	(338,219)	964,295	(1,323,628)	(1,099,321)	2,764,423
Plan fiduciary net position - beginning	23,572,758	22,608,463	23,932,091	25,031,412	22,266,989
Plan fiduciary net position - ending (b)	$ 23,234,539	$ 23,572,758	$ 22,608,463	$ 23,932,091	$ 25,031,412
City's net pension liability - ending (a) - (b)	$ 6,666,492	$ 4,672,342	$ 6,539,087	$ 4,118,650	$ 3,041,878
Plan fiduciary net position as a percentage of the total pension liability	77.7%	83.5%	77.6%	85.3%	89.2%
Covered payroll	$ 5,429,796	$ 4,279,786	$ 4,541,206	$ 5,249,658	$ 4,912,290
City's net pension liability as a percentage of covered-employee payroll	122.8%	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

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses for the City's Pension Plan	6.1%	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
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

		2018
Total OPEB liability		
Service cost	$	119,266
Interest on total OPEB liability		413,178
Changes of assumptions and other inputs		(19,303)
Benefit payments		(402,091)
Net change in total OPEB liability		111,050
Total OPEB liability - beginning		10,409,246
Total OPEB liability - ending	$	10,520,296

Notes to the Schedule:

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

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

CITY OF HAPEVILLE, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

The City reports the following non major special revenue funds:

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

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

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

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

The City reports the following non major capital project fund:

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

CITY OF HAPEVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				Capital Project Funds	
ASSETS	**Asset Forfeiture Fund**	**E-911 Fund**	**Vehicle Excise Tax Fund**	**Other Special Revenue Fund**	**T - SPLOST Fund**	**Total Nonmajor Governmental Funds**
Cash and cash equivalents	$ 2,134	$ -	$ -	$ 11,098	$ 1,067,338	$ 1,080,570
Intergovernmental receivables	-	-	-	-	98,865	98,865
Other receivables	-	-	-	4,523	-	4,523
Due from other funds	-	-	-	-	-	-
Total assets	$ 2,134	$ -	$ -	$ 15,621	$ 1,166,203	$ 1,183,958
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 104,176	$ 104,176
Due to other funds	-	-	-	-	81,272	81,272
Total liabilities	-	-	-	-	185,448	185,448
FUND BALANCES						
Restricted:						
Law enforcement	2,134	-	-	-	-	2,134
Culture and recreation	-	-	-	15,621	-	15,621
Transportation projects	-	-	-	-	980,755	980,755
Capital construction	-	-	-	-	-	-
Total fund balances	2,134	-	-	15,621	980,755	998,510
Total liabilities, deferred inflows of resources, and fund balances	$ 2,134	$ -	$ -	$ 15,621	$ 1,166,203	$ 1,183,958

CITY OF HAPEVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds				Capital Project Funds	
	Asset Forfeiture Fund	E-911 Fund	Vehicle Excise Tax Fund	Other Special Revenue Fund	T - SPLOST Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ -	$ 21,978	$ -	$ -	$ 21,978
Charges for services	-	95,271	-	-	-	95,271
Intergovernmental	-	-	-	9,522	1,123,090	1,132,612
Total revenues	-	95,271	21,978	9,522	1,123,090	1,249,861
EXPENDITURES						
Public safety	-	60,506	21,978	7,936	-	90,420
Capital outlay	-	-	-	-	399,963	399,963
Debt service:						
Principal	-	28,440	-	-	-	28,440
Interest	-	6,325	-	-	-	6,325
Total expenditures	-	95,271	21,978	7,936	399,963	525,148
Excess (deficiency) of revenues over (under) expenditures	-	-	-	1,586	723,127	724,713
Other financing sources:						
Transfers in	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balances	-	-	-	1,586	723,127	724,713
FUND BALANCES, beginning of fiscal year	2,134	-	-	14,035	257,628	273,797
FUND BALANCES, end of fiscal year	$ 2,134	$ -	$ -	$ 15,621	$ 980,755	$ 998,510

CITY OF HAPEVILLE, GEORGIA
SPECIAL REVENUE FUND
EMERGENCY- 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 85,000	$ 85,000	$ 95,271	$ 10,271
EXPENDITURES				
Public safety	85,000	85,000	60,506	24,494
Debt service:				
Principal retirements	-	-	28,440	(28,440)
Interest and fiscal charges	-	-	6,325	(6,325)
Total expenditures	85,000	85,000	95,271	(10,271)
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal 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 FISCAL YEAR ENDED JUNE 30, 2018

	Budget Original	Budget Final	Actual	Variance With Final Budget
REVENUES				
Taxes	$ 30,000	$ 30,000	$ 21,978	$ (8,022)
EXPENDITURES				
Public safety	30,000	30,000	21,978	8,022
Total expenditures	30,000	30,000	21,978	8,022
Net change in fund balances	-	-	-	-
FUND BALANCES, beginning of fiscal year	-	-	-	-
FUND BALANCES, end of fiscal year	$ -	$ -	$ -	$ -

CITY OF HAPEVILLE, GEORGIA
OTHER SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 11,000	$ 11,000	$ 9,522	$ (1,478)
Miscellaneous	-	650	-	(650)
Total revenue	11,000	11,650	9,522	(2,128)
EXPENDITURES				
Culture and recreation	11,000	11,650	7,936	3,714
Net change in fund balances	-	-	1,586	1,586
FUND BALANCES, beginning of fiscal year	14,035	14,035	14,035	-
FUND BALANCES, end of fiscal year	$ 14,035	$ 14,035	$ 15,621	$ 1,586

CITY OF HAPEVILLE, GEORGIA
CAPITAL PROJECT FUND

CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 6,779,920	$ 6,779,920	$ 1,899,120	$ (4,880,800)
EXPENDITURES				
Capital outlay	8,129,550	$ 8,129,550	1,949,189	6,180,361
Total expenditures	8,129,550	8,129,550	1,949,189	6,180,361
Deficiency of revenues under expenditures	(1,349,630)	(1,349,630)	(50,069)	1,299,561
OTHER FINANCING SOURCES				
Transfers in	1,349,630	1,349,630	28,589	(1,321,041)
Total other financing sources	1,349,630	1,349,630	28,589	(1,321,041)
Net change in fund balances	-	-	(21,480)	(21,480)
FUND BALANCES, beginning of fiscal year	122,899	122,899	122,899	-
FUND BALANCES, end of fiscal year	$ 122,899	$ 122,899	$ 101,419	$ (21,480)

CITY OF HAPEVILLE, GEORGIA
CAPITAL PROJECT FUND

TSPLOST FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 1,200,000	$ 1,200,000	$ 1,123,090	$ (76,910)
EXPENDITURES				
Capital outlay	941,230	941,230	399,963	541,267
Total expenditures	941,230	941,230	399,963	541,267
Net change in fund balances	258,770	258,770	723,127	464,357
FUND BALANCES, beginning of fiscal year	257,628	257,628	257,628	-
FUND BALANCES, end of fiscal year	$ 516,398	$ 516,398	$ 980,755	$ 464,357

CITY OF HAPEVILLE, GEORGIA

Schedule of Expenditures of Transportation Special Purpose Local Option Sales Tax

For the fiscal year ended June 30, 2018

TSPLOST 2017 to 2018	Original Estimated Costs	Current Estimated Costs	Prior Years	Current Year	Total	Percentage of Completion
Operations and Safety Improvements - Crossings	$ 320,000	$ 360,000	$ -	$ -	$ -	0%
Pedestrian Improvements - Sidewalks Curb/Gutter, Bike Lanes	380,000	380,000	-	354,074	354,074	93%
Maintenance & Safety	280,000	280,000	-	14,785	14,785	5%
Engineering/Management/Administration	133,056	120,000	-	31,104	31,104	26%
Total Tier 1	1,113,056	1,140,000	-	399,963	399,963	35%
Maintenance & Safety	120,000	120,000	-	-	-	0%
Operations and Safety Improvements (Traffic & Street Signage)	76,422	76,422	-	-	-	0%
Total Tier 2	196,422	196,422	-	-	-	0%
Pedestrian Improvement - Sidewalks, Curb/Gutter, Bike Lanes	100,000	100,000	-	-	-	0%
Paving and Drainage	97,197	97,197	-	-	-	0%
Total Tier 3	197,197	197,197	-	-	-	0%
	$ 1,506,674	**$ 1,533,618**	**$ -**	**$ 399,963**	**$ 399,963**	**26%**

SINGLE AUDIT SECTION

MAULDIN & JENKINS

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

Honorable Mayor and Members
Of the City Council
Hapeville, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hapeville, Georgia (the "City") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 4, 2019. Our report includes a reference to the change in accounting principle resulting from the implementation of Government Accounting Standards Board Statement No. 75. *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, as of July 1, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

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Compliance and Other Matters

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

The City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 4, 2019

MAULDIN & JENKINS

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

Honorable Mayor and Members
of the City Council
Hapeville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Hapeville, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 4, 2019

CITY OF HAPEVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR Pass-through Grantor/Program Title	FEDERAL CFDA NUMBER	GRANT PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. Department of Transportation, Federal Transit Administration:			
Pass-Through from the Georgia Department of Transportation			
Highway Planning and Construction	20.205	0007532	$ 31,141
Highway Planning and Construction	20.205	0010329	1,416,297
Highway Planning and Construction	20.205	0015084	66,524
Highway Planning and Construction	20.205	0007949	284,734
Total Highway Planning and Construction Cluster			1,798,696
Total U.S. Department of Transportation			1,798,696
U.S. Department of AGRICULTURE:			
Pass-Through from the Georgia Department of Early Care & Learning			
Summer Food Service Program	10.559	N/A	4,511
Total U.S. Department of Agriculture			4,511
Total Expenditures of Federal Awards			$ 1,803,207

See note to the schedule of expenditures of federal awards

CITY OF HAPEVILLE, GEORGIA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related fund liability is incurred.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

Indirect Cost Rate

The City has elected not to utilize the 10% de minimis indirect cost rate.

