

# **CITY OF BLOOMINGDALE, GEORGIA**

## **Annual Financial Report**

For the Fiscal Year Ended June 30, 2017

# CITY OF BLOOMINGDALE, GEORGIA

## Annual Financial Report

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For the Year Ended June 30, 2017

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council  
City of Bloomingdale, 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 Bloomingdale, Georgia (*the City*), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The City's 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 of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomingdale, Georgia, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the pension schedules on pages 35-36 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. Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Our opinion on the basic financial statements are not affected by the missing information. We have applied certain limited procedures to the schedule of funding progress 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 of Bloomingdale, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of projects constructed with special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of projects constructed with special purpose local option sales tax proceeds is the responsibility of management and was derived from and relates 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 the schedule of projects constructed with special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the City of Bloomingdale, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 City of Bloomingdale, Georgia's internal control over financial reporting and compliance.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia  
February 28, 2018

# CITY OF BLOOMINGDALE, GEORGIA

## Statement of Net Position June 30, 2017

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 2,603,969	\$ 862,901	\$ 3,466,870
Receivables.....	321,670	61,424	383,094
Internal balances.....	165,376	(165,376)	-
Inventories.....	67,521	-	67,521
Restricted cash and cash equivalents:			
Customer deposits.....	11,710	39,822	51,532
Capital assets			
Land, improvements, and construction in progress.....	1,141,404	225,528	1,366,932
Other capital assets, net of depreciation.....	5,426,332	1,782,100	7,208,432
Other assets.....	-	1,123,043	1,123,043
Total assets.....	<u>9,737,982</u>	<u>3,929,442</u>	<u>13,667,424</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions.....	15,236	1,099	16,335
Total assets and deferred outflows of resources.....	<u>9,753,218</u>	<u>3,930,541</u>	<u>13,683,759</u>
<b>LIABILITIES</b>			
Accounts payable.....	42,103	5,100	47,203
Accrued payables.....	1,371	-	1,371
Customer deposits payable.....	11,710	39,822	51,532
Long-term liabilities:			
Due within one year.....	127,983	486	128,469
Due in more than one year.....	330,557	594	331,151
Net pension liability.....	47,231	2,419	49,650
Total liabilities.....	<u>560,955</u>	<u>48,421</u>	<u>609,376</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions.....	103,496	7,379	110,875
Total liabilities and deferred inflows of resources.....	<u>664,451</u>	<u>55,800</u>	<u>720,251</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	6,177,103	2,007,628	8,184,731
Restricted for			
Capital projects.....	784,638	-	784,638
Public safety.....	4,252	-	4,252
Unrestricted.....	2,122,774	1,867,113	3,989,887
Total net position.....	<u>\$ 9,088,767</u>	<u>\$ 3,874,741</u>	<u>\$ 12,963,508</u>

# CITY OF BLOOMINGDALE, GEORGIA

## Statement of Activities For the Year Ended June 30, 2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
General government.....	\$ 619,555	\$ 300,939	\$ -	\$ 18,358	\$ (300,258)		\$ (300,258)
Judiciary.....	48,521	-	-	-	(48,521)		(48,521)
Public safety.....	1,715,613	1,123,510	85,185	83,553	(423,365)		(423,365)
Public works.....	923,134	302,588	153,094	592,157	124,705		124,705
Culture and recreation.....	319,440	55,548	-	73,102	(190,790)		(190,790)
Housing and development.....	13,636	-	-	-	(13,636)		(13,636)
Interest on long-term debt.....	14,246	-	-	-	(14,246)		(14,246)
Total governmental activities.....	<u>3,654,145</u>	<u>1,782,585</u>	<u>238,279</u>	<u>767,170</u>	<u>(866,111)</u>		<u>(866,111)</u>
Business-type activities:							
Water and Sewer.....	807,633	619,465	-	31,876	-	\$ (156,292)	(156,292)
Total business-type activities.....	<u>807,633</u>	<u>619,465</u>	<u>-</u>	<u>31,876</u>	<u>-</u>	<u>(156,292)</u>	<u>(156,292)</u>
Total.....	<u>\$ 4,461,778</u>	<u>\$ 2,402,050</u>	<u>\$ 238,279</u>	<u>\$ 799,046</u>	<u>\$ (866,111)</u>	<u>(156,292)</u>	<u>(1,022,403)</u>
<b>GENERAL REVENUES</b>							
Taxes:							
Sales taxes for general purposes.....					941,178	-	941,178
Intangible, transfer, and franchise taxes.....					212,714	-	212,714
Alcoholic beverage taxes.....					205,383	-	205,383
Unrestricted investment earnings.....					2,651	1,542	4,193
Gain on sale of land.....					504,161	-	504,161
Miscellaneous.....					176,287	1,487	177,774
Total general revenues .....					<u>2,042,374</u>	<u>3,029</u>	<u>2,045,403</u>
Change in net position.....					1,176,263	(153,263)	1,023,000
Net position - beginning.....					7,912,504	4,028,004	11,940,508
Net position - ending.....					<u>\$ 9,088,767</u>	<u>\$ 3,874,741</u>	<u>\$ 12,963,508</u>

The notes to the financial statements are an integral part of this statement.



# CITY OF BLOOMINGDALE, GEORGIA

## Governmental Funds

### Balance Sheet

June 30, 2017

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 1,859,405	\$ 735,455	\$ 9,109	\$ 2,603,969
Receivables (net of allowance).....	269,661	52,009	-	321,670
Due from other funds.....	165,376	-	-	165,376
Inventories.....	67,521	-	-	67,521
Restricted cash and cash equivalents:				
Customer deposits.....	11,710	-	-	11,710
Total assets.....	<u>\$ 2,373,673</u>	<u>\$ 787,464</u>	<u>\$ 9,109</u>	<u>\$ 3,170,246</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable.....	\$ 31,248	\$ 10,855	\$ -	\$ 42,103
Accrued liabilities.....	1,371	-	-	1,371
Payable from restricted assets:				
Customer deposits.....	11,710	-	-	11,710
Total liabilities.....	44,329	10,855	-	55,184
Deferred inflows of resources:				
Unavailable revenue.....	59,000	-	-	59,000
Total liabilities and deferred inflows of resources.....	103,329	10,855	-	114,184
Fund balances:				
Nonspendable:				
Inventories.....	67,521	-	-	67,521
Restricted for:				
Capital projects.....	8,029	776,609	-	784,638
Public safety.....	-	-	4,252	4,252
Assigned to:				
Public safety.....	38,204	-	4,857	43,061
Unassigned.....	2,156,590	-	-	2,156,590
Total fund balances.....	2,270,344	776,609	9,109	3,056,062
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 2,373,673</u>	<u>\$ 787,464</u>	<u>\$ 9,109</u>	<u>\$ 3,170,246</u>

