TOWN OF BETHLEHEM, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

THE TOWN OF BETHLEHEM, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

FINANCIAL SECTION

	PAGE
Independent Auditor's Report	1-2
Management's Discussions and Analysis	A1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	B1
Statement of Activities	B2-B3
Fund Financial Statements:	
Balance Sheet – Governmental Funds	B4
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Net Position	B5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	B7
Notes to Financial Statements (An integral part of the "Liftable" basic financial statements)	C1-C9
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual:	
General Fund	D1-D3
Notes to Required Supplementary Information	D4
Other Supplemental Information:	
Report on Compliance and an internal control over Financial reporting based on an audit of Financial Statements performed	E1-E2
Report of Schedule of Projects Constructed with Special Purpose Local Option Sales Tax	E3
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax	E4

Hawkins & McNair, CPAs

224 East Broad Street
Winder, Georgia 30680
770-867-9426
fax 770-867-1240
hawkins100@windstream.net

INDEPENDENT AUDITOR'S REPORT

To the Town of Bethlehem
Bethlehem, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Town of Bethlehem, Georgia, (Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Town as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Town has not presented the management's discussion and analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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. The auditor's opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in section D 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 inquires, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town's internal control over financial reporting and compliance.

Hawkins & McNair, CPAs
Winder, Georgia
April 18, 2019

Town of Bethlehem, Georgia
Management's Discussion and Analysis
Fiscal year ended December 31, 2018

The Management's Discussion and Analysis (MD&A) section is omitted in this presentation.

Town of Bethlehem, Georgia
Statement of Net Position
As of December 31, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 1,059,489	$ -	$ 1,059,489	$ -
Property tax receivables	-	-	-	-
Other taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Interest, dividends, and royalties receivable	-	-	-	-
Internal Balances	-	-	-	-
Other	-	-	-	-
Receivable from other governments	-	-	-	-
Other receivables	-	-	-	-
Prepaids	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Capital assets:				
Land and construction in progress	627,029	-	627,029	-
Other capital assets, net of accumulated depreciation	1,468,905	-	1,468,905	-
Total assets	**3,155,423**	**-**	**3,155,423**	**$ -**
LIABILITIES				
Accounts payable	7,085	-	7,085	$ -
Payroll Tax Payable	2,720	-	2,720	
Payable to component units	-	-	-	-
Bonds payable - current	-	-	-	-
Notes, lease obligations, and estimated claims payable, current	-	-	-	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Payable to primary government, non-current	-	-	-	-
Intergovernmental payable	-	-	-	-
Notes, lease obligations, and estimated claims payable, non-current	-	-	-	-
Bonds payable, non-current	-	-	-	-
Total liabilities	**9,805**	**-**	**9,805**	**$ -**
NET POSITION				
Investment in capital assets	2,095,934	-	2,095,934	$ -
Restricted for Capital Projects	1,903	-	1,903	-
Unrestricted	1,047,781	-	1,047,781	-
Total net position	**$ 3,145,618**	**$ -**	**$ 3,145,618**	**$ -**

See accompanying notes to financial statements.

Town of Bethlehem, Georgia
Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government:					
Governmental activities:					
General government	$ 264,600	$ 26,340	$ -	$ 81,523	$ (156,737)
Sanitation	52,683	-	-	-	(52,683)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	317,283	26,340	-	81,523	(209,420)
Business-type activities:					
Solid waste management	-	-	-	-	-
Total business-type activities	-	-	-	-	-
Total primary government	$ 317,283	$ 26,340	$ -	$ 81,523	$ (209,420)

See accompanying notes to financial statements.

