

***CITY OF CARROLLTON, GEORGIA***

***Annual Financial Report***

***For the fiscal year ended June 30, 2018***

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**CITY OF CARROLLTON, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**For the fiscal year ended June 30, 2018**

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## Independent Auditor's Report

Honorable Mayor and  
Members of the City Council  
City of Carrollton, 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 Carrollton, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### 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 Carrollton, Georgia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and West Metro Regional Drug Enforcement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 11 and 67 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carrollton, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Carrollton, Georgia's basic financial statements for the year ended June 30, 2017, which are not presented with the accompanying financial statements. In our report dated December 26, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carrollton, Georgia's basic financial statements as a whole. The combining and individual fund financial statements and schedules related to the 2017 financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules related to the 2017 financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2017 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018 on our consideration of the City of Carrollton, Georgia's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carrollton, Georgia's internal control over financial reporting and compliance.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
December 19, 2018

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**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**MANAGEMENT DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Carrollton's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the City's financial statements, which begin on page 12.

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 12 and 14) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

**Reporting the City as a Whole**

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 12. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, streets, general government, and recreation departments. Property tax, franchise fees, sales tax, occupation tax, and fines and forfeitures finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City water/sewer and sanitation operations are reported here.
- Component units – The City includes two separate legal entities in its report – Main Street Carrollton and Carrollton Redevelopment Authority. Although legally separate, these component units are important because the City is financially accountable for them.

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**Reporting the City's Most Significant Funds**

Fund Financial Statements

Our analysis of the City's major funds begins on page 15 and provides detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

- Proprietary Funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. These funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

**The City as a Whole**

Net Position

The City's combined net position increased from \$188,085,235 in 2017 to \$190,303,149 in 2018, an increase of \$2,217,914 (1%). Our analysis below focuses on the net position (Table 1) of the City's governmental and business-type activities.

The net position for governmental activities increased from \$111,548,770 in 2017 to \$112,459,550 in 2018, an increase of \$910,780 (1%). Unrestricted net position for governmental activities decreased from \$7,462,162 in 2017 to \$5,198,592 in 2018, a decrease of \$2,263,570 (30%).

Total net position for business-type activities increased from \$76,536,465 in 2017 to \$77,843,599 in 2018, an increase of \$1,307,134 (2%). Unrestricted net position for business-type activities decreased from \$6,816,883 in 2017, to \$6,375,083 in 2018, a decrease of \$441,800 (7%).

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**Table 1 - Net Position**

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 18,621,757	\$ 18,292,003	\$ 10,518,317	9,983,753	\$ 29,140,074	\$ 28,275,756
Restricted assets	320,708	383,729	960,929	964,132	1,281,637	1,347,861
Capital assets, net	107,236,658	106,481,578	77,007,930	75,524,975	184,244,588	182,006,553
<b>Total assets</b>	<b>126,179,123</b>	<b>125,157,310</b>	<b>88,487,176</b>	<b>86,472,860</b>	<b>214,666,299</b>	<b>211,630,170</b>
Total deferred outflows	1,978,581	2,367,917	831,392	1,065,160	2,809,973	3,433,077
Current liabilities	4,467,921	3,565,324	2,563,015	1,803,786	7,030,936	5,369,110
Noncurrent liabilities	9,934,302	11,736,278	8,452,756	8,906,840	18,387,058	20,643,118
<b>Total liabilities</b>	<b>14,402,223</b>	<b>15,301,602</b>	<b>11,015,771</b>	<b>10,710,626</b>	<b>25,417,994</b>	<b>26,012,228</b>
Total deferred inflows	1,295,931	674,855	459,198	290,929	1,755,129	965,784
Net position:						
Net investment in capital assets	101,806,163	99,306,088	71,188,725	69,439,908	172,994,888	168,745,996
Restricted					0	0
Capital projects	2,573,912	1,886,601	259,602	259,343	2,833,514	2,145,944
Debt service	0	0	20,189	20,331	20,189	20,331
Other purposes	2,880,883	2,893,919	0	0	2,880,883	2,893,919
Unrestricted	5,198,592	7,462,162	6,375,083	6,816,883	11,573,675	14,279,045
<b>Total net position</b>	<b>\$ 112,459,550</b>	<b>\$ 111,548,770</b>	<b>\$ 77,843,599</b>	<b>\$ 76,536,465</b>	<b>\$ 190,303,149</b>	<b>\$ 188,085,235</b>

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*June 30, 2018*



**Changes in Net Position**

The City’s combined change in net position decreased from \$19,991,650 in 2017 to \$3,299,394 in 2018, a decrease of \$16,692,256 (84%). Our analysis below focuses on the changes in net assets (Table 2) of the City’s governmental and business-type activities.

**Governmental Activities**

Revenues for the City’s governmental activities totaled \$26,899,905 (excluding transfers). This total represents a decrease of \$13,791,704 (34%) from the FY2017 total of \$40,691,609. This decrease is due to the one-time recognition of capital grants and contributions recorded in 2017 related to the completion and capitalization of the City’s Greenbelt Trail System.

Expenditures for the City’s governmental activities totaled \$29,757,973 (excluding transfers). This total represents an increase of \$2,881,734 (11%) over the FY2017 total of \$26,876,239.

**Business-Type Activities**

Revenues for the City’s business-type activities totaled \$19,453,604 (excluding capital grants and contributions, interest, and other). This represents an increase of \$957,882 (5%) over the FY2017 total of \$18,495,722. Operating expenses for the City’s business-type activities totaled \$13,684,543 (excluding transfers), an increase of \$475,531 (4%). This increase is related to the costs of equipment replacement and infrastructure upgrades for the City’s business-type activities.

The operating revenues are as follows:

	<u>2018</u>	<u>2017</u>
Charges for services:		
Water and sewer fees & charges	\$ 15,098,513	\$ 14,224,964
Garbage fees	<u>4,355,091</u>	<u>4,270,758</u>
Total	<u>\$ 19,453,604</u>	<u>\$ 18,495,722</u>

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**Table 2 - Changes in Net Position**

	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 3,440,981	\$ 3,438,490	\$ 19,453,604	\$ 18,495,722	\$ 22,894,585	\$ 21,934,212
Operating grants and contributions	1,663,206	1,617,858	0	0	1,663,206	1,617,858
Capital grants and contributions	4,890,709	20,173,037	145,490	719,913	5,036,199	20,892,950
<b>General revenues</b>						
Property taxes	4,395,334	4,021,695	0	0	4,395,334	4,021,695
Franchise & public service taxes	2,398,210	4,008,777	0	0	2,398,210	4,008,777
Sales taxes	4,161,784	3,910,453	0	0	4,161,784	3,910,453
Other taxes	4,816,322	2,679,754	0	0	4,816,322	2,679,754
Interest and investment earnings	12,641	11,933	10,774	10,766	23,415	22,699
Miscellaneous	1,120,718	829,612	232,137	158,891	1,352,855	988,503
<b>Total revenues</b>	<b>26,899,905</b>	<b>40,691,609</b>	<b>19,842,005</b>	<b>19,385,292</b>	<b>46,741,910</b>	<b>60,076,901</b>
<b>Expenses</b>						
<b>Program Expenses</b>						
General government	3,025,034	2,686,696	0	0	3,025,034	2,686,696
Public safety	13,330,985	12,967,177	0	0	13,330,985	12,967,177
Public works	3,518,374	3,240,157	0	0	3,518,374	3,240,157
Culture and recreation	7,827,585	6,532,722	0	0	7,827,585	6,532,722
Housing and development	1,769,889	1,120,898	0	0	1,769,889	1,120,898
Water and sewer	0	0	10,175,812	9,715,112	10,175,812	9,715,112
Sanitation	0	0	3,508,731	3,493,900	3,508,731	3,493,900
Interest on long-term debt	286,106	328,589	0	0	286,106	328,589
<b>Total expenses</b>	<b>29,757,973</b>	<b>26,876,239</b>	<b>13,684,543</b>	<b>13,209,012</b>	<b>43,442,516</b>	<b>40,085,251</b>
Indirect costs	(2,881,556)	(2,298,624)	2,881,556	2,298,624	0	0
<b>Excess (deficiency) before transfers</b>						
	23,488	16,113,994	3,275,906	3,877,656	3,299,394	19,991,650
Transfers	1,618,748	1,138,816	(1,618,748)	(1,138,816)	0	0
<b>Change in net position</b>	<b>1,642,236</b>	<b>17,252,810</b>	<b>1,657,158</b>	<b>2,738,840</b>	<b>3,299,394</b>	<b>19,991,650</b>
Net position, beginning of year	111,548,770	94,295,960	76,536,465	73,797,625	188,085,235	168,093,585
Prior period adjustments	(731,456)	0	(350,024)	0	(1,081,480)	0
<b>Net position, end of year</b>	<b>\$ 112,459,550</b>	<b>\$ 111,548,770</b>	<b>\$ 77,843,599</b>	<b>\$ 76,536,465</b>	<b>\$ 190,303,149</b>	<b>\$ 188,085,235</b>

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**The City's Funds**

As the City completed FY2018, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$16,403,822. This total represents a decrease of \$598,959 (4%) from the FY2017 combined fund balance of \$17,002,781. The City's proprietary funds (as presented in the statement of net position on page 22 reported combined unrestricted net position available for appropriation in the amount of \$6,375,083. This total represents a decrease of \$441,800 (7%) from the FY2017 amount of \$6,816,883.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Revenues**

General Fund budgetary highlights discussed below are shown in Table 3. Total actual revenue was over total budgeted revenue in the amount of \$852,841. Of this amount, tax revenue realized on property was under budget in the amount of \$45,453. Local option sales tax revenue exceeded budgeted revenue in the amount of \$226,784 and is an indicator of a strengthening local economy. Insurance premium tax revenue exceeded budgeted revenue in the amount of \$11,448. Franchise Tax revenue was under total budgeted revenue in the amount of \$274,590. This is the result of local industry and manufacturing consolidations and realignments. We expect this sector of our local economy to regain its footing and rebound in the near future. Alcohol excise tax revenue exceeded budgeted revenue in the amount of \$30,389. Occupation tax revenue exceeded budgeted revenue in the amount of \$67,317 and reflects the growing total number of business enterprises operating in the City. This is yet another sign of our strengthening local economy. Energy excise tax revenue was under budgeted revenue in the amount of \$122,594, and is due to Carroll County becoming the primary levying authority for this tax, which resulted in the City's share being reduced from 100% to approximately 25%. Alcohol license revenue was realized at an amount of \$50,763 over budget, and is related to the City's growing hospitality industry. Building permit revenue was realized at an amount of \$83,180 over budgeted revenue which reflects a strengthening local economy. Fines, fees and forfeiture revenue was realized at an amount of \$164,375 under budgeted revenue. Charges for services revenue was realized at an amount of \$237,456 over budgeted revenue and reflects the growth of citizen utilization of the City's Recreation and Center for the Arts offerings. Miscellaneous revenue was realized at an amount of \$435,394 over the budgeted amount.

In summary, the overall positive revenue variance of \$852,841 indicates a growing economy and strong financial position for the City.

**Table 3 - General Fund Revenues**

	2018			2017		
	Budget	Actual	Variance	Budget	Actual	Variance
Taxes	\$ 15,022,800	\$ 14,903,096	\$ (119,704)	\$ 14,114,377	\$ 14,177,826	\$ 63,449
Licenses and permits	375,000	508,943	133,943	300,000	376,022	76,022
Intergovernmental	996,580	1,221,914	225,334	996,580	1,038,986	42,406
Charges for services	4,308,933	4,546,389	237,456	3,809,099	3,825,468	16,369
Contributions	0	81,000	81,000	0	70,348	70,348
Fines and forfeitures	1,100,000	935,625	(164,375)	850,000	1,016,332	166,332
Interest on invested funds	10,000	10,090	90	10,000	9,638	(362)
Other	635,346	1,094,443	459,097	1,120,000	671,060	(448,940)
<b>Total</b>	<b>\$ 22,448,659</b>	<b>\$ 23,301,500</b>	<b>\$ 852,841</b>	<b>\$ 21,200,056</b>	<b>\$ 21,185,680</b>	<b>\$ (14,376)</b>

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**Expenditures**

General Fund expenditure highlights discussed below are shown in Table 4. The City completed FY 2018 with a total of \$26,556,345 in General Fund operating expenditures. The operating budget for these expenditures totaled \$27,740,801 resulting in expenditures being realized at an amount of \$1,184,456 under budget. As mentioned last year, the City experienced two catastrophic losses during FY2017, a fire station destroyed by a tornado, and a maintenance building destroyed by fire. These events required budget amendments during FY2018 to fund the completion of replacing these facilities. The fire station construction had not yet materially begun by July 1, 2017; therefore, a budget amendment was issued in the amount of \$1,500,000 to complete this project. Budget amendments were also issued in the amount of \$986,897 to fund property acquisitions, additional equipment replacements, street paving projects, and unbudgeted building renovations and repairs. Also, the Recreation maintenance building replacement had not yet materially begun by July 1, 2017, therefore, a budget amendment was issued in the amount of \$150,000 to complete this project. After taking into account the above facts, expenditures for Public Safety were under budget by \$515,311. Expenditures for General Government were under budget by \$60,183. Expenditures for Public Works were under budget by \$290,186. Expenditures for the Center for the Arts and the Recreation Department were under budget by \$171,471. These positive budget variances reflect good stewardship of the taxpayer dollar by City departments.

**Table 4 - General Fund Operating Expenditures**

	2018			2017		
	Budget	Actual	Variance	Budget	Actual	Variance
General government	\$ 3,322,912	\$ 3,262,729	\$ 60,183	\$ 2,628,644	\$ 2,514,391	\$ 114,253
Public safety	14,320,812	13,805,501	515,311	11,937,114	11,420,601	516,513
Public works	2,746,339	2,456,153	290,186	2,289,930	1,792,411	497,519
Cultural and recreation	6,318,029	6,146,558	171,471	6,077,322	5,722,930	354,392
Housing and development	1,032,709	883,988	148,721	748,159	652,123	96,036
Debt service	0	1,416	(1,416)	74,583	66,260	8,323
Total operating expenditures	<u>\$ 27,740,801</u>	<u>\$ 26,556,345</u>	<u>\$ 1,184,456</u>	<u>\$ 23,755,752</u>	<u>\$ 22,168,716</u>	<u>\$ 1,587,036</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2018, the City had \$184,244,588 invested in a broad range of capital assets, including public safety equipment, buildings, recreation and cultural arts facilities, and water and sewer infrastructure. Please refer to our analysis below for a breakdown of the City's capital assets and the notes to the financial statements for more information.

**Table 5 - Capital Assets at June 30, 2018, Net of Depreciation**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 11,164,060	\$ 11,257,603	\$ 8,933,978	\$ 8,933,204	\$ 20,098,038	\$ 20,190,807
Land improvements	21,146,327	22,203,482	0	0	21,146,327	22,203,482
Buildings and improvements	31,615,316	29,545,082	1,810,152	1,906,393	33,425,468	31,451,475
Equipment	4,536,168	4,942,315	1,849,136	1,533,254	6,385,304	6,475,569
Infrastructure	38,654,330	38,077,935	63,503,960	61,506,004	102,158,290	99,583,939
Construction in progress	120,457	455,161	910,704	1,646,120	1,031,161	2,101,281
Totals	<u>\$ 107,236,658</u>	<u>\$ 106,481,578</u>	<u>\$ 77,007,930</u>	<u>\$ 75,524,975</u>	<u>\$ 184,244,588</u>	<u>\$ 182,006,553</u>

**CITY OF CARROLLTON, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2018**



**DEBT**

The total long-term debt of the City outstanding at June 30, 2018 was \$10,816,233. The City had \$5,314,000 in revenue bond debt outstanding. Amounts reported as intergovernmental debt of \$5,166,250 relate to advance funding of construction costs for recreation, sidewalks, public safety, and green space/green belt financed by the 2015 Special Purpose Local Option Sales Tax. Notes payable balances reported in the business-type activities relate to improvements to the City's water and sewer systems. Please refer to our analysis below for the breakdown of the City's outstanding debt and notes to the financial statements for more information.

**Table 6 - Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue bonds \$	0 \$	0 \$	5,314,000 \$	5,725,000 \$	5,314,000 \$	5,725,000
Capital leases	0	6,188	44,316	172,641	44,316	178,829
Notes payable	0	0	291,667	316,667	291,667	316,667
Contracts payable	5,166,250	6,806,250	0	0	5,166,250	6,806,250
<b>Totals</b>	<b>\$ 5,166,250</b>	<b>\$ 6,812,438</b>	<b>\$ 5,649,983</b>	<b>\$ 6,214,308</b>	<b>\$ 10,816,233</b>	<b>\$ 13,026,746</b>

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when preparing the FY 2019 budget, millage rates, and user fees that will be charged for business-type activities. The growth in the property tax digest, as well as the projected collection rate in property taxes is taken into account when the millage rate is approved by the Mayor and City Council. Also, growth rates in other General Fund revenue categories such as sales tax, automobile tax, utility franchise fees, and occupation tax are taken into account when preparing the General Fund budget.

The above indicators were taken into account when adopting the General Fund budget for FY 2019. The fiscal year 2019 General Fund budget totals \$26,699,946 an increase of \$1,769,625 over the FY 2018 budget.

The City's property tax digest is projected to increase by 3%. This is a result of continued economic growth combined with the completion of a state mandated property reassessment conducted by the Carroll County Board of Assessors.

If these estimates are realized, the City's General Fund balance is expected to remain unchanged for FY 2019. These results are expected to be achieved without selling capital assets or using one-time sources of funds.

As for the City's business-type activities, we expect that the FY 2019 results will continue to show solid financial performance.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's financial position, and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Office at the City of Carrollton, 315 Bradley Street, Carrollton, GA. 30117.

