CITY OF DOUGLASVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

CITY OF DOUGLASVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Prepared By:
Karin E. Callan, CPA
Director of Finance

INTRODUCTORY SECTION

CITY OF DOUGLASVILLE, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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Rochelle Robinson
Mayor

Marcia Hampton
City Manager

Vicki L. Acker
City Clerk

City Council
Mark E. Adams
LaShun B. Danley
Samuel Davis
Michael J. Miller
Richard S. Segal
Coach Chris Watts
Larry G. Yockey

December 8, 2017

To Honorable Mayor, members of the Governing Council and
the Citizens of Douglasville, Georgia:

The Comprehensive Annual Financial Report of the City of Douglasville, Georgia (the "City"), for the fiscal year ended June 30, 2017, is hereby submitted as mandated by both local and state government. These ordinances and statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City of Douglasville, Georgia's financial affairs are included.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The financial reporting entity for the City of Douglasville includes all funds of the primary government, the City of Douglasville. The City provides a full range of services including police, the construction and maintenance of streets and infrastructure, recreational activities and cultural events, and sanitation.

Component units are legally separate entities for which the primary government is financially accountable. The City considers all potential component units for inclusion

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in these financial statements because of significant operational or financial relationships as required by generally accepted accounting principles. For year ended June 30, 2017, the City has three component units: the Douglasville Convention and Conference Center Authority, the Douglasville Public Purpose Corporation and the Douglasville Development Authority. The Douglasville Convention and Conference Center Authority and the Douglasville Public Purpose Corporation are presented as blended component units and are presented as special revenue funds. The Douglasville Development Authority is a discretely presented component unit. For additional information, see "NOTE 1.A" of the Notes to the Financial Statements.

Profile of the Government

The City of Douglasville was created in 1937 and operates under an elected Mayor/Council form of government. The City is strategically located west of I-285 perimeter on I-20. Douglasville is the largest city in Douglas County, one of the fastest growing counties in the State of Georgia. The City's major operations include public safety, culture-recreation, highways and streets, sanitation, planning and zoning and general administrative services.

The City has entered into an agreement with Douglas County to provide fire protection, E-911 services, animal control services, and the billing and collection of ad valorem taxes. The City also contracts with the county to provide housing/jailing of prisoners.

The City handles residential and commercial garbage pickup. The City contracts with the Water and Sewer Authority to provide residential billing and collections.

Local Economy

Based on the projection from the Atlanta Regional Commission, the city of Douglasville has a population of 33,252. Douglasville is prime for future economic development, given its strategic location. I-20 Interstate runs through Douglas County with 5 interchanges. It is 20 miles from Hartsfield Jackson International Airport and it is 20 miles from downtown Atlanta. The infrastructure improvements completed over the past several years only emphasize the additional economic possibilities for Douglasville.

In September 2008, the City reactivated the Douglasville Development Authority in an effort to provide the services of business recruitment, business retention and expansion, target Industry development, national and international marketing, building and site selection among others. This Government is pro-business with a skilled workforce and

great location. Douglasville is an excellent choice for companies seeking to grow their operations, increase productivity and reduce operating expenses, ensuring a strong economic environment for the government.

In November 1999, Arbor Place Mall opened on Douglas Boulevard near Interstate 20 at Chapel Hill Road. Since that time numerous banks, restaurants, and major retail stores have opened on Douglas Boulevard and in the same area.

Long Term Financial Planning

Unassigned fund balance in the General Fund falls within the guidelines set by the Council. A resolution was adopted to maintain a $2.5 million fund balance; however, there is a recommendation by the City Council not to go below three months of operating expenditures which represents $5.9 million.

As in the previous year, fiscal year 2016-2017 has been marked by numerous improvements in service delivery and infrastructure, which will enhance the quality of life for the City's residents. In March 2002, the residents of Douglas County voted for a Special Purpose Local Option Sales Tax. This tax is collected to fund streets, recreation, and fire facilities in Douglas County and the City of Douglasville. This tax provided funds for renovation of existing park facilities, a new recreation center and purchase of land for future development as well as improving intersections, resurfacing streets, and improving the traffic flow throughout the city. The completion of the $2.3 million Livable Centers Initiative program has given the streets of Douglasville a facelift with new sidewalks and greenery. This was funded through a combination of state funds and SPLOST funds.

The 2002 SPLOST projects are complete with 100% of the transportation dollars expended. Hunter Park Community Center was completed in 2013. The 2007 SPLOST which passed did but not include any funds for the City of Douglasville and only included the tier one project which was the County Jail. The Jail is projected to cost $87 million dollars. In 2016 a new SPLOST passed which is expected to generate $30 million dollars to the City and over $100 million to the County. This will go to transportation, parks, facility improvements and public safety.

The City issued GO bonds in 2009 to construct a $23 million public safety and Municipal Court Building. This building has a community meeting room as well as a state of the art firing range. The Police Department hosts different agencies at the Center for training.

During the end of Fiscal year 2012 and the early part of 2013 the City and the County governments negotiated and agreed on Local Option Sales tax for the next decade. The City's share increased. The percentage the City received in January of 2017 increased from 26.29% to 27.43%. Currently, every 1% is equivalent to $250,000. The City's percentage will increase over the next ten years. It was negotiated on a sliding scale to allow time for the County Government to adjust their budget accordingly. The percentage of the 1% LOST (Local Option Sales Tax) that the City receives over the next 9 years (on a calendar year) are as follows:

2014	24.75%
2015	25.50%
2016	26.29%
2017	27.43%
2018	28.57%
2019	28.57%
2020	28.57%
2021	28.57%
2022	28.57%

The 1% LOST (Local Option Sales tax) is split between the City of Douglasville, Douglas County, Villa Rica and Austell.

Although the City is collecting more Local Option Sales tax, which results in less tax revenues to Douglas County, the City and the County have completed the service delivery agreement and the City has an increased cost for paying Fire Services and Animal Control. The City had to raise the millage rate to cover the cost of Fire Services and Animal Control. The millage rate increased from 5.784 to 7.534 in calendar year 2015. The Mayor and Council rolled back the millage rate in 2016 to 6.911. During tax year 2017, the City Council elected to keep the millage rate the same and not "roll back" inflationary assessments. The City will use this additional revenue to fund an assessment of the Community Development operations.

The City constructed a new Convention and Conference Center with a three story parking deck. The facility is 38,000 square feet which includes the largest ballroom on the west side of metro Atlanta and which has various other meeting and event rooms that feature state of the art equipment. City Officials asked for Legislation to be passed to allow the City to collect another 1% of Hotel Motel Tax. The legislation was passed and the Hotel Motel tax went from 7% to 8% which the City will use to pay debt service for the Center. The City also receives rental car tax revenue. This tax revenue will also pay a portion of the debt service allocated to the parking deck. The parking deck is enjoyed by citizens that visit downtown Douglasville.

The City took over West Pines Golf Course in August of 2012.West Pines Golf Course is now operated by the City Government. It was previously operated by a management company that was paid a monthly management fee. The Management Company did not have the resources to make the improvements to keep the Golf Course maintained properly. The Golf Course is now grouped with the Parks and Recreation Department. The staff that was working for the Management Company continues to work for the City. The transition from an operations standpoint was seamless. The City appropriated necessary funds to make the needed improvements.

The Golf Course was renovated and funded by both SPLOST funds and a taxable bond issue. SPLOST (2002) funds were used to purchase the land and bond revenue funded the renovation. Now that the City is operating the Golf Course, the bonds were refunded and reissued at a non-taxable rate which will save the City over $1,200,000 over the life of the bonds.

The City is looking at the OPEB (Other Postemployment Benefit) liability closely. During fiscal year 2018, the City will set up a trust fund to fund the OPEB liability.

Major Initiatives:

The Federal Highway Administration has approved the Highway 92 overpass project and Georgia Department of Transportation (GDOT) has assumed responsibility for implementation. This is an extremely important north-south artery through Douglasville. Phase 1 is construction of a railroad grade separation, with the relocated six-lane Highway 92 to cross under U. S. Highway 78 (Bankhead Highway) and East Strickland Street. Phase 2 will expand the road's capacity along a relocated route between Fairburn Road to U. S. 78, and Phase 3 will do the same between U. S. 78 and Dallas Highway. It has been announced by Congressman David Scott, GDOT, and the Atlanta Regional Commission that construction of the project would begin in 2014. The City of Douglasville has spent over $3 million over the past decade on preliminary engineering and environmental assessments. During the past two years, $43 million has been spent on right of way acquisition, and utility costs total some $ 65.5 million. All costs of this project will be more than $111 million. This project has officially started construction and is due to be complete in 2020.

The City received a $1,000,000 grant with a matching portion of $250,000 from GDOT for banners, lighting and sidewalks along the streets of Douglasville. Phase I was completed at the end of 2015. Phase II is due to be complete at the end of fiscal year 2018.

The City of Douglasville entered into an agreement with GDOT to provide HERO units to patrol I-20 to aid motorists with stalled vehicles and other types of problems including wrecks where deaths or serious injury occur.

A grant was received for a new Welcome Center in Downtown Douglasville for $500,000 which is currently in the construction phase. The project would provide electrical connections and improved lighting on the Plaza to enhance the overall experience of events that bring crucial revenue to the City. This project is due to be complete at the end of fiscal year 2018.

In November of 2016, a SPLOST referendum was passed which will give the City of Douglasville $30,000,000 in revenue. The collected revenue is divided as follows: 20% Public Safety, 45% Transportation, 15% Facilities and 15% Parks and Recreation.

The City of Douglasville Development Authority has initiated several economic development projects which will result in a projected $210 million and 900 new jobs for the City. This includes McMaster-Carr, Gordon Foods, Baxter Healthcare, Temron, Kehe, and a new addition to Med-line. In addition, the Douglasville City Council changed the zoning ordinance to better able facilitate growth of the motion picture industry. The City of Douglasville Development Authority will continue to focus on business retention and expansion.

Another initiative the City is working on is the Comprehensive Plan. The key assets that were identified are the Downtown Douglasville, Arbor Place Mall, economic amenities and infrastructure, natural resources, location, medical services, higher education for senior services, the people, historic preservation and technical education. Challenges included workforce development, an aging population, balanced growth, redevelopment, transportation, government coordination and business development.

Service Delivery Strategy Plan, required by state law will frame the way services are provided between the City of Douglasville and Douglas County.

During 2014 the City and Google worked together to form a public-private partnership. Google has provided WIFI which covers 67 acres in Douglasville. The concentration of WIFI is in the City Parks and the downtown area.

FINANCIAL INFORMATION

Accounting System Internal Controls. The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgment by management.

As a recipient of federal, state, and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to federal assistance programs. This internal control structure is subject to periodic evaluation by management of the City.

Budgeting Controls. In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Enterprise Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Project funds. The level of budgetary control, being the level at which expenditures cannot legally exceed the appropriated amount is established by department within an individual fund.

The financial policies of the City did not have a significant impact on the current financial statements.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

Independent Audits. State statutes require an annual audit by independent certified public accountants. The firm of Mauldin & Jenkins was selected by the City to perform

audit services. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Douglasville for its Comprehensive Annual Financial Report for year ended June 30, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements. This report satisfies both generally accepted accounting principles and applicable legal requirements, and we are submitting it to GFOA.

Acknowledgements. The preparation of the comprehensive annual financial report, on a timely basis, could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to each member of the department who assisted and contributed to the preparation of this report. Due credit also should be given to the Mayor and the governing council for their interest and support in planning and conducting the operations of the City of Douglasville in a responsible and progressive manner. Everyone has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

Marcia Hampton
City Manager

Karin E. Callan, C.P.A.
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Douglasville Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY OF DOUGLASVILLE, GEORGIA

LISTING OF PRINCIPAL OFFICIALS

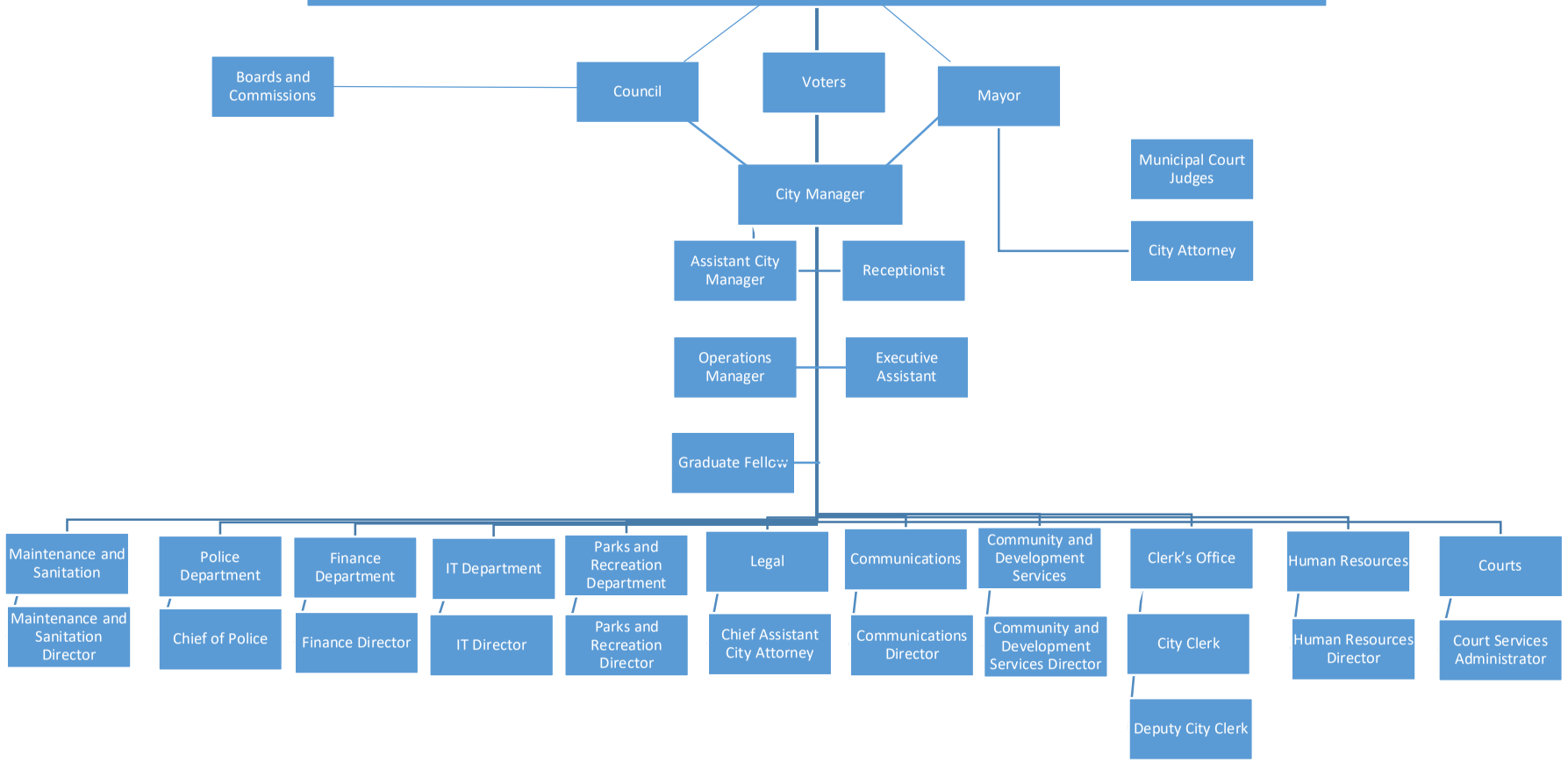
June 30, 2017

Mayor	Rochelle Robinson
City Manager	Marcia Hampton

Council Members

Ward 1, Mayor Pro Tem	Larry G. Yockey
Ward 2, Post 1	Mike Miller
Ward 2, Post 2	Mark Adams
Ward 3, Post 1	LaShun Burr Danley
Ward 3, Post 2	Samuel Davis
Ward 4	Chris Watts
Ward 5	Richard S. Segal

