

CITY OF CARROLLTON, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2019

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CITY OF CARROLLTON, GEORGIA
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2019

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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, 2019, 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, 2019, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards 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, the schedule of projects financed with special purpose local option sales tax, and the schedule of expenditures of federal awards 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, 2018, which are not presented with the accompanying financial statements. In our report dated December 19, 2018, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, 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 2018 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 2018 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 2018 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 2018 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 February 24, 2020 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

February 24, 2020

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CITY OF CARROLLTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019



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, 2019. 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, 2019



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 \$190,303,149 in 2018 to \$195,338,304 in 2019, an increase of \$5,035,155 (2.6%). 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 \$112,459,150 in 2018 to \$117,153,089 in 2019, an increase of \$4,693,939 (4.17%). Unrestricted net position for governmental activities increased from \$5,198,152 in 2018 to \$7,782,546 in 2019, an increase of \$2,584,394 (49.7%).

Total net position for business-type activities increased from \$77,843,599 in 2018 to \$78,185,215 in 2019, an increase of \$341,616 (0.44%). Unrestricted net position for business-type activities decreased from \$6,375,083 in 2018, to \$5,353,851 in 2019, a decrease of \$1,021,232 (16.02%).

CITY OF CARROLLTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



Table 1 - Net Position

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 24,299,055	\$ 18,621,757	\$ 9,582,685	10,518,317	\$ 33,881,740	\$ 29,140,074
Restricted assets	2,522,794	320,708	956,238	960,929	3,479,032	1,281,637
Capital assets, net	<u>105,446,908</u>	<u>107,236,658</u>	<u>78,042,459</u>	<u>77,007,930</u>	<u>183,489,367</u>	<u>184,244,588</u>
Total assets	<u>132,268,757</u>	<u>126,179,123</u>	<u>88,581,382</u>	<u>88,487,176</u>	<u>220,850,139</u>	<u>214,666,299</u>
Total deferred outflows	<u>1,937,348</u>	<u>1,978,581</u>	<u>828,497</u>	<u>831,392</u>	<u>2,765,845</u>	<u>2,809,973</u>
Current liabilities	7,849,072	4,467,921	2,671,499	2,563,015	10,520,571	7,030,936
Noncurrent liabilities	<u>7,772,932</u>	<u>9,934,302</u>	<u>8,044,885</u>	<u>8,452,756</u>	<u>15,817,817</u>	<u>18,387,058</u>
Total liabilities	<u>15,622,004</u>	<u>14,402,223</u>	<u>10,716,384</u>	<u>11,015,771</u>	<u>26,338,388</u>	<u>25,417,994</u>
Total deferred inflows	<u>1,431,012</u>	<u>1,295,931</u>	<u>508,280</u>	<u>459,198</u>	<u>1,939,292</u>	<u>1,755,129</u>
Net position:						
Net investment in capital assets	101,574,945	101,806,163	72,550,421	71,188,725	174,125,366	172,994,888
Restricted						
Capital projects	3,794,403	2,573,912	259,861	259,602	4,054,264	2,833,514
Debt service	0	0	21,082	20,189	21,082	20,189
Other purposes	4,001,195	2,880,883	0	0	4,001,195	2,880,883
Unrestricted	<u>7,782,546</u>	<u>5,198,592</u>	<u>5,353,851</u>	<u>6,375,083</u>	<u>13,136,397</u>	<u>11,573,675</u>
Total net position	<u>\$ 117,153,089</u>	<u>\$ 112,459,550</u>	<u>\$ 78,185,215</u>	<u>\$ 77,843,599</u>	<u>\$ 195,338,304</u>	<u>\$ 190,303,149</u>

CITY OF CARROLLTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



Changes in Net Position

The City's combined change in net position increased from \$3,299,394 in 2018 to \$5,035,155 in 2019. 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 \$30,031,354 (excluding transfers and special items). This total represents an increase of \$3,131,449 (11.6%) over the FY 2018 total of \$26,899,905. The majority of this increase is due to increases in capital grants and contributions related to the completion of City infrastructure projects, increase in sales tax revenue, and an increase in charges for services.

Expenditures for the City's governmental activities totaled \$31,172,119 (excluding transfers and special items). This total represents an increase of \$1,414,146 (4.8%) over the FY 2018 total of \$29,757,973.

Business-Type Activities

Revenues for the City's business-type activities totaled \$20,226,804 (excluding capital grants and contributions, interest, and other). This represents an increase of \$384,799 (1.9%) over the FY 2018 total of \$19,842,005. Operating expenses for the City's business-type activities totaled \$14,050,884 (excluding transfers), an increase of \$366,341 (2.7%) over the FY 2018 total of \$13,684,543.

The operating revenues are as follows:

	<u>2019</u>	<u>2018</u>
Charges for services:		
Water and sewer fees & charges	\$ 15,443,817	\$ 15,098,513
Garbage and landfill fees	<u>4,726,249</u>	<u>4,355,091</u>
Total	<u>\$ 20,170,066</u>	<u>\$ 19,453,604</u>

CITY OF CARROLLTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



Table 2 - Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 4,859,700	\$ 3,440,981	\$ 20,043,887	\$ 19,453,604	\$ 24,903,587	\$ 22,894,585
Operating grants and contributions	1,670,844	1,663,206	0	0	1,670,844	1,663,206
Capital grants and contributions	6,200,292	4,890,709	0	145,490	6,200,292	5,036,199
General revenues						
Property taxes	4,650,175	4,395,334	0	0	4,650,175	4,395,334
Franchise & public service taxes	2,558,212	2,398,210	0	0	2,558,212	2,398,210
Sales taxes	4,658,202	4,161,784	0	0	4,658,202	4,161,784
Other taxes	3,965,493	4,816,322	0	0	3,965,493	4,816,322
Interest and investment earnings	176,160	12,641	56,738	10,774	232,898	23,415
Miscellaneous	1,292,276	1,120,718	126,179	232,137	1,418,455	1,352,855
Total revenues	<u>30,031,354</u>	<u>26,899,905</u>	<u>20,226,804</u>	<u>19,842,005</u>	<u>50,258,158</u>	<u>46,741,910</u>
Expenses						
Program Expenses						
General government	2,755,241	3,025,034	0	0	2,755,241	3,025,034
Public safety	13,981,556	13,330,985	0	0	13,981,556	13,330,985
Public works	3,682,607	3,518,374	0	0	3,682,607	3,518,374
Culture and recreation	7,866,187	7,827,585	0	0	7,866,187	7,827,585
Housing and development	2,655,832	1,769,889	0	0	2,655,832	1,769,889
Water and sewer	0	0	10,294,850	10,175,812	10,294,850	10,175,812
Sanitation	0	0	3,756,034	3,508,731	3,756,034	3,508,731
Interest on long-term debt	230,696	286,106	0	0	230,696	286,106
Total expenses	<u>31,172,119</u>	<u>29,757,973</u>	<u>14,050,884</u>	<u>13,684,543</u>	<u>45,223,003</u>	<u>43,442,516</u>
Indirect costs	<u>(2,962,357)</u>	<u>(2,881,556)</u>	<u>2,962,357</u>	<u>2,881,556</u>	<u>0</u>	<u>0</u>
Excess (deficiency) before transfers and special items	1,821,592	23,488	3,213,563	3,275,906	5,035,155	3,299,394
Transfers	<u>2,871,947</u>	<u>1,618,748</u>	<u>(2,871,947)</u>	<u>(1,618,748)</u>	<u>0</u>	<u>0</u>
Change in net position	4,693,539	1,642,236	341,616	1,657,158	5,035,155	3,299,394
Net position, beginning of year	112,459,550	111,548,770	77,843,599	76,536,465	190,303,149	188,085,235
Prior period adjustments	0	(731,456)	0	(350,024)	0	(1,081,480)
Net position, end of year	<u>\$ 117,153,089</u>	<u>\$ 112,459,550</u>	<u>\$ 78,185,215</u>	<u>\$ 77,843,599</u>	<u>\$ 195,338,304</u>	<u>\$ 190,303,149</u>

CITY OF CARROLLTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



The City's Funds

As the City completed FY2019, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$21,027,293. This total represents an increase of \$4,623,471 (28.2%) over the FY2018 combined fund balance of \$16,403,822. 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 \$5,353,851. This total represents a decrease of \$1,021,232 (16.02%) from the FY2018 amount of \$6,375,083.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues

General Fund expenditure highlights discussed below are shown in Table 3. Total actual revenue was over total budgeted revenue in the amount of \$433,934. Of this amount, tax revenue realized on property was under budget in the amount of \$196,449. Local option sales tax revenue exceeded budgeted revenue in the amount of \$458,202. Insurance premium tax revenue exceeded budgeted revenue in the amount of \$27,722. Franchise Tax revenue was under total budgeted revenue in the amount of \$173,588. Alcohol excise tax revenue was under the budgeted amount of \$44,156. Occupation tax revenue exceeded budgeted revenue in the amount of \$61,927. Energy excise tax revenue exceeded budgeted revenue in the amount of \$25,924. Police fines and forfeitures revenue was under total budgeted revenue by \$100,437. Recreation fee revenue exceeded budgeted revenue by \$136,907. Interest income exceeded budgeted revenue in the amount of \$162,354. In summary, the City's overall positive revenue variance of \$433,934 reflects a growing local economy and a strong financial position.

Table 3 - General Fund Revenues

	2019			2018		
	Budget	Actual	Variance	Budget	Actual	Variance
Taxes	\$ 15,864,806	\$ 16,023,263	\$ 158,457	\$ 15,022,800	\$ 14,903,096	\$ (119,704)
Licenses and permits	410,000	520,330	110,330	375,000	508,943	133,943
Intergovernmental	936,580	1,068,677	132,097	996,580	1,221,914	225,334
Charges for services	4,735,140	4,818,559	83,419	4,308,933	4,546,389	237,456
Contributions	0	39,360	39,360	0	81,000	81,000
Fines and forfeitures	1,100,000	999,563	(100,437)	1,100,000	935,625	(164,375)
Interest on invested funds	10,000	172,354	162,354	10,000	10,090	90
Other	383,627	231,981	(151,646)	635,346	1,094,443	459,097
Total	\$ 23,440,153	\$ 23,874,087	\$ 433,934	\$ 22,448,659	\$ 23,301,500	\$ 852,841

Expenditures

General Fund expenditure highlights are in Table 4. The City completed FY 2019 with a total of \$24,960,311 in General Fund operating expenditures. The operating budget for these expenditures totaled \$26,849,682 resulting in expenditures being realized at an amount of \$1,889,371 under budget.

General Government

Expenditures for General Administration exceeded the budgeted amount by \$44,825 and were a result of repairs and renovations that were made to the City Hall building. Expenditures for Information Technology came in at \$177,086 under budget.

Public Safety

Expenditures for the Police Department came in at \$261,060 under budget. Expenditures for the Fire Department came in at \$537,216 under budget. These positive budget variances can be attributed to budgeted vacant personnel positions that will be filled in the coming fiscal year.

CITY OF CARROLLTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



Public Works

Expenditures for Public Works exceeded budgeted amounts by \$140,782. This budget overage is a result of the various streets and drainage infrastructure construction projects currently underway in the City.

Engineering

Expenditures for Engineering came in at \$145,169 under budget. This is a result of \$140,000 being budgeted for a new vehicle that was not delivered due to manufacturing delays. This vehicle purchase has now been budgeted for purchase and delivery in FY 2020.

Cultural Arts & Recreation

Expenditures for Cultural Arts and Recreation came in at \$501,732 under budget. Of this amount, expenditures for Recreation & Parks came in at \$400,067 under budget. This positive budget variance is due to capital renovation work that was budgeted, but not performed during FY 2019. These capital improvements have been budgeted for completion in FY 2020. Expenditures for Recreation Administration came in at \$43,770 under budget. Expenditures for Recreation Athletics came in at \$67,071 under budget.

Table 4 - General Fund Operating Expenditures

	2019			2018		
	Budget	Actual	Variance	Budget	Actual	Variance
General government	\$ 2,832,210	\$ 2,561,081	\$ 271,129	\$ 3,322,912	\$ 3,262,729	\$ 60,183
Public safety	13,404,209	12,605,933	798,276	14,320,812	13,805,501	515,311
Public works	2,288,981	2,259,261	29,720	2,746,339	2,456,153	290,186
Cultural and recreation	7,043,746	6,542,014	501,732	6,318,029	6,146,558	171,471
Housing and development	1,178,736	992,022	186,714	1,032,709	883,988	148,721
Debt service	101,800	0	101,800	0	1,416	(1,416)
Total operating expenditures	\$ 26,849,682	\$ 24,960,311	\$ 1,889,371	\$ 27,740,801	\$ 26,556,345	\$ 1,184,456

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2019, the City had \$183,489,367 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, 2019, Net of Depreciation

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 11,164,060	\$ 11,164,060	\$ 8,933,978	\$ 8,933,978	\$ 20,098,038	\$ 20,098,038
Land improvements	19,984,755	21,146,327	0	0	19,984,755	21,146,327
Buildings and improvements	31,243,681	31,615,316	3,180,884	1,810,152	34,424,565	33,425,468
Equipment	4,004,297	4,536,168	2,201,106	1,849,136	6,205,403	6,385,304
Infrastructure	38,302,038	38,654,330	62,380,542	63,503,960	100,682,580	102,158,290
Construction in progress	748,077	120,457	1,345,949	910,704	2,094,026	1,031,161
Totals	\$ 105,446,908	\$ 107,236,658	\$ 78,042,459	\$ 77,007,930	\$ 183,489,367	\$ 184,244,588

CITY OF CARROLLTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



DEBT

The total long-term debt of the City outstanding at June 30, 2019 was \$8,913,974. The City had \$4,893,000 in revenue bond debt outstanding. Amounts reported as intergovernmental debt of \$3,488,750 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	
	2019	2018	2019	2018	2019	2018
Bonds from direct placement \$	0	\$ 0	\$ 4,893,000	\$ 5,314,000	\$ 4,893,000	\$ 5,314,000
Capital lease obligations	0	0	265,557	44,316	265,557	44,316
Notes from direct borrowings	0	0	266,667	291,667	266,667	291,667
Contracts payable	3,488,750	5,166,250	0	0	3,488,750	5,166,250
Totals	\$ 3,488,750	\$ 5,166,250	\$ 5,425,224	\$ 5,649,983	\$ 8,913,974	\$ 10,816,233

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The City's elected and appointed officials considered many factors when preparing the FY 2020 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 2020. The fiscal year 2020 General Fund budget totals \$28,004,958 an increase of \$1,155,276 over the FY 2019 budget.