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***BASIC FINANCIAL STATEMENTS***

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2018*

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 15,139,416	\$ 7,450,826	\$ 22,590,242
Restricted assets			
Cash and cash equivalents	271,020	960,929	1,231,949
Certificates of deposit	49,688	0	49,688
Receivables (net)			
Accounts	645,992	2,450,124	3,096,116
Intergovernmental	1,687,463	67,745	1,755,208
Taxes	834,739	0	834,739
Internal balances	22,745	(22,745)	0
Inventories	0	364,064	364,064
Prepaid items	291,402	208,303	499,705
Total current assets	<u>18,942,465</u>	<u>11,479,246</u>	<u>30,421,711</u>
<b>Noncurrent assets</b>			
Capital assets			
Non-depreciable	11,284,517	9,844,682	21,129,199
Depreciable (net)	<u>95,952,141</u>	<u>67,163,248</u>	<u>163,115,389</u>
Total noncurrent assets	<u>107,236,658</u>	<u>77,007,930</u>	<u>184,244,588</u>
<b>Total assets</b>	<u>126,179,123</u>	<u>88,487,176</u>	<u>214,666,299</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,918,709	823,294	2,742,003
Deferred outflows of resources related to OPEB	<u>59,872</u>	<u>8,098</u>	<u>67,970</u>
<b>Total deferred outflows of resources</b>	<u>1,978,581</u>	<u>831,392</u>	<u>2,809,973</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	1,123,260	1,191,237	2,314,497
Accrued liabilities	25,310	537	25,847
Retainages payable	74,462	29,361	103,823
Accrued salaries and payroll liabilities	245,534	102,481	348,015
Compensated absences	286,488	78,982	365,470
Accrued interest payable	19,690	0	19,690
Unearned revenue	280,103	543,490	823,593
Due to others	735,574	0	735,574
Capital leases payable	0	44,316	44,316
Contracts payable	1,677,500	0	1,677,500
Liabilities payable from restricted assets			
Customer deposits payable	0	338,611	338,611
Notes payable	0	25,000	25,000
Bonds payable	<u>0</u>	<u>209,000</u>	<u>209,000</u>
Total current liabilities	<u>4,467,921</u>	<u>2,563,015</u>	<u>7,030,936</u>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2018*

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Noncurrent liabilities</b>			
Net pension liability	\$ 4,389,065	\$ 2,159,812	\$ 6,548,877
Net OPEB liability	2,056,487	921,277	2,977,764
Notes payable	0	266,667	266,667
Bonds payable	0	5,105,000	5,105,000
Contracts payable	3,488,750	0	3,488,750
Total noncurrent liabilities	<u>9,934,302</u>	<u>8,452,756</u>	<u>18,387,058</u>
<b>Total liabilities</b>	<u>14,402,223</u>	<u>11,015,771</u>	<u>25,417,994</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	1,096,443	369,188	1,465,631
Deferred inflows of resources related to OPEB	199,488	90,010	289,498
<b>Total deferred inflows of resources</b>	<u>1,295,931</u>	<u>459,198</u>	<u>1,755,129</u>
<b>NET POSITION</b>			
Net investment in capital assets	101,806,163	71,188,725	172,994,888
Restricted for:			
Public Safety	1,411,687	0	1,411,687
Culture and Recreation	118,113	0	118,113
Housing and Development	1,351,083	0	1,351,083
Capital outlay	2,573,912	259,602	2,833,514
Debt service	0	20,189	20,189
Unrestricted	5,198,592	6,375,083	11,573,675
<b>Total net position</b>	<u>\$ 112,459,550</u>	<u>\$ 77,843,599</u>	<u>\$ 190,303,149</u>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended June 30, 2018

	Program Revenues					Net (Expense) Revenue
	Expenses	Indirect Costs	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS/PROGRAMS</b>						
<b>Primary government</b>						
Governmental activities						
General Government	\$ 3,025,034	\$ (2,881,556)	\$ 338,396	\$ 0	\$ 128,091	\$ 323,009
Public Safety	13,330,985	0	1,403,228	1,309,525	1,206,496	(9,411,736)
Public Works	3,518,374	0	30,140	0	2,184,506	(1,303,728)
Culture and Recreation	7,827,585	0	1,371,188	335,457	991,253	(5,129,687)
Housing and Development	1,769,889	0	298,029	18,224	380,363	(1,073,273)
Interest on long-term debt	286,106	0	0	0	0	(286,106)
Total governmental activities	<u>29,757,973</u>	<u>(2,881,556)</u>	<u>3,440,981</u>	<u>1,663,206</u>	<u>4,890,709</u>	<u>(16,881,521)</u>
<b>Business-type activities</b>						
Water and Sewerage	10,175,812	1,858,642	15,098,513	0	145,490	3,209,549
Sanitation	3,508,731	1,022,914	4,355,091	0	0	(176,554)
Total business-type activities	<u>13,684,543</u>	<u>2,881,556</u>	<u>19,453,604</u>	<u>0</u>	<u>145,490</u>	<u>3,032,995</u>
Total primary government	<u>43,442,516</u>	<u>0</u>	<u>22,894,585</u>	<u>1,663,206</u>	<u>5,036,199</u>	<u>(13,848,526)</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Change in net position</b>			
Net (expense) revenue	\$ (16,881,521)	\$ 3,032,995	\$ (13,848,526)
General revenues			
Taxes			
Property	4,395,334	0	4,395,334
Sales	4,161,784	0	4,161,784
Insurance premium	1,621,448	0	1,621,448
Alcohol excise	780,389	0	780,389
Franchise	2,398,210	0	2,398,210
Occupational	1,392,317	0	1,392,317
Other	1,022,168	0	1,022,168
Interest and investment earnings	12,641	10,774	23,415
Gain on sale of assets	12,715	0	12,715
Other	1,108,003	232,137	1,340,140
Transfers	1,618,748	(1,618,748)	0
Total general revenues and transfers	<u>18,523,757</u>	<u>(1,375,837)</u>	<u>17,147,920</u>
Change in net position	<u>1,642,236</u>	<u>1,657,158</u>	<u>3,299,394</u>
Net position - beginning (original)	111,548,770	76,536,465	188,085,235
Prior period adjustment	<u>(731,456)</u>	<u>(350,024)</u>	<u>(1,081,480)</u>
Net position - beginning (restated)	<u>110,817,314</u>	<u>76,186,441</u>	<u>187,003,755</u>
Net position - ending	<u>\$ 112,459,550</u>	<u>\$ 77,843,599</u>	<u>\$ 190,303,149</u>

**CITY OF CARROLLTON, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2018**

	<u>General</u>	<u>West Metro Regional Drug Enforcement</u>	<u>2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,483,096	\$ 1,896,342	\$ 1,031,600	\$ 1,728,378	\$ 15,139,416
Restricted assets					
Cash and cash equivalents	271,020	0	0	0	271,020
Certificates of deposit	49,688	0	0	0	49,688
Receivables (net)					
Accounts	645,992	0	0	0	645,992
Intergovernmental	53,943	121,122	1,470,882	41,516	1,687,463
Taxes	756,978	0	0	77,761	834,739
Prepaid items	280,902	0	0	10,500	291,402
Due from other funds	379,629	0	26,430	22,822	428,881
<b>Total assets</b>	<b>\$ 12,921,248</b>	<b>\$ 2,017,464</b>	<b>\$ 2,528,912</b>	<b>\$ 1,880,977</b>	<b>\$ 19,348,601</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 886,726	\$ 3,568	\$ 190,498	\$ 42,468	\$ 1,123,260
Accrued liabilities	25,310	0	0	0	25,310
Retainage payable	74,462	0	0	0	74,462
Accrued salaries and payroll liabilities	245,534	0	0	0	245,534
Unearned revenue	213,679	25,000	41,424	0	280,103
Due to other funds	25,220	16,839	5,478	358,599	406,136
Due to others	0	710,301	0	25,273	735,574
<b>Total liabilities</b>	<b>1,470,931</b>	<b>755,708</b>	<b>237,400</b>	<b>426,340</b>	<b>2,890,379</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue-property taxes	54,400	0	0	0	54,400
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	280,902	0	0	10,500	291,402
Restricted for:					
Public Safety	0	1,261,756	0	149,931	1,411,687
Culture and Recreation	118,113	0	0	0	118,113
Housing and Development	202,595	0	0	1,148,488	1,351,083
Capital outlay	0	0	2,291,512	282,400	2,573,912
Unassigned	10,794,307	0	0	(136,682)	10,657,625
<b>Total fund balances</b>	<b>11,395,917</b>	<b>1,261,756</b>	<b>2,291,512</b>	<b>1,454,637</b>	<b>16,403,822</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,921,248</b>	<b>\$ 2,017,464</b>	<b>\$ 2,528,912</b>	<b>\$ 1,880,977</b>	<b>\$ 19,348,601</b>

**CITY OF CARROLLTON, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**June 30, 2018**

**Total fund balances - total governmental funds** \$ 16,403,822

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

Some assets are not financial resources and therefore are not reported in the funds.

These are:

Capital assets, net of accumulated depreciation 107,236,658

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the funds.

These are:

Property taxes 54,400

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:

Related to pensions 1,918,709  
Related to OPEB 59,872

Deferred inflows of resources:

Related to pensions (1,096,443)  
Related to OPEB (199,488)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These are:

Compensated absences	\$ (286,488)	
Contracts payable	(5,166,250)	
Accrued interest payable	(19,690)	
Net pension liability	(4,389,065)	
Net OPEB liability	(2,056,487)	(11,917,980)

Net position of governmental activities \$ 112,459,550

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the fiscal year ended June 30, 2018**

	General	West Metro Regional Drug Enforcement	2015 SPLOST	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Taxes	\$ 14,903,096	\$ 0	\$ 0	\$ 827,767	\$ 15,730,863
Licenses and permits	508,943	0	0	0	508,943
Fines, fees and forfeitures	935,625	196,944	0	125,564	1,258,133
Charges for services	4,546,389	0	0	3,987	4,550,376
Intergovernmental	1,221,914	576,463	4,350,126	299,703	6,448,206
Contributions	81,000	0	33,453	0	114,453
Interest	10,090	1,170	367	1,381	13,008
Other	1,094,443	1,850	0	7,677	1,103,970
<b>Total revenues</b>	<b>23,301,500</b>	<b>776,427</b>	<b>4,383,946</b>	<b>1,266,079</b>	<b>29,727,952</b>
<b>EXPENDITURES</b>					
Current					
General Government	3,262,729	0	0	0	3,262,729
Public Safety	13,805,501	696,747	0	167,362	14,669,610
Public Works	2,456,153	0	0	0	2,456,153
Culture and Recreation	6,146,558	0	0	0	6,146,558
Housing and Development	883,988	0	0	857,790	1,741,778
Debt service	1,416	0	0	0	1,416
Capital outlay	0	0	3,978,985	50	3,979,035
<b>Total expenditures</b>	<b>26,556,345</b>	<b>696,747</b>	<b>3,978,985</b>	<b>1,025,202</b>	<b>32,257,279</b>
Excess (deficiency) of revenues over (under) expenditures	(3,254,845)	79,680	404,961	240,877	(2,529,327)
Other financing sources (uses)					
Transfers in	1,870,949	0	0	0	1,870,949
Transfers out	(31,227)	0	0	(206,393)	(237,620)
Sale of capital assets	0	69,964	0	0	69,964
<b>Total other financing sources (uses)</b>	<b>1,839,722</b>	<b>69,964</b>	<b>0</b>	<b>(206,393)</b>	<b>1,703,293</b>
<b>Net change in fund balance</b>	<b>(1,415,123)</b>	<b>149,644</b>	<b>404,961</b>	<b>34,484</b>	<b>(826,034)</b>
Fund balances, July 1 (original)	12,583,965	1,112,112	1,886,551	1,420,153	17,002,781
Prior period adjustment	227,075	0	0	0	227,075
Fund balances, July 1 (restated)	12,811,040	1,112,112	1,886,551	1,420,153	17,229,856
<b>Fund balances, June 30</b>	<b>\$ 11,395,917</b>	<b>\$ 1,261,756</b>	<b>\$ 2,291,512</b>	<b>\$ 1,454,637</b>	<b>\$ 16,403,822</b>

**CITY OF CARROLLTON, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the fiscal year ended June 30, 2018**

**Net change in fund balances - total governmental funds** \$ (826,034)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 6,255,108	
Depreciation	<u>(5,048,175)</u>	1,206,933

In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets disposed	(904,260)	
Related accumulated depreciation	<u>452,407</u>	(451,853)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

Pension contributions	821,098	
Cost of benefits earned, net of employee contributions	<u>(700,418)</u>	120,680

Governmental funds report OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned, net of employee contributions, is reported as OPEB expense.

OPEB contributions	59,827	
Cost of benefits earned, net of employee contributions	<u>(107,913)</u>	(48,086)

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Accrued interest	4,402	
Debt principal payments	<u>1,646,188</u>	1,650,590

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable deferred revenue		40,787
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Compensated absences		<u>(50,781)</u>
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Change in net position of governmental activities	<u>\$ 1,642,236</u>	
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**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,022,800	\$ 15,022,800	\$ 14,903,096	\$ (119,704)
Licenses and permits	375,000	375,000	508,943	133,943
Fines, fees and forfeitures	1,100,000	1,100,000	935,625	(164,375)
Charges for services	4,308,933	4,308,933	4,546,389	237,456
Intergovernmental	996,580	996,580	1,221,914	225,334
Contributions	0	0	81,000	81,000
Interest	10,000	10,000	10,090	90
Other	335,346	635,346	1,094,443	459,097
<b>Total revenues</b>	<b>22,148,659</b>	<b>22,448,659</b>	<b>23,301,500</b>	<b>852,841</b>
<b>EXPENDITURES</b>				
Current				
General Government				
Mayor and Council	97,719	97,719	84,893	12,826
City Manager	340,605	340,605	330,892	9,713
General Administration	1,114,205	1,765,150	1,789,013	(23,863)
Finance and Purchasing	226,623	246,623	243,559	3,064
Human Resources	302,588	302,588	304,378	(1,790)
Information Technology	268,797	268,797	217,407	51,390
General Maintenance	116,430	116,430	105,206	11,224
Legal	185,000	185,000	187,381	(2,381)
Public Safety				
Police Department	7,132,504	7,399,650	7,237,165	162,485
Fire Department	5,355,427	6,921,162	6,568,336	352,826
Public Works				
Street Department	1,225,003	1,441,657	1,270,264	171,393
Engineering	961,900	961,900	889,507	72,393
Garage	342,782	342,782	296,382	46,400
Culture and Recreation				
Library	300,035	300,035	300,036	(1)
Recreation Administration	1,022,404	1,022,404	902,586	119,818
Recreation Parks	1,642,838	1,792,838	1,753,993	38,845
Recreation Programs	1,155,768	1,155,768	1,182,717	(26,949)
Cultural Arts	891,051	891,051	867,507	23,544
Recreation Athletics	1,155,933	1,155,933	1,139,719	16,214
Housing and Development				
Planning Administration	495,042	495,042	334,127	160,915
Code Enforcement	165,593	165,593	39,518	126,075
Convention and Visitor's Bureau	182,103	182,103	159,159	22,944
Main Street Division	189,971	189,971	151,184	38,787
Economic Development	0	0	200,000	(200,000)
Debt Service				
Police Department	0	0	1,062	(1,062)
Fire Department	0	0	354	(354)
<b>Total expenditures</b>	<b>24,870,321</b>	<b>27,740,801</b>	<b>26,556,345</b>	<b>1,184,456</b>
Excess (deficiency) of revenues over expenditures	(2,721,662)	(5,292,142)	(3,254,845)	2,037,297
Other financing sources (uses)				
Transfers in	2,721,662	2,721,662	1,870,949	(850,713)
Transfers out	0	0	(31,227)	(31,227)
Total other financing sources (uses)	2,721,662	2,721,662	1,839,722	(881,940)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(2,570,480)	(1,415,123)	1,155,357
Fund balances, July 1 (original)	0	2,570,480	12,583,965	10,013,485
Prior period adjustment	0	0	227,075	227,075
Fund balances, July 1 (restated)	0	2,570,480	12,811,040	10,240,560
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,395,917</b>	<b>\$ 11,395,917</b>

See accompanying notes to financial statements.