**CITY OF BLOOMINGDALE, GEORGIA**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2017**

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Total Governmental Fund Balances.....	\$ 3,056,062
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 on the governmental funds balance sheet (net of accumulated depreciation of \$3,842,917).....	6,567,736
Other long-term assets are not available to pay for current period expenditures and therefore are deferred on the governmental funds balance sheet.....	59,000
Deferred outflows and inflows of resources related to pensions are applicable to future periods and are therefore not reported on the governmental funds balance sheet.....	(88,260)
Net pension liability is not due and payable in the current period and therefore is not reported on the governmental funds balance sheet.....	(47,231)
Long-term and related liabilities are not due and payable in the current period and therefore are not reported on the governmental funds balance sheet.....	(458,540)
Net Position of Governmental Activities.....	<u><u>\$ 9,088,767</u></u>

# CITY OF BLOOMINGDALE, GEORGIA

## Governmental Funds

### Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2017

	General	SPLOST	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes.....	\$ 1,372,315	\$ -	\$ -	\$ 1,372,315
Licenses and permits.....	135,004	-	-	135,004
Intergovernmental.....	237,580	641,541	-	879,121
Charges for services.....	1,004,081	-	-	1,004,081
Fines and forfeitures.....	832,064	-	1,720	833,784
Investment earnings.....	2,651	-	-	2,651
Contributions and donations.....	-	21,522	699	22,221
Miscellaneous.....	108,671	-	-	108,671
Total revenues.....	<u>3,692,366</u>	<u>663,063</u>	<u>2,419</u>	<u>4,357,848</u>
<b>EXPENDITURES</b>				
Current				
General government.....	546,444	-	-	546,444
Judicial.....	48,521	-	-	48,521
Public safety.....	1,525,532	-	2,920	1,528,452
Public works.....	728,848	-	-	728,848
Culture and recreation.....	205,048	-	-	205,048
Housing and development.....	13,636	-	-	13,636
Capital Outlay.....	-	286,667	-	286,667
Debt Service				
Principal.....	-	94,324	-	94,324
Interest.....	-	14,246	-	14,246
Total expenditures.....	<u>3,068,029</u>	<u>395,237</u>	<u>2,920</u>	<u>3,466,186</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>624,337</u>	<u>267,826</u>	<u>(501)</u>	<u>891,662</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recoveries.....	48,047	-	-	48,047
Sale of property.....	549,729	-	-	549,729
Total other financing sources (uses).....	<u>597,776</u>	<u>-</u>	<u>-</u>	<u>597,776</u>
Net Changes in fund balances.....	1,222,113	267,826	(501)	1,489,438
Fund balances at beginning of year.....	1,048,231	508,783	9,610	1,566,624
Fund balances at end of year.....	<u>\$ 2,270,344</u>	<u>\$ 776,609</u>	<u>\$ 9,109</u>	<u>\$ 3,056,062</u>

## CITY OF BLOOMINGDALE, GEORGIA

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2017

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Net change in Fund Balances - Total Governmental Funds.....	\$ 1,489,438
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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 as depreciation expense. This is the amount by which capital  
outlays exceeded depreciation in the current period:

Capital outlays.....	\$ 167,044	
Depreciation expense.....	<u>(529,979)</u>	(362,935)

In the statement of activities, only the gain on the sale of capital assets is reported,  
whereas in the governmental funds, the proceeds from the sale increase financial  
resources. Thus, the change in net position differs from the change in fund balance  
by the carrying value of capital assets sold..... (45,568)

In the statement of activities, pension expense represents the change in net pension  
liability from the beginning of the year to the end of the year. However, in the  
governmental funds, pension expense is measured by the amount of financial resources  
used (amount actually paid). This is the amount by which pension contributions paid  
in the current period exceeded the change in net pension liability..... (8,844)

Governmental funds report debt service as expenditures. However, in the statement  
of activities, long-term debt is recognized as a liability. .... 94,324

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:

Compensated absences.....	9,848
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Change in Net Position of Governmental Activities.....	<u><u>\$ 1,176,263</u></u>
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# CITY OF BLOOMINGDALE, GEORGIA

## General Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes.....	\$ 1,289,804	\$ 1,289,804	\$ 1,372,315	\$ 82,511
Licenses and permits.....	22,275	22,275	135,004	112,729
Intergovernmental revenues.....	63,500	369,291	237,580	(131,711)
Charges for services.....	790,426	790,426	1,004,081	213,655
Fines and forfeitures.....	822,250	822,250	832,064	9,814
Investment income.....	50	50	2,651	2,601
Miscellaneous.....	105,933	105,933	108,671	2,738
Total revenues.....	<u>3,094,238</u>	<u>3,400,029</u>	<u>3,692,366</u>	<u>292,337</u>
<b>EXPENDITURES</b>				
Current operating:				
General government				
Mayor and Council.....	13,800	13,800	13,800	-
Administration.....	515,413	516,311	532,644	(16,333)
Judicial				
Municipal Court .....	49,517	49,517	48,521	996
Public safety				
Police.....	1,216,327	1,234,624	1,231,722	2,902
Fire.....	317,407	321,019	293,810	27,209
Public works				
Public maintenance.....	767,233	775,072	728,848	46,224
Culture and recreation				
Recreation.....	206,695	206,695	205,048	1,647
Housing and development				
Building and zoning.....	18,423	18,423	13,636	4,787
Total expenditures.....	<u>3,104,815</u>	<u>3,135,461</u>	<u>3,068,029</u>	<u>67,432</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(10,577)</u>	<u>264,568</u>	<u>624,337</u>	<u>359,769</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of surplus property.....	4,000	4,000	549,729	545,729
Total other financing sources (uses).....	<u>4,000</u>	<u>4,000</u>	<u>549,729</u>	<u>545,729</u>
Net change in fund balance.....	(6,577)	268,568	1,174,066	905,498
Fund balance, beginning of year.....	1,048,231	1,048,231	1,048,231	-
Fund balance, end of year.....	<u>\$ 1,041,654</u>	<u>\$ 1,316,799</u>	<u>\$ 2,222,297</u>	<u>\$ 905,498</u>

# CITY OF BLOOMINGDALE, GEORGIA

## Proprietary Funds

### Statement of Net Position

June 30, 2017

	Business-type Activities
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents.....	\$ 862,901
Receivables (net of allowance).....	61,424
Restricted cash and cash equivalents:	
Customer deposits .....	39,822
Total current assets.....	<u>964,147</u>
Noncurrent Assets:	
Capital assets:	
Land, improvements, and construction in progress.....	225,528
Other capital assets, net of depreciation.....	1,782,100
Total capital assets (net of accumulated depreciation).....	<u>2,007,628</u>
Other noncurrent assets:	
Unamortized costs: treatment plant.....	1,123,043
Total noncurrent assets.....	<u>3,130,671</u>
Total assets.....	<u>4,094,818</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions.....	1,099
Total assets and deferred outflows of resources.....	<u>4,095,917</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payables.....	5,100
Compensated absences.....	486
Due to other funds.....	165,376
Payable from restricted assets:	
Customer deposits payable.....	39,822
Total current liabilities.....	<u>210,784</u>
Noncurrent liabilities:	
Compensated absences.....	594
Net pension liability.....	2,419
Total noncurrent liabilities.....	<u>3,013</u>
Total liabilities.....	<u>213,797</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions.....	7,379
Total liabilities and deferred inflows of resources.....	<u>221,176</u>
<b>NET POSITION</b>	
Investment in capital assets.....	2,007,628
Unrestricted.....	1,867,113
Total net position.....	<u>\$ 3,874,741</u>