If these estimates are realized, the City's General Fund balance is expected to remain unchanged for FY 2020. 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 2020 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.

BASIC FINANCIAL STATEMENTS

CITY OF CARROLLTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 20,758,391	\$ 6,647,393	\$ 27,405,784
Restricted assets			
Cash and cash equivalents	2,522,794	956,238	3,479,032
Receivables (net)			
Accounts	243,891	2,528,719	2,772,610
Intergovernmental	2,200,059	0	2,200,059
Taxes	952,822	0	952,822
Internal balances	22,746	(22,746)	0
Inventories	0	367,917	367,917
Prepaid items	121,146	61,402	182,548
Total current assets	<u>26,821,849</u>	<u>10,538,923</u>	<u>37,360,772</u>
Noncurrent assets			
Capital assets			
Non-depreciable	11,912,137	10,279,927	22,192,064
Depreciable (net)	93,534,771	67,762,532	161,297,303
Total noncurrent assets	<u>105,446,908</u>	<u>78,042,459</u>	<u>183,489,367</u>
Total assets	<u>132,268,757</u>	<u>88,581,382</u>	<u>220,850,139</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,897,185	815,760	2,712,945
Deferred outflows of resources related to OPEB	40,163	12,737	52,900
Total deferred outflows of resources	<u>1,937,348</u>	<u>828,497</u>	<u>2,765,845</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,639,924	1,178,543	2,818,467
Accrued liabilities	20,001	1,260	21,261
Retainages payable	56,091	7,955	64,046
Accrued salaries and payroll liabilities	233,834	103,837	337,671
Compensated absences	358,437	91,629	450,066
Accrued interest payable	14,097	0	14,097
Unearned revenue	293,261	649,460	942,721
Due to others	3,513,427	0	3,513,427
Capital leases payable	0	66,389	66,389
Contracts payable	1,720,000	0	1,720,000
Liabilities payable from restricted assets			
Customer deposits payable	0	332,426	332,426
Notes payable	0	25,000	25,000
Bonds payable	0	215,000	215,000
Total current liabilities	<u>7,849,072</u>	<u>2,671,499</u>	<u>10,520,571</u>

CITY OF CARROLLTON, GEORGIA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Noncurrent liabilities			
Net pension liability	\$ 3,967,122	\$ 2,012,150	\$ 5,979,272
Net OPEB liability	2,037,060	913,900	2,950,960
Capital leases payable	0	199,168	199,168
Notes payable	0	241,667	241,667
Bonds payable	0	4,678,000	4,678,000
Contracts payable	1,768,750	0	1,768,750
Total noncurrent liabilities	7,772,932	8,044,885	15,817,817
Total liabilities	15,622,004	10,716,384	26,338,388
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	1,165,978	393,523	1,559,501
Deferred inflows of resources related to OPEB	265,034	114,757	379,791
Total deferred inflows of resources	1,431,012	508,280	1,939,292
NET POSITION			
Net investment in capital assets	101,574,945	72,550,421	174,125,366
Restricted for:			
Public Safety	2,539,434	0	2,539,434
Culture and Recreation	6,826	0	6,826
Housing and Development	1,454,935	0	1,454,935
Capital outlay	3,794,403	259,861	4,054,264
Debt service	0	21,082	21,082
Unrestricted	7,782,546	5,353,851	13,136,397
Total net position	<u>\$ 117,153,089</u>	<u>\$ 78,185,215</u>	<u>\$ 195,338,304</u>

CITY OF CARROLLTON, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2019

			Program Revenues			
		Indirect	Charges for	Operating	Capital	Net
	Expenses	Costs	Services	Grants and	Grants and	(Expense)
FUNCTIONS/PROGRAMS				Contributions	Contributions	Revenue
Primary government						
Governmental activities						
General Government	\$ 2,755,241	\$ (2,962,357)	\$ 286,318	\$ 0	\$ 143,224	\$ 636,658
Public Safety	13,981,556	0	2,688,840	1,310,301	1,343,127	(8,639,288)
Public Works	3,682,607	0	31,445	0	1,909,422	(1,741,740)
Culture and Recreation	7,866,187	0	1,547,768	340,716	1,148,157	(4,829,546)
Housing and Development	2,655,832	0	305,329	19,827	1,656,362	(674,314)
Interest on long-term debt	230,696	0	0	0	0	(230,696)
Total governmental activities	31,172,119	(2,962,357)	4,859,700	1,670,844	6,200,292	(15,478,926)
Business-type activities						
Water and Sewerage	10,294,850	1,990,011	15,317,638	0	0	3,032,777
Sanitation	3,756,034	972,346	4,726,249	0	0	(2,131)
Total business-type activities	14,050,884	2,962,357	20,043,887	0	0	3,030,646
Total primary government	45,223,003	0	24,903,587	1,670,844	6,200,292	(12,448,280)
Primary Government						
			Governmental	Business-Type		
			Activities	Activities	Total	
Change in net position						
Net (expense) revenue			\$ (15,478,926)	\$ 3,030,646	\$ (12,448,280)	
General revenues						
Taxes						
Property			4,650,175	0	4,650,175	
Sales			4,658,202	0	4,658,202	
Insurance premium			1,747,722	0	1,747,722	
Alcohol excise			793,344	0	793,344	
Franchise			2,558,212	0	2,558,212	
Occupational			1,424,427	0	1,424,427	
Other			1,047,622	0	1,047,622	
Interest and investment earnings			176,160	56,738	232,898	
Gain on sale of assets			10,200	0	10,200	
Other			234,454	126,179	360,633	
Transfers			2,871,947	(2,871,947)	0	
Total general revenues and transfers			20,172,465	(2,689,030)	17,483,435	
Change in net position			4,693,539	341,616	5,035,155	
Net position - beginning			112,459,550	77,843,599	190,303,149	
Net position - ending			\$ 117,153,089	\$ 78,185,215	\$ 195,338,304	

CITY OF CARROLLTON, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General	West Metro Regional Drug Enforcement	2015 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 13,435,584	\$ 2,973,006	\$ 1,986,204	\$ 2,363,597	\$ 20,758,391
Restricted assets					
Cash and cash equivalents	2,522,794	0	0	0	2,522,794
Receivables (net)					
Accounts	220,704	0	23,187	0	243,891
Intergovernmental	59,046	137,442	1,977,899	25,672	2,200,059
Taxes	814,498	0	0	138,324	952,822
Prepaid items	109,896	0	0	11,250	121,146
Due from other funds	144,445	0	26,431	22,821	193,697
Total assets	\$ 17,306,967	\$ 3,110,448	\$ 4,013,721	\$ 2,561,664	\$ 26,992,800
LIABILITIES					
Accounts payable	\$ 917,819	\$ 6,418	\$ 566,498	\$ 149,189	\$ 1,639,924
Accrued liabilities	20,001	0	0	0	20,001
Retainage payable	0	0	56,091	0	56,091
Accrued salaries and payroll liabilities	233,834	0	0	0	233,834
Unearned revenue	228,837	23,000	41,424	0	293,261
Due to other funds	25,219	36,059	5,478	104,195	170,951
Due to others	2,517,405	978,737	0	17,285	3,513,427
Total liabilities	3,943,115	1,044,214	669,491	270,669	5,927,489
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	38,018	0	0	0	38,018
FUND BALANCES					
Nonspendable:					
Prepaid items	109,896	0	0	11,250	121,146
Restricted for:					
Public Safety	0	2,066,234	0	473,200	2,539,434
Culture and Recreation	6,826	0	0	0	6,826
Housing and Development	98,563	0	0	1,356,372	1,454,935
Capital outlay	0	0	3,344,230	450,173	3,794,403
Unassigned	13,110,549	0	0	0	13,110,549
Total fund balances	13,325,834	2,066,234	3,344,230	2,290,995	21,027,293
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,306,967	\$ 3,110,448	\$ 4,013,721	\$ 2,561,664	\$ 26,992,800

CITY OF CARROLLTON, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - total governmental funds **\$ 21,027,293**

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	105,446,908
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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	38,018
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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	1,897,185
Related to OPEB	40,163

Deferred inflows of resources:

Related to pensions	(1,165,978)
Related to OPEB	(265,034)

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

Compensated absences	\$	(358,437)	
Contracts payable		(3,488,750)	
Accrued interest payable		(14,097)	
Net pension liability		(3,967,122)	
Net OPEB liability		(2,037,060)	
		(9,865,466)	

Net position of governmental activities	\$	117,153,089
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CITY OF CARROLLTON, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2019

	General	West Metro Regional Drug Enforcement	2015 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 16,023,263	\$ 0	\$ 0	\$ 872,823	\$ 16,896,086
Licenses and permits	520,330	0	0	0	520,330
Fines, fees and forfeitures	999,563	1,034,887	0	439,720	2,474,170
Charges for services	4,818,559	0	0	3,000	4,821,559
Intergovernmental	1,068,677	593,721	5,732,503	365,276	7,760,177
Contributions	39,360	0	77,200	0	116,560
Interest	172,354	2,060	500	1,747	176,661
Other	231,981	121	0	2,246	234,348
Total revenues	23,874,087	1,630,789	5,810,203	1,684,812	32,999,891
EXPENDITURES					
Current					
General Government	2,561,081	0	0	0	2,561,081
Public Safety	12,605,933	820,351	0	135,637	13,561,921
Public Works	2,259,261	0	0	0	2,259,261
Culture and Recreation	6,542,014	0	0	0	6,542,014
Housing and Development	992,022	0	0	373,287	1,365,309
Capital outlay	0	0	4,757,485	197,884	4,955,369
Total expenditures	24,960,311	820,351	4,757,485	706,808	31,244,955
Excess (deficiency) of revenues over (under) expenditures	<u>(1,086,224)</u>	<u>810,438</u>	<u>1,052,718</u>	<u>978,004</u>	<u>1,754,936</u>
Other financing sources (uses)					
Transfers in	3,016,141	0	0	16,160	3,032,301
Transfers out	0	(16,160)	0	(157,806)	(173,966)
Sale of capital assets	0	10,200	0	0	10,200
Total other financing sources (uses)	3,016,141	(5,960)	0	(141,646)	2,868,535
Net change in fund balance	1,929,917	804,478	1,052,718	836,358	4,623,471
Fund balances, July 1	11,395,917	1,261,756	2,291,512	1,454,637	16,403,822
Fund balances, June 30	\$ 13,325,834	\$ 2,066,234	\$ 3,344,230	\$ 2,290,995	\$ 21,027,293

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, 2019

Net change in fund balances - total governmental funds **\$ 4,623,471**

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	\$ 3,487,989	
Depreciation	<u>(5,291,351)</u>	(1,803,362)

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	(73,730)	
Related accumulated depreciation	<u>73,730</u>	0

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Business-type activities	22,686	
Related accumulated depreciation	<u>(9,074)</u>	13,612

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	990,533	
Cost of benefits earned, net of employee contributions	<u>(659,652)</u>	330,881

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	40,163	
Cost of benefits earned, net of employee contributions	<u>(105,991)</u>	(65,828)

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	5,596	
Debt principal payments	<u>1,677,500</u>	1,683,096