**CITY OF CARROLLTON, GEORGIA**  
**WEST METRO REGIONAL DRUG ENFORCEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines, fees and forfeitures	\$ 112,000	\$ 112,000	\$ 196,944	\$ 84,944
Intergovernmental	635,462	635,462	576,463	(58,999)
Interest	0	0	1,170	1,170
Other	0	0	1,850	1,850
<b>Total revenues</b>	<u>747,462</u>	<u>747,462</u>	<u>776,427</u>	<u>28,965</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	747,462	747,462	696,747	50,715
<b>Total expenditures</b>	<u>747,462</u>	<u>747,462</u>	<u>696,747</u>	<u>50,715</u>
Excess (deficiency) of revenues over expenditures	0	0	79,680	79,680
Other financing sources (uses)				
Proceeds from sale of assets	0	0	69,964	69,964
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	149,644	149,644
Fund balances, July 1	0	0	1,112,112	1,112,112
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,261,756</u>	<u>\$ 1,261,756</u>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2018*

	<b>Business-Type Activities</b>		
	<b>Water and Sewerage</b>	<b>Sanitation</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 5,317,109	\$ 2,133,717	\$ 7,450,826
Restricted assets			
Cash and cash equivalents	960,929	0	960,929
Accounts receivable, net	1,859,414	590,710	2,450,124
Intergovernmental receivable	67,745	0	67,745
Inventories	364,064	0	364,064
Prepaid items	153,596	54,707	208,303
Due from other funds	2,398	0	2,398
Total current assets	<u>8,725,255</u>	<u>2,779,134</u>	<u>11,504,389</u>
<b>Noncurrent assets</b>			
Capital assets			
Non-depreciable	9,844,682	0	9,844,682
Depreciable (net)	66,408,555	754,693	67,163,248
Total noncurrent assets	<u>76,253,237</u>	<u>754,693</u>	<u>77,007,930</u>
<b>Total assets</b>	<u>84,978,492</u>	<u>3,533,827</u>	<u>88,512,319</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	603,785	219,509	823,294
Deferred outflows of resources related to OPEB	0	8,098	8,098
<b>Total deferred outflows of resources</b>	<u>603,785</u>	<u>227,607</u>	<u>831,392</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	871,688	319,549	1,191,237
Retainage payable	29,361	0	29,361
Accrued liabilities	537	0	537
Accrued salaries and payroll liabilities	74,075	28,406	102,481
Compensated absences	58,550	20,432	78,982
Unearned revenue	543,490	0	543,490
Due to other funds	25,143	0	25,143
Capital leases	0	44,316	44,316
Liabilities payable from restricted assets			
Customer deposits payable	338,611	0	338,611
Notes payable	25,000	0	25,000
Bonds payable	209,000	0	209,000
Total current liabilities	<u>2,175,455</u>	<u>412,703</u>	<u>2,588,158</u>
<b>Noncurrent liabilities</b>			
Net pension liability	1,581,105	578,707	2,159,812
Net OPEB liability	656,642	264,635	921,277
Notes payable	266,667	0	266,667
Bonds payable	5,105,000	0	5,105,000
Total Noncurrent liabilities	<u>7,609,414</u>	<u>843,342</u>	<u>8,452,756</u>
<b>Total liabilities</b>	<u>9,784,869</u>	<u>1,256,045</u>	<u>11,040,914</u>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2018*

	<u>Business-Type Activities</u>		
	<u>Water and Sewerage</u>	<u>Sanitation</u>	<u>Totals</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	\$ 267,346	\$ 101,842	\$ 369,188
Deferred inflows of resources related to OPEB	64,334	25,676	90,010
<b>Total deferred inflows of resources</b>	<u>331,680</u>	<u>127,518</u>	<u>459,198</u>
<b>NET POSITION</b>			
Net investment in capital assets	70,644,321	544,404	71,188,725
Restricted for Debt Service	20,189	0	20,189
Restricted for Capital Outlay	259,602	0	259,602
Unrestricted	4,541,616	1,833,467	6,375,083
<b>Total net position</b>	<u>\$ 75,465,728</u>	<u>\$ 2,377,871</u>	<u>\$ 77,843,599</u>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the fiscal year ended June 30, 2018**

	<b>Business-Type Activities</b>		
	<b>Water and Sewerage</b>	<b>Sanitation</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 15,098,513	\$ 4,355,091	\$ 19,453,604
Other	232,137	0	232,137
<b>Total operating revenues</b>	<b>15,330,650</b>	<b>4,355,091</b>	<b>19,685,741</b>
<b>OPERATING EXPENSES</b>			
Costs of sales and services	5,763,603	2,737,923	8,501,526
Personal services	3,916,995	1,632,592	5,549,587
Depreciation	2,198,130	161,130	2,359,260
<b>Total operating expenses</b>	<b>11,878,728</b>	<b>4,531,645</b>	<b>16,410,373</b>
Operating income (loss)	3,451,922	(176,554)	3,275,368
Non-operating revenues (expenses)			
Intergovernmental revenue	145,490	0	145,490
Interest and investment earnings	7,302	3,472	10,774
Interest expense	(155,726)	0	(155,726)
<b>Total non-operating revenues (expenses)</b>	<b>(2,934)</b>	<b>3,472</b>	<b>538</b>
Income (loss) before capital contributions and transfers	3,448,988	(173,082)	3,275,906
Capital contributions	14,581	0	14,581
Net income (loss) before transfers	3,463,569	(173,082)	3,290,487
Transfers in (out)			
Transfers in	0	31,227	31,227
Transfers out	(1,664,556)	0	(1,664,556)
<b>Total transfers in (out)</b>	<b>(1,664,556)</b>	<b>31,227</b>	<b>(1,633,329)</b>
Change in net position	1,799,013	(141,855)	1,657,158
Net position, July 1 (original)	73,916,703	2,619,762	76,536,465
Prior period adjustment	(249,988)	(100,036)	(350,024)
Net position, July 1 (restated)	73,666,715	2,519,726	76,186,441
<b>Net position, June 30</b>	<b>\$ 75,465,728</b>	<b>\$ 2,377,871</b>	<b>\$ 77,843,599</b>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2018

	<b>Business-Type Activities</b>		
	<b>Water and Sewerage</b>	<b>Sanitation</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 15,189,646	\$ 4,341,751	\$ 19,531,397
Payments to suppliers	(5,386,992)	(2,412,583)	(7,799,575)
Payments to employees	(3,889,020)	(1,627,854)	(5,516,874)
Other receipts	232,137	0	232,137
Net cash provided (used) by operating activities	<u>6,145,771</u>	<u>301,314</u>	<u>6,447,085</u>
<b>Cash flows from non-capital financing activities:</b>			
Receipts from other funds	0	31,227	31,227
Payments to other funds	(1,664,556)	0	(1,664,556)
Net cash provided (used) by non-capital financing activities	<u>(1,664,556)</u>	<u>31,227</u>	<u>(1,633,329)</u>
<b>Cash flows from capital and related financing activities:</b>			
Receipts from other governments	797,658	0	797,658
Payments for acquisitions of capital assets	(3,490,189)	(337,445)	(3,827,634)
Principal payments - capital leases	(54,534)	(73,791)	(128,325)
Principal payments - promissory notes	(25,000)	0	(25,000)
Principal payments - bonds payable	(411,000)	0	(411,000)
Interest paid	(150,133)	0	(150,133)
Net cash provided (used) by capital and related financing activities	<u>(3,333,198)</u>	<u>(411,236)</u>	<u>(3,744,434)</u>
<b>Cash flows from investing activities</b>			
Interest and investment earnings received	<u>7,302</u>	<u>3,472</u>	<u>10,774</u>
Net increase (decrease) in cash and cash equivalents	1,155,319	(75,223)	1,080,096
Cash and cash equivalents, July 1	<u>5,122,719</u>	<u>2,208,940</u>	<u>7,331,659</u>
<b>Cash and cash equivalents, June 30</b>	<u><u>\$ 6,278,038</u></u>	<u><u>\$ 2,133,717</u></u>	<u><u>\$ 8,411,755</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2018

	<b>Business-Type Activities</b>		
	<b>Water and Sewerage</b>	<b>Sanitation</b>	<b>Totals</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 3,451,922	\$ (176,554)	\$ 3,275,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	2,198,130	161,130	2,359,260
(Increase) decrease in accounts receivable	(90,971)	(13,340)	(104,311)
(Increase) decrease in inventories	2,176	0	2,176
(Increase) decrease in prepaid items	50,835	28,487	79,322
(Increase) decrease in deferred outflows related to pensions	175,915	60,358	236,273
(Increase) decrease in deferred outflows related to OPEB	16,920	(1,176)	15,744
Increase (decrease) in accounts payable	321,366	296,853	618,219
Increase (decrease) in unearned revenue	185,765	0	185,765
Increase (decrease) in retainage payable	20,561	0	20,561
Increase (decrease) in accrued liabilities	(18,327)	(263)	(18,590)
Increase (decrease) in accrued salaries and payroll liabilities	21,286	7,747	29,033
Increase (decrease) in compensated absences	3,980	2,931	6,911
Increase (decrease) in customer deposits	(3,661)	0	(3,661)
Increase (decrease) in net pension liability	(263,100)	(95,013)	(358,113)
Increase (decrease) in net OPEB liability	(46,529)	(18,612)	(65,141)
Increase (decrease) in deferred inflows related to pensions	55,169	23,090	78,259
Increase (decrease) in deferred inflows related to OPEB	64,334	25,676	90,010
Total adjustments	2,693,849	477,868	3,171,717
Net cash provided (used) by operating activities	<u>\$ 6,145,771</u>	<u>\$ 301,314</u>	<u>\$ 6,447,085</u>
<b>Cash and cash equivalents reconciliation</b>			
Cash and cash equivalents	\$ 5,317,109	\$ 2,133,717	\$ 7,450,826
Restricted assets			
Cash and cash equivalents	960,929	0	960,929
	<u>\$ 6,278,038</u>	<u>\$ 2,133,717</u>	<u>\$ 8,411,755</u>

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**1. Description of Government Unit**

The City of Carrollton, Georgia (the City) is located in Carroll County about 50 miles west of Atlanta. The City provides a full range of governmental services, including public safety, highways and streets, recreational and cultural programs and economic development, as well as water and sewer and sanitation services. The City is governed by an elected mayor and four-member council.

**2. 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**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Carrollton, Georgia (the primary government) and material component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61, the financial statements of the following component units have been included as either blended or discretely presented component units.

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides service entirely to the City.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

The activity and assets of the following two component units (Swimming Association and Area Convention and Visitors Bureau) which are functions of the Parks, Recreation, and Cultural Arts Department, were blended in the City's General Fund financial statements. Component unit financial statements are available at the office of the Parks, Recreation and Cultural Arts Department, 118 S. White St., Carrollton, Georgia 30117.

Carrollton Swimming Association

This nonprofit group is the organization of parents who have children on the Carrollton Swim Team and support the activities financially, by dues and other fund-raising activities. Annual costs are approximately \$119,039.

Carrollton Area Convention and Visitors Bureau

This entity superseded the Carroll County Area Convention and Visitors Bureau and is funded from a portion of the tax assessed on area motel and hotel receipts. Approximately \$171,847 was expended to promote tourism in the area this year.

The discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

Carrollton Redevelopment Authority

The Carrollton Redevelopment Authority, a Georgia non-profit organization, was created by the General Assembly of Georgia to provide for revenue bonds and other funding sources for construction in Carrollton, Georgia. The Authority operates under a board of nine directors, which are appointed by the Mayor and City Council of the City of Carrollton, Georgia. There was no activity for the Authority during the fiscal year.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

Main Street Carrollton

Main Street Carrollton is a Georgia non-profit organization created to assist in the revitalization and economic development of the Carrollton main street area. This entity provides operational and promotional assistance for two downtown City owned facilities (the AMP and the Historic Train Depot). Main Street Carrollton operates under a board of nine directors, which are appointed by the Mayor and City Council of the City of Carrollton, Georgia. Main Street was reorganized by the Mayor and City Council to account for Main Street operations within the City's General Fund beginning October 2015. There was no activity for Main Street Carrollton during the fiscal year.

**C. 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 governmental funds, while business-type activities incorporate data from the government's enterprise funds. 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.

As discussed earlier, the government has two discretely presented component units, which are combined in a column in the government-wide financial statements. For the current year, the Carrollton Redevelopment Authority had no activity to report in the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water and Sewerage and Sanitation Enterprise Funds and the other functions of the government. Elimination of these charges would distort the direct costs of program revenues reported for the various functions concerned.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. 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:

**General Fund** - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**2015 SPLOST Capital Projects Fund** - accounts for projects funded by the 2015 special one percent local option sales tax levies.

**West Metro Regional Enforcement Special Revenue Fund** - accounts for local and federal monies restricted for the West Metro Drug Enforcement Unit.

The City reports the following major proprietary funds:

**Water and Sewerage Fund** - Accounts for activities in providing water and wastewater services to the public.

**Sanitation Fund** - Accounts for activities in providing sanitation services to the public.

Additionally, the City reports the following fund types:

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

**Governmental Fund Types**

***Special Revenue Funds*** - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

***Capital Projects Funds*** - This fund type is used to account for financial resources to be used for the acquisition or construction of capital assets (other than those financed by the proprietary or fiduciary funds).

**Proprietary Fund Types**

***Enterprise Funds*** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

**Interfund Activity**

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 to/from other funds and advances to/from other funds. While these balances are reported in 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., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

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 transfers in the business-type activities column.

**E. 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.

The 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 60 days of the end of the current fiscal period.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

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 for this revenue source (within 60 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 funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**F. Revenues and Expenditures/Expenses**

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 revenues.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**F. Revenues and Expenditures/Expenses, continued**

Certain indirect costs have been included as part of program expenses reported for the various functional activities.

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

**G. Budgets and Budgetary Accounting**

The City Council adopts an operating budget for all governmental fund types, except for the Capital Projects Funds, for the upcoming fiscal year, prior to July 1. Capital budgets are adopted for Capital Projects Funds. The budgets are prepared based on requests made by various department heads. The adopted budgets include proposed expenditures and the means of financing them. Prior to budgets being legally enacted through passage of an ordinance, public hearings are held to obtain taxpayer comments. The budgets are prepared on the modified accrual basis of accounting. The City does not use an encumbrance system which records commitments related to unperformed contracts for goods and services.

**H. Cash and Investments**

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**I. Intergovernmental Receivables**

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

**J. Inventories**

Inventories of the Water and Sewerage Fund are valued at cost on the first-in, first-out method.

**K. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

**L. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are among the largest asset classes of the City. Prior to July 1, 2006, neither their historical costs, nor related depreciation, had been reported in the financial statements. The City implemented the requirements for retroactive reporting of major general infrastructure assets during the fiscal year ended June 30, 2007.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**L. Capital Assets, continued**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated.

Land and construction-in-progress are not depreciated. The other property, plant equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	<b>Useful Life in Years</b>
Buildings	20 to 50
Improvements	10 to 50
Furnishings, vehicles, machinery and equipment	3 to 20
Utility System	20 to 50
Infrastructure	10 to 50

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized. Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**M. 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. The City reports deferred outflows of resources for deferred charges on bond refunding and their defined benefit pension and other postemployment benefit plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to their defined benefit pension and other postemployment benefit plans.

**N. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**O. 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.

**P. Restricted Assets and Restricted Net Position**

Restricted assets consist of cash included in the City's Water and Sewerage System which reflect restrictions for future construction of facilities, retainages, revenue bond and note payable retirement.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

**Q. Fund Balances – Governmental Funds**

The City of Carrollton implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable by the City are nonspendable in form. The City has not reported any amounts that are legally or contractually required to be maintained intact.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**Q. Fund Balances – Governmental Funds, continued**

**Restricted** – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to constraints imposed by formal action of the Mayor and City Council through the adoption of a resolution or motion. The Mayor and City Council also may modify or rescind the commitment.

**Assigned** – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Through resolution or motion, the Mayor and City Council has authorized the City's Finance Officer to assign fund balances.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

**R. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation leave which will be paid to the employees upon separation from City service. Accumulated unpaid vacation leave amounts are accrued when incurred by the City in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured (ie, unused reimbursable leave still outstanding following an employee's resignation or retirement) and is expected to be liquidated with expendable available financial resources.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**2. Summary of Significant Accounting Policies (continued)**

**S. Long-Term Obligations**

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

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**T. Capital Contributions**

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

**U. Comparative Data and Reclassifications**

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of the changes in the City's financial position and operations. Certain 2017 amounts have been reclassified to conform with the 2018 presentation.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**3. Deposit and Investment Risk**

**Custodial credit risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's policies require that all deposits be federally insured or fully collateralized.

**Investment policies - Credit, concentration of credit, and interest rate risk**

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. The City places no limits on the amount the City may invest in any one issuer of equity or debt securities. Investments are reported at fair market value.

**Foreign currency risk**

The City has no investments denominated in a foreign currency.