# CITY OF BLOOMINGDALE, GEORGIA

## Proprietary Funds

### Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2017

	<u>Business-type Activities</u>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water charges.....	\$ 218,737
Sewer Charges.....	342,233
Other income.....	59,982
Total operating revenues.....	<u>620,952</u>
<b>OPERATING EXPENSES</b>	
<u>Water</u>	
Personnel services.....	125,527
Purchased and contracted services.....	34,173
Materials and supplies.....	38,817
Interfund charges.....	71,789
Depreciation.....	64,014
Total operating expenses - water.....	<u>334,320</u>
<u>Sewer</u>	
Personnel services.....	85,363
Purchased and contracted services.....	62,632
Materials and supplies.....	146,667
Interfund charges.....	77,160
Depreciation.....	67,828
Amortization.....	33,663
Total operating expenses - sewer.....	<u>473,313</u>
Total operating expenses.....	<u>807,633</u>
Operating income (loss).....	<u>(186,681)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings.....	1,542
Total nonoperating revenues (expenses).....	<u>1,542</u>
Income before capital contributions.....	(185,139)
Capital contributions - connection fees.....	31,876
Change in net position.....	(153,263)
Net position, beginning of year.....	4,028,004
Net position, end of year.....	<u><u>\$ 3,874,741</u></u>

**CITY OF BLOOMINGDALE, GEORGIA**

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2017

	Business-type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers.....	\$ 620,241
Cash payments to suppliers for goods and services.....	(448,910)
Cash payments to employees for services.....	(210,207)
Net cash provided (used) by operating activities.....	<u>(38,876)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund borrowing (repayments).....	135,816
Net cash provided (used) by noncapital financing activities.....	<u>135,816</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions - connection fees.....	31,876
Acquisitions and construction of capital assets.....	(157,684)
Net cash provided (used) by capital and related financing activities.....	<u>(125,808)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earned on cash and investments.....	1,542
Redemption of certificates of deposit.....	(1,100)
Net cash provided (used) by investing activities.....	<u>442</u>
Net increase (decrease) in cash and cash equivalents.....	(28,426)
Cash and cash equivalents, beginning of year.....	931,149
Cash and cash equivalents, end of year.....	<u><u>\$ 902,723</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Operating income (loss).....	<u>\$ (186,681)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization.....	165,505
Change in assets and liabilities:	
Decrease (increase) in accounts receivables.....	(4,056)
(Decrease) increase in accounts payable.....	(17,672)
(Decrease) increase in compensated absence.....	45
(Decrease) increase in customer deposits.....	3,345
Total adjustments.....	<u>147,805</u>
Net cash provided (used) by operating activities.....	<u><u>\$ (38,876)</u></u>



**CITY OF BLOOMINGDALE, GEORGIA**

Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2017

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	Employees' Retirement Program Pension Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents.....	\$ 177,217
Investments, at fair value:	
Stocks and options.....	693,536
Fixed income securities.....	439,119
Total assets.....	<u>\$ 1,309,872</u>
<b>NET POSITION</b>	
Held in trust for pension benefits.....	<u>\$ 1,309,872</u>

**CITY OF BLOOMINGDALE, GEORGIA**  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2017

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	Employees' Retirement Program Pension Trust Fund
Additions	
Contributions:	
Employer (including life insurance premiums).....	\$ 95,395
Total contributions.....	<u>95,395</u>
Investment earnings:	
Net appreciation (depreciation) in fair value of investments.....	123,112
Net investment earnings.....	<u>123,112</u>
Total additions.....	<u>218,507</u>
Deductions	
Benefits paid to plan participants.....	264,779
Administrative expense.....	13,141
Total deductions.....	<u>277,920</u>
Net increase (decrease) for the year in plan net position.....	(59,413)
Net position - beginning.....	<u>1,369,285</u>
Net position - ending.....	<u><u>\$ 1,309,872</u></u>

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Description of Government-wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

##### B. Reporting Entity

The City of Bloomingdale, Georgia (government) is a municipal corporation governed by an elected mayor and six-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Currently, the City has no blended component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Currently, the City has no discretely presented component units.

##### C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The government participates in the following joint venture:

*Coastal Regional Commission* – Under Georgia law, the City, in conjunction with other governments in the region, is a member of the Coastal Regional Commission (RC) is required to pay annual dues thereto. During its year ended June 30, 2017, the City paid \$5,101 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of an 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 the RC. Management believes that the RC is currently accumulating sufficient financial resources to meet its financial obligations. Separate financial statements may be obtained from: Coastal Regional Commission, P.O. Box 1917, Brunswick, Georgia 31521

##### D. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds, while the business-type activities incorporate data from the government's enterprise fund. 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.

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### E. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and 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 City, except for those required to be accounted for in another fund.
- The *Special Purpose Local Option Sales Tax (SPLOST) capital projects fund* accounts for the receipt and use of local government shared revenues (SPLOST proceeds) to be used for the acquisition, construction, or improvement of capital facilities approved in the City's intergovernmental agreement with Chatham County, Georgia.

The City reports the following major proprietary fund:

- The *water and sewer enterprise fund* operates the sewage treatment plant, sewage pumping stations and collection systems, and the distribution of water. The operations of this fund are financed and operated in a manner similar to private business.

Additionally, the City reports the following fund types:

- *Special revenue funds* account for revenue sources that are legally restricted to expenditure for specific purposes.
- *Pension trust fund* is used to account for the accumulation of resources for pension benefit payments to qualified employees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between funds included in business-type activities (i.e. enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

#### **F. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 government considers revenues to be available if they are collected within thirty (30) days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as, expenditures related to compensated absences and claims and judgments, are reported only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise fees, sanitation fees, and interest associated with the current fiscal period are susceptible to accrual. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period (within 30 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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#### **G. Assets, Liabilities and Equity**

##### *1. Cash and Cash Equivalents*

The City's cash and cash equivalents consists of cash on hand and on deposit with financial institutions. For purposes of reporting cash on the statement of net position, the City considers all unrestricted highly liquid investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

State statutes authorize the City to invest in obligations of or obligations guaranteed by the U.S. Government and agencies or corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC of FSLIC; prime bankers acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia.

All investments are reported at fair value, which is based on quoted market prices.

##### *2. Receivables and payables*

In the fund financial statements, material receivables in governmental funds include revenue accruals such as franchise fees, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements. Accounts receivable comprise the majority of proprietary fund receivables. Trade receivables are shown net of an allowance for uncollectibles.

##### *3. Inventories and prepaid items*

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### *4. Restricted assets*

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash and cash equivalents set aside for repayment of deposits to utility customers.