Town of Bethlehem, Georgia
Statement of Activities (Continued)
Year Ended December 31, 2018

Change in Assets:	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	**$ (209,420)**	**$ -**	**$ (209,420)**	**$ -**
General revenues:				
Taxes:				
Local Option Sales	90,907	-	90,907	-
Insurance Premium Tax	43,937	-	43,937	-
Franchise taxes (fees)	61,391	-	61,391	-
Other taxes	43,150	-	43,150	-
Unrestricted investment income	9,451	-	9,451	-
Payments from government unit	-	-	-	-
Total general revenues	248,836	-	248,836	-
Change in net position	**39,416**	-	**39,416**	-
Net position—beginning	**3,106,202**	-	**3,106,202**	-
Net position—ending	**$ 3,145,618**	**$ -**	**$ 3,145,618**	**$ -**

See accompanying notes to financial statements.

Town of Bethlehem, Georgia
Balance Sheet--Governmental Funds
As of December 31, 2018

	General	SPLOST Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 1,057,586	$ 1,903	$ 1,059,489
Property taxes receivable	-	-	-
Other tax receivable	-	-	-
Interest, dividends, and royalties receivable	-	-	-
Due from other funds	5,000	-	5,000
Receivable from other governments	-	-	-
Prepaids	-	-	-
Other	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Notes receivable, non-current	-	-	-
Total assets	**1,062,586**	**1,903**	**1,064,489**
LIABILITIES and FUND BALANCES			
LIABILITIES			
Accounts Payable	7,085	-	7,085
Payroll Tax Payable	2,720	-	2,720
Due to other funds	-	5,000	5,000
Payable to component units	-	-	-
Interest payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Other	-	-	-
Total liabilities	**9,805**	**5,000**	**14,805**
FUND BALANCES			
Restricted for capital projects	$ -	1,903	1,903
Unassigned	1,052,781	(5,000)	1,047,781
Total fund balances	**1,052,781**	**(3,097)**	**1,049,684**
Total liabilities and fund balances	**$ 1,062,586**	**$ 1,903**	**$ 1,064,489**

See accompanying notes to financial statements.

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2018

TOWN OF BETHLEHEM, GEORGIA

Total fund balance - total governmental funds		
Amounts reported for governmental activities in the statement of net position are different because:	$	1,049,684
Capital assets of $ 3,108,201, net of accumulated depreciation of ($ 1,012,267), are not financial resources and, therefore, are not reported in the funds. See Note III.A.4. for additional detail.		2,095,934
Net position of governmental activities.	$	3,145,618

See accompanying notes to financial statements.

Town of Bethlehem
Statement of Revenues, Expenditures,
and Changes in Fund Balances
--Governmental Funds
Year Ended December 31, 2018

	General	SPLOST Capital Project Fund	Total Governmental Funds
REVENUES			
Local Option Sales Tax	$ 90,907	$ -	$ 90,907
Tag Tax	22,704	-	22,704
Insurance Premium	43,937	-	43,937
Alcoholic Beverage Tax	20,446	-	20,446
Franchise taxes (fees)	61,391	-	61,391
Licenses and permits	7,370	-	7,370
Investment income	9,451	-	9,451
Intergovernmental	-	81,523	81,523
Rentals	15,305	-	15,305
Other	3,685	-	3,685
Total revenues	**275,196**	**81,523**	**356,719**
EXPENDITURES			
Current:			
General government	147,591	-	147,591
Sanitation	52,683	-	52,683
Capital outlay	-	144,288	144,288
Debt Service	-	-	-
Total expenditures	**200,274**	**144,288**	**344,562**
Excess (deficiency) of revenues over (under) expenditures	74,922	(62,765)	12,157
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	-	-
Loan financing	-	-	-
Transfer from other funds	-	-	-
Net other financing sources (uses)	-	-	-
Net change in fund balances	**74,922**	**(62,765)**	**12,157**
Fund balances, beginning	**977,859**	**59,668**	**1,037,527**
Fund balances, ending	**$ 1,052,781**	**$ (3,097)**	**$ 1,049,684**

See accompanying notes to financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

TOWN OF BETHLEHEM, GEORGIA

Net change in fund balances - total governmental funds	$	12,157
Amounts reported for *governmental activities* in the statement of activities are different because:		
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 outlay of $ 144,288 exceeded depreciation of $ (117,029) in the current period.		27,259
Change in net position of governmental funds.	$	39,416

See accompanying notes to financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. A. INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Bethlehem, Georgia (Town) are discussed in subsequent sections of this Note. The remainders of the Notes are organized to provide explanations, including required disclosures, of the Town's financial activities for the fiscal year ended December 31, 2018.