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

Unavailable revenue		(16,382)
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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>(71,949)</u>
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Change in net position of governmental activities		<u>\$ 4,693,539</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, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 15,732,800	\$ 15,864,806	\$ 16,023,263	\$ 158,457
Licenses and permits	410,000	410,000	520,330	110,330
Fines, fees and forfeitures	1,100,000	1,100,000	999,563	(100,437)
Charges for services	4,735,140	4,735,140	4,818,559	83,419
Intergovernmental	936,580	936,580	1,068,677	132,097
Contributions	0	0	39,360	39,360
Interest	10,000	10,000	172,354	162,354
Other	305,897	383,627	231,981	(151,646)
Total revenues	23,230,417	23,440,153	23,874,087	433,934
EXPENDITURES				
Current				
General Government				
Mayor and Council	101,961	101,961	68,720	33,241
City Manager	347,754	347,754	330,803	16,951
General Administration	1,053,019	1,053,019	1,097,844	(44,825)
Finance and Purchasing	246,244	246,244	220,909	25,335
Human Resources	337,011	337,011	322,878	14,133
Information Technology	448,657	448,657	271,571	177,086
General Maintenance	112,564	112,564	94,096	18,468
Legal	185,000	185,000	154,260	30,740
Public Safety				
Police Department	7,742,786	7,742,786	7,481,726	261,060
Fire Department	5,661,423	5,661,423	5,124,207	537,216
Public Works				
Street Department	777,173	777,173	917,955	(140,782)
Engineering	1,178,411	1,178,411	1,033,242	145,169
Garage	333,397	333,397	308,064	25,333
Culture and Recreation				
Library	300,035	300,035	300,036	(1)
Recreation Administration	1,019,831	1,019,831	976,061	43,770
Recreation Parks	2,279,978	2,411,984	2,011,917	400,067
Recreation Programs	1,128,192	1,128,192	1,150,319	(22,127)
Cultural Arts	1,019,079	1,019,079	1,006,127	12,952
Recreation Athletics	1,164,625	1,164,625	1,097,554	67,071
Housing and Development				
Planning Administration	465,690	465,690	416,200	49,490
Code Enforcement	121,411	121,411	69,490	51,921
Convention and Visitor's Bureau	182,307	260,037	262,633	(2,596)
Main Street Division	331,598	331,598	243,699	87,899
Debt Service				
Police Department	49,000	49,000	0	49,000
Fire Department	16,500	16,500	0	16,500
Engineering	30,000	30,000	0	30,000
Code Enforcement	6,300	6,300	0	6,300
Total expenditures	26,639,946	26,849,682	24,960,311	1,889,371
Excess (deficiency) of revenues over expenditures	(3,409,529)	(3,409,529)	(1,086,224)	2,323,305
Other financing sources (uses)				
Transfers in	3,072,125	3,072,125	3,016,141	(55,984)
Issuance of capital leases	337,404	337,404	0	(337,404)
Total other financing sources (uses)	3,409,529	3,409,529	3,016,141	(393,388)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	1,929,917	1,929,917
Fund balances, July 1	0	0	11,395,917	11,395,917
Fund balances, June 30	\$ 0	\$ 0	\$ 13,325,834	\$ 13,325,834

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, 2019

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines, fees and forfeitures	\$ 159,000	\$ 159,000	\$ 1,034,887	\$ 875,887
Intergovernmental	632,630	632,630	593,721	(38,909)
Interest	0	0	2,060	2,060
Other	0	0	121	121
Total revenues	791,630	791,630	1,630,789	839,159
EXPENDITURES				
Current				
Public Safety	791,630	791,630	820,351	(28,721)
Total expenditures	791,630	791,630	820,351	(28,721)
Excess (deficiency) of revenues over expenditures	0	0	810,438	810,438
Other financing sources (uses)				
Transfers out	0	0	(16,160)	(16,160)
Proceeds from sale of assets	0	0	10,200	10,200
Total other financing sources (uses)	0	0	(5,960)	(5,960)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	804,478	804,478
Fund balances, July 1	0	0	1,261,756	1,261,756
Fund balances, June 30	\$ 0	\$ 0	\$ 2,066,234	\$ 2,066,234

CITY OF CARROLLTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities		
	Water and Sewerage	Sanitation	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,861,971	\$ 1,785,422	\$ 6,647,393
Restricted assets			
Cash and cash equivalents	956,238	0	956,238
Accounts receivable, net	1,856,602	672,117	2,528,719
Inventories	367,917	0	367,917
Prepaid items	40,437	20,965	61,402
Due from other funds	2,398	0	2,398
Total current assets	8,085,563	2,478,504	10,564,067
Noncurrent assets			
Capital assets			
Non-depreciable	10,279,927	0	10,279,927
Depreciable (net)	66,978,241	784,291	67,762,532
Total noncurrent assets	77,258,168	784,291	78,042,459
Total assets	85,343,731	3,262,795	88,606,526
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	598,266	217,494	815,760
Deferred outflows of resources related to OPEB	2,187	10,550	12,737
Total deferred outflows of resources	600,453	228,044	828,497
LIABILITIES			
Current liabilities			
Accounts payable	1,099,543	79,000	1,178,543
Retainage payable	7,955	0	7,955
Accrued liabilities	1,260	0	1,260
Accrued salaries and payroll liabilities	73,971	29,866	103,837
Compensated absences	63,592	28,037	91,629
Unearned revenue	649,460	0	649,460
Due to other funds	25,144	0	25,144
Capital leases	0	66,389	66,389
Liabilities payable from restricted assets			
Customer deposits payable	332,426	0	332,426
Notes payable	25,000	0	25,000
Bonds payable	215,000	0	215,000
Total current liabilities	2,493,351	203,292	2,696,643
Noncurrent liabilities			
Net pension liability	1,472,933	539,217	2,012,150
Net OPEB liability	651,457	262,443	913,900
Capital leases	0	199,168	199,168
Notes payable	241,667	0	241,667
Bonds payable	4,678,000	0	4,678,000
Total Noncurrent liabilities	7,044,057	1,000,828	8,044,885
Total liabilities	9,537,408	1,204,120	10,741,528

CITY OF CARROLLTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Business-Type Activities		
	Water and Sewerage	Sanitation	Totals
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	\$ 285,172	\$ 108,351	\$ 393,523
Deferred inflows of resources related to OPEB	81,688	33,069	114,757
Total deferred inflows of resources	366,860	141,420	508,280
NET POSITION			
Net investment in capital assets	72,031,687	518,734	72,550,421
Restricted for Debt Service	21,082	0	21,082
Restricted for Capital Outlay	259,861	0	259,861
Unrestricted	3,727,286	1,626,565	5,353,851
Total net position	\$ 76,039,916	\$ 2,145,299	\$ 78,185,215

CITY OF CARROLLTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2019

	Business-Type Activities		
	Water and Sewerage	Sanitation	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 15,317,638	\$ 4,726,249	\$ 20,043,887
Other	126,179	0	126,179
Total operating revenues	15,443,817	4,726,249	20,170,066
OPERATING EXPENSES			
Costs of sales and services	5,933,889	2,916,344	8,850,233
Personal services	3,917,755	1,610,004	5,527,759
Depreciation	2,294,123	188,202	2,482,325
Total operating expenses	12,145,767	4,714,550	16,860,317
Operating income (loss)	3,298,050	11,699	3,309,749
Non-operating revenues (expenses)			
Interest and investment earnings	25,109	31,629	56,738
Interest expense	(139,094)	(13,830)	(152,924)
Transfer of capital assets to governmental activities	(13,612)	0	(13,612)
Total non-operating revenues (expenses)	(127,597)	17,799	(109,798)
Net income (loss) before transfers	3,170,453	29,498	3,199,951
Transfers in (out)			
Transfers out	(2,596,265)	(262,070)	(2,858,335)
Change in net position	574,188	(232,572)	341,616
Net position, July 1	75,465,728	2,377,871	77,843,599
Net position, June 30	\$ 76,039,916	\$ 2,145,299	\$ 78,185,215

CITY OF CARROLLTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2019

	Business-Type Activities		
	Water and Sewerage	Sanitation	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 15,420,235	\$ 4,644,842	\$ 20,065,077
Payments to suppliers	(5,681,659)	(3,123,150)	(8,804,809)
Payments to employees	(3,987,662)	(1,629,157)	(5,616,819)
Other receipts	126,179	0	126,179
Net cash provided (used) by operating activities	5,877,093	(107,465)	5,769,628
Cash flows from non-capital financing activities:			
Payments to other funds	(2,596,265)	(262,070)	(2,858,335)
Cash flows from capital and related financing activities:			
Receipts from other governments	67,746	0	67,746
Payments for acquisitions of capital assets	(2,902,983)	(217,800)	(3,120,783)
Payment of capital related payables	(345,435)	0	(345,435)
Principal payments - capital leases	0	(110,705)	(110,705)
Proceeds from capital leases	0	331,946	331,946
Principal payments - promissory notes	(25,000)	0	(25,000)
Principal payments - bonds payable	(421,000)	0	(421,000)
Interest paid	(139,094)	(13,830)	(152,924)
Net cash provided (used) by capital and related financing activities	(3,765,766)	(10,389)	(3,776,155)
Cash flows from investing activities			
Interest and investment earnings received	25,109	31,629	56,738
Net increase (decrease) in cash and cash equivalents	(459,829)	(348,295)	(808,124)
Cash and cash equivalents, July 1	6,278,038	2,133,717	8,411,755
Cash and cash equivalents, June 30	\$ 5,818,209	\$ 1,785,422	\$ 7,603,631

CITY OF CARROLLTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2019

	Business-Type Activities		
	Water and Sewerage	Sanitation	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,298,050	\$ 11,699	\$ 3,309,749
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	2,294,123	188,202	2,482,325
(Increase) decrease in accounts receivable	2,812	(81,407)	(78,595)
(Increase) decrease in inventories	(3,853)	0	(3,853)
(Increase) decrease in prepaid items	113,159	33,742	146,901
(Increase) decrease in deferred outflows related to pensions	5,519	2,015	7,534
(Increase) decrease in deferred outflows related to OPEB	(2,187)	(2,452)	(4,639)
Increase (decrease) in accounts payable	142,201	(240,548)	(98,347)
Increase (decrease) in unearned revenue	105,970	0	105,970
Increase (decrease) in accrued liabilities	723	0	723
Increase (decrease) in accrued salaries and payroll liabilities	(104)	1,460	1,356
Increase (decrease) in compensated absences	5,042	7,605	12,647
Increase (decrease) in customer deposits	(6,185)	0	(6,185)
Increase (decrease) in net pension liability	(108,172)	(39,490)	(147,662)
Increase (decrease) in net OPEB liability	(5,185)	(2,192)	(7,377)
Increase (decrease) in deferred inflows related to pensions	17,826	6,508	24,334
Increase (decrease) in deferred inflows related to OPEB	17,354	7,393	24,747
Total adjustments	2,579,043	(119,164)	2,459,879
Net cash provided (used) by operating activities	\$ 5,877,093	\$ (107,465)	\$ 5,769,628
Cash and cash equivalents reconciliation			
Cash and cash equivalents	\$ 4,861,971	\$ 1,785,422	\$ 6,647,393
Restricted assets			
Cash and cash equivalents	956,238	0	956,238
	\$ 5,818,209	\$ 1,785,422	\$ 7,603,631

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable totaled \$401,728.

Acquisition of capital assets through retainages payable totaled \$7,955.

Contributions of capital assets to governmental activities totaled \$13,612.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019

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 \$32,820. The Carrollton Swimming Association was reorganized during the fiscal year to account for operations with the City's Recreation Athletics department.

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 \$259,722 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, 2019

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, 2019

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 Drug 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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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 in subsequent years, 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, 2019

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:

	Useful Life <u>in Years</u>
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, 2019

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, 2019

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, 2019

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, 2019

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 2018 amounts have been reclassified to conform with the 2019 presentation.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019 consist of the following:

Primary Government:

Major Funds

General Fund		\$	220,704
2015 SPLOST Fund			23,187
Water and Sewerage Enterprise Fund	\$ 1,889,069		
Less: Allowance for Uncollectibles	<u>(32,467)</u>		1,856,602
Sanitation Enterprise Fund	682,865		
Less: Allowance for Uncollectibles	<u>(10,748)</u>		<u>672,117</u>
Total Primary Government		\$	<u><u>2,772,610</u></u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2019 consist of the following:

Primary Government:

Major Funds

General Fund	\$ 59,046
West Metro Regional Drug Enforcement Fund	137,442
2015 SPLOST Fund	1,977,899

Nonmajor Funds

Special Revenue Funds	
Neighborhood Stabilization Program	24,370
Drug Seizure	1,302
	<hr/>
Total Primary Government	<u><u>\$ 2,200,059</u></u>

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 2018, based upon the assessments of January 1, 2018, were levied on September 10, 2018, billed on October 4, 2018, and due on December 4, 2018. The Carroll County tax commissioner bills and collects the City's property taxes.

7. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables as of June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	2015 SPLOST	\$ 5,478
	West Metro Regional	
	Drug Enforcement	36,059
	Nonmajor Governmental	102,908
2015 SPLOST	Water and Sewerage	25,144
	Nonmajor Governmental	1,287
Nonmajor Governmental	General	22,821
Water and Sewerage	General	2,398
		<u><u>\$ 196,095</u></u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

Interfund balances at June 30, 2019, 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.