##### *5. 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, other than infrastructure 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 one year. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. The City is only reporting general infrastructure assets and related depreciation expense on general infrastructure assets prospectively, that is general infrastructure assets acquired prior to July 1, 2003 and are not reported in the basic financial statements. All capital assets, including infrastructure assets, are capitalized and reported at

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity of efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and system.....	50
Improvements other than buildings.....	20
Machinery and equipment.....	5 - 30
Vehicles.....	6
Infrastructure.....	10 - 65

#### 6. *Compensated absences*

Employees earn vacation leave at the rate of six days per year for the first year of service up to a maximum of twenty-five days per year after five years of service. A maximum of twenty days may be carried over into an employee's next service year. Any unused, accrued vacation leave in excess of twenty days from service year to service year will be forfeited. Employees resigning voluntarily and in good standing will be paid for earned but unused vacation leave. All vacation leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Employees accrue personal leave at the rate of four hours per month to a maximum of forty-eight hours per year. Employees are allowed to carry eighty to one hundred and sixty hours personal leave based on year of services. An employee who resigns or is discharged from city service will not be paid for any unused personal leave. The City does not record a liability for vested personal leave benefits. Expenses are recognized in the financial statements at the time of payment.

#### 7. *Long-term obligations*

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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#### 8. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial 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/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) as so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, unavailable revenue, that qualifies for reporting in this category and which arises only under a modified accrual basis of accounting. Accordingly, this item is reported only in the governmental funds balance sheet and is comprised of one source: franchise fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide statements and proprietary fund type in the fund financial statements have an additional deferred outflows of resources and deferred inflows of resources not reported on the modified accrual basis. These deferred outflows of resources and deferred inflows of resources related to pensions, result from changes in net pension liability not included in pension expense due to effects in actuarial differences, changes in assumptions, and differences between actual and projected earnings on plan investments.

#### 9. *Equity classifications*

Equity is classified as net position and displayed in three components in the government-wide financial statements and in the proprietary fund type in the fund financial statements.

*Net investment in capital assets* consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

*Restricted net position* consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The *nonspendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.



## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the city council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* reflects the amounts constrained by the city’s “intent” to be used for specific purposes, but are neither restricted nor committed. The city’s fund balance policy provides city council the authority to assign amount to be used for specific purposes. The authority for assigned fund balance may be delegated to some other body or official other than city council. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

#### 10. *Net position flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as *restricted net position* and *unrestricted net position* in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### 11. *Fund balance flow assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### 12. *Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Actual results may differ from these estimates.

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

### H. Revenues and Expenditures/Expenses

#### 1. Program Revenues

Amounts reported as *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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenue.

#### 2. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

All governmental fund budgets are prepared on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The City Council may transfer funds from one object or purpose to another within the same department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Council may amend the budget by motion during the fiscal year.

Budget appropriations presented in this report include all legally adopted appropriations as amended during the fiscal year. For the year ended June 30, 2017, supplemental increases in appropriations were \$30,646 in the General Fund. There were no budgeted amounts adopted within the Forfeiture Account.

#### B. Excess of Expenditures over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the following funds and departments (the legal level of budgetary control):

<b>General Fund:</b>	
Administration.....	\$ 16,333
<b>Forfeiture Account Fund</b>	
Public Safety.....	2,920

These over expenditures were funded primarily by underspending in other departments and unbudgeted revenues.

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

### NOTE 3 – DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

At June 30, 2017, the City had the following investments and maturities:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in years)			
			Less than 1	1 - 3	4 - 5	Greater than 5
<b>Pension Trust Fund</b>						
Stocks and options.....		681,811	681,811	-	-	-
Corporate bonds						
Various.....	BBB+	22,849	-	-	-	22,849
Various.....	BBB	39,839	-	33,425	-	6,414
Preferreds/fixed rate cap secs.....						
Various.....	BBB	5,068	-	-	-	5,068
Various.....	BBB-	22,675	5,024	-	-	17,651
REITs/Tangibles NR.....		11,725	11,725	-	-	-
U.S. Treasury Securities.....	AA+	348,688	-	348,688	-	-
		<u>\$ 1,132,655</u>	<u>\$ 698,560</u>	<u>\$ 382,113</u>	<u>\$ -</u>	<u>\$ 51,982</u>

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. State law governs the investment of retirement funds (O.C.G.A. 47-20-84) and limits investments to maximum concentrations by investment category (at cost). The City has no formal investment policy that would further limit its investment choices.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days, a sum of money which has not been secured by a surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged, shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of depository insurance. The City has no custodial credit risk policy that would require additional collateral requirements.

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

At year-end the carrying amount of the City's deposits was \$3,517,327 and the bank balance was \$3,554,983. As of June 30, 2017 the entire bank balance was insured and collateralized with securities held by the government or its agent in the City's name.

Reconciliation to the basic financial statements:

### Statement of Net Position

Cash and cash equivalents.....	\$ 3,466,870
Restricted cash and cash equivalents.....	51,532

### Fiduciary Funds

Cash and cash equivalents.....	177,217
Total cash and cash equivalents.....	<u>\$ 3,695,619</u>

## B. Receivables

Receivables as of year-end for the City's individual major funds and non-major funds in aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Water and Sewer Fund	Total
Receivables:				
Accounts.....	\$ 126,768	\$ -	\$ 62,316	\$ 189,084
Intergovernmental.....	83,893	52,009	-	135,902
Franchise taxes.....	59,000	-	-	59,000
Fines and forfeitures.....	198,059	-	-	198,059
Gross receivables.....	467,720	52,009	62,316	582,045
Less: allowance for uncollectibles.....	(198,059)	-	(892)	(198,951)
Net total receivables.....	<u>\$ 269,661</u>	<u>\$ 52,009</u>	<u>\$ 61,424</u>	<u>\$ 383,094</u>

Substantially all receivables are expected to be collected within one year.

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

### C. Capital Assets

Changes in governmental activities capital assets for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated					
Land.....	\$ 1,176,972	\$ -	\$ 45,568	\$ -	\$ 1,131,404
Construction in progress.....	137,046	72,900	-	(199,946)	10,000
Total capital assets, not being depreciated.....	<u>1,314,018</u>	<u>72,900</u>	<u>45,568</u>	<u>(199,946)</u>	<u>1,141,404</u>
Capital assets, being depreciated					
Buildings.....	1,870,849	-	-	-	1,870,849
Improvements other than buildings.....	949,330	5,144	-	-	954,474
Machinery and equipment.....	1,055,328	7,580	-	-	1,062,908
Vehicles.....	964,670	81,420	30,024	-	1,016,066
Infrastructure.....	4,165,006	-	-	199,946	4,364,952
Total capital assets, being depreciated.....	<u>9,005,183</u>	<u>94,144</u>	<u>30,024</u>	<u>199,946</u>	<u>9,269,249</u>
Less accumulated depreciation for:					
Buildings.....	(490,364)	(40,973)	-	-	(531,337)
Improvements other than buildings.....	(293,553)	(59,849)	-	-	(353,402)
Machinery and equipment.....	(753,190)	(102,754)	-	-	(855,944)
Vehicles.....	(686,213)	(108,217)	(30,024)	-	(764,406)
Infrastructure.....	(1,119,642)	(218,186)	-	-	(1,337,828)
Total accumulated depreciation.....	<u>(3,342,962)</u>	<u>(529,979)</u>	<u>(30,024)</u>	<u>-</u>	<u>(3,842,917)</u>
Total capital assets, being depreciated, net.....	<u>5,662,221</u>	<u>(435,835)</u>	<u>-</u>	<u>199,946</u>	<u>5,426,332</u>
Governmental activities capital assets, net.....	<u>\$ 6,976,239</u>	<u>\$ (362,935)</u>	<u>\$ 45,568</u>	<u>\$ -</u>	<u>\$ 6,567,736</u>