CITY OF HAPEVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over major federal programs:	
Material weaknesses identified?	____ yes X no
Significant deficiencies identified?	____ yes X none reported
Type of auditor's report issued on compliance for Major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2.CFR 200.516(a)?	____ yes X no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	____ yes X no

Section II – Financial Statement Findings

Finding 2018-001: Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: The size of the City's accounting and administrative staff precluded certain internal controls that would be preferred, if the office staff were large enough, to provide optimum segregation of duties. We noted the City does not have a formal process for segregating the posting and approval of journal entries. We also noted one employee has the ability to process payroll checks and also has the ability to make changes on personnel files and post journal entries.

Context/Cause: We addressed this matter with City officials who understand that the size of the City's accounting and administrative staff precluded certain internal controls, that would be preferred if the office staff were large enough, to provide optimum segregation of duties.

Effects/Possible Effects: Failure to properly segregate duties between recording, distribution, and reconciliation of accounts may allow for errors or irregularities to occur and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation: We understand the staffing limitations which result in these overlapping duties; however, we recommend the City's management implement additional controls that would reduce the risk of fraudulent activity and the risk that such activities go unnoticed by management and the Mayor and City Council.

View of Responsible Officials: The City recognizes there are areas for improvement in its segregation of duties and in documenting processes and procedures. The City will work to enhance the documentation for controls and improve the segregation of duties.

Section II – Financial Statement Findings (continued)

Finding 2018-002: Fiscal Year End Financial Close and Reporting Controls

Criteria: Internal controls should be in place to ensure that all amounts reported within the financial statements are accurate and have been reconciled to subsidiary ledgers and underlying accounting records.

Condition: Due to ineffective controls surrounding the fiscal year-end financial close procedures, certain audit adjustments were necessary at June 30, 2018.

Context/Cause: As a result of our testing, audit adjustments were required as follows:

- To increase taxes receivable and deferred tax revenues by $55,825 in the General Fund to properly record balances.
- To increase revenues and accounts receivables by $76,240 and increase allowance for doubtful accounts by $21,038 in the Stormwater Fund to properly record balances.
- To increase accrued vacation payable by $7,461 in the Solid Waste Fund and $9,875 in the Water & Sewer Fund to properly record its balance at fiscal year end.
- To remove advances recorded in the General Fund and record transfers out for amounts which were determined would not be repaid in the amount of $198,618. A corresponding transfer in was recorded in the Capital Project fund for $134,123 and $64,495 in the Development Authority Fund.
- To remove advances recorded in the Water & Sewer Fund and record transfers out for amount which were determined would not be repaid in the amount of $431,617. A corresponding transfer in was recorded in the Development Authority.

Effect: Audit adjustments totaling $1,430,910 were required as detailed above.

Recommendation: The City made improvements in this area from the 2017 audit with entries totaling $2,905,973 in 2017. We recommend the City's Finance Department continue to implement and/or strengthen internal controls surrounding the fiscal year-end financial close out procedures.

View of Responsible Officials: The City agrees with the recommendation above. The Finance Department will update and strengthen controls.

Section III – Findings and Questioned Costs Relating to Federal Awards

None

CITY OF HAPEVILLE, GEORGIA

STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding 2017-001 –Segregation of Duties

Condition: The size of the City's accounting and administrative staff precluded certain internal controls that would be preferred, if the office staff were large enough, to provide optimum segregation of duties. We noted the City does not have a formal process for segregating the posting and approval of journal entries. We also noted one employee has the ability to process payroll checks and also has the ability to make changes on personnel files and post journal entries.

Auditee's Response/Status: The finding was repeated as finding 2018-001.

Finding 2017-002 – Fiscal Year End Financial Close and Reporting Controls

Condition: Due to ineffective controls surrounding the fiscal year-end financial close procedures, certain audit adjustments were necessary at June 30, 2017.

Auditee's Response/Status: The finding was repeated as finding 2018-002, although some improvements were made.

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CITY OF HAPEVILLE, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding 2018-001: Segregation of Duties

Name of the Contact Person Responsible for the Corrective Action Plan: Jim Schuster, Finance Director.

Corrective Action Plan: The City will work to enhance the documentation for controls and improve the segregation of duties.

Anticipated Completion Date: June 30, 2019

Finding 2018-002: Fiscal Year End Financial Close and Reporting Controls

Name of the Contact Person Responsible for the Corrective Action Plan: Jim Schuster, Finance Director.

Corrective Action Plan: The City's Finance Department will update and strengthen controls surrounding the fiscal year-end financial close out procedures and reporting controls.

Anticipated Completion Date: June 30, 2019

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.

Exhibit I

City of Hapeville, Georgia

Changes in Net Position - Governmental Activities (Unaudited)

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities										
General government	$ 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	$ 2,490,217
Judicial	-	-	-	-	-	-	-	-	129,440	124,583
Public safety	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	5,496,731
Highways and streets	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	953,406
Culture and recreation[2]	398,171	501,631	505,923	599,769	603,976	557,634	548,727	551,428	1,832,125	1,715,312
Parks and grounds[2]	716,252	735,937	806,653	895,269	1,012,004	1,051,603	934,433	865,972	-	-
Planning and zoning[1]	649,217	944,020	997,670	851,305	893,210	273,602	284,203	241,023	298,772	184,740
Trade, tourism and development[1]	1,115,853	927,722	966,864	894,111	1,002,938	594,325	673,741	730,231	905,390	2,045,399
Debt-related expenses	144,944	175,689	336,976	332,543	314,830	16,782	11,008	22,095	44,846	48,535
Total Primary Government Expenses	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	13,058,923
Program Revenues:										
Governmental Activities										
Charges for services	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	1,208,343
Operating grants and contributions	20,570	20,100	29,354	81,631	77,234	49,232	40,977	39,138	26,333	5,290
Capital grants and contributions	284,917	590,972	2,236,472	1,651,861	1,411,890	725,947	613,912	780,581	667,438	3,054,072
Total Primary Government Program Revenues	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	4,267,705
Net (Expense) Revenue	(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)	(8,791,218)
General Revenues:										
Governmental activities										
Taxes										
Property	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	5,242,270
Sales	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	1,865,494
Occupation	320,264	280,330	251,795	260,999	231,405	265,775	289,887	324,329	-	-
Franchise	678,640	661,534	682,581	762,675	549,260	643,481	673,023	679,502	653,527	665,196
Insurance premium	355,584	350,546	344,731	308,470	327,079	351,426	354,276	391,735	407,163	433,106
Hotel/motel	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	3,108,228
Other	947,893	572,989	421,820	649,075	592,961	544,169	558,608	546,226	545,769	631,991
Other local revenue	22,938	313,017	24,505	41,212	26,018	27,884	27,320	39,844	243,593	194,039
Unrestricted investment earnings	10,259	5,354	1,084	1,872	979	121	191	218	448	781
Transfers	(190,419)	-	141,143	290,322	258,899	(304,924)	265,139	(361,340)	(452,339)	(439,256)
Total Primary Government General Revenues	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	11,701,849
Total Primary Government Change in Net Position	$ 883,468	$ (137,303)	$ 676,161	$ 25,153	$ (135,265)	$ (665,878)	$ 1,106,035	$ 1,554,879	$ 515,393	$ 2,910,631

Data Source:

Applicable years' annual financial report.

Notes:

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

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

Exhibit II

City of Hapeville, Georgia

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

Last Ten Fiscal Years

(accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Expenses:										
Governmental Activities										
General government	16.9%	12.0%	12.9%	13.0%	13.4%	18.4%	19.7%	21.4%	24.6%	19.1%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.0%
Public safety	46.6%	50.2%	49.5%	49.1%	47.7%	50.8%	47.4%	46.7%	44.4%	42.1%
Highways and streets	10.7%	11.3%	9.5%	10.0%	9.7%	9.4%	9.7%	9.1%	6.1%	7.3%
Culture and recreation [2]	3.4%	4.1%	3.9%	4.7%	4.6%	4.8%	5.2%	5.2%	14.2%	13.1%
Parks and grounds [2]	6.1%	6.0%	6.3%	7.0%	7.7%	9.0%	8.8%	8.2%	0.0%	0.0%
Planning and zoning [1]	5.5%	7.6%	7.8%	6.6%	6.8%	2.3%	2.7%	2.3%	2.3%	1.4%
Trade, tourism and development [1]	9.5%	7.5%	7.5%	7.0%	7.7%	5.1%	6.4%	6.9%	7.0%	15.7%
Debt-related expenses	1.2%	1.4%	2.6%	2.6%	2.4%	0.2%	0.1%	0.1%	0.4%	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	85.9%	71.6%	43.4%	49.7%	56.8%	56.6%	61.5%	51.4%	65.7%	28.3%
Operating grants and contributions	0.9%	0.9%	0.7%	2.4%	2.2%	2.8%	2.4%	2.3%	1.3%	0.1%
Capital grants and contributions	13.1%	27.4%	55.8%	48.0%	41.0%	40.6%	36.0%	46.3%	33.0%	71.6%
Total Primary Government Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Governmental activities										
Taxes										
Property	47.8%	47.5%	47.5%	41.8%	44.1%	44.1%	38.0%	44.1%	47.9%	44.8%
Sales	14.2%	14.8%	15.8%	17.0%	16.8%	18.1%	17.4%	16.8%	15.5%	15.9%
Occupation	3.1%	2.8%	2.6%	2.8%	2.4%	2.9%	2.9%	3.1%	0.0%	0.0%
Franchise	6.5%	6.6%	7.2%	8.1%	5.8%	7.0%	6.7%	6.5%	5.7%	5.7%
Insurance premium	3.4%	3.5%	3.6%	3.3%	3.4%	3.8%	3.6%	3.8%	3.6%	3.7%
Hotel/motel	17.6%	16.0%	17.1%	16.5%	18.2%	21.2%	22.8%	23.6%	24.3%	26.6%
Other	9.1%	5.7%	4.4%	6.9%	6.2%	5.9%	5.6%	5.2%	4.8%	5.4%
Other local revenue	0.2%	3.1%	0.3%	0.4%	0.3%	0.3%	0.3%	0.4%	2.1%	1.7%
Unrestricted investment earnings	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfers	-1.8%	0.0%	1.5%	3.1%	2.7%	-3.3%	2.7%	-3.5%	-4.0%	-3.8%
Total Primary Government General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