I. B. FINANCIAL REPORTING ENTITY - BASIS OF PRESENTATION

I. B. 1. COMPONENT UNITS

The Town of Bethlehem, Georgia operates under a mayor and council form of government and provides the following services: sanitation, public improvements, library and general and administrative services. The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town (as distinct from legal relationships). The Town had no such component units as of December 31, 2018.

I. B. 2. RELATED ORGANIZATIONS

-NONE-

I. B. 3 GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole excluding fiduciary funds and component units that are fiduciary in nature, such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures and other charges to user of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund Financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns of non-major funds.

I. B. 4. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Retirement benefits are recognized when due and payable in accordance with the terms of the plan. See Note VI.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditure in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes (fees), intergovernmental revenues and investment income. In general, other revenues are recognized when cash is received.
See Note III. A. 2. for related information.

The accompanying Schedule of Projects constructed with Special Purpose Local Option Sales Tax is prepared on the accrual basis of accounting.

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

Classification of fund balances: (1) the Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and (2) unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Allocation of Indirect Expenses

The Town does not allocate indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services.

I. B. 5. FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund – reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

SPLOST (Capital Projects Fund) – The Town established a SPLOST Fund (Capital Projects) during the current year to account for SPLOST funds receipts and expenditures.

Proprietary Funds

The Town reports the following enterprise funds:

-NONE-

Other Fund Types

-NONE-

I. C. ASSETS, LIABILITIES, AND NET POSITION

I. C. 1. CASH AND INVESTMENTS

The Town reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Investments are reported at fair value which is determined using selected bases. Cash deposits are reported at carrying amount which reasonably estimates fair value.

I. C. 2. INVENTORIES AND PREPAIDS

Inventories are not recorded by the Town. Purchases of supplies (maintenance, office, etc.) are charged to expense when incurred.

Prepaids are recorded as expenditures when purchased rather than during the benefiting period. Prepaids are similarly reported in government-wide and fund financial statements.

I. C. 3. CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure asset records consistent with all other capital assets except that infrastructure assets acquired prior to implementation of GASB 34 are not recorded. Donated assets are stated at fair value on the date donated. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Capital assets are depreciated using the straight-line method and generally include items with cost of $500 or more. When capital assets are disposed, the cost and applicable accumulated deprecation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings & Improvements	15-30
Improvements, other than building	10-15
Equipment	5
Furniture and fixtures	7
Vehicles	3
Infrastructure	20

I. C. 4. CAPITALIZED INTEREST

Interest costs are capitalized on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

I. C. 5. LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

I. D. REVENUES, EXPENDITURES, AND EXPENSES

I. D. 1. LEASE REVENUE

The Town leases various public facilities to the general public for such events as weddings, meetings, etc. No long-term leases were issued by the Town.

I. D. 2. COMPENSATED ABSENCES

Full-time, permanent employees are granted vacation benefits, however the Town does not record a liability for accumulated vacation

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

II. A. DEFICIT FUND NET POSITION

Primary Government

-NONE-

II. B. BUDGETARY INFORMATION

II. B. 1. BUDGET POLICY AND PRACTICE

Each year the Mayor prepares a proposed budget for consideration by the Town Council. Prior to the beginning of the new fiscal year, the Town holds budget hearings seeking comments and fielding questions from its citizens. Generally, at the December Town Council meeting after consideration of all comments and a review of the proposed budget, the Town Council either approves the original proposed budget or a revised budget, after making appropriate changes.