**4. Accounts Receivable**

Net accounts receivable at June 30, 2018 consist of the following:

<b>Primary Government:</b>		
<b>Major Funds</b>		
General Fund		\$ 645,992
Water and Sewerage Enterprise Fund	\$ 1,906,297	
Less: Allowance for Uncollectibles	<u>(46,883)</u>	1,859,414
Sanitation Enterprise Fund	611,473	
Less: Allowance for Uncollectibles	<u>(20,763)</u>	<u>590,710</u>
Total Primary Government		<u><u>\$ 3,096,116</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**5. Intergovernmental Receivables**

Intergovernmental receivables at June 30, 2018 consist of the following:

<b>Primary Government:</b>		
<b>Major Funds</b>		
General Fund		
Three Rivers Regional Commission	\$	53,943
West Metro Regional Drug Enforcement State of Georgia		121,122
2015 SPLOST Fund		
Carroll County, Georgia	\$	683,732
Georgia Department of Natural Resources		24,500
Federal Emergency Management Agency		762,650
		1,470,882
Water and Sewerage Fund		
Federal Emergency Management Agency		67,745
<b>Nonmajor Funds</b>		
Special Revenue Funds		
Neighborhood Stabilization Program Carrollton Housing Authority		24,370
Regional Hazardous Material Team State of Georgia		16,482
Drug Seizure Carroll County, Georgia		664
		664
Total Primary Government		\$ 1,755,208

**6. Property Taxes**

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2017, based upon the assessments of January 1, 2017, were levied on August 28, 2017, billed on September 26, 2017, and due on December 1, 2017. The Carroll County tax commissioner bills and collects the City's property taxes.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**7. Interfund Receivables, Payables, and Transfers**

A summary of interfund receivables and payables as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2015 SPLOST	\$ 5,478
	West Metro Regional	
	Drug Enforcement	16,839
	Nonmajor Governmental	357,312
2015 SPLOST	Water and Sewerage	25,143
	Nonmajor Governmental	1,287
Nonmajor Governmental	General	22,822
Water and Sewerage	General	2,398
		<u>\$ 431,279</u>

Interfund balances at June 30, 2018, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

The interfund receivables in the 2015 SPLOST Fund are for non-SPLOST revenues needed to supplement SPLOST capital projects. These amounts will be moved from these funds in subsequent periods.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**7. Interfund Receivables, Payables, and Transfers (continued)**

A summary of interfund transfers is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
Water and Sewerage	General	\$ 1,664,556
General	Sanitation	31,227
Nonmajor Governmental	General	<u>206,393</u>
		1,902,176
 <b>Transfers of capital assets</b>		
Governmental Activities	Water and Sewerage	<u>14,581</u>
		<u><u>\$ 1,916,757</u></u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer City matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. The transfers from the Water and Sewerage and Sanitation Funds to the General Fund is in accordance with City policy, and is common practice for government-owned utility systems. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**8. Capital Assets**

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

	<b>Balance Beginning</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance Ending</b>
<b>Governmental activities</b>				
Non-depreciable assets				
Land	\$ 11,257,603	\$ 213,466	\$ (307,009)	\$ 11,164,060
Construction in progress	455,161	109,083	(443,787)	120,457
Total non-depreciable assets	<u>11,712,764</u>	<u>322,549</u>	<u>(750,796)</u>	<u>11,284,517</u>
Depreciable assets				
Land improvements	25,473,848	171,033	0	25,644,881
Buildings and improvements	39,245,128	2,825,125	0	42,070,253
Furnishings, vehicles, machinery and equipment	14,004,202	661,651	(497,470)	14,168,383
Infrastructure	71,332,262	2,646,016	0	73,978,278
Total depreciable assets	<u>150,055,440</u>	<u>6,303,825</u>	<u>(497,470)</u>	<u>155,861,795</u>
Less accumulated depreciation				
Land improvements	(3,270,366)	(1,228,188)	0	(4,498,554)
Buildings and improvements	(9,700,046)	(754,891)	0	(10,454,937)
Furnishings, vehicles, machinery and equipment	(9,061,887)	(1,022,735)	452,407	(9,632,215)
Infrastructure	(33,254,327)	(2,069,621)	0	(35,323,948)
Total accumulated depreciation	<u>(55,286,626)</u>	<u>(5,075,435)</u>	<u>452,407</u>	<u>(59,909,654)</u>
Total depreciable assets, net	<u>94,768,814</u>	<u>1,228,390</u>	<u>(45,063)</u>	<u>95,952,141</u>
Governmental activities capital assets, net	<u>\$ 106,481,578</u>	<u>\$ 1,550,939</u>	<u>\$ (795,859)</u>	<u>\$ 107,236,658</u>
<b>Business-type activities</b>				
Non-depreciable assets				
Land	\$ 8,933,204	\$ 774	\$ 0	\$ 8,933,978
Construction in progress	1,646,120	2,553,736	(3,289,152)	910,704
Total non-depreciable assets	<u>10,579,324</u>	<u>2,554,510</u>	<u>(3,289,152)</u>	<u>9,844,682</u>
Depreciable assets				
Buildings and improvements	6,139,441	15,000	0	6,154,441
Distribution system	93,891,299	3,860,684	0	97,751,983
Vehicles, machinery and equipment	6,039,674	710,894	(122,815)	6,627,753
Total depreciable assets	<u>106,070,414</u>	<u>4,586,578</u>	<u>(122,815)</u>	<u>110,534,177</u>
Less accumulated depreciation				
Buildings and improvements	(4,233,048)	(111,241)	0	(4,344,289)
Distribution system	(32,385,295)	(1,862,728)	0	(34,248,023)
Vehicles and equipment	(4,506,420)	(395,012)	122,815	(4,778,617)
Total accumulated depreciation	<u>(41,124,763)</u>	<u>(2,368,981)</u>	<u>122,815</u>	<u>(43,370,929)</u>
Total depreciable assets, net	<u>64,945,651</u>	<u>2,217,597</u>	<u>0</u>	<u>67,163,248</u>
Business-type activities capital assets, net	<u>\$ 75,524,975</u>	<u>\$ 4,772,107</u>	<u>\$ (3,289,152)</u>	<u>\$ 77,007,930</u>

Decreases in the governmental activities include \$99,781 of abandoned construction in progress.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**8. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

**Primary Government**

**Governmental activities**

General Government	\$ 276,327
Public Safety	837,709
Public Works	2,113,933
Culture and Recreation	<u>1,820,206</u>
Total depreciation expense for governmental activities	<u><u>\$ 5,048,175</u></u>

**Business-type activities**

Water and Sewerage	\$ 2,198,130
Sanitation	<u>161,130</u>
Total depreciation expense for business-type activities	<u><u>\$ 2,359,260</u></u>

	Primary Government	
	Governmental Activities	Business-type Activities
Current year depreciation expense	\$ 5,048,175	\$ 2,359,260
Prior accumulated depreciation on assets transferred between governmental and business-type activities	<u>27,260</u>	<u>9,721</u>
Additions to accumulated depreciation	<u><u>\$ 5,075,435</u></u>	<u><u>\$ 2,368,981</u></u>

**9. Capital and Operating Lease Agreements**

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2018, are \$44,316 for business-type activities.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**9. Capital and Operating Lease Agreements (continued)**

Total assets leased under capital leases are \$221,581 for business-type activities. Total accumulated depreciation on assets leased under capital leases are \$135,209 for business-type activities. The assets are included in vehicles, machinery and equipment for business-type activities.

Amortization of leased equipment under capital leases is included with depreciation expense.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2018:

<b>Year Ending June 30, <u>2019</u></b>	<b>Business-type Activities</b>
	<u>45,198</u>
Less amounts representing interest	<u>(882)</u>
Present value of minimum lease payments	<u><u>\$ 44,316</u></u>

The City has entered into an agreement to participate in a pooled lease program sponsored by the Georgia Municipal Association. Certificates of Participation in the amount of \$150,126,000 were issued in connection with the lease program, with the City's pro rata share of the principal being \$2,644,000. At June 30, 2018, the City has a balance of \$44,316 of the certificate proceeds for the purpose of financing the acquisition of equipment and is included above. These amounts are presented as capital leases in the business-type activities on the Government-wide Statement of Net Position. The remaining balance of the certificate proceeds is held in trust pursuant to the certificate, and is not considered legal debt of the City.

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**10. Long-Term Debt**

**Revenue Bonds**

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at June 30, 2018:

**Water and Sewerage Revenue Bond Series 2014:** In December 2014, the City issued Water and Sewerage Revenue Refunding and Improvement Bonds Series 2014 totaling \$6,705,000 to refinance the Water and Sewerage Revenue Bond Series 1997 and the GEFA Note 2008-LO3WJ, and to pay the costs of certain improvements to the City's water and sewer system. The bonds are secured by a pledge of the net revenues derived from the operation of the water system. The bonds are payable over a period of fifteen years at 2.67% interest. Semi-annual payments of principal and interest are due January 1 and July 1. Bond issuance costs of \$145,011 were incurred relative to the sale.

Annual debt service requirements to maturity for revenue bonds are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 209,000	\$ 70,942	\$ 279,942
2020	427,000	133,473	560,473
2021	439,000	121,992	560,992
2022	450,000	110,204	560,204
2023	463,000	98,096	561,096
2024-2028	2,507,000	297,011	2,804,011
2029-2030	819,000	21,974	840,974
Totals	<u>\$ 5,314,000</u>	<u>\$ 853,692</u>	<u>\$ 6,167,692</u>

**Notes Payable**

**Georgia Environmental Facilities Authority notes payable – Water Fund – DWSRF 08-001 and DW 08-001:** On November 4, 2009, the City signed an agreement with the Georgia Environmental Facilities Authority to obtain a promissory note for \$500,000, to procure four membrane filtration units. The note will be repaid in 240 monthly installments of \$2,083 with an interest rate of 0.0%, beginning March 2010. Closing cost of \$10,000 was financed through a

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**10. Long-Term Debt (continued)**

**Notes Payable, continued**

second note with 0.0% interest to be paid in twelve annual installment payments of \$833 beginning January 1, 2010 and ending December 1, 2029. The balance at June 30, 2018 was \$291,667.

The City's debt service requirements to maturity for the GEFA notes payable is as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 25,000	\$0	\$ 25,000
2020	25,000	0	25,000
2021	25,000	0	25,000
2022	25,000	0	25,000
2023	25,000	0	25,000
2024-2028	125,000	0	125,000
2029-2030	41,667	0	41,667
Totals	<u>\$ 291,667</u>	<u>\$0</u>	<u>\$ 291,667</u>

**Contracts Payable**

***Intergovernmental Debt, Carroll County, Georgia, 2013:*** During the year ended June 30, 2014, Carroll County, Georgia issued \$40,000,000 of General Obligation Sales Tax Bonds, Series 2013. The proceeds from the bonds are to be used to fund a portion of the 2015 SPLOST Carroll County projects and City of Carrollton projects.

The City of Carrollton received \$10,485,000 from the bond proceeds, (including \$485,000 in bond premiums). This debt is reflected as a payable to Carroll County because the bonds issued are a general obligation of the County. Therefore, the full amount of bonds payable is reflected in the County's liabilities. The City of Carrollton will pay 25% of the bond interest and principal each year. Interest paid by the City will be recognized as interest expense on the payable, and the County will recognize the full amount of interest expense on the bonds. The City's portion of bond principal paid will decrease the payable to the County, while the County will use the proceeds to pay down its bonds payable balance. The balance at June 30, 2018 was \$5,166,250.

**CITY OF CARROLLTON, GEORGIA**  
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**10. Long-Term Debt (continued)**

**Contracts Payable, continued**

The City's debt service requirements to maturity, including interest varying from 2.37% to 5.0%, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,677,500	\$ 236,287	\$ 1,913,787
2020	1,720,000	169,188	1,889,188
2021	1,768,750	83,188	1,851,938
Totals	<u>\$ 5,166,250</u>	<u>\$ 488,663</u>	<u>\$ 5,654,913</u>

**Changes in Long-Term Debt**

The following is a summary of changes in long-term debt of the City for fiscal year ended June 30, 2018:

	Balance Beginning	Additions	Deductions	Balance Ending	Due Within One Year
<b>Governmental activities</b>					
Capital lease obligations	\$ 6,188	\$ 0	\$ (6,188)	\$ 0	\$ 0
Contracts payable	6,806,250	0	(1,640,000)	5,166,250	1,677,500
Compensated absences	235,707	173,711	(122,930)	286,488	286,488
Total governmental activities	<u>\$ 7,048,145</u>	<u>\$ 173,711</u>	<u>\$ (1,769,118)</u>	<u>\$ 5,452,738</u>	<u>\$ 1,963,988</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 5,725,000	\$ 0	\$ (411,000)	\$ 5,314,000	\$ 209,000
Notes payable	316,667	0	(25,000)	291,667	25,000
Capital lease obligations	172,641	0	(128,325)	44,316	44,316
Compensated absences	72,071	66,477	(59,566)	78,982	78,982
Total business-type activities	<u>\$ 6,286,379</u>	<u>\$ 66,477</u>	<u>\$ (623,891)</u>	<u>\$ 5,728,965</u>	<u>\$ 357,298</u>

Revenue bond discounts/premiums are amortized over the life of the related debt using the straight-line method. Compensated absences are liquidated by those funds that have salary and wage expenditures. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund.

Total interest incurred and expensed in the governmental activities and the business-type activities for the fiscal ended June 30, 2018 was \$286,106 and \$155,726, respectively.

**CITY OF CARROLLTON, GEORGIA**  
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**11. Conduit Debt**

***Carrollton Redevelopment Authority***

In August 2010, Carrollton Redevelopment Authority issued \$8,000,000 in Series 2010 Federally Taxable Qualified School Construction Bonds – Direct Pay for the Carrollton Independent School System Project for the construction, renovation, modernization and revitalization of the Carrollton Independent School System facilities. These bonds are payable solely from the Trust Estate (bank) and the Authority has no obligation for these debts; therefore, debts are not reflected on the Authority's financial statements. The balance owed on these bonds was \$8,000,000 at June 30, 2018.

On July 7, 2014, Carrollton Redevelopment Authority authorized the receipt of a loan of \$217,235 from the Georgia Department of Community Affairs. The Authority simultaneously re-loaned the proceeds to Chad P. Properties, LLC, for the purpose of renovating a building located at 310 Adamson Square. Loan documents, including its promissory note, were collaterally assigned to the Georgia Department of Community Affairs. The Authority is not liable for any amount under this loan; therefore, it is not reflected on the Authority's financial statements. The loan repayment period is ten years at 2% interest with monthly payments of \$1,406.03 beginning September 1, 2014, and a balloon payment of \$58,538.60 on August 1, 2024. The outstanding loan balance at June 30, 2018 was \$167,751.

On October 28, 2016, Carrollton Redevelopment Authority authorized the receipt of a loan of \$250,000 from the Georgia Department of Community Affairs. The Authority simultaneously re-loaned the proceeds to Million Suns, LLC, for the purpose of acquiring and renovating a building located at 210 Bradley Street. Loan documents, including its promissory note, were collaterally assigned to the Georgia Department of Community Affairs. The Authority is not liable for any amount under this loan; therefore, it is not reflected on the Authority's financial statements. The loan repayment period is ten years at 2% interest with monthly payments of \$1,608.77 beginning December 1, 2016, and a balloon payment of all unpaid principal on November 1, 2026. The outstanding loan balance at June 30, 2018 was \$227,007.

On October 28, 2016, Carrollton Redevelopment Authority authorized the receipt of a loan of \$250,000 from the Georgia Cities Foundation Loan Program. The Authority simultaneously re-loaned the proceeds to Million Suns, LLC, for the purpose of renovating a building located at 117 Newnan Street. Loan documents, including its promissory note, were collaterally assigned to the

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**June 30, 2018**

**11. Conduit Debt (continued)**

Georgia Department of Community Affairs. The Authority is not liable for any amount under this loan; therefore, it is not reflected on the Authority's financial statements. The loan repayment period is fifteen years at 3% interest with monthly payments of \$1,746.45 beginning December 1, 2016, and a balloon payment of \$97,564.36 on November 1, 2026. The outstanding loan balance at June 30, 2018 was \$228,595.

On February 27, 2018, Carrollton Redevelopment Authority authorized the receipt of a loan of \$197,480 from the Georgia Department of Community Affairs. The Authority simultaneously re-loaned the proceeds to Jason & Laura Colquit for the purpose of renovating a building located at 306 A1-B Rome Street. Loan documents, including its promissory note, were collaterally assigned to the Georgia Department of Community Affairs. The Authority is not liable for any amount under this loan; therefore, it is not reflected on the Authority's financial statements. The loan repayment period is fifteen years at 2% interest with monthly payments of \$1,270.82 beginning March 1, 2018. The outstanding loan balance at June 30, 2018 was \$194,650.

**12. Deficit Fund Balances**

At June 30, 2018, the Hotel/Motel Tax Fund had a negative fund balance of \$126,182. The City intends to fund this deficit through future fund revenues.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**13. Nonspendable, Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds for fiscal year ended June 30, 2018:

	<u>General</u>	<u>West Metro Regional Drug Enforcement</u>	<u>2015 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Prepaid items	\$ 280,902	\$ 0	\$ 0	\$ 10,500	\$ 291,402
<b>Restricted for:</b>					
Public Safety					
Police facilities and equipment	\$ 0	\$ 1,261,756	\$ 0	\$ 113,947	\$ 1,375,703
Hazardous material team	0	0	0	35,984	35,984
Culture and Recreation					
Recreation facilities and equipment	118,113	0	0	0	118,113
Housing and Development					
Neighborhood improvements	0	0	0	1,148,488	1,148,488
Economic Development	202,595	0	0	0	202,595
Capital Projects	0	0	2,291,512	282,400	2,573,912
	<u>\$ 320,708</u>	<u>\$ 1,261,756</u>	<u>\$ 2,291,512</u>	<u>\$ 1,580,819</u>	<u>\$ 5,454,795</u>

**14. Pension Plan**

**Defined Benefit Pension Plans**

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City council members to establish and amend the benefit provisions of the plan.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder.

**CITY OF CARROLLTON, GEORGIA**  
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**June 30, 2018**

**14. Pension Plans (continued)**

At January 1, 2018, the date of the most recent actuarial valuation, there were 531 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	162
Terminated vested participants entitled to but not yet receiving benefits	64
Active participants	<u>293</u>
Total number of participants	<u><u>519</u></u>

*Benefits Provided.* Regular full-time employees who are non-civil service and who are not eligible to participate in any other retirement program of the City may participate immediately. Employees also participate in Social Security. Benefits are based on years of credited service, equal to one year of full-time employment. Members with ten years of total service are eligible to retire at age 65 with no reduction in benefit. Members are eligible for early retirement with reduced benefits based on the early retirement at age 55 with ten years of total service. The benefit formula is 1.25% - 2.00% with a five-year vesting schedule.