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

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

Data Source:

Applicable years' annual 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	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Expenses:										
Water and sewer	$ 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	$ 3,140,345
Stormwater	410,936	506,144	538,295	557,955	563,392	544,970	465,351	488,436	131,665	70,284
Solid waste management[2]	-	-	-	-	-	-	-	-	616,717	492,131
Development authority [1]	-	-	-	-	-	658,283	616,700	577,621	1,338,589	512,467
Total Expense[s]	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	4,215,227
Program Revenues:										
Charges for services	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	5,608,281
Operating grants	-	-	-	-	-	-	17,484	-	-	-
Total Program Revenues	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	5,608,281
Net (Expense) Revenue	25,860	(179,035)	(269,115)	674,799	849,937	598,427	843,836	755,589	537,778	1,393,054
General Revenues:										
Unrestricted investment income	-	-	-	-	-	-	-	7,633	-	-
Other	122,462	147,757	-	-	-	-	-	(297,348)	-	-
Transfers	190,419	-	(141,143)	(290,322)	(258,899)	304,924	(265,139)	361,340	452,339	439,256
Total General Revenues	312,881	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256
Change in Net Position	$ 338,741	$ (31,278)	$ (410,258)	$ 384,477	$ 591,038	$ 903,351	$ 578,697	$ 827,214	$ 990,117	$ 1,832,310

Data Source:

Applicable years' annual financial report.

Notes:

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

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

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

Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities [1]	$ 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	$ 13,058,923
Business-type activities [2]	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	4,215,227
Total Expenses	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	17,274,150
Program Revenues:										
Governmental activities [1]	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	4,267,705
Business-type activities [2]	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	5,608,281
Total Program Revenues	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	9,875,986
Net (Expense) Revenue	(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)	(7,398,164)
General Revenues:										
Governmental activities [1]	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	11,701,849
Business-type activities [2]	312,881	147,757	(141,143)	(290,322)	(258,899)	304,924	(265,139)	71,625	452,339	439,256
Total General Revenues	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	12,141,105
Change in Net Position	$ 1,222,209	$ (168,581)	$ 265,903	$ 409,630	$ 455,773	$ 237,473	$ 1,684,732	$ 2,382,093	$ 1,505,510	$ 4,742,941

Notes:

[1] See Exhibit I

[2] See Exhibit III

Exhibit V

City of Hapeville, Georgia

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

Last Ten Fiscal Years [1]

(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014 [2]	2015 [3]	2016 [3]	Restated 2017	2018 [4]
Governmental Activities										
Net investment in capital assets	$ 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	$ 16,800,830
Restricted	-	-	47,232	17,664	17,710	263,636	567,630	994,663	2,235,010	3,078,512
Unrestricted (deficit)	3,830,678	2,765,640	2,111,016	941,643	(107,688)	(1,072,361)	(5,309,749)	(4,613,716)	(11,993,586)	(11,747,738)
Subtotal Governmental Activities Net Position	8,170,796	8,082,552	8,893,276	8,918,429	8,926,163	14,009,973	10,179,160	11,761,711	5,220,973	8,131,604
Business-type Activities										
Net investment in capital assets	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	13,533,322
Restricted	681,498	271,948	668,862	682,055	695,907	1,259,777	901,288	1,064,752	1,430,587	908,311
Unrestricted (deficit)	1,600,507	906,222	(202,206)	(33,891)	458,263	(3,278,274)	(11,274,713)	(10,710,747)	(11,323,812)	(8,670,835)
Subtotal Business-type Activities Net Position	9,907,034	9,007,430	8,573,518	8,957,995	9,220,751	3,076,825	3,107,112	3,906,654	3,938,488	5,770,798
Primary Government										
Net investment in capital assets	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	30,334,152
Restricted	681,498	649,998	716,094	699,719	713,617	1,523,413	1,468,918	2,059,415	3,665,597	3,986,823
Unrestricted (deficit)	5,042,316	3,693,812	1,908,810	907,752	350,575	(4,350,635)	(16,584,462)	(15,324,463)	(23,317,398)	(20,418,573)
Total Primary Government Net Position	$ 17,688,961	$ 17,489,982	$ 17,466,794	$ 17,876,424	$ 18,146,914	$ 17,086,798	$ 13,286,272	$ 15,668,365	$ 9,159,461	$ 13,902,402

Notes:

[1] Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted only when (1) an external party, such as the State of Georgia or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. There are no restrictions currently reported as a result of enabling legislation.

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

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

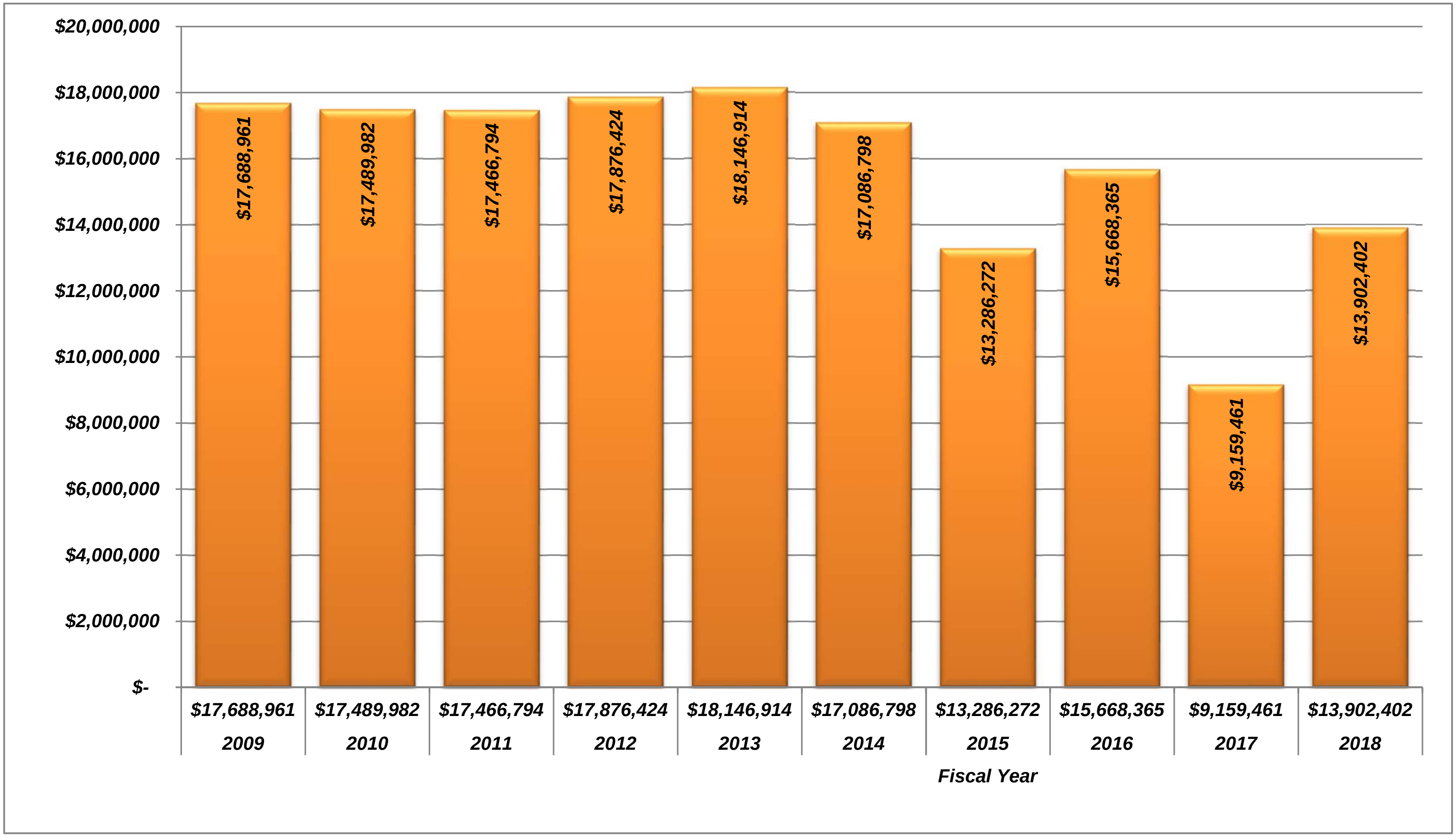
4 In fiscal year 2018, the City implemented a new OPEB standard which required the reporting the total OPEB liability to be reported on the statement of net position, resulting in an increase in the net negative unrestricted amount.