City of Douglasville Organizational Chart



FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of City Council
City of Douglasville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Douglasville, Georgia** (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4-15), General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Confiscated Assets Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, GEMA Flood Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Schedule of Changes in the City's Net Pension Liability and Related Ratios, Schedule of City Contributions, and the Schedule of Funding Progress – Other Postemployment Benefit (OPEB) Plan (on pages 58-66) 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 collective comprise the City's basic financial statements. The combining and individual fund statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia Annotated §48-8-121, the schedule of expenditures of federal awards, as required by Title 2, U.S. *Code of Federal Regulations*, (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (continued)

The combining and individual fund statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 8, 2017

Management's Discussion and Analysis

As management of the City of Douglasville, Georgia, we offer readers of the City of Douglasville's financial statements this narrative overview and analysis of the financial activities of the City of Douglasville for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

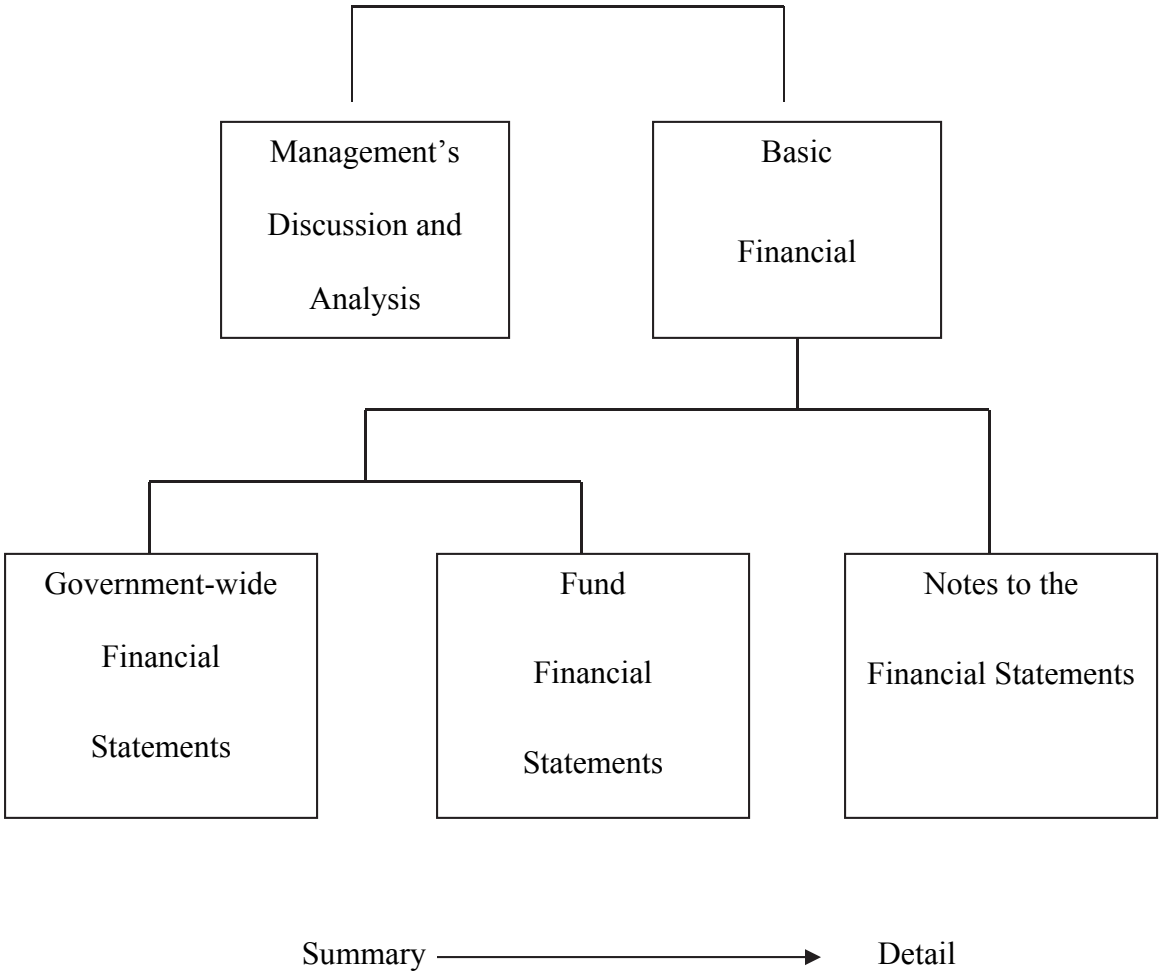
- The assets and deferred outflows of resources of the City of Douglasville exceeded its liabilities and deferred inflows of resources at the end of the fiscal year. This amount includes $65,595,527 net investment in capital assets, restricted portion of $3,732,205 and unrestricted net position at a negative $1,650,479.
- The government's total net position increased by $1,305,542 as a result of fiscal year 2017 operations.
- As of the close of the current fiscal year, the City of Douglasville's governmental funds reported combined ending fund balances of $14,628,400 an increase of $3,447,118 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was $10,096,493 or 42% percent of total general fund expenditures for the fiscal year.
- The City of Douglasville's Government wide debt (bonds and capital leases) decreased by $2,436,042.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Douglasville's (the "City") basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Douglasville.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 16 and 17) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 18-24) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the agency fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property and sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the sanitation services offered by the City. The government-wide financial statements are on pages 16 and 17 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Douglasville, like all other governmental entities in Georgia, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Douglasville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Douglasville maintains the following individual governmental funds. The Major Funds which are presented separately are: General Fund, Confiscated Assets Fund, Conference Center Fund, and the GEMA fund. The funds that are presented as combined in the Other Governmental Funds column are: Multiple Grant Fund, Hotel/Motel Tax Fund, Conference Center Authority, Public Purpose Corporation Fund, Rental Car Fund, four (4) Capital Projects Funds (including SPLOST), and a Debt Service Fund. Separate information about the Other Governmental funds can be found in the combining statements in the report on pages 67 and 68.

The City of Douglasville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Proprietary funds are activities that a City operates similar to a business in that it attempts to recover costs through charges to the user. The City of Douglasville has only one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Douglasville uses enterprise funds to account for its sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26-57 of this report.

Government-Wide Financial Analysis

The City of Douglasville's Net Position
Figure 2

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The total assets and deferred outflows of resources of the City of Douglasville exceeded total liabilities and deferred inflows of resources by $67,677,253 as of June 30, 2017. The City's net position increased by $1,305,542 for the fiscal year ended June 30, 2017.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 16,496,610	$ 13,500,978	$ 4,826,558	$ 4,502,295	$ 21,323,168	$ 18,003,273
Capital assets	101,482,307	103,855,961	1,374,200	1,367,872	102,856,507	105,223,833
Total assets	117,978,917	117,356,939	6,200,758	5,870,167	124,179,675	123,227,106
Deferred outflows of resources	2,444,643	1,806,914	115,493	99,673	2,560,136	1,906,587
					-	
Long-term liabilities outstanding	53,138,162	52,651,471	387,903	312,692	53,526,065	52,964,163
Other liabilities	4,692,630	4,806,172	303,020	256,328	4,995,650	5,062,500
Total liabilities	57,830,792	57,457,643	690,923	569,020	58,521,715	58,026,663
Deferred inflows of resources	496,232	681,231	44,611	54,088	540,843	735,319
Net Investment in capital assets	64,221,327	64,515,086	1,374,200	1,367,872	65,595,527	65,882,958
Restricted	3,732,205	3,418,778	-	-	3,732,205	3,418,778
Unrestricted	(5,856,996)	(6,908,885)	4,206,517	3,978,860	(1,650,479)	(2,930,025)
Total net position	$ 62,096,536	$ 61,024,979	$ 5,580,717	$ 5,346,732	$ 67,677,253	$ 66,371,711

The largest portion of net position is the City's investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt still outstanding that was issued to acquire those items. The City of Douglasville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Douglasville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the City of Douglasville's net position represent resources that are subject to external restrictions (6%) on how they may be used. There was an increase of $313,427 in restricted net position in connection with the City of Douglasville's Governmental Activities. This increase is due to a restriction of funds for road resurfacing projects less a decrease in restrictions for law enforcement (confiscated assets) and promotion of tourism (hotel/motel funds).

For governmental activities, the City reported a negative balance of $5,856,996 in unrestricted net position. This increase of $1,051,889 is from the increase in net position from Governmental activities. .

The general fund reported a positive balance of $10,096,493 in unassigned fund balance. Unassigned fund balance represents the spendable resources available for governmental activities, without externally enforceable limitation. The major contributing factors to the difference between unassigned fund balance and unrestricted net position is the exclusion of long term debt and capital asset balances which are not part of the current financial resources measurement focus presentation required of governmental funds.

There was an increase of $233,985 in connection with the City's business type activities. This increase results from increased revenues from roll off debris. There has not been any rate increases or any unusual funding source.

Governmental Activities. Governmental activities increased the City's net position by $1,071,557 thereby accounting for 82% of the total increase in the net position of the City of Douglasville. Key elements of this change are as follows:

- Business Licenses increased by $390,774 from the prior year.
- Building Permit revenue increased by $86,717 over the prior year.
- Insurance premium tax increased by $148,393 over the prior year.
- Insurance reimbursements for claims increased by $59,774.
- Probation and fine revenue decreased by $94,526.
- Greystone Power franchise fee revenue decreased by $388,605. The prior included a onetime revenue from a franchise fee audit.
- Sales tax decreased from the prior year by $83,074.

At the end of the current fiscal year, restricted fund balance of the Confiscated Asset fund was $1,945,067 compared to last year at $2,344,817. This is a decrease of $399,750. This fund had more expenses during FY 17 than revenue collections.

At the end of the fiscal year, the GEMA flood fund had a negative fund balance due to revenue that is pending with the Georgia Emergency Management Agency. This has been further delayed due to the most recent hurricane activity in the United States. Management believes that the City will receive the funding in Fiscal Year 2018.

The Conference Center construction fund had a negative fund balance of $422,793.The City is reducing this deficit by transferring rental car revenue to this fund each year. It will take two more years to decrease the deficit to zero.

City of Douglasville Changes in Net Position Figure 3

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 6,855,447	$ 6,079,503	$ 4,023,039	$ 3,999,390	$ 10,878,486	$ 10,078,893
Operating grants and contributions	529,559	300,897	-	-	529,559	300,897
Capital grants and contributions	1,277,414	233,612	-	-	1,277,414	233,612
General revenues:						
Property taxes	10,300,396	9,922,506	-	-	10,300,396	9,922,506
Sales taxes	6,281,217	6,204,621	-	-	6,281,217	6,204,621
Other taxes and miscellaneous	7,348,719	7,897,884	-	-	7,348,719	7,897,884
Unrestricted Investment earnings	44,327	30,854	6,743	2,257	51,070	33,111
Gain on Sale of Capital Assets	-	71,023	-	15,345	-	86,368
Total Revenues	32,637,079	30,740,900	4,029,782	4,016,992	36,666,861	34,757,892
Expenses:						
General Government	9,747,658	7,020,218	-	-	9,747,658	7,020,218
Judicial	789,823	824,031	-	-	789,823	824,031
Public Safety	11,249,398	11,761,412	-	-	11,249,398	11,761,412
Public Works	2,409,663	2,682,503	-	-	2,409,663	2,682,503
Housing and Development	1,372,370	1,996,326	-	-	1,372,370	1,996,326
Culture and Recreation	4,845,801	4,517,173	-	-	4,845,801	4,517,173
Interest on long-term debt	1,250,809	1,603,148	-	-	1,250,809	1,603,148
Sanitation Services			3,695,797	3,317,568	3,695,797	3,317,568
Total Expenses	31,665,522	30,404,811	3,695,797	3,317,568	35,361,319	33,722,379
Increase (decrease) in net position before transfers	971,557	336,089	333,985	699,424	1,305,542	1,035,513
Transfers	100,000	100,000	(100,000)	(100,000)	-	-
Change in net position	1,071,557	436,089	233,985	599,424	1,305,542	1,035,513
Net position - beginning	61,024,979	60,588,890	5,346,732	4,747,308	66,371,711	65,336,198
Net position - ending	$ 62,096,536	$ 61,024,979	$ 5,580,717	$ 5,346,732	$ 67,677,253	$ 66,371,711

The most significant expense is for Public Safety for $11,249,398 representing 36% of total governmental expenses. The next most significant program expense is General Government. General Government expense of $9,747,658 represents 31% of total governmental expenses. These expenses increased by $2,727,440 due to increases in pension and OPEB liabilities.

Business-type activities: Business-type activities increased the City of Douglasville's net position by $233,985 accounting for 18% of the total increase in the government's total net position. The most significant business-type activity of the City is the Sanitation Services provided to the citizens of the City of Douglasville. The majority of its revenue was derived from user fees.

Governmental Funds. The focus of the City of Douglasville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Douglasville's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Douglasville. At the end of the current fiscal year, unassigned fund balance of the General Fund was $10,096,493 compared to last year at $8,658,815. This is an increase of $1,437,678. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. In 2017, unassigned fund balance represents 42% of total General Fund expenditures. The primary reasons for the increase in fund balance for the General Fund:

- Delinquent tax collections of $203,538.
- Business Licenses increased by $390,774 from the prior year.
- Building Permit revenue increased by $ 86,717 over the prior year.
- Insurance premium tax increased by $148,393 over the prior year.
- Insurance reimbursements for claims increased by $59,774.
- Total expenses for General Fund decreased by $224,469 from the prior fiscal year.