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	\$ 2,596,265
Sanitation	General	262,070
West Metro Regional Drug Enforcement	Nonmajor Governmental	16,160
Nonmajor Governmental	General	<u>157,806</u>
		3,032,301
Transfers of capital assets		
Water and Sewerage	Governmental Activities	<u>13,612</u>
		<u><u>\$ 3,045,913</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, 2019

8. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2019 was as follows:

	Balance Beginning	Increases	Decreases	Balance Ending
Governmental activities				
Non-depreciable assets				
Land	\$ 11,164,060	\$ 0	\$ 0	\$ 11,164,060
Construction in progress	120,457	627,620	0	748,077
Total non-depreciable assets	11,284,517	627,620	0	11,912,137
Depreciable assets				
Land improvements	25,644,881	82,251	0	25,727,132
Buildings and improvements	42,070,253	446,335	0	42,516,588
Furnishings, vehicles, machinery and equipment	14,168,383	545,465	(73,730)	14,640,118
Infrastructure	73,978,278	1,809,004	0	75,787,282
Total depreciable assets	155,861,795	2,883,055	(73,730)	158,671,120
Less accumulated depreciation				
Land improvements	(4,498,554)	(1,243,823)	0	(5,742,377)
Buildings and improvements	(10,454,937)	(817,970)	0	(11,272,907)
Furnishings, vehicles, machinery and equipment	(9,632,215)	(1,077,336)	73,730	(10,635,821)
Infrastructure	(35,323,948)	(2,161,296)	0	(37,485,244)
Total accumulated depreciation	(59,909,654)	(5,300,425)	73,730	(65,136,349)
Total depreciable assets, net	95,952,141	(2,417,370)	0	93,534,771
Governmental activities capital assets, net	<u>\$ 107,236,658</u>	<u>\$ (1,789,750)</u>	<u>\$ 0</u>	<u>\$ 105,446,908</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 8,933,978	\$ 0	\$ 0	\$ 8,933,978
Construction in progress	910,704	740,958	(305,713)	1,345,949
Total non-depreciable assets	9,844,682	740,958	(305,713)	10,279,927
Depreciable assets				
Buildings and improvements	6,154,441	1,380,639	0	7,535,080
Distribution system	97,751,983	906,582	0	98,658,565
Vehicles, machinery and equipment	6,627,753	808,000	(37,397)	7,398,356
Total depreciable assets	110,534,177	3,095,221	(37,397)	113,592,001
Less accumulated depreciation				
Buildings and improvements	(4,344,289)	(9,907)	0	(4,354,196)
Distribution system	(34,248,023)	(2,030,000)	0	(36,278,023)
Vehicles and equipment	(4,778,617)	(442,418)	23,785	(5,197,250)
Total accumulated depreciation	(43,370,929)	(2,482,325)	23,785	(45,829,469)
Total depreciable assets, net	67,163,248	612,896	(13,612)	67,762,532
Business-type activities capital assets, net	<u>\$ 77,007,930</u>	<u>\$ 1,353,854</u>	<u>\$ (319,325)</u>	<u>\$ 78,042,459</u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

8. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 287,081
Public Safety	942,633
Public Works	2,215,330
Culture and Recreation	<u>1,846,307</u>
Total depreciation expense for governmental activities	<u><u>\$ 5,291,351</u></u>

Business-type activities

Water and Sewerage	\$ 2,294,123
Sanitation	<u>188,202</u>
Total depreciation expense for business-type activities	<u><u>\$ 2,482,325</u></u>

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Current year depreciation expense	\$ 5,291,351	\$ 2,482,325
Prior accumulated depreciation on assets transferred between governmental and business-type activities	<u>9,074</u>	<u>0</u>
Additions to accumulated depreciation	<u><u>\$ 5,300,425</u></u>	<u><u>\$ 2,482,325</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, 2019, are \$265,557 for business-type activities.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

9. Capital and Operating Lease Agreements (continued)

Total assets leased under capital leases are \$331,946 for business-type activities. Total accumulated depreciation on assets leased under capital leases are \$47,421 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, 2019:

Year Ending June 30,	Business-type Activities
2020	79,003
2021	75,850
2022	72,696
2023	69,543
	<u>297,092</u>
Less amounts representing interest	<u>(31,535)</u>
Present value of minimum lease payments	<u><u>\$ 265,557</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, 2019, the City has a balance of \$265,557 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, 2019

10. Long-Term Debt

Bonds from Direct Placement

Revenue bonds from direct placement have been issued for business-type activities and are comprised of the following individual issues at June 30, 2019:

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. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable and the bondholders may proceed to protect and enforce the rights of the bondholders by a suit, action or special proceeding in equity, or at law, either for the appointment of a receiver of the water 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 bonds from direct placement are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 215,000	\$ 133,473	\$ 348,473
2021	439,000	121,992	560,992
2022	450,000	110,204	560,204
2023	463,000	98,096	561,096
2024	476,000	85,654	561,654
2025-2029	2,573,000	229,634	2,802,634
2030	277,000	3,698	280,698
Totals	\$ 4,893,000	\$ 782,751	\$ 5,675,751

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Debt (continued)

Notes from Direct Borrowings

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 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. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes, fees and charges collected by the City. The balance at June 30, 2019 was \$266,667.

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

Fiscal Year			
Ending			
June 30,	Principal	Interest	Total
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	25,000	0	25,000
2025-2029	125,000	0	125,000
2030	16,667	0	16,667
Totals	<u>\$ 266,667</u>	<u>\$0</u>	<u>\$ 266,667</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.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

10. Long-Term Debt (continued)

Contracts Payable, continued

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 and secured by and first payable from the proceeds of the Special Sales Tax. Therefore, the full amount of bonds payable is reflected in the County's liabilities. If the Special Sales Tax is insufficient to satisfy the debt service requirements of the bond, the City of Carrollton would be required to remit their pro rata share of the principal and interest due on the bonds. 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, 2019 was \$3,488,750.

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
2020	\$ 1,720,000	\$ 169,188	\$ 1,889,188
2021	1,768,750	83,188	1,851,938
Totals	<u>\$ 3,488,750</u>	<u>\$ 252,376</u>	<u>\$ 3,741,126</u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

11. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for fiscal year ended June 30, 2019:

	Balance Beginning	Additions	Deductions	Balance Ending	Due Within One Year
Governmental activities					
Contracts payable	\$ 5,166,250	\$ 0	\$ (1,677,500)	\$ 3,488,750	\$ 1,720,000
Compensated absences	286,488	517,573	(445,624)	358,437	358,437
Total governmental activities	<u>\$ 5,452,738</u>	<u>\$ 517,573</u>	<u>\$ (2,123,124)</u>	<u>\$ 3,847,187</u>	<u>\$ 2,078,437</u>
Business-type activities					
Bonds from direct placement	\$ 5,314,000	\$ 0	\$ (421,000)	\$ 4,893,000	\$ 215,000
Notes from direct borrowings	291,667	0	(25,000)	266,667	25,000
Capital lease obligations	44,316	331,946	(110,705)	265,557	66,389
Compensated absences	78,982	144,435	(131,788)	91,629	91,629
Total business-type activities	<u>\$ 5,728,965</u>	<u>\$ 476,381</u>	<u>\$ (688,493)</u>	<u>\$ 5,516,853</u>	<u>\$ 398,018</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, 2019 was \$230,696 and \$152,924, respectively.

12. 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, 2019.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

12. Conduit Debt (continued)

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 beginning September 1, 2014, and a balloon payment of \$58,538 on August 1, 2024. The outstanding loan balance at June 30, 2019 was \$153,717.

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 beginning December 1, 2016, and a balloon payment of all unpaid principal on November 1, 2026. The outstanding loan balance at June 30, 2019 was \$212,106.

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 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 beginning December 1, 2016, and a balloon payment of \$97,564 on November 1, 2026. The outstanding loan balance at June 30, 2019 was \$214,543.

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

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

12. Conduit Debt (continued)

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 beginning March 1, 2018. The outstanding loan balance at June 30, 2019 was \$183,189.

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, 2019:

	General	West Metro Regional Drug Enforcement	2015 SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 109,896	\$ 0	\$ 0	\$ 11,250	\$ 121,146
Restricted for:					
Public Safety					
Police facilities and equipment	\$ 0	\$ 2,066,234	\$ 0	\$ 436,535	\$ 2,502,769
Hazardous material team	0	0	0	36,665	36,665
Culture and Recreation					
Recreation facilities and equipment	6,826	0	0	0	6,826
Housing and Development					
Neighborhood improvements	0	0	0	1,356,372	1,356,372
Economic Development	98,563	0	0	0	98,563
Capital Projects	0	0	3,344,230	450,173	3,794,403
	<u>\$ 105,389</u>	<u>\$ 2,066,234</u>	<u>\$ 3,344,230</u>	<u>\$ 2,279,745</u>	<u>\$ 7,795,598</u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

14. Pension Plans

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.

At January 1, 2019, the date of the most recent actuarial valuation, there were 545 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	168
Terminated vested participants entitled to but not yet receiving benefits	80
Active participants	<u>297</u>
Total number of participants	<u><u>545</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.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

14. Pension Plans (continued)

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, 2019 was \$1,348,970, or 9.47% of covered payroll. Covered payroll for employees participating in the plan as of January 1, 2019 (the most recent actuarial valuation date) was \$13,152,183 (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, 2019, the City reported a net pension liability of \$5,979,272. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. For the fiscal year ended June 30, 2019, the City recognized pension expense of \$890,511. 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, 2019

14. Pension Plans (continued)

The components of the net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2017	\$ 31,382,171	\$ 24,833,294	\$ 6,548,877
Changes for the year:			
Service cost	348,429	0	348,429
Interest	2,311,482	0	2,311,482
Differences between expected and actual experience	500,330	0	500,330
Contributions-employer	0	1,340,534	(1,340,534)
Net investment income	0	2,445,629	(2,445,629)
Benefit payments, including refunds of employee contributor	(1,821,689)	(1,821,689)	0
Administrative expense	0	(56,317)	56,317
Net changes	<u>1,338,552</u>	<u>1,908,157</u>	<u>(569,605)</u>
Balances at 9/30/2018	\$ 32,720,723	\$ 26,741,451	\$ 5,979,272

Plan fiduciary net position as a percentage of the total pension liability	81.73%
Covered payroll	\$ 13,152,183
Net pension liability as a percentage of covered payroll	45.46%

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,309,331	\$ (54,411)
Changes of assumptions	289,300	(47,135)
Net difference between projected and actual earnings on pension plan investments	0	(1,457,955)
Contributions subsequent to the measurement date	<u>1,114,314</u>	<u>0</u>
Totals	<u><u>\$ 2,712,945</u></u>	<u><u>\$ (1,559,501)</u></u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

14. Pension Plans (continued)

The \$1,114,314 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 subsequent. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30	
2020	\$ 150,862
2021	(127,966)
2022	(88,613)
2023	21,453
2024	83,394
Totals	<u>\$ 39,130</u>

Actuarial Assumptions. The total pension liability in the January 1, 2019 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, 2019 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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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 March 31, 2018 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%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
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%	\$ 10,086,915
Current discount rate	7.50%	5,979,272
1% increase	8.50%	2,544,657

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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	<u>319</u>
Total number of participants	<u><u>363</u></u>

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
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019 was \$67,970, or 0.48% 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, 2019, the City reported a net OPEB liability of \$2,950,960. The net OPEB liability was measured as of June 30, 2018, 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, 2019, the City recognized OPEB expense of \$131,600. For the Governmental Activities, the net OPEB liability is liquidated by the General Fund.

The components of the net OPEB liability are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 6/30/2017	\$ 2,977,764	\$0	\$ 2,977,764
Changes for the year:			
Service cost	94,178	0	94,178
Interest	108,759	0	108,759
Differences between expected and actual experience	(60,250)	0	(60,250)
Contributions-employer	0	67,970	(67,970)
Changes in assumptions	(101,521)	0	(101,521)
Benefit payments, including refunds of member contributions	(67,970)	(67,970)	0
Net changes	(26,804)	0	(26,804)
Balances at 6/30/2018	\$ 2,950,960	\$0	\$ 2,950,960
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		22.03%	

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ (278,814)
Changes of assumptions	0	(100,977)
Contributions subsequent to the measurement date	52,900	0
Totals	<u>\$ 52,900</u>	<u>\$ (379,791)</u>

The \$52,900 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 subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30	
2020	\$ (71,336)
2021	(71,336)
2022	(71,336)
2023	(71,336)
2024	(71,336)
Thereafter	(23,111)
Totals	<u>\$ (379,791)</u>

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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	3.87%. This changed from 3.58% 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 3.87%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2018.

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 (2.87%) or one percentage-point higher (4.87%) than the current rate.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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	2.87%	\$ 3,319,755
Current discount rate	3.87%	2,950,960
1% increase	4.87%	2,631,780

<u>Healthcare Cost Trend Rates</u>		<u>Net OPEB Liability</u>
1% decrease		\$ 2,633,525
Current discount rate		2,950,960
1% increase		3,329,039

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 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 fiscal year ended June 30, 2019, the City collected \$872,823 in hotel/motel tax revenues, of which \$320,368 was disbursed to the Carrollton Area Convention and Visitors Bureau and the Carroll County Chamber of Commerce, and \$61,492 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 fiscal year ended June 30, 2019, the City expended \$153,265 (18.75%) of tax receipts for tourism product development, and \$10,389 is held for future disbursements for tourism product development.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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, 2019, the City of Carrollton property taxes were abated totaling \$272,653 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 \$91,135.
- 100% property tax abatement for a local manufacturer expanding its manufacturing facility located in the City of Carrollton. The abatement amounted to \$60,050.
- 100% property tax abatement for a local manufacturer expanding its manufacturing facility located in the City of Carrollton. The abatement amounted to \$38,937.
- 100% property tax abatement for a local manufacturer expanding its manufacturing facility located in the City of Carrollton. The abatement amounted to \$32,728.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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.

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 \$885,448, respectively.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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.

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.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

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.

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, 2019, the City has expended approximately \$1,000,000 toward this commitment.

Bankhead Corridor Beautification Project: The City has committed \$2,670,507 for infrastructure improvements for the first phase of this project. The City expects to receive \$1,500,000 from a Georgia Department of Transportation Grant to assist with this project.

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.

General Administration	\$	44,825
Street Department		140,782

CITY OF CARROLLTON, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

23. Material Budget Violations (continued)

The following Special Revenue Funds had expenditures in excess of appropriations by more than three percent for the fiscal year ended June 30, 2019:

Drug Seizure	\$	33,292
West Metro Regional Drug Enforcement		28,721

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 July 2019, the City executed a capital lease in the amount of \$892,521, for the purpose of financing the acquisition of twenty-one police vehicles.