City of Hapeville, Georgia

Total Government-wide Net Position (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)



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

Revenue Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes	$ 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	$ 11,924,128
Licenses and permits	211,765	184,368	217,233	202,589	235,481	162,052	210,250	293,601	715,397	519,926
Charges for services	1,138,522	1,027,030	1,006,773	1,054,535	1,224,244	341,630	353,917	344,438	434,378	479,351
Fines and forfeitures	488,274	336,133	529,436	445,239	494,250	515,742	480,305	203,109	180,778	209,066
Intergovernmental	198,372	28,707	1,226,856	1,244,920	1,205,269	736,294	640,843	791,677	681,579	3,054,072
Contributions	20,570	20,100	22,288	20,140	20,945	21,244	8,360	28,042	12,192	5,290
Investment earnings	6,981	804	861	1,726	979	121	191	218	448	781
Other local revenue	306,685	880,922	1,045,675	517,751	293,497	37,182	36,773	39,844	243,593	194,039
Total revenues	$ 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	$ 16,386,653
% change from prior year	13.6%	-2.7%	7.5%	-5.4%	0.9%	-10.1%	-10.6%	9.3%	19.9%	44.1%

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes	81.4%	80.0%	69.6%	72.3%	72.7%	84.1%	84.8%	86.4%	83.5%	72.8%
Licenses and permits	1.7%	1.5%	1.6%	1.6%	1.9%	1.4%	1.8%	2.3%	5.2%	3.2%
Charges for services	8.9%	8.3%	7.6%	8.4%	9.6%	3.0%	3.1%	2.8%	3.2%	2.9%
Fines and forfeitures	3.8%	2.7%	4.0%	3.5%	3.9%	4.5%	4.2%	1.6%	1.3%	1.3%
Grant revenue	1.6%	0.2%	9.2%	9.9%	9.5%	6.4%	5.6%	6.3%	5.0%	18.6%
Contributions	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.2%	0.1%	0.0%
Investment earnings	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other local revenue	2.4%	7.1%	7.8%	4.1%	2.3%	0.3%	0.4%	0.4%	1.8%	1.2%
Total revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

[1] Includes all governmental fund types.

Data Source:

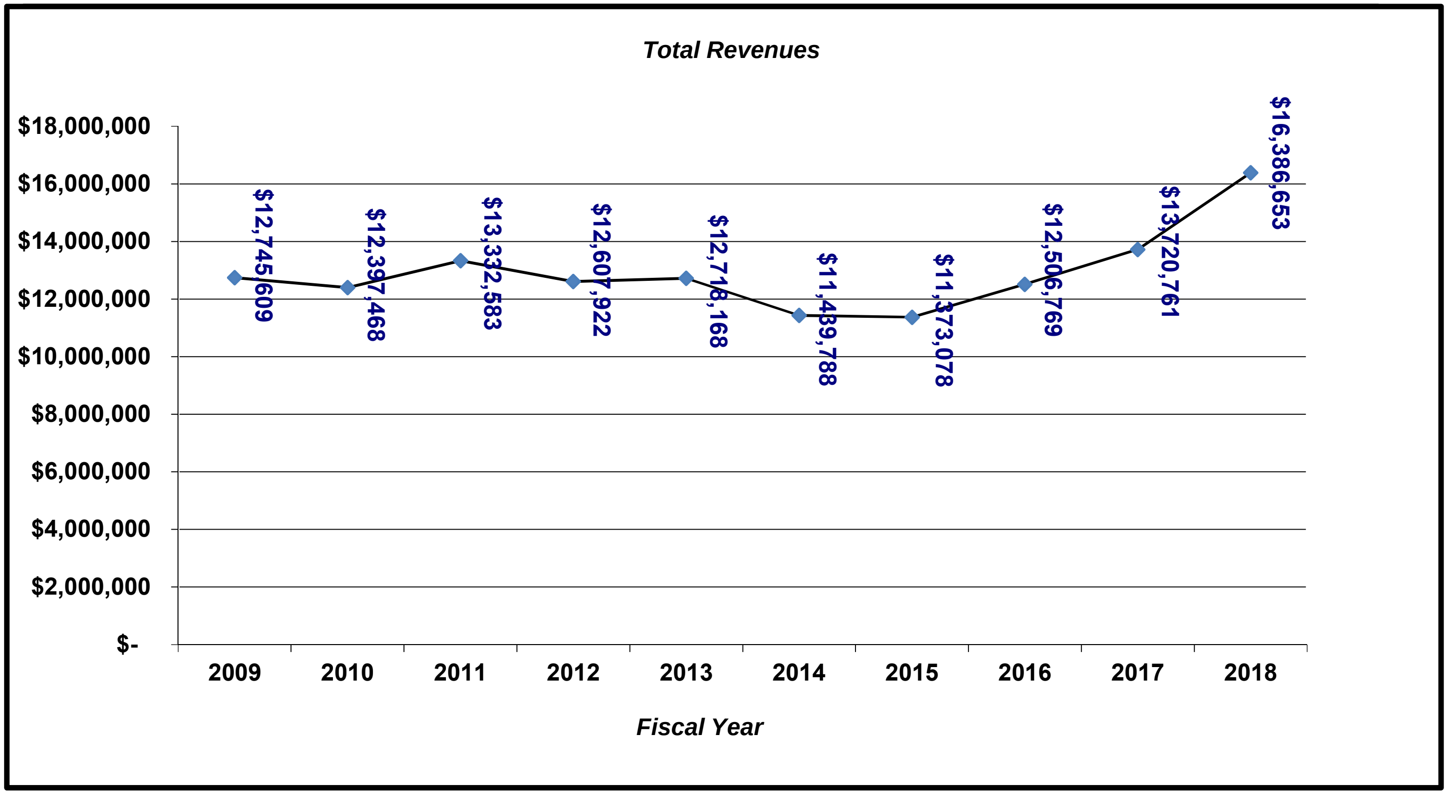
Applicable years' annual financial report.

City of Hapeville, Georgia

Chart-General Governmental Revenues (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)



City of Hapeville, Georgia

Tax Revenues by Source - Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

For The Fiscal Year Ended June 30,	Property	Sales & Use	Biusiness and Occupation	Franchise	Insurance Premium	Hotel/ Motel	Other	Total
				Amounts				
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	1,771,491	545,769	653,527	407,163	2,771,189	23,171	11,452,396
2018	5,198,135	1,865,494	631,991	665,196	433,106	3,108,228	21,978	11,924,128
% Change in Dollars Over 10 Years	11.2%	19.1%	70.4%	-3.7%	14.5%	50.7%	-97.6%	10.4%
				Percentage of Total				
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%
2018	43.6%	15.6%	5.3%	5.8%	3.8%	27.1%	0.1%	100.0%

Data Source:

Applicable years' annual financial report.

Exhibit VII-A

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

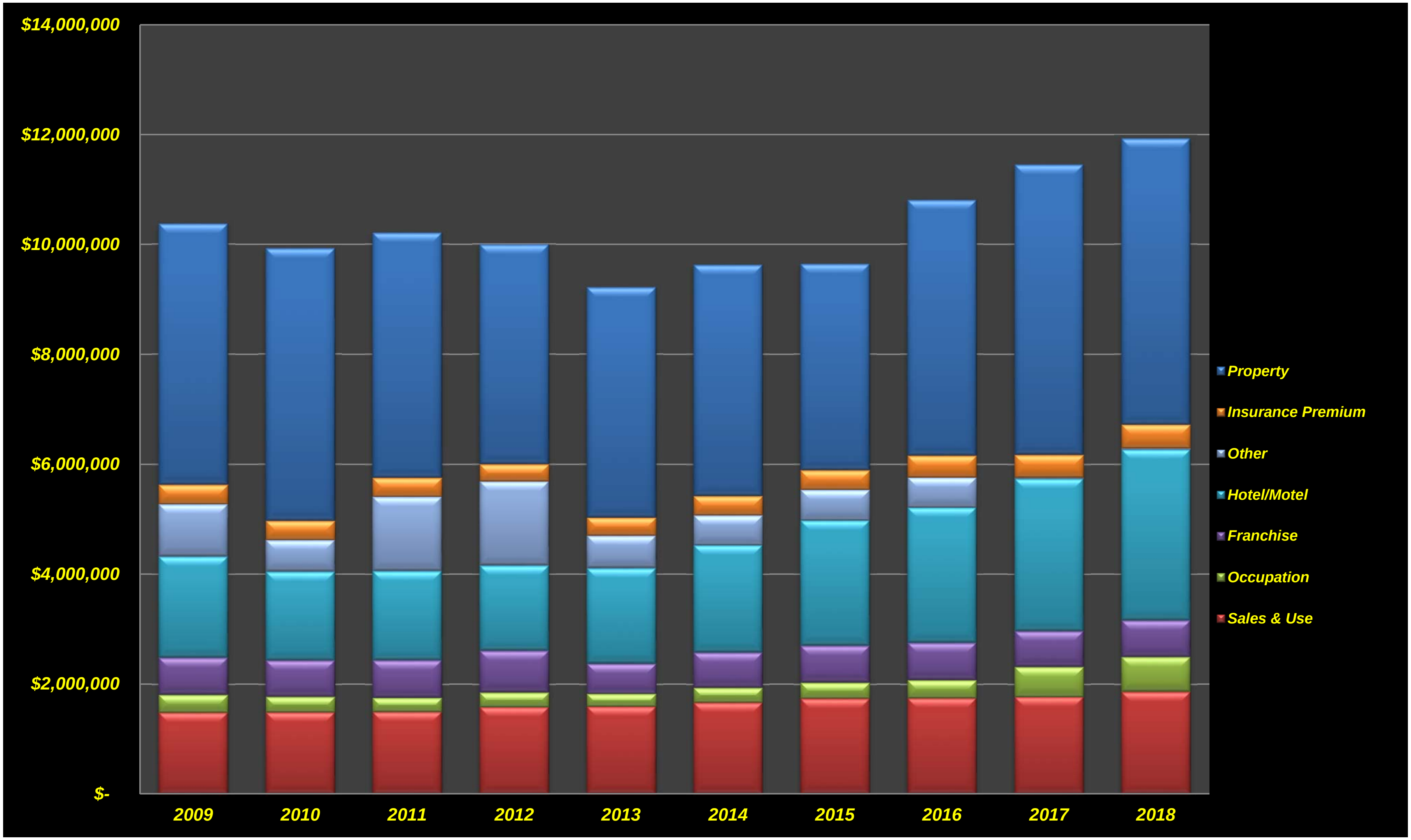


Exhibit VIII

City of Hapeville, Georgia

General Governmental Expenditures by Function (Unaudited) [1]