At June 30, 2017, the governmental funds of City of Douglasville reported a combined fund balance of $14,628,400. Last year the combined fund balance was $11,181,282 this represents an increase of 24% over last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

During the fiscal year actual revenues were ahead of the budgeted amount by $873,402 .This was due to: business licenses were greater than the budget by $381,000, building permit revenue exceeded the budgeted amount by $137,000 and property taxes revenue exceeded the budget (to include intangibles, Motor Vehicle tax, Heavy Equipment) by $223,000. Expenditures were $2,139,175 less than the projected budget. The Street Maintenance department did not fill positions that were programmed in the budget throughout the year, merit raises came in lower than budgeted, legal settlements were less than budgeted, property insurance and full time salaries were less than budgeted.

Proprietary Funds. The City of Douglasville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sanitation Fund at the end of the fiscal year amounted to $4,206,517. The total increase in net position from the prior fiscal year was $233,985.

Capital Asset and Debt Administration

Capital assets. The City of Douglasville's investment in capital assets for its governmental and business–type activities as of June 30, 2017, totals $102,856,507 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, park facilities, vehicles and infrastructure.

Major capital asset transactions during the year include the following additions: 14 vehicles were purchased. For the Police department, 7 of those were purchased with Confiscated Asset funds. The Maintenance department purchased one vehicle. The total vehicle purchases were $398,002.

The City also purchased tag reader systems, body cameras, bleachers with guard rails for Parks and Recreation. Machinery and equipment purchases total $306,407.

Improvements totaled $54,472. These improvements consisted of improvements to the West Pines Golf pro shop, and Willing Workers Community Park.

CITY OF DOUGLASVILLE'S CAPITAL ASSETS

FIGURE 4

	Governmental Activities		Business-type Activites		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 29,459,132	$ 29,465,527	$ -	$ -	$ 29,459,132	$ 29,465,527
Construction in Progress	848,872	426,031	-	-	848,872	426,031
Buildings	44,035,490	45,092,755	-	-	44,035,490	45,092,755
Other Improvements	7,650,064	8,532,744	-	-	7,650,064	8,532,744
Infrastructure	16,924,133	17,740,314	-	-	16,924,133	17,740,314
Vehicles , Machinery and Equipment	2,564,616	2,598,590	1,374,200	1,367,872	3,938,816	3,966,462
	$ 101,482,307	$ 103,855,961	$ 1,374,200	$ 1,367,872	$ 102,856,507	$ 105,223,833

Additional information on the City's capital assets can be found in note 7 page 41 of the Notes to Financial Statements.

Long-term Debt. As of June 30, 2017, the City of Douglasville had bonded debt outstanding of $35,215,183. The City had capital leases in the amount of $735,203 all of which is collateralized by the financed asset and debt backed by the full faith and credit of the City.

CITY OF DOUGLASVILLE'S OUTSTANDING DEBT

FIGURE 5

	Governmental Activities		Business-type Activites		Total	
	2017	2016	2017	2016	2017	2016
Capital Leases	$ 735,203	$ 999,626	$ -	$ -	$ 735,203	$ 999,626
Compensated Absences	812,778	744,811	66,504	64,213	879,282	809,024
Premium	2,105,915	975,885	-	-	2,105,915	975,885
Discount	(18,534)	(21,438)	-	-	(18,534)	(21,438)
Net Pension Liability	4,240,889	3,857,465	381,353	306,271	4,622,242	4,163,736
Net OPEB obligation	12,731,483	11,018,240	-	-	12,731,483	11,018,240
Bonds Payable	35,215,183	37,386,802	-	-	35,215,183	37,386,802
Total	$ 55,822,917	$ 54,961,391	$ 447,857	$ 370,484	$ 56,270,774	$ 55,331,875

The City of Douglasville's total debt increased $1,238,899 during the past fiscal year. This is due to the net effect of debt payments, partial debt refunding, and the increase in the Net Pension Liability and the Net OPEB obligation. The City is working on a plan to better fund the Net OPEB Obligation. The City partially refunded the 2009 General Obligation Debt for the Public Service Building.

Georgia general statutes limit the amount of general obligation debt that a unit of government can issue to 10% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Douglasville is $102,006,549. The City does not have a formal policy for credit risk beyond the types of investments authorized by state statute.

Additional information regarding the City of Douglasville's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the City:

- The unemployment rate for the City of Douglasville as of June 2017 is 4.8%, the same rate as the State of Georgia as of the same period.
- In 2009, the Douglasville Development Authority was reactivated in an effort to generate economic growth and prosperity throughout our community.
- Opening of new businesses has proceeded at a positive rate for several years, which have created new service area jobs.

- The percentage the City receives of the 1% Local Option Sales tax increased per the Intergovernmental Agreement which was effective January 2014. Although the Sales tax percentage is higher, sales tax collections remains flat due to increased internet sales.

- A SPLOST referendum was passed in November of 2016 which is expected to generate more than $30,000,000 in revenues for the City over the next 6 years.

- Sales tax is not increasing at a rate that it has in the past, this is due to the phase out of utility sales tax in Georgia and the increase in online sales.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities: The FY 18 General Fund budget is 2% lower than the 2017 amended General fund budget. The Millage rate was not "rolled back," and a tax increase was declared, although the millage rate did not increase. The City realized increases from higher assessments of property within the City.

This additional revenue will fund the assessment of the Community Development operation. The City hired a specialized firm to make recommendations about staff augmentation, operational assessments, planning and zoning code, code enforcement operations and business license operations.

The City programmed merit increases in the FY 18 budget. The City hired a firm for a compensation study. The City also contracted with an agency during fiscal year 17 to assist with the information technology operations and infrastructure. This was a two year contract which started in FY 17. The decision to continue this service will be decided during 2018.

The City continues to provide funding for the City Development Authority to help seek out quality business to bring to the City.

The City has programmed a downtown master plan into the 2018 budget and a re-branding study.

The Special Local Option Sales tax fund which was adopted in FY 18 reflects the new SPLOST collections that started in April of 2016. Included in the SPLOST budget are funds for Public Safety 20%, Facilities 15%, Transportation 45% and Parks and Recreation 20%.

Public Safety budget includes body cameras, police vehicles, and tag readers. The Parks and Recreation budget includes a greens conversion for West Pines Golf Course. The transportation portion of SPLOST includes $4.6 million dollars in resurfacing city roads and Gateway improvements.

The Facilities portion of SPLOST will fund Sanitation and Maintenance building.

Business – type Activities: The Sanitation rates in the City have not increased, in the past year. The Sanitation fund continues to be operated without outsourcing part of the service. In addition, the City has taken over recycling services which were outsourced in prior years. New crews have been added and new trucks have been purchased to handle recycling. The Sanitation fund will be matching SPLOST funds to build a new Facility.

Requests for Information:

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Douglasville, P.O. Box 219, Douglasville, GA 30133.

BASIC FINANCIAL STATEMENTS

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Development Authority**
Cash and cash equivalents	$ 6,245,845	$ 3,191,059	$ 9,436,904	$ 78,068
Investments	7,883,388	308,841	8,192,229	-
Taxes receivable, net of allowances	359,016	-	359,016	-
Accounts receivable, net of allowances	719,117	351,241	1,070,358	-
Other receivables	876	-	876	-
Due from other governments	1,302,475	-	1,302,475	-
Internal balances	(852,789)	852,789	-	-
Inventories	17,806	-	17,806	-
Prepaid expenses	820,876	122,628	943,504	3,646
Capital assets, non-depreciable	30,308,004	-	30,308,004	-
Capital assets, depreciable, net of accumulated depreciation	71,174,303	1,374,200	72,548,503	-
Total assets	117,978,917	6,200,758	124,179,675	81,714
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	776,787	-	776,787	-
Accumulated decrease in fair value of hedging derivative	323,252	-	323,252	-
Pension related items	1,344,604	115,493	1,460,097	-
Total deferred outflows of resources	2,444,643	115,493	2,560,136	-
LIABILITIES				
Accounts payable	982,403	227,357	1,209,760	1,962
Accrued liabilities	187,005	15,809	202,814	-
Accrued interest payable	515,215	-	515,215	-
Compensated absences due within one year	731,501	59,854	791,355	-
Compensated absences due in more than one year	81,277	6,650	87,927	-
Capital leases due within one year	235,068	-	235,068	-
Capital leases due in more than one year	500,135	-	500,135	-
Bonds payable due within one year	2,041,438	-	2,041,438	-
Bonds payable due in more than one year	35,261,126	-	35,261,126	-
Fair value of hedging derivative	323,252	-	323,252	-
Net pension liability	4,240,889	381,253	4,622,142	-
Net OPEB obligation	12,731,483	-	12,731,483	-
Total liabilities	57,830,792	690,923	58,521,715	1,962
DEFERRED INFLOWS OF RESOURCES				
Pension related items	496,232	44,611	540,843	-
NET POSITION				
Net investment in capital assets	64,221,327	1,374,200	65,595,527	-
Restricted for:				
Law enforcement	1,945,067	-	1,945,067	-
Promotion of tourism	776,990	-	776,990	-
Road resurfacing projects	1,010,148	-	1,010,148	-
Unrestricted	(5,856,996)	4,206,517	(1,650,479)	79,752
Total net position	$ 62,096,536	$ 5,580,717	$ 67,677,253	$ 79,752

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

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Development Authority
Primary government:								
Governmental activities:								
General government	$ 9,747,658	$ 2,944,164	$ 211,120	$ -	$ (6,592,374)	$ -	$ (6,592,374)	$ -
Judicial	789,823	1,570,466	-	-	780,643	-	780,643	-
Public safety	11,249,398	473,587	169,150	104,315	(10,502,346)	-	(10,502,346)	-
Public works	2,409,663	-	41,983	611,780	(1,755,900)	-	(1,755,900)	-
Culture and recreation	4,845,801	1,101,870	107,306	91,066	(3,545,559)	-	(3,545,559)	-
Housing and development	1,372,370	765,360	-	470,253	(136,757)	-	(136,757)	-
Interest and fiscal charges on long-term debt	1,250,809	-	-	-	(1,250,809)	-	(1,250,809)	-
Total governmental activities	31,665,522	6,855,447	529,559	1,277,414	(23,003,102)	-	(23,003,102)	-
Business-type activities:								
Sanitation	3,695,797	4,023,039	-	-	-	327,242	327,242	-
Total business-type activities	3,695,797	4,023,039	-	-	-	327,242	327,242	-
Total primary government	$ 35,361,319	$ 10,878,486	$ 529,559	$ 1,277,414	$ (23,003,102)	$ 327,242	$ (22,675,860)	$ -
Component unit:								
Development Authority	$ 137,230	$ 38,850	$ 40,000	$ -	$ -	$ -	$ -	$ (58,380)
Total component unit	$ 137,230	$ 38,850	$ 40,000	$ -	$ -	$ -	$ -	$ (58,380)
General revenues:								
Property taxes					$ 10,300,396	$ -	$ 10,300,396	$ -
Sales taxes					6,281,217	-	6,281,217	-
Hotel/Motel taxes					1,930,978	-	1,930,978	-
Franchise taxes					2,422,009	-	2,422,009	-
Insurance premium taxes					1,932,092	-	1,932,092	-
Alcohol beverage taxes					1,006,718	-	1,006,718	-
Unrestricted investment earnings					44,327	6,743	51,070	-
Miscellaneous					56,922	-	56,922	-
Transfers					100,000	(100,000)	-	-
Total general revenues and transfers					24,074,659	(93,257)	23,981,402	-
Change in net position					1,071,557	233,985	1,305,542	(58,380)
Net position, beginning of year					61,024,979	5,346,732	66,371,711	138,132
Net position, end of year					$ 62,096,536	$ 5,580,717	$ 67,677,253	$ 79,752

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

CITY OF DOUGLASVILLE, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	General	Confiscated Assets	GEMA Flood	Conference Center	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 4,230,638	$ 369,667	$ 600	$ -	$ 1,644,940	$ 6,245,845
Investments	6,170,081	1,610,362	-	-	102,945	7,883,388
Receivables, net:						
Taxes receivable	211,571	-	-	-	147,445	359,016
Accounts receivable	719,117	-	-	-	-	719,117
Other	-	876	-	-	-	876
Due from other governments	617,169	-	296,026	-	389,280	1,302,475
Inventories	17,806	-	-	-	-	17,806
Prepaid items	679,624	-	-	-	75,972	755,596
Total assets	$ 12,646,006	$ 1,980,905	$ 296,626	$ -	$ 2,360,582	$ 17,284,119
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 901,204	$ 35,838	$ 600	$ -	$ 44,761	$ 982,403
Accrued liabilities	178,139	-	-	-	8,866	187,005
Due to other funds	-	-	293,131	-	136,865	429,996
Advances from other funds	-	-	-	422,793	-	422,793
Total liabilities	1,079,343	35,838	293,731	422,793	190,492	2,022,197
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	254,581	-	296,026	-	82,915	633,522
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaid expenditures	679,624	-	-	-	75,972	755,596
Inventories	17,806	-	-	-	-	17,806
Restricted for:						
Law enforcement	-	1,945,067	-	-	-	1,945,067
Promotion of tourism	-	-	-	-	701,018	701,018
Road resurfacing projects	-	-	-	-	935,986	935,986
Debt service	-	-	-	-	374,199	374,199
Assigned:						
Retiree benefits	150,000	-	-	-	-	150,000
Purchase of vehicles and equipment	368,159	-	-	-	-	368,159
Unassigned	10,096,493	-	(293,131)	(422,793)	-	9,380,569
Total fund balances	11,312,082	1,945,067	(293,131)	(422,793)	2,087,175	14,628,400
Total liabilities, deferred inflows of resources, and fund balances	$ 12,646,006	$ 1,980,905	$ 296,626	$ -	$ 2,360,582	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	101,482,307
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	65,280
Some revenues are not available in the current period and, therefore, are reported as deferred inflows of resources in the funds.	633,522
The net pension liability and related deferred outflows and inflows of resources related to the City's pension plan are not expected to be liquidated with available financial resources and, therefore, are not reported in the funds.	(3,392,517)
The impact on net position resulting from an effective hedging instrument is not recognized until the hedge is used by the holder and, therefore, is deferred.	323,252
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(51,643,708)
Net position of governmental activities	$ 62,096,536