25. New Accounting Standards

The City implemented Governmental Accounting Standards Board Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The requirements of this statement are effective for periods beginning after June 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARROLLTON, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS
June 30, 2019
(Unaudited)

	Fiscal Year End				
	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 348,429	\$ 397,257	\$ 362,710	\$ 377,227	\$ 334,167
Interest	2,311,482	2,266,445	2,106,841	1,989,841	1,911,478
Differences between expected and actual experience	500,330	(81,618)	1,267,311	597,738	356,908
Changes in assumptions	0	433,947	0	0	0
Benefit payments, including refunds of employee contributions	(1,821,689)	(1,756,630)	(1,565,620)	(1,344,634)	(1,272,573)
Other changes	0	0	(16,333)	0	(282,808)
Net change in total pension liability	1,338,552	1,259,401	2,154,909	1,620,172	1,047,172
Total pension liability - beginning	31,382,171	30,122,770	27,967,861	26,347,689	25,300,517
Total pension liability - ending (a)	\$ 32,720,723	\$ 31,382,171	\$ 30,122,770	\$ 27,967,861	\$ 26,347,689
Plan fiduciary net position					
Contributions - employer	\$ 1,340,534	\$ 1,121,807	\$ 1,188,985	\$ 1,208,604	\$ 1,248,419
Net investment income	2,445,629	3,301,957	2,258,137	235,211	2,085,904
Benefit payments, including refunds of employee contributions	(1,821,689)	(1,756,630)	(1,565,620)	(1,344,634)	(1,272,573)
Administrative expense	(56,317)	(58,143)	(33,118)	(36,856)	(29,317)
Net change in plan fiduciary net position	1,908,157	2,608,991	1,848,384	62,325	2,032,433
Plan fiduciary net position - beginning	24,833,294	22,224,303	20,375,919	20,313,594	18,281,161
Plan fiduciary net position - ending (b)	\$ 26,741,451	\$ 24,833,294	\$ 22,224,303	\$ 20,375,919	\$ 20,313,594
Net pension liability (asset) - ending : (a) - (b)	\$ 5,979,272	\$ 6,548,877	\$ 7,898,467	\$ 7,591,942	\$ 6,034,095
Plan's fiduciary net position as a percentage of the total pension liability	81.73%	79.13%	73.78%	72.85%	77.10%
Covered payroll	\$ 13,152,183	\$ 12,765,322	\$ 13,618,889	\$ 12,426,773	\$ 11,901,447
Net pension liability as a percentage of covered payroll	45.46%	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, 2019
(Unaudited)

	Fiscal Year End				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,348,970	\$ 1,341,205	\$ 1,195,231	\$ 1,186,903	\$ 1,215,838
Contributions in relation to the actuarially determined contribution	<u>(1,348,970)</u>	<u>(1,229,438)</u>	<u>(1,197,081)</u>	<u>(1,187,953)</u>	<u>(1,215,838)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 111,767</u>	<u>\$ (1,850)</u>	<u>\$ (1,050)</u>	<u>\$ 0</u>
Covered payroll	\$ 14,248,681	\$ 14,711,933	\$ 13,395,252	\$ 12,662,435	\$ 11,687,687
Contributions as a percentage of covered payroll	9.47%	8.36%	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, 2019
(Unaudited)

	Fiscal Year End	
	2019	2018
Total OPEB liability		
Service cost	\$ 94,178	\$ 111,817
Interest	108,759	92,935
Differences between expected and actual experience	(60,250)	(69,070)
Changes in assumptions	(101,521)	(268,511)
Benefit payments, including refunds of member contributions	(67,970)	(76,910)
Net change in total OPEB liability	(26,804)	(209,739)
Total OPEB liability - beginning	2,977,764	3,187,503
Total OPEB liability - ending (a)	\$ 2,950,960	\$ 2,977,764
Plan fiduciary net position		
Contributions - employer	\$ 67,970	\$ 76,910
Benefit payments, including refunds of member contributions	(67,970)	(76,910)
Net change in plan fiduciary net position	0	0
Plan fiduciary net position - beginning	0	0
Plan fiduciary net position - ending (b)	\$ 0	\$ 0
Net OPEB liability (asset) - ending : (a) - (b)	\$ 2,950,960	\$ 2,977,764
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered employee payroll	\$ 13,397,582	\$ 13,397,582
Plan net OPEB liability as a percentage of covered employee payroll	22.03%	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, 2019
(Unaudited)

	Fiscal Year End	
	2019	2018
Actuarially determined contribution	\$ 203,537	\$ 265,320
Contributions in relation to the actuarially determined contribution	<u>(67,970)</u>	<u>(76,910)</u>
Contribution deficiency (excess)	<u><u>\$ 135,567</u></u>	<u><u>\$ 188,410</u></u>
Covered employee payroll	\$ 14,248,681	\$ 14,711,933
Contributions as a percentage of covered employee payroll	0.48%	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, 2019

Pension Plan

1. Valuation Date

The actuarially determined contribution was determined as of January 1, 2019, 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, 2020.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected Unit Credit

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, 2019

Pension Plan

3. Changes in Benefits

There were no changes in benefit provisions in the last two fiscal years.

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 = 3.87%. This changed from 3.58% the previous year

CITY OF CARROLLTON, GEORGIA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019

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%, for June 30, 2017 was 3.58% and for June 30, 2018 was 3.87%.

SUPPLEMENTARY INFORMATION

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COMBINING STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF CARROLLTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	Special Revenue			
	Hotel/Motel Tax	Drug Seizure	Regional Hazardous Material Team	Neighborhood Stabilization Program
ASSETS				
Cash and cash equivalents	\$ 245,418	\$ 452,518	\$ 36,665	\$ 1,090,985
Receivables				
Intergovernmental	0	1,302	0	24,370
Taxes	138,324	0	0	0
Prepaid items	11,250	0	0	0
Due from other funds	0	0	0	22,821
Total assets	<u>\$ 394,992</u>	<u>\$ 453,820</u>	<u>\$ 36,665</u>	<u>\$ 1,138,176</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 62,638	\$ 0	\$ 0	\$ 0
Due to other funds	102,908	0	0	0
Due to others	0	17,285	0	0
Total liabilities	<u>165,546</u>	<u>17,285</u>	<u>0</u>	<u>0</u>
Fund balances				
Nonspendable:				
Prepaid items	11,250	0	0	0
Restricted for:				
Public Safety	0	436,535	36,665	0
Housing and Development	218,196	0	0	1,138,176
Capital outlay	0	0	0	0
Total fund balances	<u>229,446</u>	<u>436,535</u>	<u>36,665</u>	<u>1,138,176</u>
Total liabilities and fund balances	<u>\$ 394,992</u>	<u>\$ 453,820</u>	<u>\$ 36,665</u>	<u>\$ 1,138,176</u>

Capital Projects		
Capital Projects Fund for Public Roads		Total Nonmajor Governmental Funds
\$ 538,011		\$ 2,363,597
0		25,672
0		138,324
0		11,250
0		22,821
<hr/>		<hr/>
\$ 538,011		\$ 2,561,664
<hr/>		<hr/>

\$ 86,551	\$ 149,189
1,287	104,195
0	17,285
<hr/>	
87,838	270,669
<hr/>	

0	11,250
0	473,200
0	1,356,372
450,173	450,173
<hr/>	
450,173	2,290,995
<hr/>	
\$ 538,011	\$ 2,561,664
<hr/>	

CITY OF CARROLLTON, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2019

	Special Revenue			
	Hotel/Motel Tax	Drug Seizure	Regional Hazardous Material Team	Neighborhood Stabilization Program
REVENUES				
Taxes	\$ 872,823	\$ 0	\$ 0	\$ 0
Fines, fees, and forfeitures	0	439,720	0	0
Charges for services	0	0	3,000	0
Intergovernmental	0	0	0	0
Interest	244	0	26	1,096
Other	865	0	0	1,381
Total revenues	873,932	439,720	3,026	2,477
EXPENDITURES				
Current				
Public Safety	0	133,292	2,345	0
Housing and Development	360,498	0	0	12,789
Capital Outlay	0	0	0	0
Total expenditures	360,498	133,292	2,345	12,789
Excess (deficiency) of revenues over (under) expenditures	513,434	306,428	681	(10,312)
Other financing sources (uses)				
Transfers in	0	16,160	0	0
Transfers out	(157,806)	0	0	0
Total other financing sources (uses)	(157,806)	16,160	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	355,628	322,588	681	(10,312)
Fund balances, July 1	(126,182)	113,947	35,984	1,148,488
Fund balances, June 30	\$ 229,446	\$ 436,535	\$ 36,665	\$ 1,138,176

Capital Projects		Total
Capital		Nonmajor
Projects		Governmental
Fund for		Funds
Public Roads		
\$ 0	\$ 872,823	
0	439,720	
0	3,000	
365,276	365,276	
381	1,747	
0	2,246	
365,657	1,684,812	
0	135,637	
0	373,287	
197,884	197,884	
197,884	706,808	
167,773	978,004	
0	16,160	
0	(157,806)	
0	(141,646)	
167,773	836,358	
282,400	1,454,637	
\$ 450,173	\$ 2,290,995	

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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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 13,435,584	\$ 10,483,096
Receivables (net)		
Accounts	220,704	645,992
Intergovernmental	59,046	53,943
Taxes	814,498	756,978
Prepaid items	109,896	280,902
Due from other funds	144,445	379,629
Restricted assets		
Cash and cash equivalents	2,522,794	271,020
Certificates of deposit	<u>0</u>	<u>49,688</u>
Total assets	<u><u>\$ 17,306,967</u></u>	<u><u>\$ 12,921,248</u></u>
 LIABILITIES		
Accounts payable	\$ 917,819	\$ 886,726
Retainages payable	0	74,462
Accrued liabilities	20,001	25,310
Accrued salaries and payroll liabilities	233,834	245,534
Unearned revenue	228,837	128,679
Due to others	2,517,405	85,000
Due to other funds	<u>25,219</u>	<u>25,220</u>
 Total liabilities	<u>3,943,115</u>	<u>1,470,931</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	<u>38,018</u>	<u>54,400</u>
 FUND BALANCES		
Nonspendable		
Prepaid items	109,896	280,902
Restricted for Culture and Recreation	6,826	118,113
Restricted for Housing and Development	98,563	202,595
Unassigned	<u>13,110,549</u>	<u>10,794,307</u>
 Total fund balances	<u>13,325,834</u>	<u>11,395,917</u>
 Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 17,306,967</u></u>	<u><u>\$ 12,921,248</u></u>

CITY OF CARROLLTON, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Taxes	\$ 16,023,263	\$ 14,903,096
Licenses and permits	520,330	508,943
Fines, fees and forfeitures	999,563	935,625
Charges for services	4,818,559	4,546,389
Intergovernmental	1,068,677	1,221,914
Interest	172,354	10,090
Contributions	39,360	81,000
Other	231,981	1,094,443
Total revenues	<u>23,874,087</u>	<u>23,301,500</u>
EXPENDITURES		
Current		
General Government	2,561,081	3,262,729
Public Safety	12,605,933	13,805,501
Public Works	2,259,261	2,456,153
Culture and Recreation	6,542,014	6,146,558
Housing and Development	992,022	883,988
Total current	<u>24,960,311</u>	<u>26,554,929</u>
Debt Service		
Public Safety	<u>0</u>	<u>1,416</u>
Total expenditures	<u>24,960,311</u>	<u>26,556,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,086,224)</u>	<u>(3,254,845)</u>
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	157,806	206,393
Water and Sewerage Fund	2,596,265	1,664,556
Sanitation Fund	262,070	(31,227)
Total other financing sources (uses)	<u>3,016,141</u>	<u>1,839,722</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>1,929,917</u>	<u>(1,415,123)</u>
Fund balances, July 1 (original)	11,395,917	12,583,965
Prior period adjustments	<u>0</u>	<u>227,075</u>
Fund balances, July 1 (restated)	<u>11,395,917</u>	<u>12,811,040</u>
Fund balances, June 30	<u><u>\$ 13,325,834</u></u>	<u><u>\$ 11,395,917</u></u>

CITY OF CARROLLTON, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Real and personal tax	\$ 4,006,000	\$ 3,762,087	\$ (243,913)	\$ 3,629,068
Motor vehicle tax	807,006	863,646	56,640	702,539
Cost, penalties and interest	50,000	40,824	(9,176)	22,940
Total general property taxes	4,863,006	4,666,557	(196,449)	4,354,547
Local option sales tax	4,200,000	4,658,202	458,202	4,161,784
Insurance premium tax	1,720,000	1,747,722	27,722	1,621,448
Intangibles tax	30,000	28,875	(1,125)	16,995
Franchise tax	2,731,800	2,558,212	(173,588)	2,398,210
Alcohol excise tax	837,500	793,344	(44,156)	780,389
Occupational tax	1,362,500	1,424,427	61,927	1,392,317
Energy excise tax	120,000	145,924	25,924	177,406
Total taxes	15,864,806	16,023,263	158,457	14,903,096
Licenses and permits				
Alcohol licenses	285,000	286,317	1,317	300,763
Building permits	125,000	234,013	109,013	208,180
Total licenses and permits	410,000	520,330	110,330	508,943
Fines, fees and forfeitures	1,100,000	999,563	(100,437)	935,625
Charges for Services				
Reimbursement of joint expenses	2,962,354	2,962,357	3	2,881,556
Recreation fees	1,056,511	1,193,418	136,907	1,102,079
Main Street events	85,000	72,841	(12,159)	89,849
Cemetery charges	11,000	29,920	18,920	30,140
Cultural arts fees	383,275	354,350	(28,925)	269,109
Other	237,000	205,673	(31,327)	173,656
Total charges for services	4,735,140	4,818,559	83,419	4,546,389
Intergovernmental	936,580	1,068,677	132,097	1,221,914
Interest	10,000	172,354	162,354	10,090
Contributions	0	39,360	39,360	81,000
Other				
Rental Income	70,000	59,990	(10,010)	93,703
Miscellaneous	313,627	171,991	(141,636)	1,000,740
Total other	383,627	231,981	(151,646)	1,094,443
Total revenues	<u>\$ 23,440,153</u>	<u>\$ 23,874,087</u>	<u>\$ 433,934</u>	<u>\$ 23,301,500</u>