*Contributions.* Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the fiscal year ended June 30, 2018 was \$1,337,179, or 9.09% of covered payroll. Covered payroll for employees participating in the plan as of January 1, 2018 (the most recent actuarial valuation date) was \$12,765,322 (based on covered earnings for the preceding year). The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At June 30, 2018, the City reported a net pension liability of \$6,548,877. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. For the fiscal year ended June 30, 2018, the City recognized pension expense of \$1,080,205. For the Governmental Activities, the net pension liability is liquidated by the General Fund.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**14. Pension Plans (continued)**

The components of the net pension liability are as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
<b>Balances at 9/30/2016</b>	\$ 30,122,770	\$ 22,224,303	\$ 7,898,467
Changes for the year:			
Service cost	397,257	0	397,257
Interest	2,266,445	0	2,266,445
Differences between expected and actual experience	(81,618)	0	(81,618)
Contributions-employer	0	1,121,807	(1,121,807)
Net investment income	0	3,301,957	(3,301,957)
Benefit payments, including refunds of employee contribution	(1,756,630)	(1,756,630)	0
Administrative expense	0	(58,143)	58,143
Other	433,947	0	433,947
Net changes	<u>1,259,401</u>	<u>2,608,991</u>	<u>(1,349,590)</u>
<b>Balances at 9/30/2017</b>	<u>\$ 31,382,171</u>	<u>\$ 24,833,294</u>	<u>\$ 6,548,877</u>

Plan fiduciary net position as a percentage of the total pension liability	79.13%
Covered payroll	\$ 12,765,322
Net pension liability as a percentage of covered payroll	51.30%

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,262,715	\$ (68,015)
Changes of assumptions	361,625	(94,270)
Net difference between projected and actual earnings on pension plan investments	0	(1,303,346)
Contributions subsequent to the measurement date	<u>1,117,663</u>	<u>0</u>
Totals	<u>\$ 2,742,003</u>	<u>\$ (1,465,631)</u>

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. Pension Plans (continued)**

The \$1,117,663 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

<b>Year Ending June 30</b>		
2019	\$	53,894
2020		188,131
2021		(90,697)
2022		(51,344)
2023		58,725
Totals	\$	<u>158,709</u>

*Actuarial Assumptions.* The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.00%
Net investment rate of return	7.50%
Actuarial cost method	Entry Age
Amortization method	Closed level dollar
Remaining amortization period	10 years

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return

**CITY OF CARROLLTON, GEORGIA**  
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**14. Pension Plans (continued)**

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
Total	<u>100%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease	6.50%	\$ 10,534,135
Current discount rate	7.50%	6,548,877
1% increase	8.50%	3,221,523

**CITY OF CARROLLTON, GEORGIA**  
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**14. Pension Plans (continued)**

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

**Other Plans**

In addition to the plan above, various City employees are also covered under the pension plans of the Georgia Firefighters' Pension Fund and the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the City's financial statements.

**15. Post-Employment Benefits Other Than Pensions**

*Plan Description.* The City of Carrollton Other Postemployment Benefits Plan (the "OPEB Plan") is a defined benefit postretirement health care, prescription drug, and life insurance plan. The OPEB plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer OPEB Plan administered by the Georgia Municipal Association (GMA). The City has established provisions, which assign the authority to the City council members to establish and amend the benefit provisions of the plan.

At January 1, 2017, the date of the most recent actuarial valuation, there were 363 participants consisting of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	44
Inactive plan members entitled to but not yet receiving benefit payments	0
Active members	319
Total number of participants	363

*Benefits Provided.* City employees become eligible after they reach age 62 with 20 years of service and receiving a pension benefit from Georgia Municipal Benefits System (age 60 if a Public Service employee). The City pays 100% of the medical premiums until the participant becomes eligible for Medicare. A \$10,000 life insurance benefit is provided.

**CITY OF CARROLLTON, GEORGIA**  
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*June 30, 2018*

**15. Post-Employment Benefits Other Than Pensions (continued)**

*Contributions.* The City has not elected to advance fund the OPEB Plan, but rather maintains the OPEB Plan on a “pay-as-you-go” basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The City’s contribution for the fiscal year ended June 30, 2018 was \$76,910, or 0.52% of covered payroll. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.* At June 30, 2018, the City reported a net OPEB liability of \$2,977,764. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2017. For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$156,527. For the Governmental Activities, the net OPEB liability is liquidated by the General Fund.

The components of the net OPEB liability are as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
<b>Balances at 6/30/2016</b>	<u>\$ 3,187,503</u>	<u>\$0</u>	<u>\$ 3,187,503</u>
Changes for the year:			
Service cost	111,817	0	111,817
Interest	92,935	0	92,935
Differences between expected and actual experience	(69,070)	0	(69,070)
Contributions-employer	0	76,910	(76,910)
Changes in assumptions	(268,511)	0	(268,511)
Benefit payments, including refunds of member contributions	<u>(76,910)</u>	<u>(76,910)</u>	<u>0</u>
Net changes	<u>(209,739)</u>	<u>0</u>	<u>(209,739)</u>
<b>Balances at 6/30/2017</b>	<u>\$ 2,977,764</u>	<u>\$0</u>	<u>\$ 2,977,764</u>
Plan fiduciary net position as a percentage of the total OPEB liability		0.00%	
Covered employee payroll		\$ 13,397,582	
Plan net OPEB liability as a percentage of covered employee payroll		22.23%	

**CITY OF CARROLLTON, GEORGIA**  
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**15. Post-Employment Benefits Other Than Pensions (continued)**

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 0	\$ (59,202)
Changes of assumptions	0	(230,296)
Contributions subsequent to the measurement date	67,970	0
Totals	\$ 67,970	\$ (289,498)

The \$67,970 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year Ending June 30</b>		
2019	\$	(48,226)
2020		(48,226)
2021		(48,226)
2022		(48,226)
2023		(48,226)
Thereafter		(48,368)
Totals	\$	(289,498)

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**15. Post-Employment Benefits Other Than Pensions (continued)**

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

Inflation	3.25%
Projected salary increases	3.75% to 8.75%, including inflation
Actuarial cost method	Entry age
Discount rate	3.58%. This changed from 2.85% the previous year
Healthcare cost trend rates	Medical: 7.00% trended down to 4.5% by 2022 Prescription Drug: 7.00% trended down to 4.5% by 2022
Healthy mortality rates	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Amortization method	Open 30 years, level percent of payroll
Remaining amortization period	30 years
Asset valuation method	Market value

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

*Development of Long-Term Rate.* Since the City funds this Plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 3.58%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2017.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.58%) or one percentage-point higher (4.58%) than the current rate.

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**15. Post-Employment Benefits Other Than Pensions (continued)**

Also shown is the Net OPEB Liability as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates:

<u>Discount Rate</u>		<u>Net OPEB Liability</u>
1% decrease	2.58%	\$ 3,353,167
Current discount rate	3.58%	2,977,764
1% increase	4.58%	2,653,961

  

<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 2,677,086
Current discount rate		2,977,764
1% increase		3,335,188

*OPEB Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

**16. Hotel/Motel Lodging Tax**

The City has levied a 5% lodging tax through July 31, 2017. During the period ended July 31, 2017, the City collected \$43,254 in revenues, of which \$17,302 or 40% of revenues were expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

The City levied an occupancy tax of 8% beginning August 1, 2017 for the rent of a guest room at a hotel or motel in the City as authorized by the Official Code of Georgia Annotated O.C.G.A. 48-13-51(b). Local governments imposing a tax under this code section are required to expend, in each fiscal year, an amount equal to not less than 50% of the total amount of taxes collected that exceed the amount of taxes that would have been collected at the rate of 5% for promoting tourism, conventions, and trade shows by the destination marketing organization designated by the municipality levying the tax (for the City, the Carrollton Area Convention and Visitors Bureau or the Carroll County Chamber of Commerce). For the period August 1, 2017 to June 30, 2018, the City collected \$784,513 in hotel/motel tax revenues, of which \$291,515 was disbursed to the Carrollton Area Convention and Visitors Bureau and the Carroll County Chamber of Commerce, and \$51,709 is held for future disbursement for promoting tourism, conventions and trade shows (43.75% of tax receipts). The remaining amount of taxes collected that exceed the amount of taxes that would be collected at the rate of 5% which are not otherwise expended above shall be expended for tourism product development. For the period August 1, 2017 to June 30, 2018, the City expended \$147,096 (18.75%) of tax receipts for tourism product development.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Tax Abatements**

The City of Carrollton is subject to tax incentives granted by various authorities in the City. These incentives are negotiated on an individual basis as a reduction of property taxes based on the percentage negotiated and have the stated purpose of increasing business activity and employment in the City by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The incentives may be granted to any business located within or promising to relocate to a local government's geographic area and have various requirements regarding job creation and capital investments. Each of the incentive agreements contains a recapture provision that requires repayment of a portion of the abatement for that year if the business fails to meet its jobs and/or investment goals. The City has not made any commitments as part of the agreements other than to reduce taxes.

For the fiscal year ended June 30, 2018, the City of Carrollton property taxes were abated totaling \$314,439 under this program through the Carrollton Payroll Development Authority.

Individual tax abatement agreements that each exceeded ten percent of the total amount abated are as follows:

- Property tax abatement (ranging from 40% to 100% by parcel) for a local manufacturer expanding its manufacturing facility located in the City of Carrollton. The abatement amounted to \$135,374.
- 100% property tax abatement for a local manufacturer expanding its manufacturing facility located in the City of Carrollton. The abatement amounted to \$61,228.

**18. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties in the area, is a member of the Three Rivers Regional Commission (TRRC). The membership dues are paid annually by the City of Carrollton. Membership in a regional commission (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RCs in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. A copy of the TRCC financial statements can be obtained from TRRC, P.O. Box 818, Griffin, Georgia 30224.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**19. Related Organizations**

The City of Carrollton Housing Authority is considered a related organization to the City of Carrollton. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Carrollton. The City collects revenue in lieu of taxes for City services provided to Housing Authority residents.

**20. Lease Agreement**

The City has entered into a lease agreement with the Carrollton Independent School System for a three-year term. The Carrollton Independent School System shall pay rental in the amount of one dollar (\$1.00) per year, due on the commencement date and each anniversary thereafter, for the use of premises owned by the City. Due to the nature of the lease, the land and building, net of accumulated depreciation, are included in the City's capital assets at \$125,000 and \$910,746, respectively.

**21. Risk Management**

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City purchased commercial insurance to cover property and professional liability claims. The City has joined together with other municipalities in the state as part of 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 risks, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and 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 investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**21. Risk Management (continued)**

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the last three years have not exceeded insurance coverage.

**22. Commitments and Contingencies**

**Commitments**

The State revolving loan agreement requires that in the event the loan cannot be repaid from water fund revenues; the City has a general obligation to collect and apply sufficient tax to repay the principal and interest on the loan as required in the loan agreement.

The City has active construction projects as of June 30, 2018. At fiscal year end, the City's commitments with contractors are as follows:

<b>Project</b>	<b>Amount Expended to Date</b>	<b>Remaining Commitment</b>
Water Bar Screen Improvements	\$ 184,863	\$ 1,167,137
Tanner Health System Stormwater Project	0	300,000
	<u>\$ 184,863</u>	<u>\$ 1,467,137</u>

**Equipment:** The City ordered a street sweeper at a cost of \$217,800 prior to June 30, 2018. The street sweeper was not received and no amounts were expended as of June 30, 2018.

**Utility Repair:** The City has budgeted \$500,000 for utility repair for the next fiscal year.

**Library Expansion Project:** The City has committed \$1,500,000 to West Georgia Regional Library to assist with major renovations to its Carrollton facility. The City intends to fund this commitment with 2015 SPLOST funds. As of June 30, 2018, the City has expended approximately \$266,000 toward this commitment.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2018**

**22. Commitments and Contingencies (continued)**

**Contingencies**

The City is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The City's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

**23. Material Budget Violations**

The following General Fund department's expenditures exceeded its budgeted appropriations by more than three percent.

Economic Development	\$	200,000
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The following Special Revenue Funds had expenditures in excess of appropriations by more than three percent for the fiscal year ended June 30, 2018.

Hotel/Motel	\$	130,923
Drug Seizure		45,023
Regional Hazardous Material Team		18,839

The City did not adopt a budget for its Neighborhood Stabilization Program Special Revenue Fund.

In the future, budgets will be adopted for all funds legally required to adopt budgets, and actual expenditures will be compared to budgeted expenditures and budget amendments will be made when appropriate.

**24. Subsequent Events**

In September 2018, the City obtained certificate proceeds of \$331,946 through execution of a lease from a pooled lease program sponsored by the Georgia Municipal Association, for the purpose of financing the acquisition of two garbage trucks purchased during the year ended June 30, 2018.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2018*

**25. Changes in Beginning Balances**

A restatement of beginning balances has been made to adjust the OPEB liability for implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This restatement decreased beginning net position by \$1,389,174.

A restatement of beginning balances has been made to correct an understatement of prepaid insurance at June 30, 2017. This restatement increased beginning net position by \$307,694.

These restatements are as follows:

	<u>OPEB</u>	<u>Insurance</u>	<u>Total</u>
<b>Primary Government</b>			
Governmental Activities	\$ (958,531)	\$0	\$ (958,531)
General Fund	0	227,075	227,075
Total Governmental Activities	<u>(958,531)</u>	<u>227,075</u>	<u>(731,456)</u>
Business-Type Activities			
Water and Sewerage Fund	(305,618)	55,630	(249,988)
Sanitation Fund	(125,025)	24,989	(100,036)
Total Business-Type Activities	<u>(430,643)</u>	<u>80,619</u>	<u>(350,024)</u>
Total Primary Government	<u>\$ (1,389,174)</u>	<u>\$ 307,694</u>	<u>\$ (1,081,480)</u>

**26. New Accounting Standards**

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the City's current fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CARROLLTON, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2018**  
**(Unaudited)**

	Fiscal Year End			
	2018	2017	2016	2015
<b>Total pension liability</b>				
Service cost	\$ 397,257	\$ 362,710	\$ 377,227	\$ 334,167
Interest	2,266,445	2,106,841	1,989,841	1,911,478
Differences between expected and actual experience	(81,618)	1,267,311	597,738	356,908
Changes in assumptions	433,947	0	0	0
Benefit payments, including refunds of employee contributions	(1,756,630)	(1,565,620)	(1,344,634)	(1,272,573)
Other changes	0	(16,333)	0	(282,808)
Net change in total pension liability	1,259,401	2,154,909	1,620,172	1,047,172
Total pension liability - beginning	30,122,770	27,967,861	26,347,689	25,300,517
<b>Total pension liability - ending (a)</b>	<b>\$ 31,382,171</b>	<b>\$ 30,122,770</b>	<b>\$ 27,967,861</b>	<b>\$ 26,347,689</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 1,121,807	\$ 1,188,985	\$ 1,208,604	\$ 1,248,419
Net investment income	3,301,957	2,258,137	235,211	2,085,904
Benefit payments, including refunds of employee contributions	(1,756,630)	(1,565,620)	(1,344,634)	(1,272,573)
Administrative expense	(58,143)	(33,118)	(36,856)	(29,317)
Net change in plan fiduciary net position	2,608,991	1,848,384	62,325	2,032,433
Plan fiduciary net position - beginning	22,224,303	20,375,919	20,313,594	18,281,161
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 24,833,294</b>	<b>\$ 22,224,303</b>	<b>\$ 20,375,919</b>	<b>\$ 20,313,594</b>
<b>Net pension liability (asset) - ending : (a) - (b)</b>	<b>\$ 6,548,877</b>	<b>\$ 7,898,467</b>	<b>\$ 7,591,942</b>	<b>\$ 6,034,095</b>
Plan's fiduciary net position as a percentage of the total pension liability	79.13%	73.78%	72.85%	77.10%
Covered payroll	\$ 12,765,322	\$ 13,618,889	\$ 12,426,773	\$ 11,901,447
Net pension liability as a percentage of covered payroll	51.30%	58.00%	61.09%	50.70%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior are not reported.

**CITY OF CARROLLTON, GEORGIA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2018**  
**(Unaudited)**

	Fiscal Year End			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,337,179	\$ 1,195,231	\$ 1,186,903	\$ 1,215,838
Contributions in relation to the actuarially determined contribution	<u>(1,337,179)</u>	<u>(1,197,081)</u>	<u>(1,187,953)</u>	<u>(1,215,838)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ (1,850)</u>	<u>\$ (1,050)</u>	<u>\$ 0</u>
Covered payroll	\$ 14,711,933	\$ 13,395,252	\$ 12,662,435	\$ 11,687,687
Contributions as a percentage of covered payroll	9.09%	8.94%	9.38%	10.40%

Note: Fiscal year 2015 was the first year of implementation. Therefore, years prior are not reported.

**CITY OF CARROLLTON, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2018**  
**(Unaudited)**

	<u>Fiscal Year End</u>
	<u>2018</u>
<b>Total OPEB liability</b>	
Service cost	\$ 111,817
Interest	92,935
Differences between expected and actual experience	(69,070)
Changes in assumptions	(268,511)
Benefit payments, including refunds of member contributions	<u>(76,910)</u>
Net change in total OPEB liability	(209,739)
Total OPEB liability - beginning	<u>3,187,503</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 2,977,764</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 76,910
Benefit payments, including refunds of member contributions	<u>(76,910)</u>
Net change in plan fiduciary net position	0
Plan fiduciary net position - beginning	<u>0</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 0</u>
 <b>Net OPEB liability (asset) - ending : (a) - (b)</b>	<u>\$ 2,977,764</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 13,397,582
Plan net OPEB liability as a percentage of covered employee payroll	22.23%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

**CITY OF CARROLLTON, GEORGIA**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2018**  
**(Unaudited)**

	<b>Fiscal Year End</b>
	<b>2018</b>
Actuarially determined contribution	\$ 265,320
Contributions in relation to the actuarially determined contribution	(76,910)
Contribution deficiency (excess)	\$ 188,410
 Covered employee payroll	\$ 14,711,933
 Contributions as a percentage of covered employee payroll	0.52%

Note: Fiscal year 2018 was the first year of implementation. Therefore, years prior are not reported.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**Pension Plan**

**1. Valuation Date**

The actuarially determined contribution was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending June 30, 2019.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Entry Age Normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.50%

Projected salary increases = 2.75% plus service-based merit increases

Cost of living adjustments = 0.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**Pension Plan**

**3. Changes in Benefits**

Effective February 6, 2016, no new officials can participate in the Plan and all officials no longer accrue benefits.