Last Ten Fiscal Years

(modified accrual basis of accounting)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current:										
General government	$ 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	$ 2,729,155
Judicial	-	-	-	-	-	-	-	-	128,399	128,537
Public safety	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	5,387,641
Highways and streets	604,873	747,055	686,546	693,347	720,074	630,731	653,502	645,837	731,217	662,784
Culture and recreation	411,293	459,633	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033
Parks and ground	707,962	716,645	819,179	793,280	885,678	889,047	802,037	711,505	-	-
Planning and zoning [2]	534,349	696,950	782,569	787,873	832,085	216,639	234,728	232,704	281,799	179,123
Trade, tourism and development [2]	1,115,853	962,202	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033
Total Current	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	12,609,306
% Change From Prior Year	16.3%	9.3%	3.4%	0.1%	3.3%	-11.6%	-3.6%	10.7%	6.6%	5.4%
Capital Outlay	1,190,398	804,119	2,276,910	1,630,974	1,413,254	859,824	957,584	1,133,938	718,560	2,349,152
% Change From Prior Year	-27.2%	-32.4%	183.2%	-28.4%	-13.3%	-39.2%	11.4%	18.4%	-36.6%	226.9%
Debt Service										
Principal	305,386	446,534	409,437	468,762	482,944	182,172	125,552	226,234	301,243	323,101
Interest and fees	124,782	169,382	343,699	379,562	280,102	16,782	11,008	22,095	44,846	48,535
Total Debt Service	430,168	615,916	753,136	848,324	763,046	198,954	136,560	248,329	346,089	371,636
% Change From Prior Year	78.8%	43.2%	22.3%	12.6%	-10.1%	-73.9%	-31.4%	81.8%	39.4%	7.4%
Total Expenditures	$ 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	$ 15,330,094
% Change From Prior Year	11.0%	6.4%	15.8%	-3.7%	0.5%	-17.7%	-3.0%	12.2%	3.3%	17.6%
Debt Service as a % of Noncapital Expenditures	4.1%	0.8%	1.0%	1.1%	6.0%	1.9%	1.3%	2.2%	2.8%	2.9%

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)

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Current:										
General government	$ 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	$ 2,729,155
Judicial	-	-	-	-	-	-	-	-	128,399	128,537
Public safety	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	5,387,641
Highways and streets	604,873	747,055	686,546	693,347	720,074	630,731	653,502	645,837	731,217	662,784
Culture and recreation	411,293	459,633	510,646	555,723	553,773	530,340	522,023	512,870	1,607,025	1,514,033
Parks and grounds	707,962	716,645	819,179	793,280	885,678	889,047	802,037	711,505	-	-
Planning and zoning [2]	534,349	696,950	782,569	787,873	832,085	216,639	234,728	232,704	281,799	179,123
Trade, tourism and development [2]	1,115,853	962,202	981,864	905,111	1,031,935	583,485	695,948	686,384	849,574	2,008,033
Total Current	$ 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	$ 12,609,306
Current:										
General government	16.3%	14.0%	13.3%	14.0%	14.1%	19.9%	21.2%	20.2%	26.2%	21.6%
Judicial	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.0%
Public safety	50.5%	53.8%	53.8%	53.6%	52.0%	53.0%	50.1%	55.0%	43.7%	42.7%
Public works	5.9%	6.7%	6.0%	6.0%	6.1%	6.0%	6.4%	5.8%	6.1%	5.3%
Culture and recreation	4.0%	4.1%	4.4%	4.8%	4.7%	5.0%	5.1%	4.6%	13.4%	12.0%
Parks and grounds	7.0%	6.4%	7.1%	6.9%	7.4%	8.4%	7.9%	6.3%	0.0%	0.0%
Planning, zoning and development	5.2%	6.3%	6.8%	6.8%	7.0%	2.1%	2.3%	2.1%	2.4%	1.4%
Trade and tourism	11.0%	8.6%	8.5%	7.9%	8.7%	5.5%	6.9%	6.1%	7.1%	15.9%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

[1] Includes all governmental fund types.

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

Data Source:

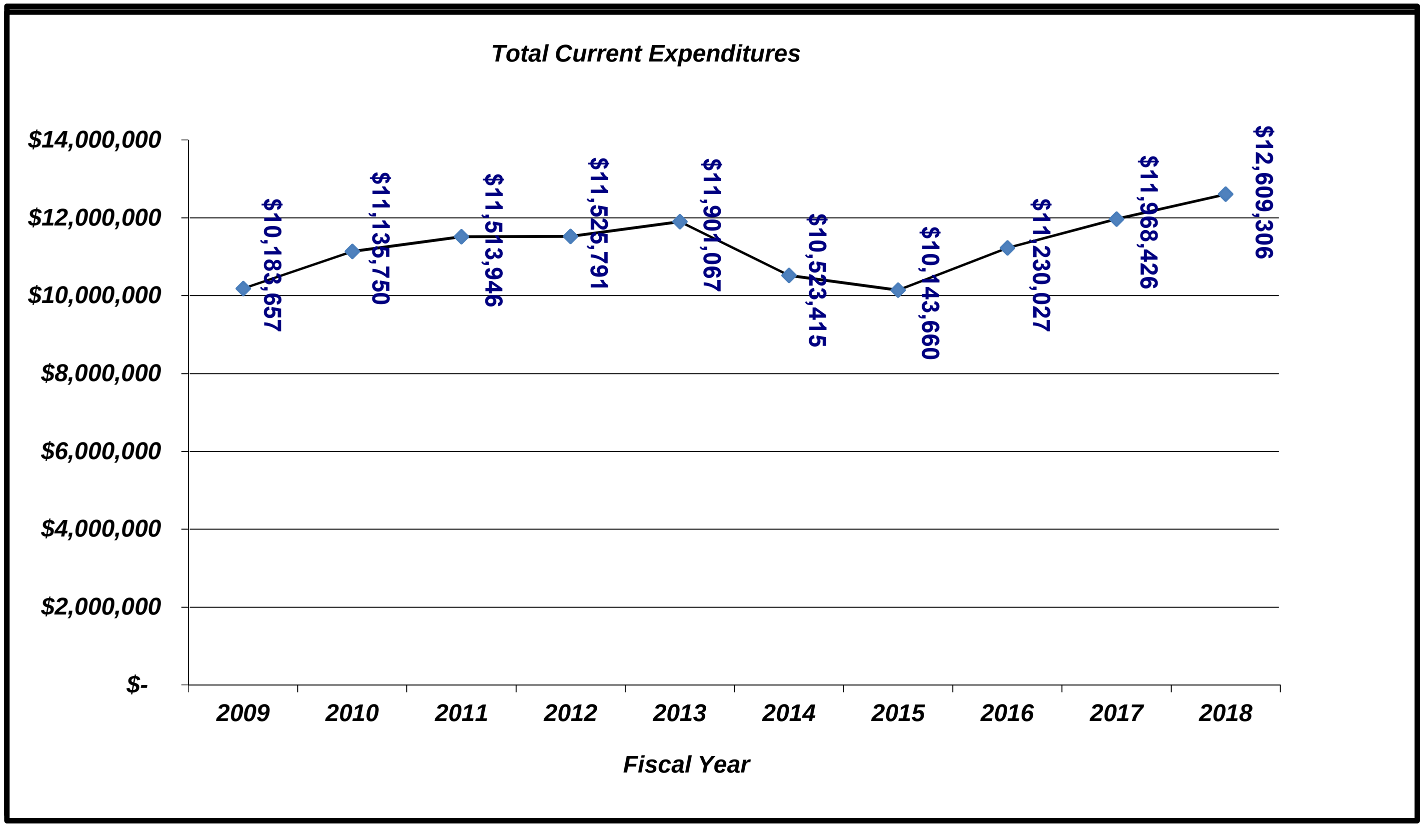
Applicable years' annual financial report.

City of Hapeville, Georgia

Chart-General Governmental Current Expenditures (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)



City of Hapeville, Georgia

Summary of Changes in Fund Balances - Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Revenues	$ 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	$ 16,386,653
Total Expenditures	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	15,330,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	941,386	(158,317)	(1,211,409)	(1,397,167)	(1,359,199)	(142,405)	135,274	(105,525)	687,686	1,056,559
Other Financing Sources (Uses)										
Aid from component unit	677,537	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	303,455	-	-	1,290,807	319,088	347,764
Proceeds from notes payable	-	-	812,942	-	-	-	-	-	-	-
Sale of capital assets	1,170	-	223	146	124	86	-	25,000	-	-
Sale of confiscated goods	-	-	-	-	-	-	-	-	-	-
Transfers in	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	3,248,254
Transfers out	(2,305,544)	(1,015,846)	(498,920)	(464,321)	(840,188)	(3,498,203)	(2,921,378)	(3,474,675)	(3,511,070)	(3,687,510)
Total Other Financing Sources (Uses)	709,039	333,867	1,165,296	463,578	589,067	(304,839)	265,138	954,467	416,749	(91,492)
Net Change in Fund Balances	$ 1,650,425	$ 175,550	$ (46,113)	$ (933,589)	$ (770,132)	$ (447,244)	$ 400,412	$ 848,942	$ 1,104,435	$ 965,067

Data Source:

Applicable years' annual financial report.