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

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Confiscated Assets	GEMA Flood	Conference Center	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 20,687,664	$ -	$ -	$ -	$ 3,269,372	$ 23,957,036
Licenses and permits	2,801,140	-	-	-	-	2,801,140
Intergovernmental	-	-	-	-	1,563,539	1,563,539
Fines and forfeitures	1,701,390	100,085	-	-	-	1,801,475
Charges for services	1,577,475	-	-	-	227,987	1,805,462
Interest income	43,358	15,498	-	-	969	59,825
Contributions	86,360	-	-	-	321,275	407,635
Miscellaneous	300,912	23,521	-	-	56,922	381,355
Total revenues	27,198,299	139,104	-	-	5,440,064	32,777,467
Expenditures						
Current:						
General government	7,095,655	-	-	-	3,920	7,099,575
Judicial	798,380	-	-	-	-	798,380
Public safety	9,752,272	538,854	-	-	231,083	10,522,209
Public works	1,629,541	-	17,266	-	119,304	1,766,111
Culture and recreation	2,808,214	-	-	-	1,058,707	3,866,921
Housing and development	1,257,023	-	-	-	498,593	1,755,616
Debt service:						
Principal retirement	359,423	-	-	-	1,806,619	2,166,042
Interest and fiscal charges	152,823	-	-	-	1,305,960	1,458,783
Bond issuance costs	-	-	-	-	207,594	207,594
Total expenditures	23,853,331	538,854	17,266	-	5,231,780	29,641,231
Excess (deficiency) of revenues over expenditures	3,344,968	(399,750)	(17,266)	-	208,284	3,136,236
Other financing sources (uses):						
Issuance of refunding bonds	-	-	-	-	13,600,000	13,600,000
Original issue premium	-	-	-	-	1,679,464	1,679,464
Refunding deposit with escrow agent	-	-	-	-	(15,072,082)	(15,072,082)
Proceeds from sale of capital assets	3,500	-	-	-	-	3,500
Transfers in	145,000	-	17,266	315,000	849,844	1,327,110
Transfers out	(1,017,110)	-	-	-	(210,000)	(1,227,110)
Total other financing sources (uses)	(868,610)	-	17,266	315,000	847,226	310,882
Net change in fund balance	2,476,358	(399,750)	-	315,000	1,055,510	3,447,118
Fund balances, beginning of year	8,835,724	2,344,817	(293,131)	(737,793)	1,031,665	11,181,282
Fund balances, end of year	$ 11,312,082	$ 1,945,067	$ (293,131)	$ (422,793)	$ 2,087,175	$ 14,628,400

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

CITY OF DOUGLASVILLE, 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, 2017

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

Net change in fund balances - total governmental funds	$	3,447,118
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		(1,753,726)
Governmental funds report the proceeds from the sale of capital assets; however, the statement of activities reports the gain or loss on disposal. Therefore, the change in net position will differ from the change in fund balance by the net book value of the capital assets disposed.		(619,928)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(140,388)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,079,895
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,941,414)
Change in net position - governmental activities	$	1,071,557

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

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	Major Enterprise Fund Sanitation Fund
CURRENT ASSETS	
Cash and cash equivalents	$ 3,191,059
Investments	308,841
Accounts receivable, net of allowances	351,241
Due from other funds	429,996
Prepaid expenses	122,628
Total current assets	4,403,765
NON-CURRENT ASSETS	
Advances to other funds	422,793
Depreciable capital assets, net of accumulated depreciation	1,374,200
Total non-current assets	1,796,993
Total assets	6,200,758
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	115,493
CURRENT LIABILITIES	
Accounts payable	227,357
Accrued liabilities	15,809
Compensated absences, due within one year	59,854
Total current liabilities	303,020
NON-CURRENT LIABILITIES	
Compensated absences, due in more than one year	6,650
Net pension liability	381,253
Total non-current liabilities	387,903
Total liabilities	690,923
DEFERRED INFLOWS OF RESOURCES	
Pension related items	44,611
NET POSITION	
Investment in capital assets	1,374,200
Unrestricted	4,206,517
Total net position	$ 5,580,717

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

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Enterprise Fund
	Sanitation Fund
OPERATING REVENUES	
Charges for services	$ 4,023,039
OPERATING EXPENSES	
Personnel costs	1,340,313
Purchased and contracted services	1,542,228
Other operating expenses	491,628
Depreciation	321,628
Total operating expenses	3,695,797
Operating income	327,242
NON-OPERATING INCOME	
Interest income	6,743
Income before transfers	333,985
TRANSFERS OUT	(100,000)
Change in net position	233,985
NET POSITION, beginning of year	5,346,732
NET POSITION, end of year	$ 5,580,717

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

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Enterprise Fund Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 4,087,583
Payments to suppliers and service providers	(2,064,002)
Payments to employees	(1,283,531)
Net cash provided by operating activities	740,050
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipt of interfund borrowings	220,431
Transfers to other funds	(100,000)
Net cash provided by noncapital financing activities	120,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(327,956)
Net cash used by capital and related financing activities	(327,956)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(1,748)
Interest on investments	6,743
Net cash provided by investing activities	4,995
Increase in cash and cash equivalents	537,520
Cash and cash equivalents:	
Beginning of year	2,653,539
End of year	$ 3,191,059

(Continued)

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Enterprise Fund Sanitation Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 327,242
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	321,628
(Increase) decrease in:	
Accounts receivable	64,544
Prepaid expenses	(69,970)
Increase (decrease) in:	
Accrued liabilities	4,806
Accounts payable	39,824
Compensated absences	2,291
Net pension liability (and related deferred outflows / inflows of resources)	49,685
Net cash provided by operating activities	$ 740,050

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

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2017

	Municipal Court
ASSETS	
Cash	$ 42,200
TOTAL ASSETS	$ 42,200
LIABILITIES	
Due to other governments and individuals	$ 42,200
TOTAL LIABILITIES	$ 42,200

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Douglasville, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Douglasville was incorporated in 1937 under the provisions of an Act of the General Assembly of Georgia. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter; public safety (police), highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered financially accountable. The blended component units are included within the City's funds as these entities provide services exclusively to the City although they are legally separate entities. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

The Douglasville Convention and Conference Center Authority (the "Authority") was organized to issue bonds to develop and promote commerce, industry and general welfare within the City. The Authority's board members are substantially the same as the City's council members and the City has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Authority. Therefore, as the Authority is purely a financing authority of the City and the existence of this financial benefit or burden relationship, the Authority is presented as a blended component unit. The Authority is presented as a capital projects fund of the City.

The Douglasville Public Purpose Corporation (the "Corporation") was organized to issue bonds to develop and promote commerce, industry and general welfare within the City. The Corporation's board members are substantially the same as the City's council members and the City has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Corporation. Therefore, as the Corporation is purely a financing authority of the City and the existence of this financial benefit or burden relationship, the Corporation is presented as a blended component unit. The Corporation is presented as a special revenue fund of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Unit

The City of Douglasville Development Authority (the "Authority") was created as a separate legal entity by an act of the state legislature and "activated" by action of the City Council to promote and expand industry, welfare and trade for the public good and welfare of the City, and make long-range plans for such development and expansion. The governing board of the Authority is appointed by the City Council for fixed terms and the City is considered to be able to impose its will on the Authority and thus the Authority is presented as a governmental fund-type discretely presented component.

Financial information with regard to all of the City's component units can be obtained from the City's finance department located at 6695 Church Street, Douglasville, Georgia 30134. Separate financial statements for the City's component units are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of* accounting, as are the proprietary fund and the fiduciary fund. Agency funds are custodial in nature and do not present results of operations or have a measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of* accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period, with the exception of intergovernmental revenues which are considered to be available if collected within nine (9) months of the end of the current fiscal period. Expenditures are generally 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.

Property taxes, sales taxes, intergovernmental grants, fines, and investment income 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 if appropriate criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

The City reports the following major governmental funds:

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

The ***Confiscated Assets Fund*** accounts for the cash received either as a result of cash confiscation or cash received from a sale of capital assets acquired from drug raids.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds (continued):

The ***GEMA Flood Fund*** is used to account for a grant awarded to the City for improvements and restoration needed subsequent to damage incurred as a result of flooding.

The ***Conference Center Fund*** is used to account for the construction of a conference center fund by bond proceeds.

The City reports the following major proprietary fund:

The ***Sanitation Fund*** accounts for the operation of the sanitation system including all revenues from sources applicable to these operations and all expenses of the operation.

The City also reports the following fund types:

The **Special Revenue funds** are used to account for revenue sources that are legally restricted to expenditures for specific purposes such as hotel/motel and car rental excise tax revenues, as well as various grants and contributions.

The **Capital Projects funds** are used to account for expenditures related to the construction, acquisition, and/or installation the City's capital assets.

The **Debt Service fund** is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The **Agency fund** is used to account for funds that the City holds for others in an agency capacity, such as municipal court bonds and fines.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three (3) months or less from the date of acquisition.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as investments for financial statement presentation.

The City's nonparticipating interest-earning investment contracts are recorded at cost. All remaining investments are recorded at fair value. Increases or decreases in the fair value of the City's investments during the year are recognized as a component of investment income.

E. Receivables and Payables

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

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

F. Inventories

Inventories are valued at cost, which approximates market, using the weighted average cost method. The consumption method is used to account for inventories. Under the consumption method, inventory items are recognized as expenditures when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each year, including infrastructure, they are capitalized and reported at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's lives are not capitalized.

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

Asset	Years
Buildings	50
Other Improvements	20
Infrastructure	30
Vehicles	5
Machinery & Equipment:	
Heavy	15
Small	10
Furniture and Office	5
Computer	5

I. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded as leave is earned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has two (2) items which qualify for reporting in this category (aside from items related pensions which are discussed below): (1) the City's deferred charge on refunding qualifies for reporting in this category as the deferred charge results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt; and (2) the accumulated decrease in the fair value of the hedging derivative qualifies for reporting in this category. As the derivative qualifies as an effective hedge, the change in fair market value which occurs each fiscal year is deferred until the hedge is used by the holder.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one (1) item that qualifies for reporting in this category (aside from deferred inflows related to pensions which are discussed below) and this item arises only in reporting that utilizes the modified accrual basis of accounting and accordingly, this item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and intergovernmental grants as these items are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Finally, the City also has deferred outflows and inflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. These contributions will reduce the net pension liability in the next fiscal year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are reported as expenses in the periods in which they are incurred, with the exception of prepaid bond insurance which is amortized over the life of the bond in accordance with Governmental Accounting Standards Board Statement No. 65.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources. Bond issuance costs are reported as debt service expenditures.

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund balances are classified as follows (continued):

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through the adoption of a resolution, the City Council has expressly delegated to the City Manager and Finance Director the authority to assign fund balances for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in the General Fund. For all other funds, any deficits in fund balance at year-end will be reported as unassigned.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Douglasville Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "the net pension liability and related deferred outflows and inflows of resources related to the City's pension plan are not expected to be liquidated with available financial resources and, therefore, are not reported in the funds." The details of this $3,392,517 difference are as follows:

Deferred outflows of resources - pension related items	$	1,344,604
Net pension liability		(4,240,889)
Deferred inflows of resources - pension related items		(496,232)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(3,392,517)

Another element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $51,643,707 difference are as follows:

Accrued interest payable	$	(515,215)
Capital leases payable		(735,203)
Compensated absences payable		(812,778)
Net OPEB obligation		(12,731,483)
Bonds payable		(35,215,183)
Bond premiums, unamortized balance		(2,105,915)
Bond discounts, unamortized balance		18,534
Deferred charges from refunding, unamortized balance		776,787
Fair value of hedging derivative		(323,252)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(51,643,708)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,753,726 difference are as follows:

Capital outlay	$ 1,368,968
Depreciation expense	(3,122,694)
Net adjustment to decrease *net changes in fund balances - total governmental* funds to arrive at *changes in net position of governmental activities*	$ (1,753,726)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this $2,079,895 difference are as follows:

Issuance of general obligation refunding bonds	$ (13,600,000)
Original issuance premium	(1,679,464)
Principal repayments - capital leases	264,423
Principal repayments - bonds	1,901,619
Refunding deposit with escrow agent	15,072,082
Amortization of bond premiums	188,871
Amortization of bond discounts	(2,904)
Amortization of deferred charges from refunding	(64,732)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,079,895

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

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $1,941,414 difference are as follows:

Compensated absences	$	(67,967)
Accrued interest		86,739
Net OPEB obligation		(1,713,243)
Net pension liability and related deferred outflows and inflows of resources		(134,223)
Amortization of prepaid bond insurance		(112,720)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(1,941,414)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

An operating budget is legally adopted each fiscal year for the General Fund, Special Revenue Funds, and Debt Service Fund. Project length budgets are adopted for the Capital Projects Funds. The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the City Council by the Finance Director.
2. A public hearing on the budget is held.
3. The budget is then legally enacted through the passage of an ordinance.
4. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City Manager may make transfers of appropriations within a department without prior approval of the City Council if it is not capital related and is less than $5,000. Transfers of appropriations between departments require the approval of the Mayor and City Council.
5. Appropriations, except for encumbrances, lapse at year end.

The following funds had actual expenditures in excess of appropriations for the fiscal year ended June 30, 2017:

Confiscated Assets Fund	$	172,398

These expenditures in excess of appropriations were funded by greater than anticipated revenues and available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

The table below summarizes the City's cash and cash equivalents and investments by type as of June 30, 2017:

Investment	Maturities	Balance
Deposits with financial institutions	---	$ 9,479,104
Certificate of deposit	July 1, 2017	20,013
Certificate of deposit	August 12, 2017	257,525
Certificate of deposit	September 16, 2017	756,954
Certificate of deposit	January 5, 2018	1,003,400
Certificate of deposit	March 20, 2018	504,237
Certificate of deposit	May 2, 2018	1,001,316
Certificate of deposit	May 2, 2018	1,001,316
Certificate of deposit	May 13, 2018	1,352,838
Georgia Fund 1	26 day WAM (1)	2,294,630
Total		$ 17,671,333
As reported in the Statement of Net Position:		
Cash and cash equivalents		$ 9,436,904
Investments		8,192,229
Cash and cash equivalents - Agency Fund		42,200
Total		$ 17,671,333

(1) Weighted average maturity

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

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

NOTE 4. DEPOSITS AND INVESTMENTS

Fair value measurements (continued):

As part of the issuance of the City's 2005 Series Revenue Bonds, the City entered into an interest rate swap agreement. The interest rate swap agreement is more fully described in Note 8. The fair value of the interest rate swap agreement is classified as Level 2 of the fair value hierarchy and is valued using an option-adjusted discounted cash flow model.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

The City's certificates of deposit are considered nonparticipating interest-earning investment contracts and, accordingly, are valued at cost.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments and the Georgia Fund 1) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties or municipalities. As of June 30, 2017, the City's deposits were properly insured and/or collateralized as required by State statutes with the exception of one (1) certificate of deposit with a balance of approximately $1.35 million that was only insured in the amount of $250,000. The financial institution holding this certificate of deposit has not pledged any collateral to secure the City's deposit amount above insured limits.