**4. Changes of Assumptions**

Amounts reported for the fiscal year ending in 2018 and later reflect the following assumption changes based on an actuarial study conducted in September 2017:

The investment return assumption was decreased from 7.75% to 7.50%.

The inflation assumption was decreased from 3.25% to 2.75%.

**OPEB Plan**

**1. Valuation Date**

The actuarially determined contribution rates are determined as of June 30, based on the most recent valuation date, two years prior to the end of the fiscal year in which contributions are reported.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Entry age

Amortization method = Open 30 years, level percent of payroll

Remaining amortization period = 30 years

Asset valuation method = Market value

Projected salary increases = 3.75% to 8.75%, including inflation

Inflation = 3.25%

Discount rate = 3.58%. This changed from 2.85% the previous year

**CITY OF CARROLLTON, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2018**

**OPEB Plan**

**2. Methods and Assumptions Used to Determine Contribution Rates**

Healthcare cost trend rates = Medical: 7.00% trended down to 4.5% by 2022  
Prescription Drug: 7.00% trended down to 4.5% by 2022

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

**3. Changes in Benefits**

There have been no benefit changes since GASB 75 implementation.

**4. Changes of Assumptions**

The discount rate effective for June 30, 2016 was 2.85%, and effective for June 30, 2017 was 3.58%.

**SUPPLEMENTARY INFORMATION**

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***COMBINING STATEMENTS***  
***NONMAJOR GOVERNMENTAL FUNDS***

**CITY OF CARROLLTON, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
*June 30, 2018*

	<u>Special Revenue</u>			
	<u>Hotel/Motel Tax</u>	<u>Drug Seizure</u>	<u>Regional Hazardous Material Team</u>	<u>Neighborhood Stabilization Program</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 184,013	\$ 139,879	\$ 19,502	\$ 1,101,296
Receivables				
Intergovernmental	0	664	16,482	24,370
Taxes	77,761	0	0	0
Prepaid items	10,500	0	0	0
Due from other funds	0	0	0	22,822
<b>Total assets</b>	<u>\$ 272,274</u>	<u>\$ 140,543</u>	<u>\$ 35,984</u>	<u>\$ 1,148,488</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 41,145	\$ 1,323	\$ 0	\$ 0
Due to other funds	357,311	0	0	0
Due to others	0	25,273	0	0
<b>Total liabilities</b>	<u>398,456</u>	<u>26,596</u>	<u>0</u>	<u>0</u>
<b>Fund balances</b>				
Nonspendable:				
Prepaid items	10,500	0	0	0
Restricted for:				
Public Safety	0	113,947	35,984	0
Housing and Development	0	0	0	1,148,488
Capital outlay	0	0	0	0
Unassigned	(136,682)	0	0	0
<b>Total fund balances</b>	<u>(126,182)</u>	<u>113,947</u>	<u>35,984</u>	<u>1,148,488</u>
<b>Total liabilities and fund balances</b>	<u>\$ 272,274</u>	<u>\$ 140,543</u>	<u>\$ 35,984</u>	<u>\$ 1,148,488</u>

<b>Capital Projects</b>		
<b>2009 SPLOST</b>	<b>Capital Projects Fund for Public Roads</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 0	\$ 283,688	\$ 1,728,378
0	0	41,516
0	0	77,761
0	0	10,500
0	0	22,822
<u>\$ 0</u>	<u>\$ 283,688</u>	<u>\$ 1,880,977</u>
\$ 0	\$ 0	\$ 42,468
0	1,288	358,599
0	0	25,273
<u>0</u>	<u>1,288</u>	<u>426,340</u>
0	0	10,500
0	0	149,931
0	0	1,148,488
0	282,400	282,400
0	0	(136,682)
<u>0</u>	<u>282,400</u>	<u>1,454,637</u>
<u>\$ 0</u>	<u>\$ 283,688</u>	<u>\$ 1,880,977</u>

**CITY OF CARROLLTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the fiscal year ended June 30, 2018**

	<b>Special Revenue</b>			
	<b>Hotel/Motel Tax</b>	<b>Drug Seizure</b>	<b>Regional Hazardous Material Team</b>	<b>Neighborhood Stabilization Program</b>
<b>REVENUES</b>				
Taxes	\$ 827,767	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	125,564	0	0
Charges for services	0	0	3,987	0
Intergovernmental	0	0	16,482	0
Interest	105	0	18	1,104
Other	5,000	0	0	2,677
<b>Total revenues</b>	<u>832,872</u>	<u>125,564</u>	<u>20,487</u>	<u>3,781</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	0	145,023	22,339	0
Housing and Development	850,923	0	0	6,867
Capital Outlay	0	0	0	0
<b>Total expenditures</b>	<u>850,923</u>	<u>145,023</u>	<u>22,339</u>	<u>6,867</u>
Excess (deficiency) of revenues over (under) expenditures	(18,051)	(19,459)	(1,852)	(3,086)
Other financing sources (uses)				
Transfers out	(206,393)	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(224,444)	(19,459)	(1,852)	(3,086)
Fund balances, July 1	<u>98,262</u>	<u>133,406</u>	<u>37,836</u>	<u>1,151,574</u>
<b>Fund balances, June 30</b>	<u><u>\$ (126,182)</u></u>	<u><u>\$ 113,947</u></u>	<u><u>\$ 35,984</u></u>	<u><u>\$ 1,148,488</u></u>

<b>Capital Projects</b>		
<b>2009 SPLOST</b>	<b>Capital Projects Fund for Public Roads</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 0	\$ 0	\$ 827,767
0	0	125,564
0	0	3,987
0	283,221	299,703
0	154	1,381
0	0	7,677
<u>0</u>	<u>283,375</u>	<u>1,266,079</u>
0	0	167,362
0	0	857,790
<u>50</u>	<u>0</u>	<u>50</u>
<u>50</u>	<u>0</u>	<u>1,025,202</u>
(50)	283,375	240,877
<u>0</u>	<u>0</u>	<u>(206,393)</u>
(50)	283,375	34,484
<u>50</u>	<u>(975)</u>	<u>1,420,153</u>
<u>\$ 0</u>	<u>\$ 282,400</u>	<u>\$ 1,454,637</u>

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***GENERAL FUND***

The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,483,096	\$ 12,039,750
Receivables (net)		
Accounts	645,992	117,396
Intergovernmental	53,943	41,006
Taxes	756,978	679,250
Prepaid items	280,902	375,929
Due from other funds	379,629	67,260
Restricted assets		
Cash and cash equivalents	271,020	334,130
Certificates of deposit	49,688	49,599
	<b>\$ 12,921,248</b>	<b>\$ 13,704,320</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 886,726	\$ 587,782
Retainages payable	74,462	0
Accrued liabilities	25,310	65,141
Accrued salaries and payroll liabilities	245,534	222,279
Unearned revenue	213,679	203,922
Due to other funds	25,220	27,618
	1,470,931	1,106,742
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - property taxes	54,400	13,613
 <b>FUND BALANCES</b>		
Nonspendable		
Prepaid items	280,902	375,929
Restricted for Culture and Recreation	118,113	223,957
Restricted for Housing and Development	202,595	159,772
Unassigned	10,794,307	11,824,307
Total fund balances	11,395,917	12,583,965
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,921,248</b>	<b>\$ 13,704,320</b>

**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the fiscal years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Taxes	\$ 14,903,096	\$ 14,177,826
Licenses and permits	508,943	376,022
Fines, fees and forfeitures	935,625	1,016,332
Charges for services	4,546,389	3,825,468
Intergovernmental	1,221,914	1,038,986
Interest	10,090	9,638
Contributions	81,000	70,348
Other	1,094,443	671,060
<b>Total revenues</b>	<u>23,301,500</u>	<u>21,185,680</u>
<b>EXPENDITURES</b>		
Current		
General Government	3,262,729	2,514,391
Public Safety	13,805,501	11,420,601
Public Works	2,456,153	1,792,411
Culture and Recreation	6,146,558	5,722,930
Housing and Development	883,988	652,123
Total current	<u>26,554,929</u>	<u>22,102,456</u>
Debt Service		
Public Safety	1,416	66,260
<b>Total expenditures</b>	<u>26,556,345</u>	<u>22,168,716</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,254,845)</u>	<u>(983,036)</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	206,393	187,457
Water and Sewerage Fund	1,664,556	667,210
Sanitation Fund	(31,227)	471,606
Proceeds from sale of assets	0	84,650
Total other financing sources (uses)	<u>1,839,722</u>	<u>1,410,923</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,415,123)</u>	<u>427,887</u>
Fund balances, July 1 (original)	12,583,965	12,156,078
Prior period adjustments	<u>227,075</u>	<u>0</u>
Fund balances, July 1 (restated)	<u>12,811,040</u>	<u>12,156,078</u>
<b>Fund balances, June 30</b>	<u><u>\$ 11,395,917</u></u>	<u><u>\$ 12,583,965</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
<b>Taxes</b>				
General property taxes				
Real and personal tax	\$ 3,700,000	\$ 3,629,068	\$ (70,932)	\$ 3,460,987
Motor vehicle tax	650,000	702,539	52,539	566,505
Cost, penalties and interest	50,000	22,940	(27,060)	21,979
Total general property taxes	4,400,000	4,354,547	(45,453)	4,049,471
Local option sales tax	3,935,000	4,161,784	226,784	3,910,453
Insurance premium tax	1,610,000	1,621,448	11,448	1,522,406
Intangibles tax	30,000	16,995	(13,005)	28,750
Franchise tax	2,672,800	2,398,210	(274,590)	2,486,371
Alcohol excise tax	750,000	780,389	30,389	771,384
Occupational tax	1,325,000	1,392,317	67,317	1,197,504
Energy excise tax	300,000	177,406	(122,594)	211,487
Total taxes	15,022,800	14,903,096	(119,704)	14,177,826
<b>Licenses and permits</b>				
Alcohol licenses	250,000	300,763	50,763	226,048
Building permits	125,000	208,180	83,180	149,974
Total licenses and permits	375,000	508,943	133,943	376,022
<b>Fines, fees and forfeitures</b>	1,100,000	935,625	(164,375)	1,016,332
<b>Charges for Services</b>				
Reimbursement of joint expenses	2,881,551	2,881,556	5	2,298,624
Recreation fees	1,023,382	1,102,079	78,697	1,117,202
Main Street events	85,000	89,849	4,849	83,505
Cemetery charges	11,000	30,140	19,140	42,730
Cultural arts fees	183,000	269,109	86,109	173,598
Other	125,000	173,656	48,656	109,809
Total charges for services	4,308,933	4,546,389	237,456	3,825,468
<b>Intergovernmental</b>	996,580	1,221,914	225,334	1,038,986
<b>Interest</b>	10,000	10,090	90	9,638
<b>Contributions</b>	0	81,000	81,000	70,348
<b>Other</b>				
Rental Income	70,000	93,703	23,703	78,900
Miscellaneous	565,346	1,000,740	435,394	592,160
Total other	635,346	1,094,443	459,097	671,060
<b>Total revenues</b>	<u>\$ 22,448,659</u>	<u>\$ 23,301,500</u>	<u>\$ 852,841</u>	<u>\$ 21,185,680</u>

**CITY OF CARROLLTON, GEORGIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2018**

*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
Mayor and Council				
Personal services	\$ 47,719	\$ 52,277	\$ (4,558)	\$ 48,218
Contract services	50,000	32,616	17,384	32,098
Total Mayor and Council	<u>97,719</u>	<u>84,893</u>	<u>12,826</u>	<u>80,316</u>
City Manager				
Personal services	333,353	324,594	8,759	305,734
Contract services	7,002	6,298	704	6,206
Materials and supplies	250	0	250	0
Total City Manager	<u>340,605</u>	<u>330,892</u>	<u>9,713</u>	<u>311,940</u>
General Administration				
Personal services	87,694	3,905	83,789	5,070
Contract services	751,769	879,783	(128,014)	705,545
Materials and supplies	234,000	247,888	(13,888)	292,236
Capital outlay	541,687	570,787	(29,100)	0
Payments to others	150,000	86,650	63,350	17,300
Total General Administration	<u>1,765,150</u>	<u>1,789,013</u>	<u>(23,863)</u>	<u>1,020,151</u>
Finance and Purchasing				
Personal services	230,321	236,170	(5,849)	288,258
Contract services	16,302	3,733	12,569	4,951
Materials and supplies	0	3,656	(3,656)	(3,656)
Total Finance and Purchasing	<u>246,623</u>	<u>243,559</u>	<u>3,064</u>	<u>289,553</u>
Human Resources				
Personal services	287,516	291,664	(4,148)	318,283
Contract services	10,572	12,658	(2,086)	7,538
Materials and supplies	4,500	56	4,444	2,847
Total Human Resources	<u>302,588</u>	<u>304,378</u>	<u>(1,790)</u>	<u>328,668</u>
Information Technology				
Personal services	223,797	167,362	56,435	178,003
Contract services	35,000	50,045	(15,045)	22,821
Capital outlay	10,000	0	10,000	0
Total Information Technology	<u>268,797</u>	<u>217,407</u>	<u>51,390</u>	<u>200,824</u>
General Maintenance				
Personal services	112,428	101,107	11,321	107,030
Contract services	4,002	4,000	2	3,225
Materials and supplies	0	99	(99)	0
Total General Maintenance	<u>116,430</u>	<u>105,206</u>	<u>11,224</u>	<u>110,255</u>
Legal				
Contract services	185,000	187,381	(2,381)	172,684
Total General Government	<u>3,322,912</u>	<u>3,262,729</u>	<u>60,183</u>	<u>2,514,391</u>

**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>Public Safety</b>				
Police Department				
Personal services	\$ 6,242,745	\$ 5,973,944	\$ 268,801	\$ 5,715,729
Contract services	569,169	712,100	(142,931)	497,580
Materials and supplies	288,090	318,234	(30,144)	263,913
Capital outlay	299,646	232,887	66,759	19,392
Total Police Department	<u>7,399,650</u>	<u>7,237,165</u>	<u>162,485</u>	<u>6,496,614</u>
Fire Department				
Personal services	4,969,918	4,431,009	538,909	4,525,923
Contract services	218,018	214,297	3,721	151,316
Materials and supplies	212,011	198,313	13,698	150,225
Capital outlay	1,521,215	1,724,717	(203,502)	96,523
Total Fire Department	<u>6,921,162</u>	<u>6,568,336</u>	<u>352,826</u>	<u>4,923,987</u>
Total Public Safety	<u>14,320,812</u>	<u>13,805,501</u>	<u>515,311</u>	<u>11,420,601</u>
<b>Public Works</b>				
Street Department				
Contract services	129,503	74,247	55,256	84,078
Materials and supplies	95,500	94,487	1,013	96,482
Capital outlay	1,216,654	1,101,530	115,124	594,471
Total Street Department	<u>1,441,657</u>	<u>1,270,264</u>	<u>171,393</u>	<u>775,031</u>
Engineering				
Personal services	465,398	453,508	11,890	383,034
Contract services	117,002	69,687	47,315	13,995
Materials and supplies	379,500	366,312	13,188	386,270
Total Engineering	<u>961,900</u>	<u>889,507</u>	<u>72,393</u>	<u>783,299</u>
Landfill				
Personal services	<u>0</u>	<u>0</u>	<u>0</u>	<u>71</u>
Garage				
Personal services	313,980	280,429	33,551	212,496
Contract services	10,502	4,213	6,289	6,851
Materials and supplies	18,300	11,740	6,560	14,663
Total Garage	<u>342,782</u>	<u>296,382</u>	<u>46,400</u>	<u>234,010</u>
Total Public Works	<u>2,746,339</u>	<u>2,456,153</u>	<u>290,186</u>	<u>1,792,411</u>

**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>Culture and Recreation</b>				
Library				
Payments to others	\$ 300,035	\$ 300,036	\$ (1)	\$ 300,036
Recreation Administration				
Personal services	471,029	440,075	30,954	442,695
Contract services	135,605	148,946	(13,341)	137,020
Materials and supplies	415,770	313,565	102,205	367,838
Total Recreation Administration	<u>1,022,404</u>	<u>902,586</u>	<u>119,818</u>	<u>947,553</u>
Recreation Parks				
Personal services	1,077,621	951,188	126,433	929,212
Contract services	406,582	572,287	(165,705)	465,513
Materials and supplies	158,635	84,160	74,475	74,957
Capital outlay	150,000	146,358	3,642	183,244
Total Recreation Parks	<u>1,792,838</u>	<u>1,753,993</u>	<u>38,845</u>	<u>1,652,926</u>
Recreation Programs				
Personal services	866,204	737,554	128,650	756,900
Contract services	122,080	142,077	(19,997)	169,377
Materials and supplies	167,484	303,086	(135,602)	264,783
Total Recreation Programs	<u>1,155,768</u>	<u>1,182,717</u>	<u>(26,949)</u>	<u>1,191,060</u>
Cultural Arts				
Personal services	478,136	495,600	(17,464)	293,240
Contract services	172,772	163,144	9,628	102,817
Materials and supplies	240,143	208,763	31,380	130,763
Total Cultural Arts	<u>891,051</u>	<u>867,507</u>	<u>23,544</u>	<u>526,820</u>
Recreation Athletics				
Personal services	957,630	951,806	5,824	935,289
Contract services	82,749	81,266	1,483	73,305
Materials and supplies	115,554	106,647	8,907	95,941
Total Recreation Athletics	<u>1,155,933</u>	<u>1,139,719</u>	<u>16,214</u>	<u>1,104,535</u>
Total Culture and Recreation	<u>6,318,029</u>	<u>6,146,558</u>	<u>171,471</u>	<u>5,722,930</u>

**CITY OF CARROLLTON, GEORGIA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>Housing and Development</b>				
Planning Administration				
Personal services	\$ 466,390	\$ 305,310	\$ 161,080	\$ 253,078
Contract services	25,652	27,083	(1,431)	5,182
Materials and supplies	3,000	1,734	1,266	1,050
Total Planning Administration	<u>495,042</u>	<u>334,127</u>	<u>160,915</u>	<u>259,310</u>
Code Enforcement				
Personal services	153,941	32,310	121,631	67,055
Contract services	8,502	5,763	2,739	6,290
Materials and supplies	3,150	1,445	1,705	1,168
Total Code Enforcement	<u>165,593</u>	<u>39,518</u>	<u>126,075</u>	<u>74,513</u>
Convention and Visitor's Bureau				
Personal services	92,328	75,175	17,153	88,816
Contract services	69,485	60,960	8,525	56,175
Materials and supplies	20,290	23,024	(2,734)	14,814
Total Convention and Visitor's Bureau	<u>182,103</u>	<u>159,159</u>	<u>22,944</u>	<u>159,805</u>
Main Street Division				
Personal services	82,064	91,812	(9,748)	108,542
Contract services	35,427	25,210	10,217	25,976
Materials and supplies	72,480	34,162	38,318	23,977
Total Main Street Division	<u>189,971</u>	<u>151,184</u>	<u>38,787</u>	<u>158,495</u>
Economic Development				
Payments to others	<u>0</u>	<u>200,000</u>	<u>(200,000)</u>	<u>0</u>
Total Housing and Development	<u>1,032,709</u>	<u>883,988</u>	<u>148,721</u>	<u>652,123</u>
Total Current	<u>27,740,801</u>	<u>26,554,929</u>	<u>1,185,872</u>	<u>22,102,456</u>
<b>Debt Service</b>				
Police Department	0	1,062	(1,062)	49,696
Fire Department	<u>0</u>	<u>354</u>	<u>(354)</u>	<u>16,564</u>
Total Debt Service	<u>0</u>	<u>1,416</u>	<u>(1,416)</u>	<u>66,260</u>
Total Expenditures	<u>\$ 27,740,801</u>	<u>\$ 26,556,345</u>	<u>\$ 1,184,456</u>	<u>\$ 22,168,716</u>

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Hotel/Motel Tax Fund - Used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Carrollton.