CITY OF CARROLLTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
Mayor and Council				
Personal services	\$ 51,961	\$ 44,701	\$ 7,260	\$ 52,277
Contract services	50,000	24,019	25,981	32,616
Total Mayor and Council	101,961	68,720	33,241	84,893
City Manager				
Personal services	339,918	323,532	16,386	324,594
Contract services	7,586	6,964	622	6,298
Materials and supplies	250	307	(57)	0
Total City Manager	347,754	330,803	16,951	330,892
General Administration				
Personal services	89,414	61,173	28,241	3,905
Contract services	629,605	634,289	(4,684)	879,783
Materials and supplies	234,000	231,083	2,917	247,888
Capital outlay	0	76,299	(76,299)	570,787
Payments to others	100,000	95,000	5,000	86,650
Total General Administration	1,053,019	1,097,844	(44,825)	1,789,013
Finance and Purchasing				
Personal services	229,358	212,812	16,546	236,170
Contract services	16,886	8,097	8,789	7,389
Total Finance and Purchasing	246,244	220,909	25,335	243,559
Human Resources				
Personal services	320,528	310,466	10,062	291,664
Contract services	13,683	12,220	1,463	12,658
Materials and supplies	2,800	192	2,608	56
Total Human Resources	337,011	322,878	14,133	304,378
Information Technology				
Personal services	223,657	202,828	20,829	167,362
Contract services	50,000	68,743	(18,743)	50,045
Capital outlay	175,000	0	175,000	0
Total Information Technology	448,657	271,571	177,086	217,407
General Maintenance				
Personal services	107,978	89,655	18,323	101,107
Contract services	4,586	4,441	145	4,000
Materials and supplies	0	0	0	99
Total General Maintenance	112,564	94,096	18,468	105,206
Legal				
Contract services	185,000	154,260	30,740	187,381
Total General Government	2,832,210	2,561,081	271,129	3,262,729

CITY OF CARROLLTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
Public Safety				
Police Department				
Personal services	6,430,864	6,091,439	339,425	5,973,944
Contract services	652,772	838,354	(185,582)	712,100
Materials and supplies	327,450	368,875	(41,425)	318,234
Capital outlay	331,700	183,058	148,642	232,887
Total Police Department	<u>7,742,786</u>	<u>7,481,726</u>	<u>261,060</u>	<u>7,237,165</u>
Fire Department				
Personal services	5,139,038	4,647,355	491,683	4,431,009
Contract services	260,662	244,005	16,657	214,297
Materials and supplies	178,019	188,220	(10,201)	198,313
Capital outlay	83,704	44,627	39,077	1,724,717
Total Fire Department	<u>5,661,423</u>	<u>5,124,207</u>	<u>537,216</u>	<u>6,568,336</u>
Total Public Safety	<u>13,404,209</u>	<u>12,605,933</u>	<u>798,276</u>	<u>13,805,501</u>
Public Works				
Street Department				
Contract services	143,173	87,280	55,893	74,247
Materials and supplies	106,000	56,563	49,437	94,487
Capital outlay	528,000	774,112	(246,112)	1,101,530
Total Street Department	<u>777,173</u>	<u>917,955</u>	<u>(140,782)</u>	<u>1,270,264</u>
Engineering				
Personal services	527,325	531,845	(4,520)	453,508
Contract services	117,586	115,533	2,053	69,687
Materials and supplies	383,500	378,639	4,861	366,312
Capital outlay	150,000	7,225	142,775	0
Total Engineering	<u>1,178,411</u>	<u>1,033,242</u>	<u>145,169</u>	<u>889,507</u>
Garage				
Personal services	300,211	294,505	5,706	280,429
Contract services	11,086	4,194	6,892	4,213
Materials and supplies	22,100	9,365	12,735	11,740
Total Garage	<u>333,397</u>	<u>308,064</u>	<u>25,333</u>	<u>296,382</u>
Total Public Works	<u>2,288,981</u>	<u>2,259,261</u>	<u>29,720</u>	<u>2,456,153</u>

CITY OF CARROLLTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
Culture and Recreation				
Library				
Payments to others	\$ 300,035	\$ 300,036	\$ (1)	\$ 300,036
Recreation Administration				
Personal services	465,193	442,569	22,624	440,075
Contract services	140,868	133,944	6,924	148,946
Materials and supplies	413,770	399,548	14,222	313,565
Total Recreation Administration	1,019,831	976,061	43,770	902,586
Recreation Parks				
Personal services	1,084,231	990,044	94,187	951,188
Contract services	406,582	373,234	33,348	572,287
Materials and supplies	158,635	99,332	59,303	84,160
Capital outlay	762,536	549,307	213,229	146,358
Total Recreation Parks	2,411,984	2,011,917	400,067	1,753,993
Recreation Programs				
Personal services	838,628	772,941	65,687	737,554
Contract services	122,080	83,703	38,377	142,077
Materials and supplies	167,484	293,675	(126,191)	303,086
Total Recreation Programs	1,128,192	1,150,319	(22,127)	1,182,717
Cultural Arts				
Personal services	504,051	479,353	24,698	495,600
Contract services	278,377	308,467	(30,090)	163,144
Materials and supplies	236,651	218,307	18,344	208,763
Total Cultural Arts	1,019,079	1,006,127	12,952	867,507
Recreation Athletics				
Personal services	978,822	894,147	84,675	951,806
Contract services	79,849	72,800	7,049	81,266
Materials and supplies	105,954	130,607	(24,653)	106,647
Total Recreation Athletics	1,164,625	1,097,554	67,071	1,139,719
Total Culture and Recreation	7,043,746	6,542,014	501,732	6,146,558

CITY OF CARROLLTON, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
Housing and Development				
Planning Administration				
Personal services	\$ 436,454	\$ 380,177	\$ 56,277	\$ 305,310
Contract services	26,236	35,562	(9,326)	27,083
Materials and supplies	3,000	461	2,539	1,734
Total Planning Administration	<u>465,690</u>	<u>416,200</u>	<u>49,490</u>	<u>334,127</u>
Code Enforcement				
Personal services	78,175	62,519	15,656	32,310
Contract services	9,086	5,527	3,559	5,763
Materials and supplies	34,150	1,444	32,706	1,445
Total Code Enforcement	<u>121,411</u>	<u>69,490</u>	<u>51,921</u>	<u>39,518</u>
Convention and Visitor's Bureau				
Personal services	92,532	81,353	11,179	75,175
Contract services	113,485	118,296	(4,811)	60,960
Materials and supplies	54,020	62,984	(8,964)	23,024
Total Convention and Visitor's Bureau	<u>260,037</u>	<u>262,633</u>	<u>(2,596)</u>	<u>159,159</u>
Main Street Division				
Personal services	145,407	120,702	24,705	91,812
Contract services	99,711	59,897	39,814	25,210
Materials and supplies	80,480	63,100	17,380	34,162
Capital outlay	6,000	0	6,000	0
Total Main Street Division	<u>331,598</u>	<u>243,699</u>	<u>87,899</u>	<u>151,184</u>
Economic Development				
Payments to others	0	0	0	200,000
Total Housing and Development	<u>1,178,736</u>	<u>992,022</u>	<u>186,714</u>	<u>883,988</u>
Total Current	<u>26,747,882</u>	<u>24,960,311</u>	<u>1,787,571</u>	<u>26,554,929</u>
Debt Service				
Police Department	49,000	0	49,000	1,062
Fire Department	16,500	0	16,500	354
Engineering	30,000	0	30,000	0
Code Enforcement	6,300	0	6,300	0
Total Debt Service	<u>101,800</u>	<u>0</u>	<u>101,800</u>	<u>1,416</u>
Total Expenditures	<u>\$ 26,849,682</u>	<u>\$ 24,960,311</u>	<u>\$ 1,889,371</u>	<u>\$ 26,556,345</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 245,418	\$ 184,013
Taxes receivable	138,324	77,761
Prepaid items	<u>11,250</u>	<u>10,500</u>
Total assets	<u><u>\$ 394,992</u></u>	<u><u>\$ 272,274</u></u>
 LIABILITIES		
Accounts payable	\$ 62,638	\$ 41,145
Due to other funds	<u>102,908</u>	<u>357,311</u>
 Total liabilities	<u>165,546</u>	<u>398,456</u>
 FUND BALANCES		
Nonspendable		
Prepaid items	11,250	10,500
Restricted for Housing and Development	218,196	0
Unassigned	<u>0</u>	<u>(136,682)</u>
 Total fund balances	<u>229,446</u>	<u>(126,182)</u>
 Total liabilities and fund balances	<u><u>\$ 394,992</u></u>	<u><u>\$ 272,274</u></u>

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, 2019

(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	\$ 800,000	\$ 872,823	\$ 72,823	\$ 827,767
Interest	0	244	244	105
Other	12,000	865	(11,135)	5,000
Total revenues	<u>812,000</u>	<u>873,932</u>	<u>61,932</u>	<u>832,872</u>
EXPENDITURES				
Current				
Housing and Development				
Contract services	516,000	176,727	339,273	267,825
Capital outlay	0	71,209	(71,209)	472,023
Payments to other agencies	296,000	112,562	183,438	111,075
Total expenditures	<u>812,000</u>	<u>360,498</u>	<u>451,502</u>	<u>850,923</u>
Excess (deficiency) of revenues over (under) expenditures	0	513,434	513,434	(18,051)
Other financing sources (uses)				
Transfers in (out)				
General Fund	0	(157,806)	(157,806)	(206,393)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	355,628	355,628	(224,444)
Fund balance, July 1	0	(126,182)	(126,182)	98,262
Fund balances, June 30	<u>\$ 0</u>	<u>\$ 229,446</u>	<u>\$ 229,446</u>	<u>\$ (126,182)</u>

CITY OF CARROLLTON, GEORGIA
DRUG SEIZURE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 452,518	\$ 139,879
Intergovernmental receivable	<u>1,302</u>	<u>664</u>
Total assets	<u><u>\$ 453,820</u></u>	<u><u>\$ 140,543</u></u>
 LIABILITIES		
Accounts payable	\$ 0	\$ 1,323
Due to others	<u>17,285</u>	<u>25,273</u>
Total liabilities	17,285	26,596
 FUND BALANCES		
Restricted for Public Safety	<u>436,535</u>	<u>113,947</u>
Total liabilities and fund balances	<u><u>\$ 453,820</u></u>	<u><u>\$ 140,543</u></u>

**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, 2019**

(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 100,000	\$ 439,720	\$ 339,720	\$ 125,564
Total revenues	100,000	439,720	339,720	125,564
EXPENDITURES				
Current				
Public Safety				
Contract services	0	20,129	(20,129)	8,626
Materials and supplies	100,000	59,661	40,339	24,572
Capital outlay	0	42,550	(42,550)	96,440
Payment to others	0	10,952	(10,952)	15,385
Total expenditures	100,000	133,292	(33,292)	145,023
Excess (deficiency) of revenues over (under) expenditures	0	306,428	306,428	(19,459)
Other financing sources (uses)				
Transfers in (out)				
West Metro Regional Drug Enforcement Fund	0	16,160	16,160	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	322,588	322,588	(19,459)
Fund balance, July 1	0	113,947	113,947	133,406
Fund balances, June 30	\$ 0	\$ 436,535	\$ 436,535	\$ 113,947

CITY OF CARROLLTON, GEORGIA
REGIONAL HAZARDOUS MATERIAL TEAM SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 36,665	\$ 19,502
Intergovernmental receivables	<u>0</u>	<u>16,482</u>
Total assets	<u><u>\$ 36,665</u></u>	<u><u>\$ 35,984</u></u>
 FUND BALANCES		
Restricted for Public Safety	<u>\$ 36,665</u>	<u>\$ 35,984</u>
Total liabilities and fund balances	<u><u>\$ 36,665</u></u>	<u><u>\$ 35,984</u></u>

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, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	\$ 3,000	\$ 3,000	\$ 0	\$ 3,987
Intergovernmental	0	0	0	16,482
Interest	500	26	(474)	18
Total revenues	3,500	3,026	(474)	20,487
EXPENDITURES				
Current				
Public Safety				
Contract services	1,750	827	923	320
Materials and supplies	1,750	1,518	232	22,019
Total expenditures	3,500	2,345	1,155	22,339
Excess (deficiency) of revenues over (under) expenditures	0	681	681	(1,852)
Fund balance, July 1	0	35,984	35,984	37,836
Fund balances, June 30	\$ 0	\$ 36,665	\$ 36,665	\$ 35,984