Interest rate risk: With regard to its investments, the City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 5. RECEIVABLES

Receivables at June 30, 2017, for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Confiscated Assets	GEMA Flood	Non-major Governmental	Sanitation	Total
Receivables:						
Taxes	$ 211,571	$ -	$ -	$ 147,445	$ -	$ 359,016
Accounts	2,672,779	-	-	5,910	472,192	3,150,881
Other	-	876	-	-	-	876
Intergovernmental	617,169	-	296,026	389,280	-	1,302,475
Gross receivables	3,501,519	876	296,026	542,635	472,192	4,813,248
Less allowance for uncollectibles	(1,953,662)	-	-	(5,910)	(120,951)	(2,080,523)
Net total receivables	$ 1,547,857	$ 876	$ 296,026	$ 536,725	$ 351,241	$ 2,732,725

NOTE 6. PROPERTY TAXES

The City has contracted with the Douglas County Tax Commissioner's Office for the billing and collection of its property taxes. All property tax revenues are recognized when levied to the extent that they result in current receivables. Property tax receivables outstanding more than 60 days after June 30 are recorded as deferred inflows of resources for unavailable revenue in the governmental funds. For the year ended June 30, 2017, property taxes were levied on September 15, 2016 and due November 15, 2016. Collections not received by December 15, 2016 are considered delinquent. Liens were attached to property for unpaid taxes on May 15, 2017.

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NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, is as follows:

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 29,465,527	$ -	$ (6,395)	$ -	$ 29,459,132
Construction in progress	426,031	657,223	(174,795)	(59,587)	848,872
Total	29,891,558	657,223	(181,190)	(59,587)	30,308,004
Capital assets, being depreciated:					
Infrastructure	98,260,898	-	-	12,451	98,273,349
Buildings	53,120,498	-	-	-	53,120,498
Other improvements	11,656,041	7,336	(611,851)	47,136	11,098,662
Machinery, equipment, and vehicles	15,446,240	704,409	(36,060)	-	16,114,589
Total	178,483,677	711,745	(647,911)	59,587	178,607,098
Less accumulated depreciation:					
Infrastructure	(80,520,584)	(828,632)	-	-	(81,349,216)
Buildings	(8,027,743)	(1,057,265)	-	-	(9,085,008)
Other improvements	(3,123,297)	(498,414)	173,113	-	(3,448,598)
Machinery, equipment, and vehicles	(12,847,650)	(738,383)	36,060	-	(13,549,973)
Total	(104,519,274)	(3,122,694)	209,173	-	(107,432,795)
Total assets, being depreciated, net	73,964,403	(2,410,949)	(438,738)	59,587	71,174,303
Governmental activities capital assets, net	$ 103,855,961	$ (1,753,726)	$ (619,928)	$ -	$ 101,482,307

NOTE 7. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, being depreciated:					
Vehicles	$ 2,651,094	$ 327,956	$ -	$ -	$ 2,979,050
Machinery and equipment	579,141	-	-	-	579,141
Total	3,230,235	327,956	-	-	3,558,191
Less accumulated depreciation for:					
Vehicles	(1,382,634)	(257,084)	-	-	(1,639,718)
Machinery and equipment	(479,729)	(64,544)	-	-	(544,273)
Total	(1,862,363)	(321,628)	-	-	(2,183,991)
Total assets, being depreciated, net	1,367,872	6,328	-	-	1,374,200
Business-type activities capital assets, net	$ 1,367,872	$ 6,328	$ -	$ -	$ 1,374,200

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

Governmental activities:	
General government	$ 567,711
Public safety	800,087
Public works	664,263
Culture and recreation	1,090,633
Total depreciation expense - governmental activities	$ 3,122,694
Business-type activities:	
Sanitation	$ 321,628
Total depreciation expense - business-type activities	$ 321,628

NOTE 8. LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 37,386,802	$ 13,600,000	$ (15,771,619)	$ 35,215,183	$ 2,041,438
Plus unamortized premiums	975,885	1,679,464	(549,434)	2,105,915	-
Less unamortized discounts	(21,438)	-	2,904	(18,534)	-
Bonds payable, net	38,341,249	15,279,464	(16,318,149)	37,302,564	2,041,438
Capital leases	999,626	-	(264,423)	735,203	235,068
Net pension liability	3,857,465	2,616,104	(2,232,680)	4,240,889	-
Net OPEB obligation	11,018,240	2,032,014	(318,771)	12,731,483	-
Compensated absences	744,811	688,212	(620,245)	812,778	731,501
Governmental activities Long-term liabilities	$ 54,961,391	$ 20,615,794	$ (19,754,268)	$ 55,822,917	$ 3,008,007
Business-type activities:					
Compensated absences	$ 64,213	53,061	$ (50,770)	$ 66,504	$ 59,854
Net pension liability	306,271	285,186	(210,204)	381,253	-
Business-type activity Long-term liabilities	$ 370,484	$ 338,247	$ (260,974)	$ 447,757	$ 59,854

For governmental activities, the net pension liability, net OPEB obligation, and compensated absences are generally liquidated by the General Fund. For business-type activities, the net pension liability and compensated absences are liquidated by the Sanitation Fund.

General Obligation Bonds. The City issued General Obligation Bonds, Series 2009 in the aggregate principal amount of $23,000,000 for the purpose of financing the cost of the acquisition, construction, and furnishing of a facility to house public safety and municipal court operations. The bonds bear interest at rates ranging from 2.0% to 5.0% and interest payments are due semi-annually on February 1 and August 1. Principal is payable annually on February 1 until the bonds mature. As of June 30, 2017, the outstanding balance of the Series 2009 bonds is $2,135,000.

In September 2016, the City issued General Obligation Bonds, Series 2016 in the aggregate principal amount of $13,600,000, the proceeds of which (when combined with the original issue premium of $1,679,464) were used to refund $13,870,000 of the previously outstanding General Obligation Bonds, Series 2009. The bonds bear interest at rates ranging from 2.25% to 4.0% and interest payments are due semi-annually on February 1 and August 1. Principal is payable annually, commencing on February 1, 2020 until the bonds mature on February 1, 2029. As of June 30, 2017, the outstanding balance of the Series 2009 bonds is $13,600,000.

NOTE 8. LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (continued). The refunding transaction undertaken by the City resulted in aggregate debt service savings of $1,519,397 and an economic gain (net present value of the aggregate debt service savings) of $1,354,375. As part of the refunding, the City defeased certain outstanding General Obligation Bonds, Series 2009 by placing the proceeds of the new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2017, the outstanding amount of General Obligation Bonds, Series 2009 considered defeased is $13,870,000.

Revenue Bonds. In September 2005, the Douglasville Public Purpose Corporation issued Series 2005 revenue bonds in the aggregate principal amount of $7,253,713 ($3,970,183 outstanding at June 30, 2017) for the purpose of financing the construction of a public service building. The bonds were issued at a variable rate equal to 61.1% of the one-month London Interbank Offered Rate (LIBOR) plus 115 basis points. Payments of principal and interest are due monthly, on the first of each month commencing on October 1, 2005 until the bonds mature on May 1, 2026. As part of the issuance of the bonds, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to make a monthly interest payment to, or on behalf of the Swap Counterparty, equal to 4.11% times a notional amount specified in the Swap Agreement (which adjusts with each payment to be the outstanding balance of the Series 2005 revenue bonds) and the Swap Counterparty will pay to, or on behalf of, the City a monthly payment equal to 61.1% of one-month LIBOR plus 115 basis points times the notional amount specified in the Swap Agreement. The monthly payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the bonds and as noted above, the variable rate of interest on the bonds and the Swap Agreement are the same. Monthly interest payments between the City, the bondholders, and the Swap Counterparty can be made in net settlement form as part of this agreement. This agreement matures on May 1, 2026, at the same time of the bonds. This derivative qualifies as a cash flow hedge.

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Baa1 by Moody's. At June 30, 2017, the floating rate being received by the City from the Swap Counterparty and paid by the City to bondholders is 1.8966% and the market value of this agreement is ($323,252), an increase of $203,260 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2017 based on the derivative contract. This market value is reported as a liability in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the outflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as a deferred outflow of resources in the statement of net position.

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (continued). On November 15, 2011, the Douglasville Convention and Conference Center Authority issued $9,640,000 of Series 2011 revenue bonds for the purpose of financing the cost of the design, acquisition, construction, and furnishing of a new conference center and parking facilities. The bonds bear interest at rates ranging from 3.0% to 5.0% and interest payments are due semi-annually on February 1 and August 1. Principal is payable annually commencing on February 1, 2022 until the bonds mature on February 1, 2035. As of June 30, 2017, the outstanding balance of the Series 2011 bonds is $9,640,000.

On January 4, 2012, the Douglasville Convention and Conference Center Authority issued $3,770,000 of Series 2011 revenue bonds for the purpose of financing the cost of the design, acquisition, construction, and furnishing of a new conference center and parking facilities. The bonds bear interest at rates ranging from 4.0% to 5.0% and interest payments are due semi-annually on February 1 and August 1. Principal is payable annually commencing on February 1, 2014 until the bonds mature on February 1, 2022. As of June 30, 2017, the outstanding balance of the Series 2012 bonds is $2,110,000.

On January 24, 2013, the Douglasville Convention and Conference Center Authority issued $4,110,000 of Series 2013 revenue bonds for the purpose of financing the cost of the design, acquisition, and construction, of the West Pines Golf Course. The bonds bear interest at rates ranging from 1.0% to 3.25% and interest payments are due semi-annually on February 1 and August 1. Principal is payable annually commencing on August 1, 2013 until the bonds mature on August 1, 2035. As of June 30, 2017, the outstanding balance of the Series 2013 bonds is $3,760,000.

The annual debt service requirements to maturity on all of the City's bonds outstanding at June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2018	$ 2,041,438	$ 1,235,872	$ 3,277,310
2019	2,122,204	1,175,596	3,297,800
2020	2,248,405	1,086,417	3,334,822
2021	2,325,942	1,015,019	3,340,961
2022	2,408,576	940,939	3,349,515
2023-2027	12,853,618	3,454,617	16,308,235
2028-2032	7,980,000	1,446,300	9,426,300
2033-2036	3,235,000	272,138	3,507,138
Total	$ 35,215,183	$ 10,626,898	$ 45,842,081

NOTE 8. LONG-TERM DEBT (CONTINUED)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of various items including equipment and improvements used in general governmental activities. The lease agreements qualify as capital leases for accounting purposes as the titles to the property transfer to the City at the end of the lease terms and therefore, the leases have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Lease payments are due in annual installments.

The original cost of the City's assets under capital lease arrangements at June 30, 2017 is $2,934,279 and there has been $781,860 of accumulated depreciation as of year-end. Annual depreciation of these assets is included in depreciation expense.

Debt service requirements to maturity on the City's capital leases are as follows:

Year Ending June 30,	
2018	$ 265,960
2019	265,960
2020	265,960
Total minimum lease payments	797,880
Less amount representing interest	(62,677)
Present value of future minimum lease payments	735,203
Less current maturities	235,068
Long term liabilities	$ 500,135

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Due From		
Due To	GEMA Flood	Other Governmental Funds	Total
Sanitation	$ 293,131	$ 136,865	$ 429,996

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

In addition to the interfund balances noted above, the Sanitation Fund reports an advance to the Conference Center Fund in the amount of $422,793. This balance will be repaid over multiple fiscal years as Car Rental Excise Taxes are collected and can be used to repay the Sanitation Fund.

The composition of transfers to/from during the year ended June 30, 2017 is as follows:

	Transfers Out			
Transfers In	General Fund	Sanitation Fund	Other Governmental Funds	Total
General Fund	$ -	$ 100,000	$ 45,000	$ 145,000
GEMA Flood	17,266	-	-	17,266
Conference Center	150,000	-	165,000	315,000
Other Governmental Funds	849,844	-	-	849,844
Total	$ 1,017,110	$ 100,000	$ 210,000	$ 1,327,110

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the Metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). Membership in an ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an ARC. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street NE, Atlanta, Georgia 30303.

NOTE 11. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Douglasville Retirement Plan), covering all of the City's full-time employees. The City's pension plan is administered through the Georgia Municipal Employee Benefits System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. All City employees, including elected officials, are eligible to participate in the Plan on the date of full-time employment (i.e., there is no waiting period to enroll in the Plan). Benefits are considered fully vested after five (5) years of service. Normal retirement is considered to be at age 65 with 5 years of service and participants may elect early retirement at age 55 with 10 years of service. The benefit is calculated based on total years of service and a 1.75% multiplier times their final average earnings for the 5 highest consecutive years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan Membership. As of January 1, 2017, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	106
Inactive plan members entitled to but not receiving benefits	103
Active plan members	235
Total plan membership	444

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. Currently, active employees do not contribute to the Plan. For the year ended June 30, 2017, the City's recommended contribution rate was 8.22% of annual payroll; actual contributions came to 8.92%.

City contributions to the Plan were $868,206 for the year ended June 30, 2017.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward the total pension liability measured as of September 30, 2016.

Actuarial assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25% - 8.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates for the January 1, 2016 valuation 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.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – 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 (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.75%
International equity	20%	7.45
Domestic fixed income	20%	1.75
Global fixed income	5%	3.30
Real estate	10%	4.55
Cash	—%	
Total	100%	

* Rates shown are net of the 3.25% assumed rate of inflation

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2017 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/16	$ 29,967,178	$ 25,803,442	$ 4,163,736
Changes for the year:			
Service cost	533,286	-	533,286
Interest	2,270,884	-	2,270,884
Differences between expected and actual experience	991,040	-	991,040
Contributions—employer	-	744,784	(744,784)
Contributions—employee		45,462	(45,462)
Net investment income	-	2,859,566	(2,859,566)
Benefit payments, including refunds of employee contributions	(1,330,903)	(1,330,903)	-
Administrative expense	-	(38,372)	38,372
Current year plan changes	274,636	-	274,636
Net changes	2,738,943	2,280,537	458,406
Balances at 6/30/17	$ 32,706,121	$ 28,083,979	$ 4,622,142

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

For the current year, the plan changes noted above went into effect in on April 5, 2016. Effective on that date, all employees (employed on or after 4/5/2016) have a flat benefit multiplier of 1.75% for all years of service.