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

<b>Governmental activities</b>	
General government.....	\$ 53,984
Public safety.....	175,088
Public works.....	231,130
Culture and recreation.....	69,777
Total depreciation expense.....	<u>\$ 529,979</u>

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

Changes in business-type activities capital assets for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated					
Land.....	\$ 59,335	\$ -	\$ -	\$ -	\$ 59,335
Construction in progress.....	8,509	157,684	-	-	166,193
Total capital assets, not being depreciated.....	67,844	157,684	-	-	225,528
Capital assets, being depreciated					
Buildings and system.....	3,719,867	-	-	-	3,719,867
Machinery and equipment.....	619,231	-	-	-	619,231
Vehicles.....	69,400	-	-	-	69,400
Total capital assets, being depreciated.....	4,408,498	-	-	-	4,408,498
Less accumulated depreciation for:					
Buildings and system.....	(2,163,557)	(77,205)	-	-	(2,240,762)
Machinery and equipment.....	(275,690)	(47,042)	-	-	(322,732)
Vehicles.....	(56,409)	(6,495)	-	-	(62,904)
Total accumulated depreciation.....	(2,495,656)	(130,742)	-	-	(2,626,398)
Total capital assets, being depreciated, net.....	1,912,842	(130,742)	-	-	1,782,100
Business-type activities capital assets, net.....	\$ 1,980,686	\$ 26,942	\$ -	\$ -	\$ 2,007,628

### Wastewater Treatment Plant Costs

The City entered into an agreement with the City of Pooler, Georgia in 1998 to defray a portion of the capital costs associated with certain improvements to the Pooler wastewater treatment plant facility. In return, the City would be permitted to connect and discharge raw sewage to the facility. The term of the agreement is for fifty years terminating on June 30, 2048. At June 30, 2017, contributions totaled \$1,123,043, net of accumulated amortization of \$560,104. Amortization expense for fiscal year 2017 was \$33,663.

### D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

#### Due from / to other funds:

Receivable Fund	Payable Fund	Amount
General	Water and Sewer Fund	\$ 165,376

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The City expects to pay all interfund balances within one year.

Interfund transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

### E. Deferred Inflows of Resources

Deferred inflows of resources are reported in the governmental funds to offset receivables that do not meet the availability criterion under the modified accrual basis of accounting. At June 30, 2017, deferred inflows of resources reported in governmental funds represented unavailable franchise tax revenues of \$59,000.

### F. Capital Lease

On August 19, 2014, the City entered into a capital lease agreement with State Bank & Trust for the purpose of purchasing new water meters and an automatic meter reading system for the water and sewer departments. The lease calls for principal payments totaling \$407,000 at an interest rate of 3.11%, with the first payment due in September 2014. The required annual payment is \$64,810, including principal and interest, for a period of seven years.

The outstanding balance of the capital lease as of June 30, 2017 was \$252,983. Principal and interest payments are as follows:

	Fiscal Year Ending June 30,	Required Payment
	2018	\$ 64,810
	2019	64,810
	2020	64,810
	2021	64,810
	2022	10,802
Total minimum lease payments.....		270,042
Less: amount representing interest.....		(17,059)
Present value of future minimum lease payments.....		<u>\$ 252,983</u>

For the year ended June 30, 2017, depreciation expense recorded on leased assets was \$40,700. At June 30, 2017, the net book value of assets under capital lease was as follows:

Machinery and equipment.....	\$ 407,000
Accumulated depreciation.....	(122,100)
Book value.....	<u>\$ 284,900</u>

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

### G. Long-term Debt

#### Note Payable

On October 21, 2010 the City executed an agreement with Branch Banking and Trust (BB&T) for the purpose of purchasing land located at 5 Adams Road. The loan amount is \$370,000 and has an interest rate of 3.43%. The monthly payment is \$4,907 for a period of ten years. The balance of the loan as of June 30, 2017, was \$137,650.

#### Total Debt Service Requirements - Note Payable

Fiscal Year Ending	Principal	Interest	Total
2018	\$ 39,658	\$ 4,102	\$ 43,760
2019	41,040	2,720	43,760
2020	42,470	1,290	43,760
2021	14,482	104	14,586
Totals.....	<u>\$ 137,650</u>	<u>\$ 8,216</u>	<u>\$ 145,866</u>

#### Changes in long-term liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental activities</b>					
Note payable.....	\$ 175,973	\$ -	\$ 38,323	\$ 137,650	\$ 39,658
Capital lease payable.....	308,984	-	56,001	252,983	57,767
Compensated absences.....	77,755	48,682	58,530	67,907	30,558
Total governmental activities....	<u>\$ 562,712</u>	<u>\$ 48,682</u>	<u>\$ 152,854</u>	<u>\$ 458,540</u>	<u>\$ 127,983</u>
<b>Business-type activities:</b>					
Compensated absences.....	\$ 1,035	\$ 5,546	\$ 5,501	\$ 1,080	\$ 486
Total business-type activities....	<u>\$ 1,035</u>	<u>\$ 5,546</u>	<u>\$ 5,501</u>	<u>\$ 1,080</u>	<u>\$ 486</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.



## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

#### H. Fund Balance Classifications

Amounts for specific purposes by fund and fund classifications for the year ended June 30, 2017 are as follows:

Classification/ Fund	Purpose	Amount
Nonspendable:		
General Fund	Inventories	\$ 67,521
Restricted:		
SPLOST Projects	Capital outlay projects	784,638
Forfeiture Account Fund	Public safety expenditures	4,252
Assigned:		
General Fund	Police department equipment	38,204
Fire Department Fund	Fire department operations	4,857
Unassigned:		
General Fund		2,156,590
	Total Fund Balance.....	<u>\$ 3,056,062</u>

#### NOTE 4 – OTHER INFORMATION

##### A. Employee Retirement Plan

The City of Bloomingdale administers a defined benefit pension plan. The plan assets shall be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan.

##### 1. Summary of Significant Accounting Policies

*Basis of accounting* - The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

*Method used to value investments* - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

##### 2. Pension Plan Description

*Plan administration* - The City of Bloomingdale Defined Benefit Plan (the Plan) is a single-employer defined benefit pension plan covering all full-time employees, elected officials, and appointed positions who have attained age 21 and completed one year of service. The Plan provides retirement, disability, death and termination benefits to plan members and beneficiaries. The City administers the Plan, and responsibilities include pension disbursements and general administration of the Plan through oversight of the City's Pension Board. The City's Pension Board consists of the City's elected officials appointed to the City's budget and finance committee, the City's department heads and the City attorney. The Pension Board has contracted with Wells Fargo Advisors to act as custodian of the assets of the Plan. The accounting and financial reporting functions are performed by the City's finance department. The City's General Fund bears most of the Plan's administrative costs.