CITY OF CARROLLTON, GEORGIA
WEST METRO REGIONAL DRUG ENFORCEMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 2,973,006	\$ 1,896,342
Intergovernmental receivable	<u>137,442</u>	<u>121,122</u>
Total assets	<u><u>\$ 3,110,448</u></u>	<u><u>\$ 2,017,464</u></u>
LIABILITIES		
Accounts payable	\$ 6,418	\$ 3,568
Due to other funds	36,059	16,839
Unearned revenue	23,000	25,000
Due to others	<u>978,737</u>	<u>710,301</u>
Total liabilities	1,044,214	755,708
FUND BALANCES		
Restricted for Public Safety	<u>2,066,234</u>	<u>1,261,756</u>
Total liabilities and fund balances	<u><u>\$ 3,110,448</u></u>	<u><u>\$ 2,017,464</u></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, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	2019			2018
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	\$ 159,000	\$ 1,034,887	\$ 875,887	\$ 196,944
Intergovernmental	632,630	593,721	(38,909)	576,463
Interest	0	2,060	2,060	1,170
Other	0	121	121	1,850
Total revenues	<u>791,630</u>	<u>1,630,789</u>	<u>839,159</u>	<u>776,427</u>
EXPENDITURES				
Current				
Public Safety				
Personal services	528,454	431,133	97,321	429,469
Contract services	112,447	192,621	(80,174)	89,215
Materials and supplies	90,729	74,918	15,811	72,125
Capital outlay	60,000	118,992	(58,992)	48,539
Payments to others	0	2,687	(2,687)	57,399
Total expenditures	<u>791,630</u>	<u>820,351</u>	<u>(28,721)</u>	<u>696,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>0</u>	<u>810,438</u>	<u>810,438</u>	<u>79,680</u>
Other financing sources (uses)				
Transfers in (out)				
Drug Seizure Fund	0	(16,160)	(16,160)	0
Proceeds from sale of assets	0	10,200	10,200	69,964
Total other financing sources (uses)	<u>0</u>	<u>(5,960)</u>	<u>(5,960)</u>	<u>69,964</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>0</u>	<u>804,478</u>	<u>804,478</u>	<u>149,644</u>
Fund balance, July 1	<u>0</u>	<u>1,261,756</u>	<u>1,261,756</u>	<u>1,112,112</u>
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 2,066,234</u></u>	<u><u>\$ 2,066,234</u></u>	<u><u>\$ 1,261,756</u></u>

CITY OF CARROLLTON, GEORGIA
NEIGHBORHOOD STABILIZATION PROGRAM SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,090,985	\$ 1,101,296
Intergovernmental receivable	24,370	24,370
Due from other funds	<u>22,821</u>	<u>22,822</u>
Total assets	<u><u>\$ 1,138,176</u></u>	<u><u>\$ 1,148,488</u></u>
 FUND BALANCES		
Restricted for Housing and Development	<u><u>\$ 1,138,176</u></u>	<u><u>\$ 1,148,488</u></u>

CITY OF CARROLLTON, GEORGIA
NEIGHBORHOOD STABILIZATION PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal year ended June 30, 2019
(With comparative actual amounts for the fiscal year ending June 30, 2018)

	<u>2019</u>	<u>2018</u>
REVENUES		
Interest	\$ 1,096	\$ 1,104
Other	<u>1,381</u>	<u>2,677</u>
Total revenues	2,477	3,781
EXPENDITURES		
Current		
Housing and Development	<u>12,789</u>	<u>6,867</u>
Excess (deficiency) of revenues over (under) expenditures	(10,312)	(3,086)
Fund balance, July 1	<u>1,148,488</u>	<u>1,151,574</u>
Fund balances, June 30	<u><u>\$ 1,138,176</u></u>	<u><u>\$ 1,148,488</u></u>

City of Carrollton, Georgia
Budgetary Comparison Schedule - Major Neighborhood Stabilization Program Fund NSP 1
Project Budget and Actual, Project to Date
For the fiscal year ended June 30, 2019

	<u>Activity Number</u>	<u>Project Budget</u>	<u>Prior Project to Date Total</u>	<u>Current Year</u>	<u>Project to Date Total</u>	<u>Variance</u>
REVENUES						
Grant Income	N/A	\$ 3,406,991	\$ 3,276,758	\$ 0	\$ 3,276,758	\$ (130,233)
Program Income	N/A	0	5,095,964	0	5,095,964	5,095,964
Other	N/A	0	97,466	0	97,466	97,466
Interest Income	N/A	0	10,753	728	11,481	11,481
Total Revenues		<u>3,406,991</u>	<u>8,480,941</u>	<u>728</u>	<u>8,481,669</u>	<u>5,074,678</u>
Expenditures						
Acquisition	5050-001-B-H	740,749	2,197,769	0	2,197,769	(1,457,020)
Acquisition	5050-001-B-I	1,715,156	2,572,706	0	2,572,706	(857,550)
House Rehabilitation	5050-14A-B-H	139,712	722,647	0	722,647	(582,935)
House Rehabilitation	5050-14AB-I	242,811	661,808	0	661,808	(418,997)
Down payment and closing cost	5050-013-A-H	28,337	208,626	0	208,626	(180,289)
Down payment and closing cost	505-013-A-I	63,185	392,417	0	392,417	(329,232)
Clearance	505-004-D-I	272,622	322,385	0	322,385	(49,763)
Administration	5050-21A-X	204,419	356,065	0	356,065	(151,646)
Other		0	59,838	6,572	66,410	(66,410)
Selling costs paid by seller		0	427,649	0	427,649	(427,649)
Total Expenditures		<u>3,406,991</u>	<u>7,921,910</u>	<u>6,572</u>	<u>7,928,482</u>	<u>(4,521,491)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 0</u>	<u>\$ 559,031</u>	<u>\$ (5,844)</u>	<u>\$ 553,187</u>	<u>\$ 553,187</u>

City of Carrollton, Georgia
Budgetary Comparison Schedule - Major Neighborhood Stabilization Program Fund NSP 3
Project Budget and Actual, Project to Date
For the fiscal year ended June 30, 2019

	Activity Number	Project Budget	Prior Project to Date Total	Current Year	Project to Date Total	Variance
REVENUES						
Grant Income	N/A	\$ 1,142,774	\$ 1,009,311	\$ 0	\$ 1,009,311	\$ (133,463)
Program Income	N/A	0	1,211,531	0	1,211,531	1,211,531
Other	N/A	0	4,272	1,381	5,653	5,653
Interest Income	N/A	0	940	368	1,308	1,308
Total Revenues		<u>1,142,774</u>	<u>2,226,054</u>	<u>1,749</u>	<u>2,227,803</u>	<u>1,085,029</u>
Expenditures						
Acquisition	6012-001-B-H	225,000	672,523	0	672,523	(447,523)
Acquisition	6012-001-B-I	572,000	493,202	0	493,202	78,798
House Rehabilitation	6012-14A-B-H	135,599	647,475	0	647,475	(511,876)
House Rehabilitation	6012-14A-B-I	118,752	143,664	0	143,664	(24,912)
Down payment and closing cost	6012-013-A-H	15,000	108,048	0	108,048	(93,048)
Down payment and closing cost	6012-013-A-I	5,000	53,400	0	53,400	(48,400)
Administration	6012-21A-X	71,423	137,577	0	137,577	(66,154)
Other		0	70,919	6,217	77,136	(77,136)
Selling costs paid by seller		0	88,891	0	88,891	(88,891)
Total Expenditures		<u>1,142,774</u>	<u>2,415,699</u>	<u>6,217</u>	<u>2,421,916</u>	<u>(1,279,142)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>\$ 0</u>	<u>\$ (189,645)</u>	<u>\$ (4,468)</u>	<u>\$ (194,113)</u>	<u>\$ (194,113)</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

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
2009 SPLOST CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES		
Restricted for capital outlay	<u>\$ 0</u>	<u>\$ 0</u>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
EXPENDITURES		
Capital outlay		
Housing and Development	\$ 0	\$ 50
Excess (deficiency) of revenues over (under) expenditures	0	(50)
Fund balances, July 1	0	50
Fund balances, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF CARROLLTON, GEORGIA
2015 SPLOST CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,986,204	\$ 1,031,600
Accounts receivable	23,187	0
Intergovernmental receivable	1,977,899	1,470,882
Due from other funds	<u>26,431</u>	<u>26,431</u>
Total assets	<u><u>\$ 4,013,721</u></u>	<u><u>\$ 2,528,913</u></u>
LIABILITIES		
Accounts payable	\$ 566,498	\$ 190,499
Retainages payable	56,091	0
Due to other funds	5,478	5,478
Unearned revenue	<u>41,424</u>	<u>41,424</u>
Total liabilities	669,491	237,401
FUND BALANCES		
Restricted for capital outlay	<u>3,344,230</u>	<u>2,291,512</u>
Total liabilities and fund balances	<u><u>\$ 4,013,721</u></u>	<u><u>\$ 2,528,913</u></u>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Intergovernmental	\$ 5,732,503	\$ 4,350,126
Contributions	77,200	33,453
Interest	<u>500</u>	<u>367</u>
Total revenues	<u>5,810,203</u>	<u>4,383,946</u>
EXPENDITURES		
Capital outlay		
General Government	49,987	72,979
Public Safety	57,867	1,649
Public Works	1,197,026	1,544,749
Culture and Recreation	167,495	240,100
Housing and Development	1,371,322	190,419
Debt service	<u>1,913,788</u>	<u>1,929,089</u>
Total expenditures	<u>4,757,485</u>	<u>3,978,985</u>
Excess (deficiency) of revenues over (under) expenditures	1,052,718	404,961
Fund balances, July 1	<u>2,291,512</u>	<u>1,886,551</u>
Fund balances, June 30	<u><u>\$ 3,344,230</u></u>	<u><u>\$ 2,291,512</u></u>

CITY OF CARROLLTON, GEORGIA
CAPITAL PROJECTS FUND FOR PUBLIC ROADS
COMPARATIVE BALANCE SHEETS
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	<u>\$ 538,011</u>	<u>\$ 283,688</u>
 LIABILITIES		
Accounts payable	\$ 86,551	\$ 0
Due to other funds	<u>1,287</u>	<u>1,288</u>
Total liabilities	87,838	1,288
 FUND BALANCES		
Restricted for capital outlay	<u>450,173</u>	<u>282,400</u>
 Total liabilities and fund balances	<u><u>\$ 538,011</u></u>	<u><u>\$ 283,688</u></u>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Intergovernmental	\$ 365,276	\$ 283,221
Interest	<u>381</u>	<u>154</u>
Total revenues	<u>365,657</u>	<u>283,375</u>
EXPENDITURES		
Capital outlay		
Public Works	<u>197,884</u>	<u>0</u>
Total expenditures	<u>197,884</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	167,773	283,375
Fund balances, July 1	<u>282,400</u>	<u>(975)</u>
Fund balances, June 30	<u><u>\$ 450,173</u></u>	<u><u>\$ 282,400</u></u>

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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, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,861,971	\$ 5,317,109
Accounts receivable, net	1,856,602	1,859,414
Intergovernmental receivable	0	67,745
Inventories	367,917	364,064
Prepaid items	40,437	153,596
Due from other funds	2,398	2,398
Total current assets	<u>7,129,325</u>	<u>7,764,326</u>
Restricted assets		
Extension and Renewal		
Cash and cash equivalents	259,861	259,602
Debt Redemption		
Cash and cash equivalents	21,082	20,189
Construction Projects		
Cash and cash equivalents	342,869	342,527
Customer Deposits		
Cash and cash equivalents	<u>332,426</u>	<u>338,611</u>
Total restricted assets	<u>956,238</u>	<u>960,929</u>
Capital assets		
Land	8,933,978	8,933,978
Construction in progress	1,345,949	910,704
Buildings	7,282,875	5,902,236
Infrastructure	186,060	186,060
Distribution system	98,658,565	97,751,982
Vehicles and equipment	4,604,804	4,037,291
Accumulated depreciation	<u>(43,754,063)</u>	<u>(41,469,014)</u>
Total capital assets (net of accumulated depreciation)	<u>77,258,168</u>	<u>76,253,237</u>
Total assets	<u>85,343,731</u>	<u>84,978,492</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	598,266	603,785
Deferred outflows of resources related to OPEB	<u>2,187</u>	<u>0</u>
Total deferred outflows of resources	<u>600,453</u>	<u>603,785</u>

CITY OF CARROLLTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 1,099,543	\$ 871,688
Retainages payable	7,955	29,361
Accrued liabilities	1,260	537
Accrued salaries and payroll liabilities	73,971	74,075
Compensated absences	63,592	58,550
Unearned revenue	649,460	543,490
Due to other funds	25,144	25,143
Current liabilities payable from restricted assets		
Customer deposits payable	332,426	338,611
Notes payable	25,000	25,000
Bonds payable	<u>215,000</u>	<u>209,000</u>
Total current liabilities	<u>2,493,351</u>	<u>2,175,455</u>
Long-term liabilities		
Net pension liability	1,472,933	1,581,105
Net OPEB liability	651,457	656,642
Notes payable	241,667	266,667
Bonds payable	<u>4,678,000</u>	<u>5,105,000</u>
Total long-term liabilities	<u>7,044,057</u>	<u>7,609,414</u>
Total liabilities	<u>9,537,408</u>	<u>9,784,869</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	285,172	267,346
Deferred inflows of resources related to OPEB	<u>81,688</u>	<u>64,334</u>
Total deferred inflows of resources	<u>366,860</u>	<u>331,680</u>
NET POSITION		
Net investment in capital assets	72,031,687	70,644,322
Restricted for Debt Service	21,082	20,189
Restricted for Capital Outlay	259,861	259,602
Unrestricted	<u>3,727,286</u>	<u>4,541,615</u>
Total net position	<u>\$ 76,039,916</u>	<u>\$ 75,465,728</u>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 8,604,518	\$ 8,340,633
Sewer sales	5,971,215	6,169,030
Tap fees	741,905	588,850
Other	126,179	232,137
Total operating revenues	<u>15,443,817</u>	<u>15,330,650</u>
OPERATING EXPENSES		
Costs of sales and services	5,933,889	5,763,603
Personal services	3,917,755	3,916,995
Depreciation	2,294,123	2,198,130
Total operating expenses	<u>12,145,767</u>	<u>11,878,728</u>
Operating income (loss)	<u>3,298,050</u>	<u>3,451,922</u>
Non-operating revenues (expenses)		
Intergovernmental revenue	0	145,490
Interest and investment earnings	25,109	7,302
Interest expense	(139,094)	(155,726)
Transfer of capital assets to governmental activities	(13,612)	0
Total non-operating revenues (expenses)	<u>(127,597)</u>	<u>(2,934)</u>
Income before capital contributions and transfers	3,170,453	3,448,988
Capital contributions	<u>0</u>	<u>14,581</u>
Net income before transfers	3,170,453	3,463,569
Transfers in (out)		
General Fund	<u>(2,596,265)</u>	<u>(1,664,556)</u>
Change in net position	<u>574,188</u>	<u>1,799,013</u>
Net position, July 1 (original)	75,465,728	73,916,703
Prior period adjustments	<u>0</u>	<u>(249,988)</u>
Net position, July 1 (restated)	<u>75,465,728</u>	<u>73,666,715</u>
Net position, June 30	<u><u>\$ 76,039,916</u></u>	<u><u>\$ 75,465,728</u></u>