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 9,346,919	$ 4,622,142	$ 748,302

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2016 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of $1,046,726. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 792,832	$ 368,219
Changes in assumptions	-	133,146
Net difference between projected and actual earnings on pension plan investments	-	39,478
City contributions subsequent to the measurement date	667,265	-
Total	$ 1,460,097	$ 540,843

NOTE 11. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $667,265 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2018	$	(47,659)
2019		(47,659)
2020		325,548
2021		21,759
Total	$	251,989

NOTE 12. 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. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, 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 City 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 past three years have not exceeded insurance coverage.

NOTE 13. COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is involved in various claims and matters of litigation which, in the opinion of the City Attorney, the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

B. Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to disallowance of certain expenditures previously reimbursed by those agencies.

C. Commitments

The City has executed contracts with third parties for various projects throughout the City. As of June 30, 2017, the balance of those contracts representing commitments made by the City for work not yet completed is $1,145,875.

NOTE 14. HOTEL/MOTEL LODGING TAX

Under the provisions of the Official Code of Georgia Annotated (OCGA) Section §48-13-51, the City has imposed and collected hotel/motel taxes at a rate of 8%. The Code section requires that the City expend a percentage of the taxes collected for the purpose of promoting tourism, conventions, trade shows, etc, and promoting the City and business therein. During the year ended June 30, 2017, the City expended for promotional purposes approximately 100% of such taxes collected.

The following is a summary of the collections and expenditures for the year ended June 30, 2017:

Total Collected	$1,930,978
Amount Expended for Promotional Purposes	1,930,978

NOTE 15. RENTAL CAR EXCISE TAX

Under the provisions of the Official Code of Georgia Annotated (OCGA) Section §48-13-93, the City has imposed an excise tax on the rental of motor vehicles within the City. The Code section requires that the City expend these funds for the acquisition, construction, renovation, improvement, maintenance and equipping of pedestrian walkways, installation of traffic lights, and street lights associated with public safety or public improvements for sports and recreational facilities.

The following is a summary of the collections and expenditures for the year ended June 30, 2017:

Total Collected	$190,292
Amount Expended for Recreational Facilities	165,000

NOTE 16. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Douglasville 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 Council has the authority to establish and amend the OPEB Plan. 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 GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Eligibility. Everyone who retires from the City is eligible for life insurance benefits, regardless of length of service. For medical, dental and vision coverage, the retiree must be hired prior to January 1, 2016, continue coverage immediately upon retirement, and meet at least one of the following criteria:

- Retire on or after age 65 with at least 5 years of service;
- Retire on or after age 55 with at least 10 years of service;
- Retire as a police officer and be at least age 50 with at least 25 years of service; or
- Be hired prior to 2006 and have age plus service equal to 75 or more.

Based on the criteria noted above, the OPEB Plan was effectively closed to new entrants for medical, dental, and vision coverage as of January 1, 2016.

Benefits. Medical, prescription drug, dental and life benefits are provided to all eligible retirees depending upon whether the retiree had medical, prescription drug, dental and life benefits at the time of retirement. Benefits are payable for the duration of the retiree's life and include spousal benefits as well at the same level as the retiree. The portion of the monthly premium paid by the City and the retiree will vary depending on the plan selected by the retiree (PPO, HMO, etc.). Benefits are payable to a surviving spouse for one (1) year after the retiree's death.

Plan Membership. As of January 1, 2017, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Retirees and spouses currently receiving benefits	89
Eligible surviving spouses receiving benefits	3
Active employees	235
Total plan membership	327

NOTE 16. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

City Contributions

The City contribution is determined by the actuary as necessary to keep the OPEB Plan in compliance with the funding requirements of the State of Georgia; however, the City has elected to fund the plan on a pay-as-you-go basis.

The annual required contribution for the current year was determined as part of the January 1, 2017 actuarial valuation. The actuarial assumptions included:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed, 25 Years
Remaining Amortization Period	17 years as of July 1, 2016
Asset Valuation Method	Market Value of Assets
Investment Rate of Return (Includes inflation at 3.25%)	4.00%
Medical and Drug Cost Trend Rate	7.00% graded to 4.50% over 5 years
Dental Cost Trend Rate	4.00%

The following is a schedule of funding progress using the projected unit credit actuarial cost method and the actuarial assumptions from the most recent valuation date (January 1, 2017):

Actuarial Value of Assets	$	-
Actuarial Accrued Liability (AAL)	$	18,244,706
Unfunded Actuarial Accrued Liability (UAAL)	$	18,244,706
Funded Ratio		0.00%
Covered Payroll	$	10,080,226
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll		181.00%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at January 1, 2017. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future.

NOTE 16. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost

The City's actuarially determined contribution, OPEB cost, and the increase in the net OPEB obligation for the year ended June 30, 2017 is as follows:

Actuarially required contribution (ARC)	$ 2,462,133
Interest on prior year net OPEB obligation	440,730
Adjustments to ARC	(870,849)
Annual OPEB cost	2,032,014
Actual employer contributions made	(318,771)
Increase in net OPEB obligation	1,713,243
Net OPEB obligation, June 30, 2016	11,018,240
Net OPEB obligation, June 30, 2017	$ 12,731,483

The required contribution was determined as part of the January 1, 2017 actuarial valuation. The chart below shows the annual OPEB cost for the current and two (2) most recent years, along with the percentage actually contributed by the City:

Schedule of Employer Costs and Contributions

Fiscal Year Ended June 30,	Annual OPEB Cost	Actual OPEB Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2017	$ 2,032,014	$ 318,771	15.69%	$ 12,731,483
2016	1,534,235	306,847	20.00%	11,018,240
2015	1,527,818	300,402	19.66%	9,790,852

NOTE 17. DEFICIT FUND EQUITY

The following funds had a deficit fund balances at June 30, 2017:

GEMA Flood Fund $293,131
This fund deficit will be reduced through the collection of unavailable intergovernmental revenues.

Conference Center Fund $422,793
This fund deficit will be reduced through car rental excise taxes and General Fund appropriations.

NOTE 18. TAX ABATEMENTS

The City, through its Development Authority, enters into property tax abatement agreements with local businesses under the economic development laws of the State of Georgia. Under these laws, localities may grant property tax abatements for the purpose of attracting businesses within their jurisdiction.

For the fiscal year ended June 30, 2017, the City abated property tax revenues totaling $423,957 under its economic development program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- A 100% abatement on real property taxes to a food service supplier and distribution company amounting to $71,123. In exchange for the tax incentives, the company has committed to creating at least 400 full-time jobs with an average hourly rate of $22.00.

- A 100% abatement on real and personal property taxes and a second 90% abatement on personal property taxes to a medical products manufacturing company amounting to $251,523. In exchange for the tax incentives, the company has committed to creating at least 138 and 57 new full-time jobs, respectively, with a minimum average hourly rate of $18.75.

For each of the above agreements, the mechanism by which the taxes are being abated is a reduction of assessed value. Furthermore, if either of the companies fail to meet the economic investment targets, the percentage of assessed value being reduced will be changed based on a sliding scale. For any period in which the actual amount of abated taxes exceeds the adjusted amount per the sliding scale, a payment-in-lieu-of-tax (PILOT) payment will be required to be made for the difference.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 22,024,030	$ 20,568,188	$ 20,687,664	$ 119,476
Licenses and permits	2,262,693	2,297,693	2,801,140	503,447
Fines and forfeitures	1,587,500	1,587,500	1,701,390	113,890
Charges for services	1,586,145	1,604,078	1,577,475	(26,603)
Interest income	5,050	18,228	43,358	25,130
Contributions	76,800	76,800	86,360	9,560
Miscellaneous	158,130	172,410	300,912	128,502
Total revenues	27,700,348	26,324,897	27,198,299	873,402
Expenditures:				
Current:				
General Government:				
Mayor and Council				
Personal services	221,763	221,763	192,283	29,480
Other operating expenditures	85,196	113,512	102,551	10,961
Total Mayor and Council	306,959	335,275	294,834	40,441
Clerk of Council				
Personal services	128,555	139,465	138,059	1,406
Other operating expenditures	46,828	41,064	18,294	22,770
Total Clerk of Council	175,383	180,529	156,353	24,176
City Manager				
Personal services	375,824	402,682	331,007	71,675
Other operating expenditures	69,820	79,820	55,294	24,526
Total City Manager	445,644	482,502	386,301	96,201
Financial administration				
Personal services	403,951	394,030	389,388	4,642
Other operating expenditures	228,975	241,697	221,063	20,634
Total Financial administration	632,926	635,727	610,451	25,276
Legal				
Personal services	107,756	110,397	107,873	2,524
Other operating expenditures	201,680	201,680	113,342	88,338
Total Legal	309,436	312,077	221,215	90,862
Information services				
Personal services	215,814	220,619	217,076	3,543
Other operating expenditures	1,275,868	1,201,046	1,072,850	128,196
Capital outlay	278,912	326,912	309,794	17,118
Total Information services	1,770,594	1,748,577	1,599,720	148,857

Continued

CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Human resources				
Personal services	$ 288,042	$ 322,258	$ 322,259	$ (1)
Other operating expenditures	115,170	125,186	123,243	1,943
Capital outlay	1,200	-	1,331	(1,331)
Total Human resources	404,412	447,444	446,833	611
Building and grounds				
Personal services	104,938	106,602	104,690	1,912
Other operating expenditures	66,000	66,000	65,449	551
Total Building and grounds	170,938	172,602	170,139	2,463
Communications				
Personal services	284,666	290,663	290,295	368
Other operating expenditures	101,643	105,318	40,815	64,503
Capital outlay	22,400	27,300	4,588	22,712
Total Communications	408,709	423,281	335,698	87,583
Engineering				
Other operating expenditures	44,000	60,235	55,843	4,392
Total Engineering	44,000	60,235	55,843	4,392
General administration				
Personal services	479,700	411,000	330,428	80,572
Other operating expenditures	2,928,020	2,869,236	2,487,840	381,396
Total General administration	3,407,720	3,280,236	2,818,268	461,968
Total general government	8,076,721	8,078,485	7,095,655	982,830
Judicial:				
Municipal court				
Personal services	595,912	608,601	588,529	20,072
Other operating expenditures	227,265	252,271	209,851	42,420
Total Municipal court	823,177	860,872	798,380	62,492
Total Judicial	823,177	860,872	798,380	62,492
Public Safety:				
Police				
Personal services	7,687,734	7,723,373	7,589,955	133,418
Other operating expenditures	1,873,372	1,924,014	1,706,498	217,516
Capital outlay	478,734	482,274	455,819	26,455
Total Police	10,039,840	10,129,661	9,752,272	377,389
Total Public Safety	10,039,840	10,129,661	9,752,272	377,389

Continued

CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Public Works:				
Street Maintenance				
Personal services	$ 912,481	$ 912,481	$ 735,860	$ 176,621
Other operating expenditures	743,460	754,860	735,131	19,729
Capital outlay	-	112,500	28,302	84,198
Total Street Maintenance	1,655,941	1,779,841	1,499,293	280,548
Garage				
Personal services	123,718	127,607	121,253	6,354
Other operating expenditures	19,000	19,000	8,995	10,005
Total Garage	142,718	146,607	130,248	16,359
Total Public Works	1,798,659	1,926,448	1,629,541	296,907
Culture and Recreation:				
Parks Administration				
Personal services	446,741	414,856	379,543	35,313
Other operating expenditures	222,740	226,240	221,223	5,017
Capital outlay	1,100	31,100	28,800	2,300
Total Parks Administration	670,581	672,196	629,566	42,630
Parks Maintenance				
Personal services	347,315	403,255	388,067	15,188
Other operating expenditures	544,262	556,777	485,167	71,610
Capital outlay	74,009	74,009	13,900	60,109
Total Parks Maintenance	965,586	1,034,041	887,134	146,907
Jessie Davis Park				
Personal services	222,011	224,011	223,210	801
Other operating expenditures	79,230	79,230	78,557	673
Capital outlay	11,600	11,600	-	11,600
Total Jessie Davis Park	312,841	314,841	301,767	13,074
West Pines Golf Course				
Personal services	613,994	607,088	568,508	38,580
Other operating expenditures	390,613	405,986	394,927	11,059
Capital outlay	76,500	95,533	26,312	69,221
Total West Pines Golf Course	1,081,107	1,108,607	989,747	118,860
Total Culture and Recreation	3,030,115	3,129,685	2,808,214	321,471

Continued

CITY OF DOUGLASVILLE, GEORGIA
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Housing and Development:				
Inspections				
Personal services	$ 310,809	$ 310,809	$ 285,236	$ 25,573
Other operating expenditures	21,170	21,170	18,156	3,014
Capital outlay	1,000	1,000	1,000	-
Total Inspections	332,979	332,979	304,392	28,587
Planning and Zoning				
Personal services	216,131	226,681	222,229	4,452
Other operating expenditures	68,550	68,550	50,556	17,994
Total Planning and Zoning	284,681	295,231	272,785	22,446
Code Enforcement				
Personal services	283,627	283,627	274,414	9,213
Other operating expenditures	17,090	17,090	29,741	(12,651)
Capital outlay	39,898	39,898	31,186	8,712
Total Code Enforcement	340,615	340,615	335,341	5,274
Community Development				
Personal services	200,316	230,316	218,756	11,560
Other operating expenditures	131,165	131,165	125,749	5,416
Total Community Development	331,481	361,481	344,505	16,976
Total Housing and Development	1,289,756	1,330,306	1,257,023	73,283
Debt Service:				
Principal	1,364,483	359,483	359,423	60
Interest	870,332	177,566	152,823	24,743
Total debt service	2,234,815	537,049	512,246	24,803
Total expenditures	27,293,083	25,992,506	23,853,331	2,139,175
Excess of revenues over expenditures	407,265	332,391	3,344,968	3,012,577
Other financing sources (uses):				
Proceeds from sale of capital assets	4,942	4,942	3,500	(1,442)
Transfers in	120,000	221,637	145,000	(76,637)
Transfers out	(1,213,207)	(1,229,401)	(1,017,110)	212,291
Total other financing sources (uses)	(1,088,265)	(1,002,822)	(868,610)	134,212
Net change in fund balance	(681,000)	(670,431)	2,476,358	3,146,789
Fund balances, beginning of year	8,835,724	8,835,724	8,835,724	-
Fund balances, end of year	$ 8,154,724	$ 8,165,293	$ 11,312,082	$ 3,146,789