II. B. 2. BASIS OF BUDGETING

The budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which is the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the Town Council. Within these control levels, management may transfer appropriations without Council approval. The Town made no changes in the budget during the year.

The Town adopted budgets for the general fund on a basis which approximates generally accepted accounting principles (GAAP).

II. B. 3. EXCESS EXPENDITURES OVER BUDGET

The Town was over budget in the sanitation department by $ 26,831 for the current year.

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

III. A. ASSETS

III. A. 1. DEPOSITS AND INVESTMENTS (*in thousands)*

Deposits

It is the Town's policy for deposits to be 110 percent secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end.

The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the Town or by its agent in the Town's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 – Uncollateralized.

Deposits, categorized by level of risk, are:

	Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
Primary Government					
Governmental Activities					
General Fund	1,059,815	-0-	-0-	1,059,815	1,057,586
SPLOST Fund	1,903	-0-	-0-	1,903	1,903

Investments

Generally, the Town's investing activities are managed under the custody of the Town Clerk. Investing is performed in accordance with investment policies complying with state statutes and the Town Charter. Town funds may be invested in: (1) direct obligations of the United States government, its agencies or instrumentalities to the payment of which the full faith and credit of the government of the United States is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged; (2) obligations of the Government National Mortgage Association, Federal National Mortgage Association, or Federal home Loan Mortgage Corporation, or any Federal farm credit bank, Federal land bank or Federal home loan bank notes or bonds; (3) collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations and credit unions located in the Town when secured by appropriate collateral; (4) repurchase agreements that have underlying collateral of direct obligations or obligations of the Unites States government, its agencies and instrumentalities, (5) money market funds regulated by the Securities and Exchange Commission and which investments consist of the authorized (domestic securities) and restrictions as specified in state law; (6) State and Local Government Series (SLGS); and (7) Town direct debt obligations for which an ad valorem tax may be levied or bonds issued by a public trust of which the Town is a beneficiary and judgments rendered against the Town by a court of record, provided it is a prudent investment.

The Town had no investments at December 31, 2018.

III. A. 2. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE

Enterprise Receivables, Uncollectible Accounts, and Deferred Revenue

-NONE-

Property Taxes Receivables, Deferred Revenue, and Property Tax Calendar

The Town does not currently levy or collect any property taxes on property located within the Town.

III. A. 3. RESTRICTED ASSETS

There are currently no restricted assets.

III. A. 4. CAPITAL ASSETS

Changes in Capital Assets

The following table provides a summary of changes in capital assets (in thousands):

	CAPITAL ASSETS, NOT DEPRECIATED		CAPITAL ASSETS, DEPRECIATED			
	Construction in Progress	Land	Buildings	Improvements Other Than Buildings	Furniture, Machinery and Equipment	Total
Primary Government						
Governmental Activities						
Balance, December 31, 2017	$ -	$ 627	$ 546	$ 1,626	$ 165	$ 2,964
Increases	-	-	-	144	-	144
Decreases	-	-	-	-	-	-
Balance, December 31, 2018	-	627	546	1,770	165	3,108
Accumulated Depreciation						
Balance, December 31, 2017	-	-	313	468	114	895
Increases	-	-	22	79	16	117
Decreases	-	-	-	-	-	-
Balance, December 31, 2018	-	-	335	547	130	1,012
Governmental Activities Capital Assets, Net	-	627	211	1,223	35	2,096
Primary Government Capital Assets, Net	$ -	$ 627	$ 211	$ 1,223	$ 35	$ 2,096

Depreciation Expense

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities		**Business-type Activities**
General Government	$ 117,029	-NONE-
Total	$ 117,029	

III. B. LIABILITIES

III. B. 1. LEASE COMMITMENTS

The Town had no lease commitments as of December 31, 2018.