Drug Seizure Fund - Used to account for the assets received from a drug confiscation.

Regional Hazardous Material Team Fund - Used to account for revenues and expenditures restricted for use by the Hazardous Material Team.

West Metro Regional Drug Enforcement Fund - Used to account for local and federal monies restricted for the West Metro Drug Enforcement Unit.

Neighborhood Stabilization Program Fund - Used to account for intergovernmental revenue and contributions received for impoverished housing and development projects in the City of Carrollton.

**CITY OF CARROLLTON, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 184,013	\$ 117,669
Taxes receivable	77,761	52,327
Prepaid items	10,500	23,000
<b>Total assets</b>	<b>\$ 272,274</b>	<b>\$ 192,996</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 41,145	\$ 52,392
Due to other funds	357,311	42,342
Total liabilities	398,456	94,734
<b>FUND BALANCES</b>		
Nonspendable		
Prepaid items	10,500	23,000
Restricted for Housing and Development	0	75,262
Unassigned	(136,682)	0
Total fund balances	(126,182)	98,262
<b>Total liabilities and fund balances</b>	<b>\$ 272,274</b>	<b>\$ 192,996</b>

**CITY OF CARROLLTON, GEORGIA**  
**HOTEL/MOTEL TAX SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**

*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Taxes	\$ 720,000	\$ 827,767	\$ 107,767	\$ 470,629
Contributions	0	0	0	14,500
Interest	0	105	105	117
Other	0	5,000	5,000	0
<b>Total revenues</b>	<u>720,000</u>	<u>832,872</u>	<u>112,872</u>	<u>485,246</u>
<b>EXPENDITURES</b>				
Current				
Housing and Development				
Contract services	450,000	267,825	182,175	267,411
Capital outlay	0	472,023	(472,023)	0
Payments to other agencies	<u>270,000</u>	<u>111,075</u>	<u>158,925</u>	<u>98,729</u>
<b>Total expenditures</b>	<u>720,000</u>	<u>850,923</u>	<u>(130,923)</u>	<u>366,140</u>
Excess (deficiency) of revenues over (under) expenditures	0	(18,051)	(18,051)	119,106
Other financing sources (uses)				
Transfers in (out)				
General Fund	<u>0</u>	<u>(206,393)</u>	<u>(206,393)</u>	<u>(187,457)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(224,444)	(224,444)	(68,351)
Fund balance, July 1	<u>0</u>	<u>98,262</u>	<u>98,262</u>	<u>166,613</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ (126,182)</u></u>	<u><u>\$ (126,182)</u></u>	<u><u>\$ 98,262</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**DRUG SEIZURE SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 139,879	\$ 146,855
Intergovernmental receivable	664	1,977
	<b>Total assets</b>	<b>Total assets</b>
	\$ 140,543	\$ 148,832
 <b>LIABILITIES</b>		
Accounts payable	\$ 1,323	\$ 4,759
Due to others	25,273	10,667
	<b>Total liabilities</b>	<b>Total liabilities</b>
	26,596	15,426
 <b>FUND BALANCES</b>		
Restricted for Public Safety	113,947	133,406
	<b>Total liabilities and fund balances</b>	<b>Total liabilities and fund balances</b>
	\$ 140,543	\$ 148,832

**CITY OF CARROLLTON, GEORGIA  
DRUG SEIZURE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
For the fiscal year ended June 30, 2018**

*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018		2017
	Final Budget	Actual	Actual
<b>REVENUES</b>			
Fines, fees, and forfeitures	\$ 100,000	\$ 125,564	\$ 100,676
Interest	0	0	36
<b>Total revenues</b>	<u>100,000</u>	<u>125,564</u>	<u>100,712</u>
<b>EXPENDITURES</b>			
Current			
Public Safety			
Contract services	0	8,626	18,953
Materials and supplies	100,000	24,572	26,164
Capital outlay	0	96,440	69,761
Payment to others	0	15,385	12,378
<b>Total expenditures</b>	<u>100,000</u>	<u>145,023</u>	<u>127,256</u>
Excess (deficiency) of revenues over (under) expenditures	0	(19,459)	(26,544)
Fund balance, July 1	<u>0</u>	<u>133,406</u>	<u>159,950</u>
<b>Fund balances, June 30</b>	<u><u>\$ 0</u></u>	<u><u>\$ 113,947</u></u>	<u><u>\$ 133,406</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**REGIONAL HAZARDOUS MATERIAL TEAM SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,502	\$ 37,836
Intergovernmental receivables	16,482	0
<b>Total assets</b>	<b>\$ 35,984</b>	<b>\$ 37,836</b>
 <b>FUND BALANCES</b>		
Restricted for Public Safety	\$ 35,984	\$ 37,836
<b>Total liabilities and fund balances</b>	<b>\$ 35,984</b>	<b>\$ 37,836</b>

**CITY OF CARROLLTON, GEORGIA**  
**REGIONAL HAZARDOUS MATERIAL TEAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	2018			2017
	Final Budget	Actual	Variance	Actual
<b>REVENUES</b>				
Charges for services	\$ 3,000	\$ 3,987	\$ 987	\$ 3,000
Intergovernmental	0	16,482	16,482	0
Interest	500	18	(482)	15
<b>Total revenues</b>	3,500	20,487	16,987	3,015
<b>EXPENDITURES</b>				
Current				
Public Safety				
Contract services	1,750	320	1,430	304
Materials and supplies	1,750	22,019	(20,269)	2,589
<b>Total expenditures</b>	3,500	22,339	(18,839)	2,893
Excess (deficiency) of revenues over (under) expenditures	0	(1,852)	(1,852)	122
Fund balance, July 1	0	37,836	37,836	37,714
<b>Fund balances, June 30</b>	\$ 0	\$ 35,984	\$ 35,984	\$ 37,836

**CITY OF CARROLLTON, GEORGIA**  
**WEST METRO REGIONAL DRUG ENFORCEMENT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,896,342	\$ 1,143,492
Intergovernmental receivable	<u>121,122</u>	<u>119,201</u>
<b>Total assets</b>	<u>\$ 2,017,464</u>	<u>\$ 1,262,693</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,568	\$ 5,891
Due to other funds	16,839	17,042
Unearned revenue	25,000	24,000
Due to others	<u>710,301</u>	<u>103,648</u>
<b>Total liabilities</b>	755,708	150,581
<b>FUND BALANCES</b>		
Restricted for Public Safety	<u>1,261,756</u>	<u>1,112,112</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,017,464</u>	<u>\$ 1,262,693</u>

**CITY OF CARROLLTON, GEORGIA**  
**WEST METRO REGIONAL DRUG ENFORCEMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	<b>2018</b>			<b>2017</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
<b>REVENUES</b>				
Fines, fees, and forfeitures	\$ 112,000	\$ 196,944	\$ 84,944	\$ 395,217
Intergovernmental	635,462	576,463	(58,999)	557,240
Interest	0	1,170	1,170	1,025
Other	0	1,850	1,850	1,797
<b>Total revenues</b>	<b>747,462</b>	<b>776,427</b>	<b>28,965</b>	<b>955,279</b>
<b>EXPENDITURES</b>				
Current				
Public Safety				
Personal services	484,286	429,469	54,817	432,084
Contract services	121,817	89,215	32,602	109,710
Materials and supplies	81,359	72,125	9,234	88,922
Capital outlay	60,000	48,539	11,461	223,589
Payments to others	0	57,399	(57,399)	85,247
<b>Total expenditures</b>	<b>747,462</b>	<b>696,747</b>	<b>50,715</b>	<b>939,552</b>
Excess (deficiency) of revenues over (under) expenditures	0	79,680	79,680	15,727
Other financing sources (uses)				
Proceeds from sale of assets	0	69,964	69,964	107,031
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	149,644	149,644	122,758
Fund balance, July 1	0	1,112,112	1,112,112	989,354
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 1,261,756</b>	<b>\$ 1,261,756</b>	<b>\$ 1,112,112</b>

**CITY OF CARROLLTON, GEORGIA**  
**NEIGHBORHOOD STABILIZATION PROGRAM SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,101,296	\$ 1,124,552
Intergovernmental receivable	24,370	24,370
Due from other funds	22,822	22,821
<b>Total assets</b>	<b>\$ 1,148,488</b>	<b>\$ 1,171,743</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 0	\$ 20,169
<b>FUND BALANCES</b>		
Restricted for Housing and Development	1,148,488	1,151,574
<b>Total liabilities and fund balances</b>	<b>\$ 1,148,488</b>	<b>\$ 1,171,743</b>

**CITY OF CARROLLTON, GEORGIA**  
**NEIGHBORHOOD STABILIZATION PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the fiscal year ended June 30, 2018**  
*(With comparative actual amounts for the fiscal year ending June 30, 2017)*

	<u>2018</u>			<u>2017</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
<b>REVENUES</b>				
Interest	\$ 0	\$ 1,104	\$ 1,104	\$ 971
Other	0	2,677	2,677	9,386
<b>Total revenues</b>	0	3,781	3,781	10,357
<b>EXPENDITURES</b>				
Current				
Housing and Development	0	6,867	(6,867)	18,967
Excess (deficiency) of revenues over (under) expenditures	0	(3,086)	(3,086)	(8,610)
Fund balance, July 1	0	1,151,574	1,151,574	1,160,184
<b>Fund balances, June 30</b>	<u>\$ 0</u>	<u>\$ 1,148,488</u>	<u>\$ 1,148,488</u>	<u>\$ 1,151,574</u>

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## ***CAPITAL PROJECTS FUNDS***

These funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects

2004 SPLOST Fund – Used to account for long-term projects financed by the passage of the Carroll County, Georgia 2004 special purpose local option sales tax.

2009 SPLOST Fund – Used to account for long-term projects financed by the passage of the Carroll County, Georgia 2009 special purpose local option sales tax.

2015 SPLOST Fund – Used to account for long-term projects financed by the passage of the Carroll County, Georgia 2015 special purpose local option sales tax.

Capital Projects Fund for Public Roads – Used to account for road construction projects financed by LMIG and other resources.

**CITY OF CARROLLTON, GEORGIA**  
**2004 SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCES</b>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF CARROLLTON, GEORGIA**  
**2004 SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended June 30, 2018 and 2017*

	2018	2017
<b>REVENUES</b>		
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	\$ 0	\$ 639
Excess (deficiency) of revenues over (under) expenditures	0	(639)
Fund balances, July 1	0	639
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 0</b>

**CITY OF CARROLLTON, GEORGIA**  
**2009 SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 0	\$ 50
<b>LIABILITIES</b>		
Due to other funds	\$ 0	\$ 0
<b>FUND BALANCES</b>		
Restricted for capital outlay	0	50
<b>Total liabilities and fund balances</b>	\$ 0	\$ 50

**CITY OF CARROLLTON, GEORGIA**  
**2009 SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended June 30, 2018 and 2017*

	2018	2017
<b>REVENUES</b>		
<b>EXPENDITURES</b>		
Capital outlay		
Public Works	\$ 0	\$ 16,233
Housing and Development	50	0
<b>Total expenditures</b>	50	16,233
Excess (deficiency) of revenues over (under) expenditures	(50)	(16,233)
Fund balances, July 1	50	16,283
<b>Fund balances, June 30</b>	<b>\$ 0</b>	<b>\$ 50</b>

**CITY OF CARROLLTON, GEORGIA**  
**2015 SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,031,600	\$ 1,265,141
Accounts receivable	0	12,145
Intergovernmental receivable	1,470,882	896,999
Note receivable	0	50,000
Due from other funds	26,430	26,431
	<b>Total assets</b>	<b>Total assets</b>
	\$ 2,528,912	\$ 2,250,716
 <b>LIABILITIES</b>		
Accounts payable	\$ 190,498	\$ 309,763
Retainages payable	0	7,500
Due to other funds	5,478	5,478
Unearned revenue	41,424	41,424
	<b>Total liabilities</b>	<b>Total liabilities</b>
	237,400	364,165
 <b>FUND BALANCES</b>		
Restricted for capital outlay	2,291,512	1,886,551
	<b>Total liabilities and fund balances</b>	<b>Total liabilities and fund balances</b>
	\$ 2,528,912	\$ 2,250,716

**CITY OF CARROLLTON, GEORGIA**  
**2015 SPLOST CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended June 30, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Intergovernmental	\$ 4,350,126	\$ 4,110,390
Contributions	33,453	1,285,945
Interest	367	897
	<u>4,383,946</u>	<u>5,397,232</u>
<b>Total revenues</b>		
<b>EXPENDITURES</b>		
Capital outlay		
General Government	72,979	24,440
Public Safety	1,649	220,101
Public Works	1,544,749	2,419,650
Culture and Recreation	240,100	821,181
Housing and Development	190,419	176,932
Debt service	1,929,089	1,947,388
	<u>3,978,985</u>	<u>5,609,692</u>
<b>Total expenditures</b>		
Excess (deficiency) of revenues over (under) expenditures	404,961	(212,460)
Other financing sources (uses)		
Proceeds from sale of assets	0	38,954
	<u>0</u>	<u>38,954</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	404,961	(173,506)
Fund balances, July 1	<u>1,886,551</u>	<u>2,060,057</u>
<b>Fund balances, June 30</b>	<u><u>\$ 2,291,512</u></u>	<u><u>\$ 1,886,551</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**CAPITAL PROJECTS FUND FOR PUBLIC ROADS**  
**COMPARATIVE BALANCE SHEETS**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 283,688	\$ 313
 <b>LIABILITIES</b>		
Due to other funds	\$ 1,288	\$ 1,288
 <b>FUND BALANCES</b>		
Restricted for capital outlay	282,400	0
Unassigned	0	(975)
Total fund balances	282,400	(975)
<b>Total liabilities and fund balances</b>	<b>\$ 283,688</b>	<b>\$ 313</b>

**CITY OF CARROLLTON, GEORGIA**  
**CAPITAL PROJECTS FUND FOR PUBLIC ROADS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
*For the fiscal years ended June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
Intergovernmental	\$ 283,221	\$ 622,571
Interest	154	134
	<b>283,375</b>	<b>622,705</b>
 <b>EXPENDITURES</b>		
Capital outlay		
Public Works	0	634,702
	<b>0</b>	<b>634,702</b>
Excess (deficiency) of revenues over (under) expenditures	283,375	(11,997)
Fund balances, July 1	(975)	11,022
<b>Fund balances, June 30</b>	<b>\$ 282,400</b>	<b>\$ (975)</b>

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## ***ENTERPRISE FUNDS***

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewerage Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Carrollton.

Sanitation Fund - Used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Carrollton.