CITY OF DOUGLASVILLE, GEORGIA
CONFISCATED ASSETS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ -	$ 51,765	$ 100,085	$ 48,320
Interest income	12,000	12,000	15,498	3,498
Miscellaneous	-	-	23,521	23,521
Total revenues	12,000	63,765	139,104	75,339
Expenditures:				
Current:				
Public safety	227,000	366,456	538,854	(172,398)
Total expenditures	227,000	366,456	538,854	(172,398)
Deficiency of revenues over expenditures	(215,000)	(302,691)	(399,750)	(97,059)
Other financing uses:				
Transfers out	-	(10,923)	-	10,923
Total other financing uses	-	(10,923)	-	10,923
Net changes in fund balance	(215,000)	(313,614)	(399,750)	(86,136)
Fund balances, beginning of year	2,344,817	2,344,817	2,344,817	-
Fund balances, end of year	$ 2,129,817	$ 2,031,203	$ 1,945,067	$ (86,136)

CITY OF DOUGLASVILLE, GEORGIA
GEMA FLOOD FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures:				
Current:				
Public works	$ 17,266	$ 17,266	$ 17,266	$ -
Total expenditures	17,266	17,266	17,266	-
Deficiency of revenues over expenditures	(17,266)	(17,266)	(17,266)	-
Other financing sources:				
Transfers in	17,266	17,266	17,266	-
Total other financing sources	17,266	17,266	17,266	-
Net changes in fund balance	-	-	-	-
Fund balances, beginning of year	(293,131)	(293,131)	(293,131)	-
Fund balances, end of year	$ (293,131)	$ (293,131)	$ (293,131)	$ -

CITY OF DOUGLASVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
CITY OF DOUGLASVILLE RETIREMENT PLAN

	2017	2016	2015
Total pension liability			
Service cost	$ 533,286	$ 497,420	$ 550,294
Interest on total pension liability	2,270,884	2,139,272	2,094,469
Differences between expected and actual experience	991,040	(167,287)	(669,619)
Changes of assumptions	-	-	(332,866)
Changes of benefit terms	274,636	439,139	2,683
Benefit payments, including refunds of employee contributions	(1,330,903)	(1,089,753)	(1,043,971)
Net change in total pension liability	2,738,943	1,818,791	600,990
Total pension liability - beginning	29,967,178	28,148,387	27,547,397
Total pension liability - ending (a)	$ 32,706,121	$ 29,967,178	$ 28,148,387
Plan fiduciary net position			
Contributions - employer	$ 744,784	$ 756,309	$ 851,364
Contributions - employee	45,462	34,663	-
Net investment income	2,859,566	303,266	2,668,243
Benefit payments, including refunds of member contributions	(1,330,903)	(1,089,753)	(1,043,971)
Administrative expenses	(38,372)	(42,494)	(33,695)
Net change in plan fiduciary net position	2,280,537	(38,009)	2,441,941
Plan fiduciary net position - beginning	25,803,442	25,841,451	23,399,510
Plan fiduciary net position - ending (b)	$ 28,083,979	$ 25,803,442	$ 25,841,451
City's net pension liability - ending (a) - (b)	$ 4,622,142	$ 4,163,736	$ 2,306,936
Plan fiduciary net position as a percentage of the total pension liability	85.87%	86.11%	91.80%
Covered-employee payroll	$ 9,680,685	$ 8,950,694	$ 8,713,629
City's net pension liability as a percentage of covered-employee payroll	47.75%	46.52%	26.48%

Notes to the Schedule:

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

CITY OF DOUGLASVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS
CITY OF DOUGLASVILLE RETIREMENT PLAN

	2017	2016	2015
Actuarially determined contribution	$ 807,180	$ 732,305	$ 761,110
Contributions in relation to the actuarially determined contribution	868,206	735,755	763,749
Contribution deficiency (excess)	$ (61,026)	$ (3,450)	$ (2,639)
Covered-employee payroll	$ 9,737,074	$ 9,661,889	$ 8,713,629
Contributions as a percentage of covered-employee payroll	8.92%	7.62%	8.76%

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	January 1, 2016
Cost Method	Projected Unit Credit
Actuarial 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 amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	3.25% for employees hired on or before 10/2/2006; 0.00% otherwise
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

(2) Benefit Changes:

(a) An early retirement window (ERIP) was offered between 8/18/2015 and 1/24/2016.

(b) Effective 8/1/2014, Police have an alternate normal retirement eligibility at age 50 with 25 years of service.

(c) Effective 1/1/2015, the Plan was amended to provide for immediate participation for employees.

(d) Effective 4/5/2016, all employees (employed on or after 4/5/2016) have a flat benefit multiplier of 1.75% for all years of service.

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

CITY OF DOUGLASVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll (b-a/c)
1/1/2017	-	$ 18,244,706	$ 18,244,706	0.0%	$ 10,080,226	181.00%
1/1/2015	-	13,982,771	13,982,771	0.0%	8,831,986	158.32%
1/1/2013	-	16,108,511	16,108,511	0.0%	8,898,121	181.03%
1/1/2011	-	13,214,736	13,214,736	0.0%	8,247,391	160.23%
1/1/2009	-	12,403,797	12,403,797	0.0%	8,340,917	148.71%

Note to the Schedule:

(1) The actuarial assumptions used for the schedule are detailed in Note 15 to the financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Multiple Grant Fund – This fund accounts for the restricted revenue streams resulting from various capital and operating grants awarded to the City.

Hotel/Motel Tax Fund – This fund accounts for the collection of the restricted portion of hotel/motel taxes as required by the Official Code of Georgia Annotated (OCGA) §48-13-51.

Rental Car Excise Tax Fund – This fund accounts for the rental car excise taxes collected that are restricted for construction of convention centers, public safety, and recreation facilities by State of Georgia law.

Public Purpose Corporation Fund – This fund accounts for the debt service payments on the Series 2005 revenue bonds which were used to construct a public service building. Paragraph 54 of Governmental Accounting Standards Board (GASB) Statement No. 14 requires the general fund of a blended component unit to be reported as a special revenue fund of the primary government.

Capital Projects Funds

2016 SPLOST Fund – This fund accounts for proceeds and expenditure of special purpose local option sales tax proceeds (SPLOST), Series 2016, received from Douglas County.

SPLOST Fund – This fund accounts for proceeds and expenditure of special purpose local option sales tax proceeds (SPLOST), Series 2002, received from Douglas County.

Road Fund – This fund accounts for amounts received by the City that are restricted for road resurfacing projects.

Bright Star Connector Fund – This fund is used to account for the construction of a connector road to alleviate traffic congestion.

Debt Service Funds

Debt Service Fund – This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

CITY OF DOUGLASVILLE, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				Capital Projects Funds					
ASSETS	Multiple Grant	Hotel/Motel Tax	Rental Car Excise Tax	Public Purpose Corporation	SPLOST 2016	SPLOST	Road Fund	Bright Star Connector	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 487,067	$ 454,891	$ 28,012	$ 98,055	$ -	$ -	$ 316,275	$ -	$ 260,640	$ 1,644,940
Investments	-	102,945	-	-	-	-	-	-	-	102,945
Receivables, net:										
Taxes receivable	-	118,133	16,771	-	-	-	-	-	12,541	147,445
Due from other governments	213,979	-	-	-	163,585	-	-	-	11,716	389,280
Prepaid items	-	75,972	-	-	-	-	-	-	-	75,972
Total assets	$ 701,046	$ 751,941	$ 44,783	$ 98,055	$ 163,585	$ -	$ 316,275	$ -	$ 284,897	$ 2,360,582
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ 4,958	$ 13,083	$ -	$ -	$ 26,720	$ -	$ -	$ -	$ -	$ 44,761
Accrued liabilities	2,215	6,651	-	-	-	-	-	-	-	8,866
Due to other funds	-	-	-	-	136,865	-	-	-	-	136,865
Total liabilities	7,173	19,734	-	-	163,585	-	-	-	-	190,492
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	74,162	-	-	-	-	-	-	-	8,753	82,915
FUND BALANCES										
Nonspendable:										
Prepaid items	-	75,972	-	-	-	-	-	-	-	75,972
Restricted for:										
Promotion of tourism	-	656,235	44,783	-	-	-	-	-	-	701,018
Road resurfacing projects	619,711	-	-	-	-	-	316,275	-	-	935,986
Debt service	-	-	-	98,055	-	-	-	-	276,144	374,199
Total fund balances	619,711	732,207	44,783	98,055	-	-	316,275	-	276,144	2,087,175
Total liabilities, deferred inflows of resources, and fund balances	$ 701,046	$ 751,941	$ 44,783	$ 98,055	$ 163,585	$ -	$ 316,275	$ -	$ 284,897	$ 2,360,582

CITY OF DOUGLASVILLE, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				Capital Projects Funds					
	Multiple Grant	Hotel/Motel Tax	Rental Car Excise Tax	Public Purpose Corporation	SPLOST 2016	SPLOST	Roads	Bright Star Connector	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:										
Taxes	$ -	$ 1,206,861	$ 190,292	$ -	$ -	$ -	$ -	$ -	$ 1,872,219	$ 3,269,372
Charges for services	-	227,987	-	-	-	-	-	-	-	227,987
Intergovernmental	816,939	-	-	578,294	163,585	4,721	-	-	-	1,563,539
Contributions	5,000	-	-	-	-	-	316,275	-	-	321,275
Interest income	-	661	-	308	-	-	-	-	-	969
Miscellaneous	-	56,657		265	-	-	-	-	-	56,922
Total revenues	821,939	1,492,166	190,292	578,867	163,585	4,721	316,275	-	1,872,219	5,440,064
Expenditures:										
Current:										
General government	3,920	-	-	-	-	-	-	-	-	3,920
Public safety	153,843	-	-	-	77,240	-	-	-	-	231,083
Public works	119,304	-	-	-	-	-	-	-	-	119,304
Housing and development	498,593	-	-	-	-	-	-	-	-	498,593
Culture and recreation	-	967,641	-	-	86,345	4,721	-	-	-	1,058,707
Debt service:										
Principal retirement	-	440,000	-	361,619	-	-	-	-	1,005,000	1,806,619
Interest and fiscal charges	-	542,300	-	172,797	-	-	-	-	590,863	1,305,960
Bond issuance costs	-	-	-	-	-	-	-	-	207,594	207,594
Total expenditures	775,660	1,949,941	-	534,416	163,585	4,721	-	-	1,803,457	5,231,780
Excess (deficiency) of revenues over expenditures	46,279	(457,775)	190,292	44,451	-	-	316,275	-	68,762	208,284
Other financing sources (uses):										
Issuance of refunding bonds	-	-	-	-	-	-	-	-	13,600,000	13,600,000
Original issue premium	-	-	-	-	-	-	-	-	1,679,464	1,679,464
Refunding deposit with escrow agent	-	-	-	-	-	-	-	-	(15,072,082)	(15,072,082)
Transfers in	183,049	624,499	-	-	-	-	-	42,296	-	849,844
Transfers out	(30,000)	(15,000)	(165,000)	-	-	-	-	-	-	(210,000)
Total other financing sources (uses)	153,049	609,499	(165,000)	-	-	-	-	42,296	207,382	847,226
Net change in fund balances	199,328	151,724	25,292	44,451	-	-	316,275	42,296	276,144	1,055,510
Fund balances, beginning of year	420,383	580,483	19,491	53,604	-	-	-	(42,296)	-	1,031,665
Fund balances, end of year	$ 619,711	$ 732,207	$ 44,783	$ 98,055	$ -	$ -	$ 316,275	$ -	$ 276,144	$ 2,087,175

CITY OF DOUGLASVILLE, GEORGIA
MULTIPLE GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 1,522,060	$ 1,522,060	$ 816,939	$ (705,121)
Contributions	-	-	5,000	5,000
Total revenues	1,522,060	1,522,060	821,939	(700,121)
Expenditures:				
Current:				
General government	-	-	3,920	(3,920)
Public safety	164,689	164,689	153,843	10,846
Public works	303,695	303,695	119,304	184,391
Housing and development	1,216,775	1,216,775	498,593	718,182
Total expenditures	1,685,159	1,685,159	775,660	909,499
Excess (deficiency) of revenues over expenditures	(163,099)	(163,099)	46,279	209,378
Other financing sources (uses):				
Transfers in	163,099	163,099	183,049	19,950
Transfers out	-	-	(30,000)	(30,000)
Total other financing sources (uses)	163,099	163,099	153,049	(10,050)
Net changes in fund balance	-	-	199,328	199,328
Fund balances, beginning of year	420,383	420,383	420,383	-
Fund balances, end of year	$ 420,383	$ 420,383	$ 619,711	$ 199,328

CITY OF DOUGLASVILLE, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 1,016,999	$ 1,016,999	$ 1,206,861	$ 189,862
Charges for services	250,000	250,000	227,987	(22,013)
Interest	650	650	661	11
Miscellaneous	55,500	55,500	56,657	1,157
Total revenues	1,323,149	1,323,149	1,492,166	169,017
Expenditures				
Current:				
Culture and recreation	1,054,155	1,054,155	967,641	86,514
Debt service:				
Principal retirement	440,000	440,000	440,000	-
Interest and fiscal charges	550,800	550,800	542,300	8,500
Total expenditures	2,044,955	2,044,955	1,949,941	95,014
Deficiency of revenues over expenditures	(721,806)	(721,806)	(457,775)	264,031
Other financing sources (uses):				
Transfers in	711,893	711,893	624,499	(87,394)
Transfers out	(124,684)	(124,684)	(15,000)	109,684
Total other financing sources (uses)	587,209	587,209	609,499	22,290
Net changes in fund balance	(134,597)	(134,597)	151,724	286,321
Fund balances, beginning of year	580,483	580,483	580,483	-
Fund balances, end of year	$ 445,886	$ 445,886	$ 732,207	$ 286,321

CITY OF DOUGLASVILLE, GEORGIA
RENTAL CAR EXCISE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 165,000	$ 165,000	$ 190,292	$ 25,292
Total revenues	165,000	165,000	190,292	25,292
Other financing uses:				
Transfers out	(165,000)	(165,000)	(165,000)	-
Total other financing uses	(165,000)	(165,000)	(165,000)	-
Net changes in fund balance	-	-	25,292	25,292
Fund balances, beginning of year	19,491	19,491	19,491	-
Fund balances, end of year	$ 19,491	$ 19,491	$ 44,783	$ 25,292

CITY OF DOUGLASVILLE, GEORGIA
PUBLIC PURPOSE CORPORATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 543,323	$ 543,323	$ 578,294	$ 34,971
Interest income	-	-	308	308
Miscellaneous income	-	-	265	265
Total revenues	543,323	543,323	578,867	35,544
Expenditures:				
Debt service:				
Principal retirement	361,619	361,619	361,619	-
Interest and fiscal charges	180,760	180,760	172,797	7,963
Total expenditures	542,379	542,379	534,416	7,963
Net changes in fund balance	944	944	44,451	43,507
Fund balances, beginning of year	53,604	53,604	53,604	-
Fund balances, end of year	$ 54,548	$ 54,548	$ 98,055	$ 43,507