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

*Benefits provided* – The Plan provides retirement benefits for its members. Benefits vest after five (5) years of service. Normal retirement benefits for general plan members are calculated as one percent (1%) of the average monthly compensation multiplied by the number of years of service, plus three and three-quarters of one percent (0.375%) of average monthly compensation in excess of \$833.33, multiplied by the number of years of service, up to a maximum of thirty-five (35) years. Average monthly compensation is the quotient of the total compensation of a participant during the sixty (60) consecutive calendar month period of service of highest compensation.

For years of service rendered as an elected official or appointed position, the benefit shall be ten dollars (\$10) per month for each year of service earned as an elected official or appointed position prior to January 1, 2014, plus thirty dollars (\$30) per month for each year of service earned as an elected official or appointed position after December 31, 2013.

Normal retirement age is the later of attainment of age sixty-two (62) or the fifth (5th) anniversary of plan participation, or if earlier, attainment of age fifty-seven (57) and twenty-five (25) years of service. Employees who have attained age fifty-five (55) with ten (10) or more years of service have the option for early retirement benefits. The plan also provides for disability and termination benefits.

The Plan's benefit provisions are established and amended by local ordinance.

Membership of the plan consisted of the following as of July 1, 2017, the date of the latest actuarial valuation:

Inactive employees (or their beneficiaries) currently receiving benefits....	1
Inactive employees entitled to, but not yet receiving benefits.....	3
Active employees.....	35
Total.....	<u>39</u>

*Contributions* - The City is required to contribute at an actuarially determined rate; the current rate is 9.47 percent (9.47%) of annual covered payroll. The City contributes such additional amounts as are necessary, based on actuarial valuations, to provide the plan with sufficient assets to meet future benefit payments. In 2017, the City contributed \$123,112 (10.84% of covered payroll). Employees do not contribute to the Plan. Total payroll for employees covered under the Plan for the year ended June 30, 2017 was \$1,135,450.

The Plan's contribution requirements are established and amended by local ordinance.

The Plan's audited financial statements are included in the City's annual financial report as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

### 3. *Information about the Net Pension Liability*

*Net pension liability* – the City's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017.

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

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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Investment rate of return	8.00%
Projected salary increases	5.00%
Cost of living adjustment	3.00%
Post-retirement Mortality Table	1994 Group Annuity Reserving Table, projected to 2002
Actuarial cost method	Entry age normal
Amortization method	Closed level percentage of projected payroll over 15 years

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the last actuarial experience study dated February 19, 2014. The result was rolled forward using standard actuarial techniques to the measurement date.

*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 the City's contributions will be made at the current contribution rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and active employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Long-term expected rate of return* – The long-term expected rate of return on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments 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 arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of July 1, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Rate of Return</b>
Fixed income	34.00%	8.00%
Domestic equity	52.00%	8.00%
Cash	14.00%	
<b>Total</b>	<b>100.00%</b>	

*Projected cash flows* – The projection of cash flows used to determine the discount rate assumed the City would contribute 9.47 percent of projected compensation over the 15 year amortization period of the unfunded actuarial accrued liability. At the end of the 15 year period, the City will only contribute the normal cost of the remaining actives in the Plan.

*Periods of projected benefit payments* – Projected future benefit payments for all current plan members were projected through 2098.

*Sensitivity analysis* – The following presents the net pension liability of the Plan, calculated using the discount rate of percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

# CITY OF BLOOMINGDALE, GEORGIA

## Notes to the Financial Statements

June 30, 2017

	<b>1.00% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1.00% Increase (8.50%)</b>
City's net pension liability (asset).....	\$ 109,832	\$ 49,650	\$ (9,215)

### 4. *Changes in the Net Pension Liability*

Changes in the net pension liability are as follows:

	<b>Total Pension Liability (Asset) (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2016.....	\$ 1,459,673	\$ 1,369,285	\$ 90,388
Changes for the year:			
Service cost.....	108,465	-	108,465
Interest.....	107,861	-	107,861
Difference between expected and actual experience.....	(51,698)	-	(51,698)
Contributions, employer.....	-	123,112	(123,112)
Net investment income.....	-	95,395	(95,395)
Benefit payments.....	(264,779)	(264,779)	-
Administrative expense.....	-	(13,141)	13,141
Net changes.....	(100,151)	(59,413)	(40,738)
Balances at June 30, 2017.....	<u>\$ 1,359,522</u>	<u>\$ 1,309,872</u>	<u>\$ 49,650</u>

### 5. *Pension Expense and Deferred Outflows Resources and Deferred Inflows of Resources Related to Pensions*

Pension expense for the year ended June 30, 2017:

Service cost.....	\$ 108,465
Interest on total pension liability (TPL).....	107,861
Differences between projected and actual experience.....	(16,294)
Expected return on assets.....	(97,217)
Differences between projected and actual earnings on plan investments.....	8,359
Administrative expenses.....	13,141
Total expense.....	<u>\$ 124,315</u>

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience.....	\$ -	\$ 110,875
Net difference between projected and actual earnings on pension plan investments.....	16,335	-
Total deferred outflows/(inflows).....	<u>\$ 16,335</u>	<u>\$ 110,875</u>

## CITY OF BLOOMINGDALE, GEORGIA

### Notes to the Financial Statements

June 30, 2017

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

<u>Recognized in</u>			
<u>June 30,</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Total</u>
2018	\$ 364	\$ 8,299	\$ 7,935
2019	364	8,299	7,935
2020	364	17,404	17,040
2021	364	16,291	15,927
2022	364	16,657	16,293
Thereafter	14,515	43,925	29,410
	<u>\$ 16,335</u>	<u>\$ 110,875</u>	<u>\$ 94,540</u>

#### B. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is required to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigations, settlement discussions, and all levels of litigation arising out of any claim against the City within the scope of loss protection furnished by the funds.

The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

#### C. Commitments and Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under the terms of the grant. Based on prior year experiences, the City believes such disallowances, if any, will be immaterial.