City of Hapeville, Georgia

Chart-Changes in Fund Balances - Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

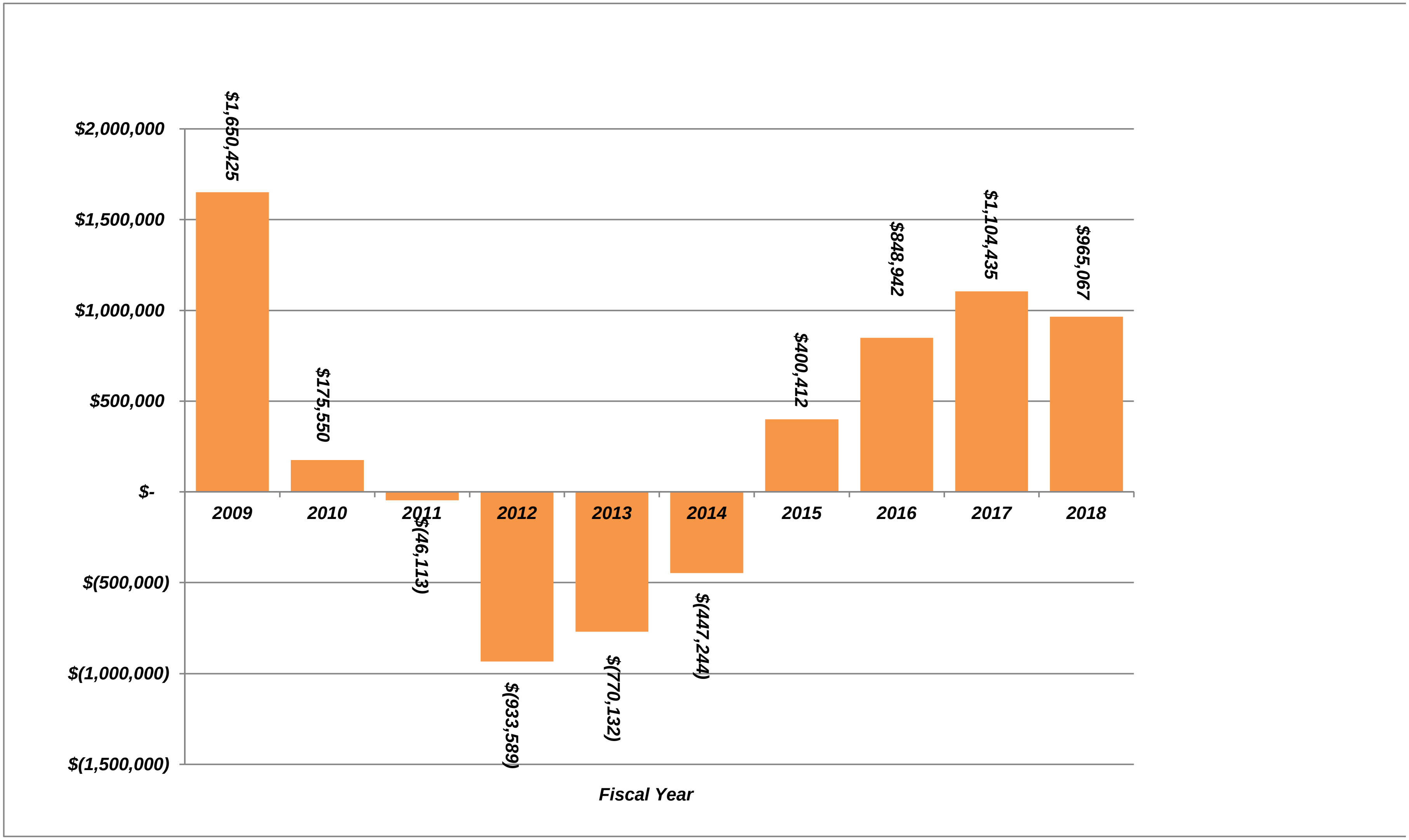


Exhibit XI

City of Hapeville, Georgia

Fund Balances - Governmental Funds (Unaudited)

Fiscal Years 2009 - 2010

(modified accrual basis of accounting)

	2009	2010
General Fund		
Reserved	$ 167,317	$ 176,165
Unreserved	3,754,303	3,935,568
Subtotal General Fund	3,921,620	4,111,733
General Fund Percentage Change	79.0%	4.8%
All Other Governmental Funds		
Reserved, reported in:		
Hotel/Motel Fund	2,100	12,152
Asset/Forfeiture Fund	-	18,452
Debt Service Fund	-	(43,067)
Subtotal All Other Governmental Funds	2,100	(12,463)
All Other Governmental Funds Percentage Change	-97.5%	-693.5%
Total Governmental Funds		
Reserved	169,417	163,702
Unreserved	3,754,303	3,935,568
Total Governmental Funds	$ 3,923,720	$ 4,099,270
All Governmental Funds Percentage Change	72.6%	4.5%

Data Source:

Applicable years' annual financial report.

Exhibit XIA

City of Hapeville, Georgia
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2011 - 2018
(modified accrual basis of accounting)

	At June 30,		
	2011	*2012*	*2013*
General Fund			
Nonspendable	$ 176,165	$ 183,844	$ 106,164
Restricted-Program Purposes	-	-	11,518
Assigned-Capital Outlay	350,000	11,000	-
Unassigned	3,479,760	2,907,060	2,225,561
Total General Fund	4,005,925	3,101,904	2,343,243
General Fund Percentage Change	0.0%	-22.6%	-24.5%
All Other Governmental Funds			
Nonspendable	-	-	-
Restricted:			
Program Purposes	47,232	17,664	6,192
Unassigned (deficit)	-	-	-
Total All Other Governmental Funds	47,232	17,664	6,192
All Other Governmental Funds Percentage Change	N/A	-62.6%	-64.9%
Total Governmental Funds			
Nonspendable	176,165	183,844	106,164
Restricted	47,232	17,664	17,710
Assigned	350,000	11,000	-
Unassigned	3,479,760	2,907,060	2,225,561
Total Governmental Funds	$ 4,053,157	$ 3,119,568	$ 2,349,435
All Governmental Funds Percentage Change	N/A	-23.0%	-24.7%

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

Data Source:
Applicable years' annual financial report.

Exhibit XIA

At June 30,				
2014	***2015***	***2016***	***2017***	***2018***
$ -	$ 147,736	$ 166,949	$ 116,047	$ 17,699
51,283	51,008	50,734	84,926	46,583
-	-	-	-	
816,807	765,489	1,189,853	1,129,057	1,324,756
868,090	964,233	1,407,536	1,330,030	1,389,038
-63.0%	11.1%	46.0%	-5.5%	4.4%
-	-	-	351,139	-
212,353	516,622	943,929	2,117,690	3,031,929
-	-	-	(342,959)	-
212,353	516,622	943,929	2,125,870	3,031,929
3329.5%	143.3%	82.7%	125.2%	0.0%
-	147,736	166,949	467,186	17,699
263,636	567,630	994,663	2,202,616	3,078,512
-	-	-	-	-
816,807	765,489	1,189,853	786,098	1,324,756
$ 1,080,443	$ 1,480,855	$ 2,351,465	$ 3,455,900	$ 4,420,967
-54.0%	37.1%	58.8%	47.0%	27.9%

City of Hapeville, Georgia

Taxable Assessed Value and Estimated Actual Value of Property By Type (Unaudited)

Last Ten Calendar Years

Amounts

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property [2]	Less: Tax Exempt Property	Total Taxable Assessed Value[1]	Total Direct Tax Rate [3]	Estimated Actual Value	Annual Percentage Change
2009	$ 96,200,520	$ 210,443,050	$ 15,258,250	$ 6,505,620	$ 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%
2018	47,735,190	312,457,620	16,113,920	27,267,698	2,902,570	28,800	10,240,610	396,265,188	16.610	990,662,970	39.0%
*	$ 57,392,331	$ 202,591,781	$ 9,318,625	$ 6,530,558	$ 10,934,711	$ 4,235	$ 2,878,620	$ 286,489,552	16.610	$ 716,223,880	
**	-50.4%	48.5%	5.6%	319.1%	-68.3%	n/a	1431.9%	17.6%	0.0%	17.6%	

Percentage of Total Assessed Value

	Residential Property	Commercial Property	Industrial Property	Utility Property	Motor Vehicles	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value
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%
2018	11.7%	76.9%	4.0%	6.7%	0.7%	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.