CITY OF CARROLLTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Receipts from customers	\$ 15,420,235	\$ 15,189,646
Payments to suppliers	(5,681,659)	(5,386,992)
Payments to employees	(3,987,662)	(3,889,020)
Other receipts	126,179	232,137
	<hr/>	<hr/>
Net cash provided (used) by operating activities	5,877,093	6,145,771
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Payments to other funds	(2,596,265)	(1,664,556)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	(2,596,265)	(1,664,556)
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Receipts from other governments	67,746	797,658
Payments for acquisitions of capital assets	(2,902,983)	(3,490,189)
Payment of capital related payables	(345,435)	0
Principal payments - capital leases	0	(54,534)
Principal payments - promissory notes	(25,000)	(25,000)
Principal payments - bonds payable	(421,000)	(411,000)
Interest paid	(139,094)	(150,133)
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	(3,765,766)	(3,333,198)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest and investment earnings received	25,109	7,302
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(459,829)	1,155,319
	<hr/>	<hr/>
Cash and cash equivalents, July 1	6,278,038	5,122,719
	<hr/>	<hr/>
Cash and cash equivalents, June 30	<u><u>\$ 5,818,209</u></u>	<u><u>\$ 6,278,038</u></u>

CITY OF CARROLLTON, GEORGIA
WATER AND SEWERAGE ENTERPRISE FUND
STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 3,298,050	\$ 3,451,922
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,294,123	2,198,130
(Increase) decrease in accounts receivable	2,812	(90,971)
(Increase) decrease in inventories	(3,853)	2,176
(Increase) decrease in prepaid items	113,159	50,835
(Increase) decrease in deferred outflows related to pensions	5,519	175,915
(Increase) decrease in deferred outflows related to OPEB	(2,187)	16,920
Increase (decrease) in accounts payable	142,201	321,366
Increase (decrease) in unearned revenue	105,970	185,765
Increase (decrease) in retainage payable	0	20,561
Increase (decrease) in accrued liabilities	723	(18,327)
Increase (decrease) in accrued salaries and payroll liabilities	(104)	21,286
Increase (decrease) in compensated absences	5,042	3,980
Increase (decrease) in customer deposits	(6,185)	(3,661)
Increase (decrease) in net pension liability	(108,172)	(263,100)
Increase (decrease) in net OPEB liability	(5,185)	(46,529)
Increase (decrease) in deferred inflows related to pensions	17,826	55,169
Increase (decrease) in deferred inflows related to OPEB	17,354	64,334
Total adjustments	<u>2,579,043</u>	<u>2,693,849</u>
Net cash provided (used) by operating activities	<u>\$ 5,877,093</u>	<u>\$ 6,145,771</u>
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 4,861,971	\$ 5,317,109
Extension and Renewal		
Cash and cash equivalents	259,861	259,602
Debt Redemption		
Cash and cash equivalents	21,082	20,189
Construction Projects		
Cash and cash equivalents	342,869	342,527
Customer Deposits		
Cash and cash equivalents	<u>332,426</u>	<u>338,611</u>
Total cash and cash equivalents	<u>\$ 5,818,209</u>	<u>\$ 6,278,038</u>

Noncash investing, capital, and financing activities:

Acquisition of capital assets through accounts payable for 2019 totaled \$401,728.
Acquisition of capital assets through retainages payable for 2019 totaled \$7,955.
Contributions of capital assets to governmental activities for 2019 totaled \$13,612.

CITY OF CARROLLTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,785,422	\$ 2,133,717
Accounts receivable, net	672,117	590,710
Prepaid items	20,965	54,707
Total current assets	<u>2,478,504</u>	<u>2,779,134</u>
Capital assets		
Buildings	66,148	66,148
Vehicles and equipment	2,793,551	2,590,461
Accumulated depreciation	<u>(2,075,408)</u>	<u>(1,901,916)</u>
Total capital assets (net of accumulated depreciation)	<u>784,291</u>	<u>754,693</u>
Total assets	<u>3,262,795</u>	<u>3,533,827</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	217,494	219,509
Deferred outflows of resources related to OPEB	<u>10,550</u>	<u>8,098</u>
Total deferred outflows of resources	<u>228,044</u>	<u>227,607</u>
LIABILITIES		
Current liabilities		
Accounts payable	79,000	319,549
Accrued salaries and payroll liabilities	29,866	28,406
Compensated absences	28,037	20,432
Capital leases	<u>66,389</u>	<u>44,316</u>
Total current liabilities	<u>203,292</u>	<u>412,703</u>
Long-term liabilities		
Net pension liability	539,217	578,707
Net OPEB liability	262,443	264,635
Capital leases	<u>199,168</u>	<u>0</u>
Total long-term liabilities	<u>1,000,828</u>	<u>843,342</u>
Total liabilities	<u>1,204,120</u>	<u>1,256,045</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	108,351	101,842
Deferred inflows of resources related to OPEB	<u>33,069</u>	<u>25,676</u>
Total deferred inflows of resources	<u>141,420</u>	<u>127,518</u>
NET POSITION		
Net investment in capital assets	518,734	544,404
Unrestricted	<u>1,626,565</u>	<u>1,833,467</u>
Total net position	<u>\$ 2,145,299</u>	<u>\$ 2,377,871</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for sales and services		
Sanitation fees	\$ 4,726,249	\$ 4,355,091
OPERATING EXPENSES		
Costs of sales and services	2,916,344	2,737,923
Personal services	1,610,004	1,632,592
Depreciation	188,202	161,130
Total operating expenses	<u>4,714,550</u>	<u>4,531,645</u>
Operating income (loss)	<u>11,699</u>	<u>(176,554)</u>
Non-operating revenues (expenses)		
Interest and investment earnings	31,629	3,472
Interest expense	(13,830)	0
Total non-operating revenues (expenses)	<u>17,799</u>	<u>3,472</u>
Net income (loss) before transfers	29,498	(173,082)
Transfers in (out)		
General Fund	<u>(262,070)</u>	<u>31,227</u>
Change in net position	<u>(232,572)</u>	<u>(141,855)</u>
Net position, July 1 (original)	2,377,871	2,619,762
Prior period adjustments	<u>0</u>	<u>(100,036)</u>
Net position, July 1 (restated)	<u>2,377,871</u>	<u>2,519,726</u>
Net position, June 30	<u><u>\$ 2,145,299</u></u>	<u><u>\$ 2,377,871</u></u>

CITY OF CARROLLTON, GEORGIA
SANITATION ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from customers	\$ 4,644,842	\$ 4,341,751
Payments to suppliers	(3,123,150)	(2,412,583)
Payments to employees	<u>(1,629,157)</u>	<u>(1,627,854)</u>
Net cash provided (used) by operating activities	<u>(107,465)</u>	<u>301,314</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	0	31,227
Payments to other funds	<u>(262,070)</u>	<u>0</u>
Net cash provided (used) by non-capital financing activities	<u>(262,070)</u>	<u>31,227</u>
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(217,800)	(337,445)
Principal payments - capital leases	(110,705)	(73,791)
Proceeds from capital leases	331,946	0
Interest paid	<u>(13,830)</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities	<u>(10,389)</u>	<u>(411,236)</u>
Cash flows from investing activities:		
Interest and investment earnings received	<u>31,629</u>	<u>3,472</u>
Net increase (decrease) in cash and cash equivalents	(348,295)	(75,223)
Cash and cash equivalents, July 1	<u>2,133,717</u>	<u>2,208,940</u>
Cash and cash equivalents, June 30	<u><u>\$ 1,785,422</u></u>	<u><u>\$ 2,133,717</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ 11,699</u>	<u>\$ (176,554)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	188,202	161,130
(Increase) decrease in accounts receivable	(81,407)	(13,340)
(Increase) decrease in prepaid items	33,742	28,487
(Increase) decrease in deferred outflows related to pensions	2,015	60,358
(Increase) decrease in deferred outflows related to OPEB	(2,452)	(1,176)
Increase (decrease) in accounts payable	(240,548)	296,853
Increase (decrease) in accrued salaries and payroll liabilities	1,460	7,747
Increase (decrease) in accrued liabilities	0	(263)
Increase (decrease) in compensated absences	7,605	2,931
Increase (decrease) in net pension liability	(39,490)	(95,013)
Increase (decrease) in net OPEB Liability	(2,192)	(18,612)
Increase (decrease) in deferred inflows related to pensions	6,508	23,090
Increase (decrease) in deferred inflows related to OPEB	<u>7,393</u>	<u>25,676</u>
Total adjustments	<u>(119,164)</u>	<u>477,868</u>
Net cash provided (used) by operating activities	<u><u>\$ (107,465)</u></u>	<u><u>\$ 301,314</u></u>

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OTHER REPORTING SECTION

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SINGLE AUDIT 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, 2019, 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 February 24, 2020.

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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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 in the accompanying schedule of findings and questioned costs as item 2019-002.

City of Carrollton, Georgia's Response to Findings

The City of Carrollton, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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
February 24, 2020

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of Carrollton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Carrollton, Georgia's major federal programs for the year ended June 30, 2019. The City of Carrollton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Carrollton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City of Carrollton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Carrollton, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the

purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Carrollton, Georgia's internal control over compliance.

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

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 24, 2020

CITY OF CARROLLTON, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2019

Federal Grant/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Number	Expenditures
Department of Housing and Urban Development			
Passed through the Georgia Department of Community Affairs:			
Community Development Block Grants/Entitlement Grants	14.218	11-ns-6012	\$ 6,572
Community Development Block Grants/State's Program	14.228	08-ns-5050	6,217
Total Department of Justice			12,789
Department of Justice			
Equitable Sharing for State and Local Law Enforcement Agencies	16.922	N/A	31,407
Passed through the Criminal Justice Coordinating Council:			
Edward Byrne Memorial Formula Grant Program	16.738	B16-8-021	22,061
		B17-8-002	143,938
		B17-8-020	228,627
			394,626
Total Department of Justice			426,033
Department of Health and Human Services			
<u>Aging Cluster of Programs</u>			
Passed through Three Rivers Regional Commission:			
Title III, Part C, Nutrition Services	93.045	SFY2019	125,772
Nutrition Services Incentive Program	93.053	SFY2019	50,170
Total Aging Cluster of Programs			175,942
Passed through Three Rivers Regional Commission:			
Social Services Block Grant	93.667	SFY2019	8,288
Total Department of Health and Human Services			184,230
Department of Homeland Security			
Passed through the Georgia Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4259-DR-GA	435,778
Total Federal Awards			\$ 1,058,830

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings.

CITY OF CARROLLTON, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Carrollton, Georgia, under programs for the federal government for the current fiscal year. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. De Minimis Indirect Cost Rate

The City of Carrollton, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. Payments to Subrecipients

For the current fiscal year, City of Carrollton, Georgia did not pass federal funds through to subrecipients.

CITY OF CARROLLTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2019

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CITY OF CARROLLTON, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2019

2. Financial Statement Findings

A. Current Year Audit Findings

Comment 2019-001

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.

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 2019-002

Condition: The City experienced a material excess of expenditures over appropriations in the General Fund, Drug Seizure Special Revenue Fund, and West Metro Regional Drug Enforcement 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.

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2019

2. Financial Statement Findings

B. Prior Year Audit Findings Follow-Ups

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.

Not corrected

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.

Corrected

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.

Not corrected

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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, 2019

Project	Estimated Cost *		Prior Years	Expenditures	
	Original	Current		Current Year	Total
<u>2015 SPLOST</u>					
City of Carrollton Projects	\$ 21,187,200	\$ 21,187,200			
Sidewalk & Street					
Improvement Projects			\$ 5,063,203	\$ 1,138,313	\$ 6,201,516
Public Safety Projects			4,549,714	57,867	4,607,581
Water Impoundment					
Improvements			61,955	0	61,955
Recreation/Cultural Arts					
Improvements			2,345,880	53,950	2,399,830
Economic Development			696,056	0	696,056
Greenspace Projects			1,350,461	36,345	1,386,806
Public Utilities					
(Telecommunications)					
Improvements			494,330	49,987	544,317
Debt Service-Carroll					
County, Georgia			5,835,126	1,913,788	7,748,914
	<u>\$ 21,187,200</u>	<u>\$ 21,187,200</u>	<u>\$ 20,396,725</u>	<u>\$ 3,250,250</u>	<u>\$ 23,646,975</u>
Current year expenditures				\$ 3,250,250	
Sidewalk & Street Improvement expenditures financed through other revenues				58,713	
Economic Development expenditures financed through other revenues				1,371,322	
Greenspace Project expenditures financed through other revenues				<u>77,200</u>	
Total expenditures and transfers out				<u>\$ 4,757,485</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.