# CITY OF BLOOMINGDALE, GEORGIA

## Required Supplementary Information

### Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Four Fiscal Years

June 30, 2017

	2014	2015	2016	2017
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 101,543	\$ 125,698	\$ 114,171	\$ 108,465
Interest	104,899	113,165	116,009	107,861
Differences between expected and actual experience	(68,879)	(18,921)	(69,018)	(51,698)
Benefit payments	(23,198)	(80,855)	(263,436)	(264,779)
<b>Net change in total pension liability</b>	114,365	139,087	(102,274)	(100,151)
<b>Total pension liability - beginning</b>	1,308,495	1,422,860	1,561,947	1,459,673
<b>Total pension liability - ending</b>	<u>\$ 1,422,860</u>	<u>\$ 1,561,947</u>	<u>\$ 1,459,673</u>	<u>\$ 1,359,522</u>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer	\$ 104,770	\$ 124,920	\$ 134,304	\$ 123,112
Net investment income	165,890	54,710	105,664	95,395
Benefit payments	(23,198)	(80,855)	(263,436)	(264,779)
Administrative expense	(11,635)	(13,901)	(13,415)	(13,141)
<b>Net change in plan fiduciary net position</b>	235,827	84,874	(36,883)	(59,413)
<b>Plan fiduciary net position - beginning</b>	1,085,467	1,321,294	1,406,168	1,369,285
<b>Plan fiduciary net position - ending</b>	<u>\$ 1,321,294</u>	<u>\$ 1,406,168</u>	<u>\$ 1,369,285</u>	<u>\$ 1,309,872</u>
 CITY'S NET PENSION LIABILITY - ending	 \$ 101,566	 \$ 155,779	 \$ 90,388	 \$ 49,650
 PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	 92.86%	 90.03%	 93.81%	 96.35%
 COVERED-EMPLOYEE PAYROLL	 \$ 1,249,083	 \$ 1,305,039	 \$ 1,179,505	 \$ 1,135,450
 CITY'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	 8.13%	 11.94%	 7.66%	 4.37%

**NOTE:** Information prior to the fiscal year ended June 30, 2014 is not available.

# CITY OF BLOOMINGDALE, GEORGIA

## Required Supplementary Information

### Schedule of City Contributions

Last Five Fiscal Years

June 30, 2017

	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 103,945	\$ 114,375	\$ 123,101	\$ 134,134	\$ 117,341
Contributions in relation to the actuarially determined contribution	112,964	104,770	124,920	134,304	123,112
Contribution deficiency (excess)	<u>\$ (9,019)</u>	<u>\$ 9,605</u>	<u>\$ (1,819)</u>	<u>\$ (170)</u>	<u>\$ (5,771)</u>
COVERED-EMPLOYEE PAYROLL	\$ 1,128,481	\$ 1,249,083	\$ 1,305,039	\$ 1,179,505	\$ 1,135,450
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	10.01%	8.39%	9.57%	11.39%	10.84%

#### Notes to Schedule

Valuation date 7/1/2017

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal
Amortization method	Closed level percentage of projected payroll over 15 years
Remaining amortization period	15 years
Asset valuation method	Market value, including accruals
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	8.00%
Retirement age	First day of the month coinciding with or following the later of age 62 or the 5th anniversary of plan participation, if earlier, age 57 and the completion of 25 years of service.
Mortality	1994 Group Annuity Reserving Table, projected to 2002

**NOTE:** Information prior to the fiscal year ended June 30, 2013 is not available.

## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The ***Fire Department Fund*** accounts for fund raising efforts by the City's fire department and related expenditure of those funds.

The ***Forfeiture Account Fund*** accounts for forfeited assets awarded to the City and the related expenditures.



**CITY OF BLOOMINGDALE, GEORGIA**

## Non-major Governmental Funds

## Combining Balance Sheet

June 30, 2017

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	Non-major Special Revenue Funds		Total Non-major Governmental Funds
	Fire Department	Forfeiture Account Fund	
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 4,857	\$ 4,252	\$ 9,109
Total assets.....	<u>\$ 4,857</u>	<u>\$ 4,252</u>	<u>\$ 9,109</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable.....	\$ -	\$ -	\$ -
Total liabilities.....	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:			
Restricted for:			
Public safety.....	-	4,252	4,252
Assigned to:			
Public safety.....	4,857	-	4,857
Total fund balance.....	<u>4,857</u>	<u>4,252</u>	<u>9,109</u>
Total liabilities and fund balance.....	<u>\$ 4,857</u>	<u>\$ 4,252</u>	<u>\$ 9,109</u>

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**CITY OF BLOOMINGDALE, GEORGIA****Non-major Governmental Funds****Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances****For the Year Ended June 30, 2017**

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	<b>Non-major Special Revenue Funds</b>		<b>Total Non-major Governmental Funds</b>
	<b>Fire Department</b>	<b>Forfeiture Account Fund</b>	
<b>REVENUES</b>			
Fines and forfeitures.....	\$ -	\$ 1,720	\$ 1,720
Contributions and donations.....	699	-	699
Total revenues.....	<u>699</u>	<u>1,720</u>	<u>2,419</u>
<b>EXPENDITURES</b>			
Current:			
Public safety.....	-	2,920	2,920
Total expenditures.....	<u>-</u>	<u>2,920</u>	<u>2,920</u>
Net change in fund balance.....	699	(1,200)	(501)
Fund balance, beginning of year.....	4,158	5,452	9,610
Fund balance, end of year.....	<u>\$ 4,857</u>	<u>\$ 4,252</u>	<u>\$ 9,109</u>

**CITY OF BLOOMINGDALE, GEORGIA****Fire Department Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Contributions and donations.....	\$ -	\$ -	\$ 699	\$ 699
Total revenues.....	-	-	699	699
<b>EXPENDITURES</b>				
Current:				
Public safety.....	-	-	-	-
Total expenditures.....	-	-	-	-
Excess revenues over (under) expenditures.....	-	-	699	699
Fund balance at beginning of year.....	-	-	4,158	(4,158)
Fund balance at end of year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,857</u>	<u>\$ (3,459)</u>

**CITY OF BLOOMINGDALE, GEORGIA****Forfeiture Account Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and forfeitures.....	\$ -	\$ -	\$ 1,720	\$ 1,720
Total revenues.....	-	-	1,720	1,720
<b>EXPENDITURES</b>				
Current:				
Public safety.....	-	-	2,920	(2,920)
Total expenditures.....	-	-	2,920	(2,920)
Excess revenues over (under) expenditures.....	-	-	(1,200)	(1,200)
Fund balance at beginning of year.....	5,452	5,452	5,452	-
Fund balance at end of year.....	<u>\$ 5,452</u>	<u>\$ 5,452</u>	<u>\$ 4,252</u>	<u>\$ (1,200)</u>

**CITY OF BLOOMINGDALE, GEORGIA**

Schedule of Projects Constructed with  
Special Purpose Local Option Sales Tax Proceeds  
For the Year Ended June 30, 2017

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current	
<b>2014 Resolution</b>	3,200,000	3,200,000			
General administration equipment.....	-	-	38,931	18,358	57,289
Public safety:					
Equipment.....	-	-	179,256	74,230	253,486
Public works:					
Equipment.....	-	-	69,335	34,942	104,277
Street resurfacing.....	-	-	188,025	115,670	303,695
Jimmy Deloach Parkway relocation.....	-	-	40,549	-	40,549
Water meter replacement project.....	-	-	128,077	-	128,077
Debt service - interest.....	-	-	-	14,246	14,246
Drainage projects:					
Phase III drainage project.....	-	-	23,903	-	23,903
Recreation:					
Veterans Monument.....	-	-	6,797	-	6,797
Rails to Trails.....	-	-	3,689	-	3,689
Equipment.....	-	-	75,160	43,424	118,584
<b>Totals</b>	<b>\$ 3,200,000</b>	<b>\$ 3,200,000</b>	<b>\$ 753,722</b>	<b>\$ 300,870</b>	<b>\$ 1,054,592</b>

*Reconciliation of Schedule of Projects Constructed with Special Purpose Sales Tax Proceeds to Expenditures and  
Net Transfers reported in the Special Purpose Local Option Sales Tax Funds:*

SPLOST Fund project total expenditures.....	\$ 395,237
Other expenditures:	
Debt service payments related to items already included on the schedule.....	94,324
Veterans Monument expenditures funded with private donations.....	43
<b>Total SPLOST expenditures.....</b>	<b>\$ 300,870</b>



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

Honorable Mayor and Members of the City Council  
City of Bloomingdale, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomingdale, Georgia (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 28, 2018.