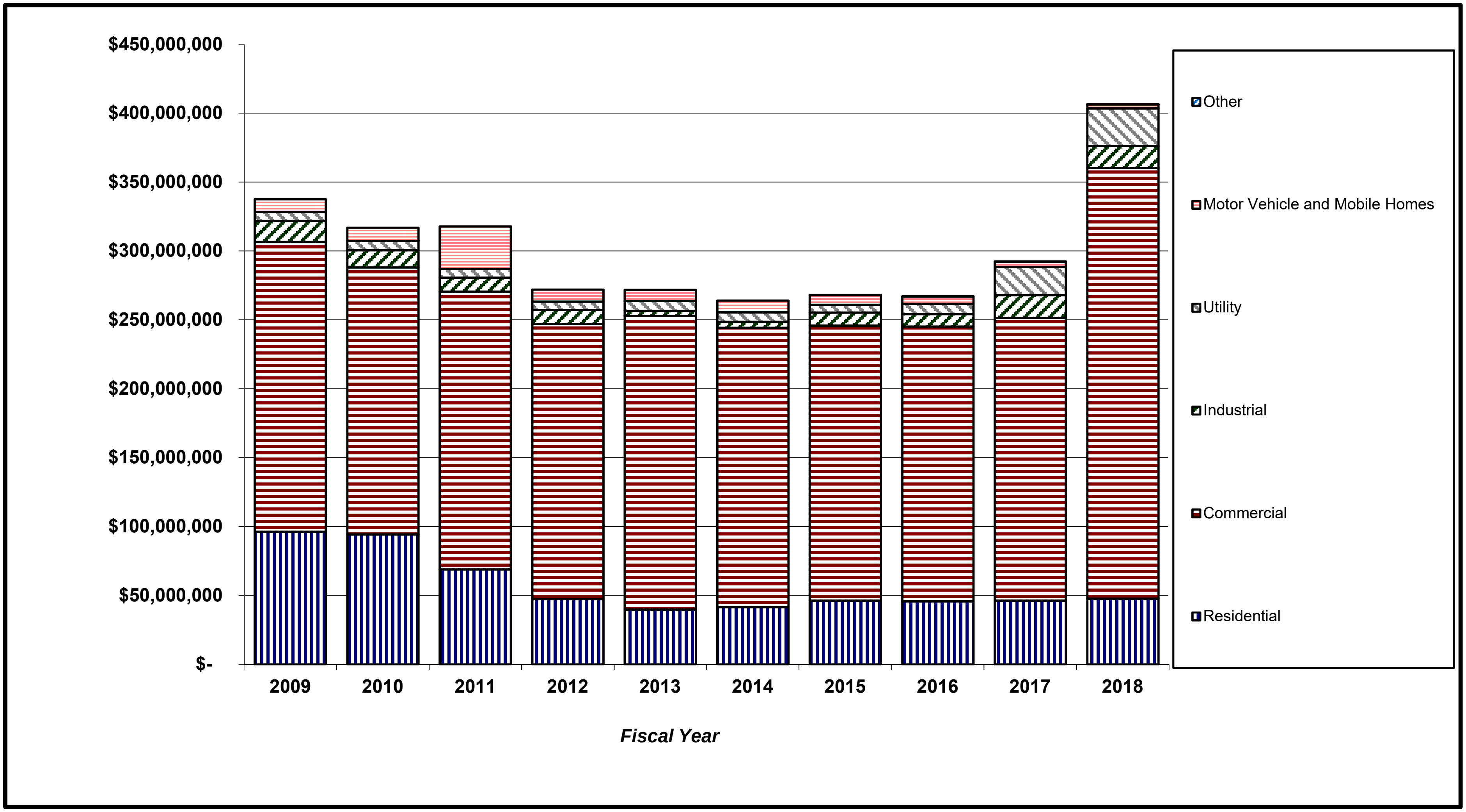
[5] The fiscal year indicated above reports the tax digest from the prior calendar year.

Data Source:

Georgia Department of Revenue, Tax Digest Consolidation Summary,

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

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



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

	Direct	Overlapping [1]		
Fiscal Year	City Rate	State of Georgia [2]	Fulton County	Fulton County School Board
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
2018	16.610	-	N/A	N/A

Notes:
[1] Overlapping rates are those of governments that overlap the City's geographic boundaries.
[2] This tax phased out beginning in fiscal year 2013.

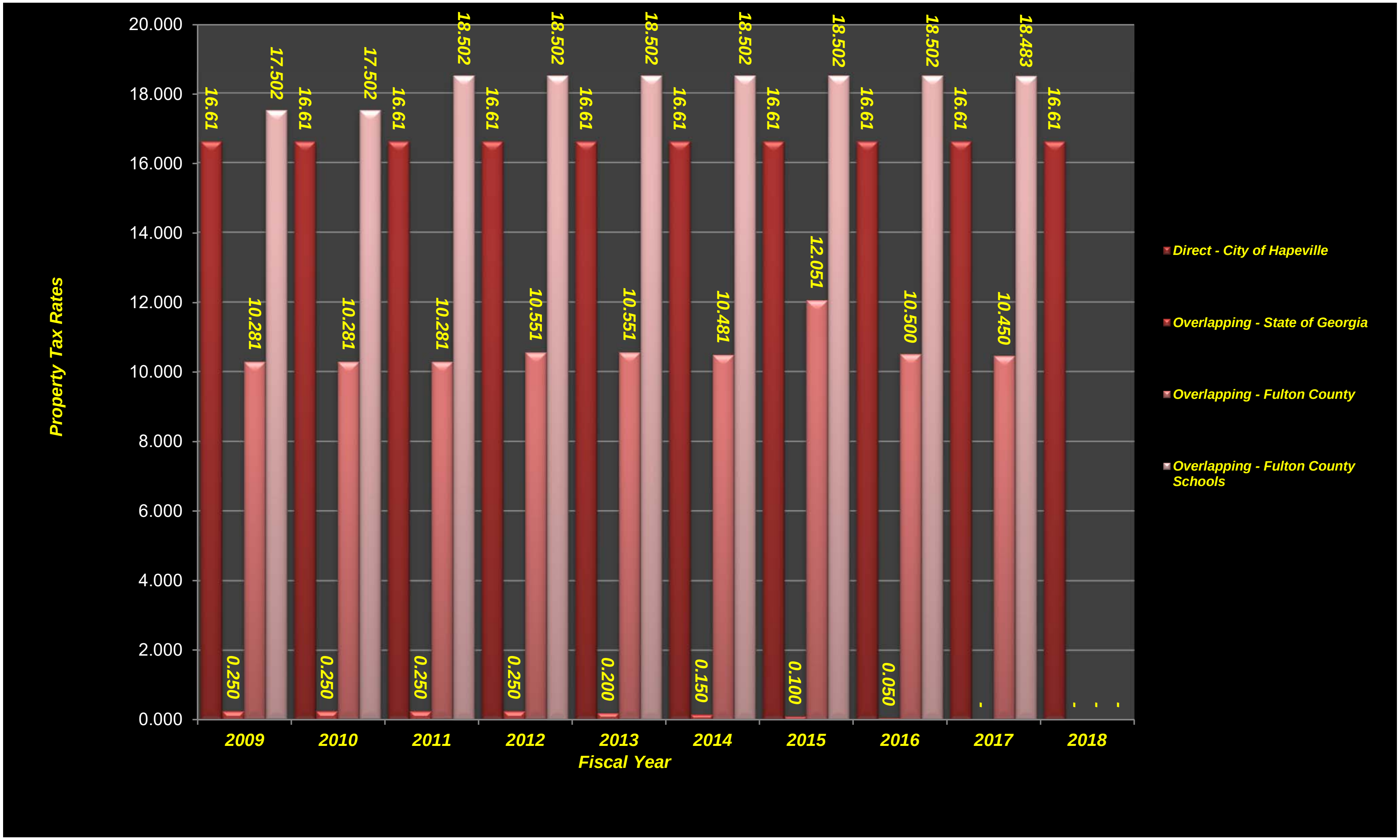
2018 information was not available for Fulton County and Fulton County School Board
Data Source:
Georgia Department of Revenue, Property Tax Division,
http://dor.georgia.gov/county-tax-digest-mill-rates

City of Hapeville, Georgia

Chart-Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Fiscal Years

(rate per $1,000 of assessed taxable value)



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

Fiscal Year	Taxes Levied for the Calendar Year	Collected Within the Fiscal Year of The Levy		Collections in Subsequent Years	Total Collections to Date		Total Uncollected Taxes [1]	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
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%	105	3,950	99.55%	18	99.55%
2015	3,895	3,841	98.61%	37	3,878	99.56%	17	99.56%
2016	4,569	4,529	99.12%	9	4,538	99.32%	31	99.32%
2017	4,942	4,710	95.31%	43	4,753	96.18%	189	96.18%
2018	4,975	4,339	87.22%	-	4,339	87.22%	636	87.22%

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, 2018 and 2009

2018				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**
Hapeville LTD Partnership	$ 67,360,000	1	16.87%	Delta Air Lines Inc	$ 83,787,185	1	22.00%
Digital Doug Davis LLC	45,974,200	2	11.51%	City of Atlanta	76,960,700	2	20.20%
Federal Express Corp	44,419,146	3	11.12%	Hapeville Limited Partnership	55,000,000	3	14.44%
Blue Atlantic Hartsfield LP	43,152,700	4	10.81%	First State Investors Three	47,234,000	4	12.40%
Delta Airlines Inc	38,406,526	5	9.62%	Delta Airlines Inc	30,152,025	5	7.92%
Delta Air Lines Inc	30,032,460	6	7.52%	Ford Motor Co	18,467,660	6	4.85%
Mikeone Ek Atl Ops Center LLC	27,396,571	7	6.86%	Residence Inn III LLC	13,522,300	7	3.55%
City of Atlanta	17,574,500	8	4.40%	Apsilon Management Inc	12,916,900	8	3.39%
I B M Credit LLC	13,229,190	9	3.31%	Hospitality Properties Inc	12,160,000	9	3.19%
Travelport LP	11,621,470	10	2.91%	Atlanta Airport Motel Inc	11,284,700	10	2.96%
Total Principal Taxpayers	339,166,763		84.94%	**Total Principal Taxpayers**	361,485,470		94.90%
All Other Taxpayers	60,116,045		15.06%	**All Other Taxpayers**	19,416,903		5.10%
Total	$ 399,282,808		100.00%	**Total**	$ 380,902,373		100.00%

Data Source:

2018 - City Tax Office

2009 - Audit Report

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**
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%
2018	1.00%	2.00%	4.00%	1.00%	1.00%	9.00%

Notes:

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

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

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

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

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

City of Hapeville, Georgia

Sales Taxes Collected by Group (Unaudited) [2]

Calendar Years 2009 - 2018

By Group	2009 Amount	2009 %	2010 Amount	2010 %	2011 Amount	2011 %	2012 Amount	2012 %	2013 Amount	2013 %
NAICS codes: [3]										
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 [4] Amount	2017 [4] %	2018 Amount	2018 %
NAICS codes: [3]										
General merchandise	$ 30,104,069	12.20%	$ 31,718,454	12.45%	$ 31,112,471	12.08%	$ 22,930,493	11.10%	$ 23,395,177	11.32%
Food/bars	51,715,777	20.95%	55,643,697	21.85%	58,710,171	22.80%	45,154,514	21.85%	43,827,357	21.21%
Manufacturing	15,518,051	6.29%	14,952,171	5.87%	14,500,350	5.63%	9,563,476	4.63%	11,091,959	5.37%
Utilities	15,691,932	6.36%	16,028,833	6.29%	15,974,517	6.20%	10,666,469	5.16%	11,698,507	5.66%
Other retail	28,954,796	11.73%	30,322,063	11.91%	30,340,087	11.78%	23,270,004	11.26%	25,836,994	12.50%
Wholesale	24,610,514	9.97%	22,605,152	8.88%	21,262,133	8.26%	16,893,574	8.18%	17,572,905	8.50%
Automotive	5,440,737	2.20%	5,796,404	2.28%	5,988,997	2.33%	4,952,260	2.40%	3,647,430	1.77%
Home furnishings	20,641,685	8.36%	21,835,719	8.57%	22,100,778	8.58%	16,675,259	8.07%	16,407,653	7.94%
Miscellaneous services	32,236,430	13.06%	33,313,736	13.08%	33,354,746	12.95%	25,420,530	12.30%	28,632,705	13.86%
Other services	6,339,155	2.57%	5,779,080	2.27%	6,735,998	2.62%	5,259,144	2.55%	10,295,110	4.98%
Accommodations	13,120,840	5.32%	14,165,253	5.56%	14,540,426	5.65%	10,815,765	5.23%	11,756,450	5.69%
Construction	2,452,704	0.99%	2,523,958	0.99%	2,929,319	1.14%	2,132,827	1.03%	2,475,849	1.20%
Total Taxable Sales	$ 246,826,690	100.00%	$ 254,684,520	100.00%	$ 257,549,993	100.00%	$ 193,734,315	93.76%	$ 206,638,096	100.00%
Total percentage change	5.2%		3.2%		1.1%		-24.8%		6.7%	

Notes:

[1] Information only available for the total Fulton County.

[2] Beginning in May 2009, the Georgia Department of Revenue changed their sales classifications, therefore, only seven months reported.

[3] North American Industry Classification System (NAICS)

[4] Only data available for 2017 was January through September of 2017

Data Source:

Georgia Department of Revenue

Exhibit XVIII

City of Hapeville, Georgia

Water Consumption Billed (Unaudited) [1]

Last Ten 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%
2018	224,782,000	-3.3%

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,									
	2009	***2010***	***2011***	***2012***	***2013***	***2014***	***2015***	***2016***	***2017***	***2018***
Minimum charge (0-2k gal)	$ 14.00	$ 15.72	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56	$ 17.56
0-2k gal	7.00	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
2k-10k gal	7.00	7.86	8.78	8.78	8.78	8.78	8.78	8.78	8.78	8.78
10k-50k	7.65	8.51	9.43	-	-	-	-	-	-	-
50k + gal	8.00	8.86	9.78	-	-	-	-	-	-	-
10k - 16 k 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 Fiscal Year-end (Unaudited) [1]

Last Ten Fiscal Years

Fiscal Year	Number	% Change
2009	2,078	n/a
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%
2018	2,188	4.2%

Data Source:

[1] City Customer Service Department.

Exhibit XXI

City of Hapeville, Georgia
Ten Largest Customers - Water Service (Unaudited)
Fiscal Years 2009 & 2018

	Fiscal Year 2009			Fiscal Year 2018		
Rank	**Customer**	**Consumption Gallons**	**%**	**Customer**	**Consumption Gallons**	**%**
1	Atlanta Airport Hilton	24,332	13.1%	Atlanta Airport Lessee LLC	24,084	11.0%
2	Ashkouti, Albert	20,260	10.9%	Digital Doug Davis, LLC	17,638	7.0%
3	Wachovia Bank OPS Bldg.	5,629	3.0%	Incity Suites	8,915	3.1%
4	Del Mar Apartments	3,560	1.9%	Blue Atlantic Hartsfield LP	6,961	2.6%
5	Apsilon Management	3,255	1.8%	Acorn 2 Porsche Dr	4,783	2.6%
6	Franklin Village	3,218	1.7%	Marriott Inc, Site #311 AD	4,503	2.1%
7	Hapeville Coin Laundry	3,101	1.7%	Porsche Cars North America	4,409	1.7%
8	Delta Airlines, Inc. Reserv	2,646	1.4%	Marriott Inc. Site #57231	3,531	1.6%
9	Marriott Inc. Site #57231	2,639	1.4%	Delta Airlines Inc. Reserv.	3,519	1.5%
10	Apsilon Management	2,613	1.4%	Del Mar Apartments	3,494	1.4%
	Total Ten Largest Customers	71,253	38.3%	**Total Ten Largest Customers**	81,837	34.6%
	All Other Customers	114,613	61.7%	**All Other Customers**	142,945	65.4%
	Total	185,866	100.0%	**Total**	224,782	100.0%

Data Source:
City Water Department

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

	Fiscal Year Ended June 30,									
	2009	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Minimum charge (0-2k gal)	$ 7.50	$ 7.50	$ 7.50	$ 8.25	$ 8.44	$ 12.24	$ 12.24	$ 12.24	$ 12.24	$ 12.24
0-2k gal	3.75	3.75	3.75	4.13	4.22	6.12	6.12	6.12	6.12	6.12
2k-10k gal	4.75	4.75	4.75	5.23	5.36	7.77	7.77	7.77	7.77	7.77
10k-50k	5.25	5.25	5.25	5.78	5.92	8.58	8.58	8.58	8.58	8.58
50k +	5.50	5.50	5.50	6.05	6.20	8.99	8.99	8.99	8.99	8.99

Data Source:
City Customer Service Department

Exhibit XXIII

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
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
2018	-	-	1,534,610	1,534,610	11,630,000	13,164,610	0.019%	1,041,423	13

Notes:

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

Data Sources:

[1] Applicable years' annual financial report.

[2] Exhibit XXVI.

City of Hapeville, Georgia

Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30. 2018

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	42,520,000	1.03%	436,618
Total Overlapping Debt	186,400,673		1,126,146
City Direct Debt			
Capital Leases	1,534,610	100.00%	1,534,610
Total Direct and Overlapping Debt	$ 187,935,283		$ 2,660,756

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 assesed 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 12-31-17 and Fulton County Board of Education CAFR as of 6-30-17*

Data Source:

Each specific government

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxable Assessed Value [1]	$ 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	$ 399,282,808
Legal Debt Margin										
Debt limit (10% of assessed value)[2]	$ 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	$ 39,928,281
Debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	$ 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	$ 39,928,281
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

[3] The City has no outstanding general oblilgation 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]
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	58,541,983	57,207	88%	35.2	4.3%	4.3%	4.1%
2018 [8]	1,041,423	69,533,500	66,768	103%	N/A	7.7%	3.6%	4.0%

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

Data Sources:

[1] Real Estate Center, http://recenter.tamu.edu/data/empc/LAUCN132850.htm (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 Hapeville list as 6,581 in 2018

Population for Fulton County from www.census.gov

N/A - Not Available

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	Hotel/Motel	125
Hilton	Airport Parking	106
Atlanta Department of Aviation	Hotel/Motel	80
Solis Hotel	Hotel/Motel	72
Chick-fil-A	Restaurant	64

The number of employees by employer working within the city for 2008 and 2018 is not ready available.

Data Source:

City Administration

City of Hapeville, Georgia

City Employees by Function/Program (Unaudited)

Last Ten Fiscal Years

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City clerk	1	1	1	1	1	1	1	1	1	2
Human resources	1	1	1	1	1	1	1	2	2	1
Finance and information technology	9	7	5	5	5	5	5	3	3	5
Purchasing	-	-	-	-	-	-	-	-	-	-
Planning	1	1	1	1	1	-	-	-	-	-
Parks, building and grounds	7	7	12	12	12	15	12	13	13	12
Courts	2	3	3	3	3	3	1	2	2	2
Police	43	47	49	49	48	42	54	51	51	41
Fire	34	36	33	33	33	31	33	33	33	34
Sanitation	8	8	6	6	6	6	6	6	6	6
Public works	7	7	7	7	7	8	8	8	8	12
Economic development	2	3	6	6	6	3	2	3	3	3
Recreation	9	9	10	10	10	17	11	10	10	6
Water and sewer	7	7	6	6	6	6	6	8	8	7
Total	131	137	140	140	139	138	140	140	140	131
Percentage Change From Prior Year	-7.1%	4.6%	2.2%	0.0%	-0.7%	-0.7%	0.7%	0.7%	1.4%	-6.4%

Exhibit XXIX

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

	Fiscal Year									
Function/Program	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
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	5	5	5	5	5	5	5	5
Other Public Works										
Streets (miles)	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9	34.9
Streetlights	-	-	-	-	-	-	-	-	-	-
Traffic Signals	4	4	4	4	4	4	4	4	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