**CITY OF CARROLLTON, GEORGIA**  
**WATER AND SEWERAGE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
*June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,317,109	\$ 4,158,587
Accounts receivable, net	1,859,414	1,768,443
Intergovernmental receivable	67,745	719,913
Inventories	364,064	366,240
Prepaid items	153,596	148,800
Due from other funds	2,398	2,398
Total current assets	7,764,326	7,164,381
<b>Restricted assets</b>		
Extension and Renewal		
Cash and cash equivalents	259,602	259,343
Debt Redemption		
Cash and cash equivalents	20,189	20,331
Construction Projects		
Cash and cash equivalents	342,527	342,186
Customer Deposits		
Cash and cash equivalents	338,611	342,272
Total restricted assets	960,929	964,132
<b>Capital assets</b>		
Land	8,933,978	8,933,204
Construction in progress	910,704	1,646,120
Buildings	5,902,236	5,887,236
Infrastructure	186,060	186,060
Distribution system	97,751,982	93,891,298
Vehicles and equipment	4,037,291	3,786,658
Accumulated depreciation	(41,469,014)	(39,383,979)
Total capital assets (net of accumulated depreciation)	76,253,237	74,946,597
<b>Total assets</b>	84,978,492	83,075,110
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on debt refunding	0	5,593
Deferred outflows of resources related to pensions	603,785	779,700
<b>Total deferred outflows of resources</b>	603,785	785,293

**CITY OF CARROLLTON, GEORGIA**  
**WATER AND SEWERAGE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2018 and 2017**

	2018	2017
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 871,688	\$ 550,322
Retainages payable	29,361	8,800
Accrued liabilities	537	18,864
Accrued salaries and payroll liabilities	74,075	52,789
Compensated absences	58,550	54,570
Unearned revenue	543,490	357,725
Due to other funds	25,143	25,143
Capital leases	0	54,534
Current liabilities payable from restricted assets		
Customer deposits payable	338,611	342,272
Notes payable	25,000	25,000
Bonds payable	209,000	204,000
	2,175,455	1,694,019
<b>Long-term liabilities</b>		
Net pension liability	1,581,105	1,844,205
Net OPEB liability	656,642	380,632
Notes payable	266,667	291,667
Bonds payable	5,105,000	5,521,000
	7,609,414	8,037,504
<b>Total liabilities</b>	9,784,869	9,731,523
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	267,346	212,177
Deferred inflows of resources related to OPEB	64,334	0
	331,680	212,177
<b>NET POSITION</b>		
Net investment in capital assets	70,644,321	68,979,638
Restricted for Debt Service	20,189	20,331
Restricted for Capital Outlay	259,602	259,343
Unrestricted	4,541,616	4,657,391
	75,465,728	73,916,703
<b>Total net position</b>	\$ 75,465,728	\$ 73,916,703

**CITY OF CARROLLTON, GEORGIA**  
**WATER AND SEWERAGE ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Water sales	\$ 8,340,633	\$ 8,179,129
Sewer sales	6,169,030	5,635,206
Tap fees	588,850	410,629
Other	232,137	158,891
<b>Total operating revenues</b>	<u>15,330,650</u>	<u>14,383,855</u>
<b>OPERATING EXPENSES</b>		
Costs of sales and services	5,763,603	4,986,435
Personal services	3,916,995	3,943,558
Depreciation	2,198,130	2,127,013
<b>Total operating expenses</b>	<u>11,878,728</u>	<u>11,057,006</u>
Operating income (loss)	<u>3,451,922</u>	<u>3,326,849</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	145,490	719,913
Interest and investment earnings	7,302	5,222
Interest expense	(155,726)	(181,002)
<b>Total non-operating revenues (expenses)</b>	<u>(2,934)</u>	<u>544,133</u>
Income before capital contributions and transfers	3,448,988	3,870,982
Capital contributions	14,581	0
Net income before transfers	3,463,569	3,870,982
Transfers in (out)		
General Fund	(1,664,556)	(667,210)
Change in net position	<u>1,799,013</u>	<u>3,203,772</u>
Net position, July 1 (original)	73,916,703	70,712,931
Prior period adjustments	(249,988)	0
Net position, July 1 (restated)	<u>73,666,715</u>	<u>70,712,931</u>
<b>Net position, June 30</b>	<u><u>\$ 75,465,728</u></u>	<u><u>\$ 73,916,703</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**WATER AND SEWERAGE ENTERPRISE FUND**  
**STATEMENTS OF CASH FLOWS**  
*For the fiscal years ended June 30, 2018 and 2017*

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 15,189,646	\$ 14,593,637
Payments to suppliers	(5,386,992)	(5,181,045)
Payments to employees	(3,889,020)	(3,944,180)
Other receipts	232,137	158,891
	<u>6,145,771</u>	<u>5,627,303</u>
<b>Cash flows from non-capital financing activities:</b>		
Payments to other funds	(1,664,556)	(967,089)
	<u>(1,664,556)</u>	<u>(967,089)</u>
<b>Cash flows from capital and related financing activities:</b>		
Receipts from other governments	797,658	0
Payments for acquisitions of capital assets	(3,490,189)	(2,934,568)
Principal payments - capital leases	(54,534)	(54,534)
Principal payments - promissory notes	(25,000)	(25,000)
Principal payments - bonds payable	(411,000)	(400,000)
Interest paid	(150,133)	(158,632)
	<u>(3,333,198)</u>	<u>(3,572,734)</u>
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	7,302	5,222
	<u>7,302</u>	<u>5,222</u>
Net increase (decrease) in cash and cash equivalents	1,155,319	1,092,702
Cash and cash equivalents, July 1	5,122,719	4,030,017
	<u>5,122,719</u>	<u>4,030,017</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 6,278,038</u>	<u>\$ 5,122,719</u>

**CITY OF CARROLLTON, GEORGIA**  
**WATER AND SEWERAGE ENTERPRISE FUND**  
**STATEMENTS OF CASH FLOWS**  
**For the fiscal years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 3,451,922	\$ 3,326,849
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,198,130	2,127,013
(Increase) decrease in accounts receivable	(90,971)	108,286
(Increase) decrease in inventories	2,176	(65,246)
(Increase) decrease in prepaid items	50,835	(12,111)
(Increase) decrease in deferred outflows related to pensions	175,915	(124,082)
(Increase) decrease in deferred outflows related to OPEB	16,920	0
Increase (decrease) in accounts payable	321,366	(97,863)
Increase (decrease) in unearned revenue	185,765	261,785
Increase (decrease) in retainage payable	20,561	8,800
Increase (decrease) in accrued liabilities	(18,327)	(28,190)
Increase (decrease) in accrued salaries and payroll liabilities	21,286	(39,040)
Increase (decrease) in compensated absences	3,980	1,673
Increase (decrease) in customer deposits	(3,661)	(1,398)
Increase (decrease) in net pension liability	(263,100)	59,790
Increase (decrease) in net OPEB liability	(46,529)	27,982
Increase (decrease) in deferred inflows related to pensions	55,169	73,055
Increase (decrease) in deferred inflows related to OPEB	64,334	0
Total adjustments	<u>2,693,849</u>	<u>2,300,454</u>
Net cash provided (used) by operating activities	<u>\$ 6,145,771</u>	<u>\$ 5,627,303</u>
<b>Cash and cash equivalents reconciliation:</b>		
Cash and cash equivalents	\$ 5,317,109	\$ 4,158,587
Extension and Renewal		
Cash and cash equivalents	259,602	259,343
Debt Redemption		
Cash and cash equivalents	20,189	20,331
Construction Projects		
Cash and cash equivalents	342,527	342,186
Customer Deposits		
Cash and cash equivalents	<u>338,611</u>	<u>342,272</u>
Total cash and cash equivalents	<u>\$ 6,278,038</u>	<u>\$ 5,122,719</u>

**CITY OF CARROLLTON, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,133,717	\$ 2,208,940
Accounts receivable, net	590,710	577,370
Prepaid items	54,707	58,205
Total current assets	<u>2,779,134</u>	<u>2,844,515</u>
<b>Capital assets</b>		
Buildings	66,148	66,148
Vehicles and equipment	2,590,461	2,253,015
Accumulated depreciation	(1,901,916)	(1,740,785)
Total capital assets (net of accumulated depreciation)	<u>754,693</u>	<u>578,378</u>
<b>Total assets</b>	<u>3,533,827</u>	<u>3,422,893</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	219,509	279,867
Deferred outflows of resources related to OPEB	8,098	0
<b>Total deferred outflows of resources</b>	<u>227,607</u>	<u>279,867</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	319,549	22,696
Accrued liabilities	0	263
Accrued salaries and payroll liabilities	28,406	20,659
Compensated absences	20,432	17,501
Capital leases	44,316	73,791
Total current liabilities	<u>412,703</u>	<u>134,910</u>
<b>Long-term liabilities</b>		
Net pension liability	578,707	673,720
Net OPEB liability	264,635	151,300
Capital leases	0	44,316
Total long-term liabilities	<u>843,342</u>	<u>869,336</u>
<b>Total liabilities</b>	<u>1,256,045</u>	<u>1,004,246</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	101,842	78,752
Deferred inflows of resources related to OPEB	25,676	0
<b>Total deferred inflows of resources</b>	<u>127,518</u>	<u>78,752</u>
<b>NET POSITION</b>		
Net investment in capital assets	544,404	460,271
Unrestricted	1,833,467	2,159,491
<b>Total net position</b>	<u>\$ 2,377,871</u>	<u>\$ 2,619,762</u>

**CITY OF CARROLLTON, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the fiscal years ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Charges for sales and services		
Sanitation fees	\$ 4,355,091	\$ 4,270,758
<b>OPERATING EXPENSES</b>		
Costs of sales and services	2,737,923	2,483,919
Personal services	1,632,592	1,619,501
Depreciation	161,130	165,564
<b>Total operating expenses</b>	<u>4,531,645</u>	<u>4,268,984</u>
Operating income (loss)	<u>(176,554)</u>	<u>1,774</u>
Non-operating revenues (expenses)		
Interest and investment earnings	3,472	5,544
Interest expense	0	(644)
<b>Total non-operating revenues (expenses)</b>	<u>3,472</u>	<u>4,900</u>
Net income (loss) before transfers	(173,082)	6,674
Transfers in (out)		
General Fund	31,227	(471,606)
Change in net position	<u>(141,855)</u>	<u>(464,932)</u>
Net position, July 1 (original)	2,619,762	3,084,694
Prior period adjustments	<u>(100,036)</u>	<u>0</u>
Net position, July 1 (restated)	<u>2,519,726</u>	<u>3,084,694</u>
<b>Net position, June 30</b>	<u><u>\$ 2,377,871</u></u>	<u><u>\$ 2,619,762</u></u>

**CITY OF CARROLLTON, GEORGIA**  
**SANITATION ENTERPRISE FUND**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
*For the fiscal years ended June 30, 2018 and 2017*

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 4,341,751	\$ 4,290,004
Payments to suppliers	(2,412,583)	(2,545,307)
Payments to employees	(1,627,854)	(1,614,482)
	<u>301,314</u>	<u>130,215</u>
<b>Net cash provided (used) by operating activities</b>	<u>301,314</u>	<u>130,215</u>
<b>Cash flows from non-capital financing activities:</b>		
Receipts from other funds	31,227	67,987
Payments to other funds	<u>0</u>	<u>(683,358)</u>
	<u>31,227</u>	<u>(615,371)</u>
<b>Net cash provided (used) by non-capital financing activities</b>	<u>31,227</u>	<u>(615,371)</u>
<b>Cash flows from capital and related financing activities:</b>		
Payments for acquisitions of capital assets	(337,445)	(57,518)
Principal payments - capital leases	(73,791)	(73,791)
Interest paid	<u>0</u>	<u>(644)</u>
	<u>(411,236)</u>	<u>(131,953)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(411,236)</u>	<u>(131,953)</u>
<b>Cash flows from investing activities:</b>		
Interest and investment earnings received	<u>3,472</u>	<u>5,544</u>
	<u>3,472</u>	<u>5,544</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(75,223)	(611,565)
Cash and cash equivalents, July 1	<u>2,208,940</u>	<u>2,820,505</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 2,133,717</u>	<u>\$ 2,208,940</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ (176,554)</u>	<u>\$ 1,774</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>		
Depreciation expense	161,130	165,564
(Increase) decrease in accounts receivable	(13,340)	19,246
(Increase) decrease in prepaid items	28,487	(2,340)
(Increase) decrease in deferred outflows related to pensions	60,358	(44,828)
(Increase) decrease in deferred outflows related to OPEB	(1,176)	0
Increase (decrease) in accounts payable	296,853	(59,048)
Increase (decrease) in accrued salaries and payroll liabilities	7,747	(9,112)
Increase (decrease) in accrued liabilities	(263)	(1,610)
Increase (decrease) in compensated absences	2,931	1,383
Increase (decrease) in net pension liability	(95,013)	21,600
Increase (decrease) in net OPEB Liability	(18,612)	11,193
Increase (decrease) in deferred inflows related to pensions	23,090	26,393
Increase (decrease) in deferred inflows related to OPEB	<u>25,676</u>	<u>0</u>
<b>Total adjustments</b>	<u>477,868</u>	<u>128,441</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 301,314</u>	<u>\$ 130,215</u>

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***OTHER REPORTING SECTION***

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards***

Honorable Mayor and  
Members of the City Council  
City of Carrollton, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Carrollton, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Carrollton, Georgia's basic financial statements and have issued our report thereon dated December 19, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Comment 2018-001**

*Condition:* There is not adequate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component units of the City.

*Criteria:* Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

*Effect:* Failure to properly segregate the duties exposes the City to a greater risk of loss due to fraud.

### **Comment 2018-001, continued**

*Recommendation:* Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

*Management Response:* Management concurs with this finding. City management will work to continually improve and implement as many procedures as possible to improve internal controls in this area. This action was taken immediately upon receipt of the comment from our auditors.

### **Comment 2018-002**

*Condition:* The employer portion of group insurance cost is automatically posted to the general ledger through the payroll function. Amounts disbursed by the City were not reconciled to these postings during the year, thereby requiring significant adjustment.

*Criteria:* Differences between the automated expenditure/expense postings and amounts disbursed by the City require reconciliation due to timing differences and invoice adjustments.

*Effect:* Failure to perform the reconciliation on a regular basis resulted in an understatement of group insurance expenditure/expense.

*Recommendation:* Reconciliation between the automated expenditure/expense postings and amounts disbursed by the City should be reconciled on a timely basis and the general ledger adjusted as needed.

*Management Response:* Management concurs with this finding. City management will perform the necessary reconciliation on a regular basis. This action was implemented immediately upon receipt of the comment from our auditors.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Carrollton, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below:

### **Comment 2018-003**

*Condition:* The City experienced a material excess of expenditures over appropriations in the General Fund, Drug Seizure Special Revenue Fund, Hotel/Motel Tax Special Revenue Fund, and Regional Hazardous Material Team Special Revenue Fund. In addition, the City did not adopt a budget for the Neighborhood Stabilization Program Special Revenue Fund.

*Criteria:* OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, special revenue funds, and debt service funds.

**Comment 2018-003, continued**

*Effect:* Failure to maintain expenditures within the balanced budget for the General Fund and Special Revenue Funds, and failure to properly adopt an annual budget for the Neighborhood Stabilization Program Special Revenue Fund, as required by OCGA Code Section 36-81-3 will place the City in violation of state law.

*Recommendation:* Budget to actual comparisons should be periodically reviewed by City management and budgets amended as needed to ensure that the City remains in compliance with state law. City management should also ensure that annual budgets are adopted for all funds legally required to operate under an approved annual budget. The budgets should be reviewed regularly for compliance. This will assist management with budgetary decisions throughout the fiscal year.

*Management Response:* Management concurs with this finding. City management will review the budget to actual comparisons and recommend any necessary budget revisions to the Mayor and City Council. City management will also ensure that an annual budget is adopted for all funds legally required to operate under an approved annual budget. This action was implemented immediately upon receipt of the comment from our auditors.

**City of Carrollton, Georgia's Response to Findings**

The City of Carrollton, Georgia's response to the findings identified in our audit are described above. The City of Carrollton, Georgia's response was 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 provide an opinion on the effectiveness of the City of Carrollton, Georgia'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rushton & Company, LLC*

Certified Public Accountants

Gainesville, Georgia  
December 19, 2018

***STATE REPORTING SECTION***

**CITY OF CARROLLTON, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2018**

Project	Estimated Cost *		Prior Years	Expenditures		Total
	Original	Current		Current Year		
<b>2009 SPLOST</b>						
Sidewalk & Street Improvements	\$ 5,485,197	\$ 5,485,197	\$ 6,322,459	\$ 0	\$ 6,322,459	
Water Impoundment Development and Improvements	4,570,997	4,570,997	186,984	0	186,984	
Recreation/Cultural Arts Improvements	2,742,599	2,742,599	2,026,188	0	2,026,188	
Economic Development	2,285,498	2,285,498	3,170,970	50	3,171,020	
Greenspace Acquisition and Improvements	2,285,498	2,285,498	2,782,744	0	2,782,744	
Public Safety-Equipment	1,828,398	1,828,398	2,531,135	0	2,531,135	
Historic Train Depot Restoration	1,371,299	1,371,299	1,173,811	0	1,173,811	
Telecommunications Facilities Improvements	457,099	457,099	161,150	0	161,150	
Debt Service-Carroll County, Georgia	0	0	10,216,681	0	10,216,681	
	<u>\$ 21,026,585</u>	<u>\$ 21,026,585</u>	<u>\$ 28,572,122</u>	<u>\$ 50</u>	<u>\$ 28,572,172</u>	

Project	Estimated Cost *		Prior Years	Expenditures		Total
	Original	Current		Current Year		
<b>2015 SPLOST</b>						
City of Carrollton Projects	\$ 21,187,200	\$ 21,187,200				
Sidewalk & Street Improvement Projects			\$ 4,091,334	\$ 971,869	\$ 5,063,203	
Public Safety Projects			4,548,065	1,649	4,549,714	
Water Impoundment Improvements			61,955	0	61,955	
Recreation/Cultural Arts Improvements			2,328,388	17,492	2,345,880	
Economic Development			505,637	190,419	696,056	
Greenspace Projects			1,161,305	189,156	1,350,461	
Public Utilities (Telecommunications) Improvements			421,351	72,979	494,330	
Debt Service-Carroll County, Georgia			3,906,038	1,929,088	5,835,126	
	<u>\$ 21,187,200</u>	<u>\$ 21,187,200</u>	<u>\$ 17,024,073</u>	<u>\$ 3,372,652</u>	<u>\$ 20,396,725</u>	
Current year expenditures				\$ 3,372,652		
Expenditures financed through other revenues				606,333		
Total expenditures and transfers out				<u>\$ 3,978,985</u>		

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.