**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 applicable in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies identified as 2017-02 and 2017-03 in the accompanying schedule of findings and responses to be material weaknesses.

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. We consider the deficiencies identified as 2017-04 and 2017-05 in the accompanying schedule of findings and responses to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed test 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and are identified in the accompanying schedule of findings and responses at item 2017-01.

### **City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 it.

### **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 give 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.

KRT, CPAs P.C.

KRT, CPAs P.C.

Savannah, Georgia  
February 28, 2018

# CITY OF BLOOMINGDALE, GEORGIA

## Schedule of Findings and Responses

June 30, 2017

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### **Finding 2017-01 – Excess of Expenditures over Appropriations (repeat finding)**

*Criteria:* The annual budget is prepared as a working operational plan that, upon approval, becomes a legal working document for the City.

*Condition:* During our test of expenditures, we noted following expenditure categories were over the City's final budget at June 30, 2017:

<b>General Fund:</b>	
Administration.....	\$ 16,333
<b>Forfeiture Account Fund</b>	
Public Safety.....	2,920

*Cause:* Formal budget amendments were not always prepared for additional appropriations authorized subsequent to the adoption of the FY 2017 original budget. An annual budget was not adopted for the Forfeiture fund, a non-major special revenue fund.

*Effect or Possible Effect:* Noncompliance with local budget ordinance.

*Recommendation:* We recommend that City's management review actual vs. budget periodically and adjust the annual budget in accordance.

*Views of Responsible Officials and Planned Corrective Actions:* Management agrees with the finding. Procedures will be developed and implemented to ensure compliance with the City's budget ordinance.

### **Finding 2017-02 – Improper Reconciliation of Bank Accounts**

*Criteria:* The City's general ledger is the official record of financial transactions. Bank accounts should be reconciled monthly to this balance.

*Condition:* During our testing of cash, we noted that many of the City's bank accounts were not properly reconciled to the general ledger, and variances could not be explained by the finance clerk.

*Cause:* Bank statements were previously reconciled to a manual ledger, but the activity in the manual ledger, nor the bank statement, was reconciled to the City's general ledger. During the current fiscal year, an attempt was made by the finance clerk to discontinue this process and reconcile the bank statements directly to the general ledger. However, the accounts were still improperly reconciled at June 30, 2017, and variances between the reconciliation and general ledger balances could not be explained.

*Effect or Possible Effect:* Potential misappropriation of cash goes unnoticed.

*Recommendation:* All bank accounts should be properly reconciled to the general ledger in a timely manner. We recommend that City's management review the bank accounts and reconciliations each month to ensure that they are properly reconciled to the general ledger.

*Views of Responsible Official and Planned Corrective Actions:* Management agrees with the findings. The Finance Clerk has since been appropriately trained; therefore, she has the knowledge and intention to carry forward with the correct procedure when it comes to reconciling the cash accounts to the general ledger in a timely manner.



## CITY OF BLOOMINGDALE, GEORGIA

### Schedule of Findings and Responses

June 30, 2017

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#### **Finding 2017-03 – Inadequate Support for Accounts Receivable**

*Criteria:* An aging of receivables should be maintained in order to determine which accounts are overdue for payment.

*Condition:* The City was unable to provide an aging summary and fines receivable report as of June 30, 2017. As such, we were unable to substantiate the balance of these accounts.

*Cause:* The accounts receivable summary report is generated in real-time. The system does not allow the report to be reproduced at a later date, and this report was not generated by the City at the close of business on June 30, 2017.

*Effect or Possible Effect:* Revenues could be potentially overstated by creating fictitious related receivable accounts.

*Recommendation:* We recommend that an aging summary of receivables report be created at year-end to substantiate the balances reported by the City.

*Views of Responsible Official and Planned Corrective Actions:* Management agrees with the finding, and staff is now fully aware that its report is time sensitive. A Plan and procedure is in place to print this report at day's end going forward.

#### **Finding 2017-04 – Improperly Documented Asset Purchases**

*Criteria:* Adequate documentation should be maintained for all purchases to verify and authenticate the acquisition.

*Condition:* During our testing of capital asset acquisitions, we noted two police vehicle purchases that did not have a related invoice or other supporting document to substantiate the acquisition.

*Cause:* Relevant supporting documentation was not maintained for these purchases. The only document provided by the City was an advertisement for these cars. This advertisement, however, does not serve as a proof of purchase.

*Effect or Possible Effect:* Assets could be capitalized at an improper purchase price. Fictitious purchases could be created to misappropriate cash.

*Recommendation:* We recommend that purchases be well documented and include all relevant supporting documentation, such as an original invoice approved by management or related receipt.

*Views of Responsible Official and Planned Corrective Actions:* Management agrees with the finding. Procedures will be developed and implemented to ensure that all purchases are well documented and that there are valid invoices or supporting documentation for every payable. This is not the norm and should be considered an anomaly. All invoices/estimates are in City Council packets for review and have been transferred to Accounts Payable upon approval.

## CITY OF BLOOMINGDALE, GEORGIA

### Schedule of Findings and Responses

June 30, 2017

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#### **Finding 2017-05 – Unexplained Variances in Customer Deposit Listing**

*Criteria:* A customer deposit listing should be maintained in order to determine which customers are due a refund.

*Condition:* The water and sewer customer deposit listing that was provided by the City did not agree to the liability balances reported by the City. The City was unable to provide a reason for or the cause of the variance.

*Cause:* The reason for the variance could not be explained by the City.

*Effect or Possible Effect:* Though the amount of the variance was immaterial in the current year, it could possibly grow even larger if the cause is not found and corrected. The City could potentially owe more to customers than what is thought or budgeted for.

*Recommendation:* We recommend that investigating the cause of the variance, and working with the software company if needed, to ensure that no variances exist between the amounts reported in the billing system and the amounts carried over to the City's general ledger.

*Views of Responsible Official and Planned Corrective Actions:* Management agrees with the finding. Management understands the importance; therefore, a plan and procedures is not in place to print this report at day's end of June 30<sup>th</sup> going forward.

The City will implement a faster turnaround time between the receipt of deposit by the customer, the generation of the new account and systematically apply the deposit, and subsequently the deposit into the cash account. Understandably this will be documented and reconciled in a timelier manner to be supported through the documentation of the deposit report.