III. B. 2. LONG-TERM DEBT

The Town has no long-term debt.

III. B. 3. RISK MANAGEMENT – CLAIMS AND JUDGEMENTS

The Town is exposed to various risks of loses related to torts, thefts, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

All significant programs are covered by commercial insurance and no significant changes have occurred in coverage during the past three years. During the year ended December 31, 2018 the Town paid 0 claims. The Town is not aware of any claims which the Town is liable for which were outstanding and unpaid at December 31, 2018. No provisions have been made in the financial statements for the year ended December 31, 2018 for any estimate of potential unpaid claims.

III. C. BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

III. C. 1. RECEIVABLES AND PAYABLES

	General Fund	SPLOST Fund
Due From(To) Other Funds	5,000	5,000

III. C. 2. TRANSFERS AND PAYMENTS

The Town made no transfers during the current year.

-NONE-

IV. SEGMENT INFORMATION

-NONE-

V. JOINTLY GOVERNED ORGANIZATION AND JOINT VENTURE

V. A. JOINTLY GOVERNED ORGANIZATION

-NONE-

V. B. JOINT VENTURE

Under Georgia law, the Town, in conjunction with other towns, cities and counties in the area, is a member of the Northeast Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the RC in Georgia.

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Northeast Georgia Regional Commission
305 Research Drive
Athens, GA 30605

VI. RETIREMENT PLANS

The Town participates in the Social Security Administration Program. This plan is administered by others, is a separate legal entity, and is not included in the Town's financial statements.

VII. RELATED PARTY TRANSACTIONS

The Town was not involved in any related party transaction during the fiscal year December 31, 2018.

VIII. CONTINGENCIES

VIII. A. LITIGATION

See Note III.B.3 for the treatment of claims incurred but not reported and other tort liability information.

VIII. B. FEDERAL AND STATE GRANTS

In the normal course of operations, the Town receives grant fund from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Town of Bethlehem, Georgia
General Fund
Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2018

	Original Budget	Revised Budget	Expenditures	Total Actual	Variance
REVENUES					
Taxes:					
Local Option Sales Tax	$ 92,000	$ 92,000	$ -	$ 90,907	$ (1,093)
Tag Tax	18,000	18,000		22,704	4,704
Insurance Premium Taxes	40,000	40,000	-	43,937	3,937
Alcoholic Beverage Taxes	21,000	21,000	-	20,446	(554)
Total taxes	171,000	171,000	-	177,994	6,994
Licenses and permits:					
Licenses	6,000	6,000	-	7,370	1,370
Permits	-	-	-	-	-
Franchise taxes (fees)	55,000	55,000	-	61,391	6,391
Other fees	-	-	-	-	-
Total licenses and permits	61,000	61,000	-	68,761	7,761
Intergovernmental	12,588	12,588	-	-	(12,588)
Investment income	2,500	2,500	-	9,451	6,951
Charges for services	-	-	-	-	-
Rental Charges	15,800	15,800	-	15,305	(495)
Other	4,300	4,300	-	3,685	(615)
Total revenues before prior year fund balance	267,188	267,188	-	275,196	8,008
Prior year fund balances (as adjusted)					
Appropriated for current year budget	977,859	977,859	-	977,859	-
Reappropriated for prior year encumbrances	-	-	-	-	-
Total revenues and prior year fund balances	$ 1,245,047	$ 1,245,047	$ -	$ 1,253,055	$ 8,008

Town of Bethlehem, Georgia
General Fund
Schedule of Revenues, Expenditures, Encumbrances,
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2018

	Original Budget	Revised Budget	Expenditures	Total Actual	Variance
EXPENDITURES AND ENCUMBRANCES					
General government:					
Personal services	$ 38,000	$ 38,000	$ 33,195	$ 33,195	$ 4,805
Professional fees	10,000	10,000	17,476	17,476	(7,476)
Other	173,188	173,188	96,920	96,920	76,268
Total general government	221,188	221,188	147,591	147,591	73,597
Sanitation					
Fees	50,000	50,000	52,683	52,683	(2,683)
Other services and charges	-	-	-	-	-
Total Sanitation	50,000	50,000	52,683	52,683	(2,683)
Debt Service	-	-	-	-	-
Expenditures and encumbrances related to prior year budgets (2)	-	-	-	-	-
Total expenditures and encumbrances	271,188	271,188	200,274	200,274	70,914
Excess of revenues over expenditures and encumbrances	$ 973,859	$ 973,859	$ 1,052,781	$ 1,052,781	$ 78,922

Town of Bethlehem, Georgia
General Fund
Schedule of Revenues, Expenditures, Encumbrances,
and Changes in Fund Balances--
Budget and Actual (GAAP Budgetary Basis)
Year Ended December 31, 2018

	Original Budget	Revised Budget	Expenditures	Total Actual	Variance
OTHER FINANCING SOURCES (USES)					
Transfers from other funds:					
Grants Management Fund	$ -	$ -	$ -	$ -	$ -
Capital Project	-	-	-	-	-
Sanitation	-	-	-	-	-
Total transfers from other funds	-	-	-	-	-
Transfers to other funds:					
General government:					
Non-departmental:					
Sanitation	-	-	-	-	-
Grants Management Fund	-	-	-	-	-
Risk Management Fund	-	-	-	-	-
Capital Projects Fund	-	-	-	-	-
Total transfers to other funds	-	-	-	-	-
Loan Financing	-	-	-	-	-
Excess of revenues and other sources over expenditures, encumbrances, and other uses	**973,859**	**973,859**		**1,052,781**	**78,922**
Fund balances, beginning (non-GAAP budgetary basis) - as adjusted	**977,859**	**977,859**		**977,859**	**-**
Less prior year fund balances (1)	977,859	(977,859)		(977,859)	-
Fund balance, ending (non-GAAP budgetary basis)	**$ 973,859**	**$ 973,859**		**$ 1,052,781**	**$ 78,922**

(1) The General Fund budget included $ (977,859) in prior year fund balance. It is not a revenue of the current period, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balance has been reduced for prior year fund balance to reflect the budgetary ending fund balance projected.

See accompanying notes to financial statements.

Note 1 - Budgetary Information

Budgets for the general fund were adopted on a basis that is consistent with accounting principles generally accepted in the United States as applied to governments.

Hawkins & McNair, CPAs

224 East Broad Street
Winder, Georgia 30680
770-867-9426
fax 770-867-1240
hawkins100@windstream.net

INDEPENDENT AUDITOR'S REPORT IN 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*

To the Town Council
Town of Bethlehem, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Town of Bethlehem, Georgia, (Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Hawkins & McNair, CPAs
Winder, Georgia
April 18, 2019

Hawkins & McNair, CPAs

224 East Broad Street
Winder, Georgia 30680
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fax 770-867-1240
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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

April 18, 2019

To the Honorable Mayor and Town Council
Town of Bethlehem, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the Town of Bethlehem, Georgia for the year ended December 31, 2018. This schedule is the responsibility of the Town of Bethlehem, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax 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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the accrual basis as described in Note I.B.4. and is not intended to be a complete presentation of Town of Bethlehem, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in Town of Bethlehem, Georgia's resolution or ordinance calling for the tax for the year ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Hawkins & McNair, CPAs

TOWN OF BETHLEHEM, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED DECEMBER 31, 2018

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
BARROW COUNTY				
Old SPLOST				
Roads	$ 100,000	$ 100,000	$ 100,000	$ -
Recreation	200,000	200,000	182,002	-
	300,000	300,000	282,002	-
BARROW COUNTY				
New SPLOST				
Roads	120,000	120,000	669,696	144,289
Recreation	60,000	60,000	46,815	-
	$ 180,000	$ 180,000	$ 716,511	$ 144,289