CITY OF DOUGLASVILLE, GEORGIA
DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 1,700,000	$ 1,700,000	$ 1,872,219	$ 172,219
Total revenues	1,700,000	1,700,000	1,872,219	172,219
Expenditures:				
Debt service:				
Principal retirement	1,005,000	1,005,000	1,005,000	-
Interest and fiscal charges	695,000	695,000	590,863	104,137
Bond issuance costs	207,382	207,382	207,594	(212)
Total expenditures	1,907,382	1,907,382	1,803,457	103,925
Excess (deficiency) of revenues over expenditures	(207,382)	(207,382)	68,762	276,144
Other financing sources (uses):				
Issuance of refunding bonds	13,600,000	13,600,000	13,600,000	-
Original issue premium	1,679,464	1,679,464	1,679,464	-
Refunding deposit with escrow agent	(15,072,082)	(15,072,082)	(15,072,082)	-
Total other financing sources (uses)	207,382	207,382	207,382	-
Net changes in fund balance	-	-	276,144	276,144
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ 276,144	$ 276,144

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2017

MUNICIPAL COURT	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
ASSETS				
Cash	$ 56,218	$ 607,245	$ 621,263	$ 42,200
TOTAL ASSETS	$ 56,218	$ 607,245	$ 621,263	$ 42,200
LIABILITIES				
Due to other governments and individuals	$ 56,218	$ 607,245	$ 621,263	$ 42,200
TOTAL LIABILITIES	$ 56,218	$ 607,245	$ 621,263	$ 42,200

CITY OF DOUGLASVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
2002 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
Public Works:						
Stewart Mill/Douglas Blvd.	$ -	$ 408,983	$ 408,983	$ -	$ 408,983	100.00 %
Hospital Drive Widening	331,000	3,690,725	3,690,725	-	3,690,725	100.00
Sidewalks	83,864	1,760,150	1,760,150	-	1,760,150	100.00
Hwy 92	231,818	1,305,073	1,305,073	-	1,305,073	100.00
Bright Star Connector	-	3,012,282	3,012,282	-	3,012,282	100.00
Timber Ridge/Chapel Hill	-	4,686,371	4,686,371	-	4,686,371	100.00
Resurfacing	196,490	2,031,933	2,031,933	-	2,031,933	100.00
LCI 03 Streetscape	2,742,000	2,591,162	2,591,162	-	2,591,162	100.00
LCI 04 (Gateways and Sidewalks)	-	176,907	176,907	-	176,907	100.00
Chicago Avenue Widening	-	146,499	146,499	-	146,499	100.00
Total Public Works	3,585,172	19,810,085	19,810,085	-	19,810,085	
Culture and Recreation:						
West Pines Golf Course	6,427,960	6,559,489	6,554,768	4,721	6,559,489	100.00 %
Hunter Park	4,788,355	8,910,922	8,910,922	-	8,910,922	100.00
Jessie Davis Park Renovation	1,650,754	1,964,144	1,964,144	-	1,964,144	100.00
Fowler Field	-	80,300	80,300	-	80,300	100.00
Administrative Fees	-	193,210	193,210	-	193,210	100.00
Total Culture and Recreation	12,867,069	17,708,065	17,703,344	4,721	17,708,065	
Total 2002 Issue	$ 16,452,241	$ 37,518,150	$ 37,513,429	$ 4,721	$ 37,518,150	

CITY OF DOUGLASVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
2016 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total	Percentage Complete
Public Safety (20%)	$ 7,500,800	$ 6,563,200	$ -	$ 77,240	$ 77,240	1.18 %
Transportation and Streets (45%)	16,876,800	14,767,200	-	-	-	0.00
Facility and Infrastructure Improvements (15%)	5,625,600	4,922,400	-	-	-	0.00
Parks and Recreation (20%)	7,500,800	6,563,200	-	86,345	86,345	1.32
Total 2016 Issue	$ 37,504,000	$ 32,816,000	$ -	$ 163,585	$ 163,585	

CITY OF DOUGLASVILLE, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOUGLASVILLE DEVELOPMENT AUTHORITY
JUNE 30, 2017

ASSETS		
Cash and cash equivalents	$	78,068
Prepaid items		3,646
Total assets	$	81,714
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	1,962
Total liabilities		1,962
FUND BALANCE		
Fund balances:		
Nonspendable:		
Prepaid expenditures		3,646
Unassigned		76,106
Total fund balance		79,752
Total liabilities and fund balance	$	81,714

CITY OF DOUGLASVILLE, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOUGLASVILLE DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenues		
Intergovernmental	$	40,000
Charges for services		38,850
Total revenues		78,850
Expenditures		
Current:		
Housing and development		137,230
Total expenditures		137,230
Net change in fund balance		(58,380)
Fund balances, beginning of year		138,132
Fund balances, end of year	$	79,752

STATISTICAL SECTION
(Unaudited)

This part of The City of Douglasville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Douglasville, Georgia
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in capital assets	$ 53,151,651	$ 55,527,069	$ 60,337,266	$ 65,423,890	$ 67,152,166	$ 64,611,565	$ 64,633,326	$ 64,472,022	$ 64,515,086	$ 64,221,327
Restricted	362,639	365,659	4,213,000	4,516,907	4,458,968	3,896,412	3,214,142	3,223,039	3,418,778	3,658,043
Unrestricted	10,488,043	9,143,182	4,805,205	4,602,812	80,364	(3,106,956)	(8,544,416)	(7,106,171)	(6,908,885)	(5,782,834)
Total governmental activities net position	$ 64,002,333	$ 65,035,910	$ 69,355,471	$ 74,543,609	$ 71,691,498	$ 65,401,021	$ 59,303,052	$ 60,588,890	$ 61,024,979	$ 62,096,536
Business-type activities										
Net Investment in capital assets	$ 741,194	$ 768,628	$ 636,678	$ 799,371	$ 1,402,308	$ 1,352,601	$ 1,299,214	$ 1,372,590	$ 1,367,872	$ 1,374,200
Unrestricted	2,519,857	2,835,959	3,226,160	2,989,304	2,531,539	2,826,979	2,954,370	3,374,718	3,978,860	4,206,517
Total business-type activities net position	$ 3,261,051	$ 3,604,587	$ 3,862,838	$ 3,788,675	$ 3,933,847	$ 4,179,580	$ 4,253,584	$ 4,747,308	$ 5,346,732	$ 5,580,717
Primary government										
Net Investment in capital assets	$ 53,892,845	$ 56,295,697	$ 60,973,944	$ 66,223,261	$ 68,554,474	$ 65,964,166	$ 65,932,540	$ 65,844,612	$ 65,882,958	$ 65,595,527
Restricted	362,639	365,659	4,213,000	4,516,907	4,458,968	3,896,412	3,214,142	3,223,039	3,418,778	3,658,043
Unrestricted	13,007,900	11,979,141	8,031,365	7,592,116	2,611,903	(279,977)	(5,590,046)	(3,731,453)	(2,930,025)	(1,576,317)
Total primary government net position	$ 67,263,384	$ 68,640,497	$ 73,218,309	$ 78,332,284	$ 75,625,345	$ 69,580,601	$ 63,556,636	$ 65,336,198	$ 66,371,711	$ 67,677,253

Notes: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.
Restatement to 2009's ending net position was made to correct Local Option Sales Tax.
Restatement to 2012's ending net position as a result of implementing GASB Statement 65.
Restatement to 2014's ending net position as a result of implementing GASB Statement 68.

City of Douglasville, Georgia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General government	$ 4,520,811	$ 4,729,133	$ 4,503,356	$ 5,202,563	$ 5,177,481	$ 5,733,608	$ 4,809,968	$ 6,069,013	$ 7,020,218	$ 9,747,658
Judicial	320,989	400,197	630,881	658,943	837,390	814,164	466,150	746,284	824,031	789,823
Public safety	9,467,312	10,525,769	10,583,333	10,202,244	11,442,340	11,920,070	11,527,647	10,823,733	11,761,412	11,249,398
Public works	2,031,641	2,041,937	4,116,124	2,101,565	2,813,452	2,736,609	3,132,100	2,686,734	2,682,503	2,409,663
Housing and development	1,613,271	1,491,222	1,147,220	1,277,614	1,255,019	929,920	1,236,085	2,050,572	1,996,326	1,372,370
Health and Welfare		108,384	144,708	144,708	144,708	144,708	144,708	-	-	-
Culture and recreation	5,144,631	2,302,582	1,132,943	2,130,160	3,619,609	5,492,366	4,207,443	4,263,526	4,517,173	4,845,801
Interest on long-term debt	625,884	620,554	789,110	1,861,057	1,791,352	2,400,937	1,708,638	1,652,409	1,603,148	1,250,809
Total governmental activities expenses	23,724,539	22,219,778	23,047,675	23,578,854	27,081,351	30,172,382	27,232,739	28,292,271	30,404,811	31,665,522
Business-type activities:										
Sanitation	3,410,936	3,485,237	3,412,766	3,689,442	3,420,209	3,339,378	3,244,222	3,375,445	3,317,568	3,695,797
Total business-type activities expenses	3,410,936	3,485,237	3,412,766	3,689,442	3,420,209	3,339,378	3,244,222	3,375,445	3,317,568	3,695,797
Total primary government expenses	$ 27,135,475	$ 25,705,015	$ 26,460,441	$ 27,268,296	$ 30,501,560	$ 33,511,760	$ 30,476,961	$ 31,667,716	$ 33,722,379	$ 35,361,319
Program Revenues										
Governmental Activities:										
Charges for service:										
General government	$ 3,844,037	$ 3,559,677	$ 2,254,399	$ 2,188,238	$ 2,224,532	$ 2,220,908	$ 2,253,020	$ 2,413,872	$ 2,434,206	$ 2,944,164
Housing			234,665	509,097	216,306	331,530	410,570	557,320	439,654	765,360
Judicial	1,475,400	1,650,572	2,040,382	1,816,603	1,644,337	1,439,864	1,116,850	2,216,583	1,274,224	1,570,466
Public safety	521,733	1,377,450	314,151	363,673	368,658	408,686	331,947	317,080	362,911	473,587
Public Works	-	-	-	-	-	-	-	-	17,750	-
Culture and recreation	150,823	146,294	226,520	280,822	1,204,061	1,323,745	1,438,449	1,443,399	1,550,758	1,101,870
Operating grants and contributions	65,296	18,015	1,506,986	1,503,681	671,401	470,025	450,109	1,002,645	300,897	529,559
Capital grants and contributions	4,152,586	173,513	2,827,459	398,650	1,179,720	1,495,070	749,654	544,223	233,612	1,277,414
Total governmental activities program revenues	10,209,875	6,925,521	9,404,562	7,060,764	7,509,015	7,689,828	6,750,599	8,495,122	6,614,012	8,662,420
Business-type activities:										
Charges for services:										
Sanitation	3,942,026	3,823,295	3,760,796	3,658,354	3,610,033	3,628,855	3,689,973	3,911,692	3,999,390	4,023,039
Total business-type activities program revenues	3,942,026	3,823,295	3,760,796	3,658,354	3,610,033	3,628,855	3,689,973	3,911,692	3,999,390	4,023,039
Total primary government program revenues	$ 14,151,901	$ 10,748,816	$ 13,165,358	$ 10,719,118	$ 11,119,048	$ 11,318,683	$ 10,440,572	$ 12,406,814	$ 10,613,402	$ 12,685,459

Note: FY 2014 has been restated and the effect of implementing GASB No. 68 to previously reported changes in net position has not been determined.

City of Douglasville, Georgia
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	$ (13,514,624)	$ (15,294,257)	$ (13,643,113)	$ (16,518,090)	$ (19,572,336)	$ (22,482,554)	$ (20,482,440)	$ (19,797,149)	$ (23,790,799)	$ (23,003,102)
Business-type activities	531,090	338,058	348,030	(31,088)	189,824	289,477	445,751	536,247	681,822	327,242
Total primary government net expense	$ (12,983,534)	$ (14,956,199)	$ (13,295,083)	$ (16,549,178)	$ (19,382,512)	$ (22,193,077)	$ (20,036,689)	$ (19,260,902)	$ (23,108,977)	$ (22,675,860)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 4,522,459	$ 4,752,206	$ 6,421,627	$ 5,563,615	$ 5,934,651	$ 5,780,387	$ 6,041,140	$ 7,943,693	$ 9,922,506	$ 10,300,396
Sales taxes	9,441,788	5,544,003	5,768,997	10,244,877	4,434,938	4,789,513	5,156,024	6,048,402	6,204,621	6,281,217
Other taxes and miscellaneous	5,775,782	5,672,736	5,726,915	5,721,070	6,250,535	6,274,184	6,313,992	6,948,787	7,897,884	7,348,719
Unrestricted investment earnings	445,450	358,889	59,994	131,666	55,101	32,437	27,055	27,105	30,854	44,327
Gain on sale of capital assets	206,631	-	-	-		-	-	-	71,023	-
Transfers	45,000		45,000	45,000	45,000	45,000	100,000	115,000	100,000	100,000
Total governmental activities	$ 20,437,110	$ 16,327,834	$ 18,022,533	$ 21,706,228	$ 16,720,225	$ 16,921,521	$ 17,638,211	$ 21,082,987	$ 24,226,888	$ 24,074,659
Business-type activities										
Investment earnings	$ 10,694	$ 5,478	$ 221	$ 1,925	$ 348	$ 1,256	$ 1,802	$ 238	$ 2,257	$ 6,743
Gain on sale of capital assets	-	-	-	-	-	-	-	72,239	15,345	-
Transfers	(45,000)		(45,000)	(45,000)	(45,000)	(45,000)	(100,000)	(115,000)	(100,000)	(100,000)
Total business-type activities	(34,306)	5,478	(44,779)	(43,075)	(44,652)	(43,744)	(98,198)	(42,523)	(82,398)	(93,257)
Total primary government	$ 20,402,804	$ 16,333,312	$ 17,977,754	$ 21,663,153	$ 16,675,573	$ 16,877,777	$ 17,540,013	$ 21,040,464	$ 24,144,490	$ 23,981,402
Change in Net Position										
Governmental activities	$ 6,922,486	$ 1,033,577	$ 4,379,420	$ 5,188,138	$ (2,852,111)	$ (5,561,033)	$ (2,844,229)	$ 1,285,838	$ 436,089	$ 1,071,557
Business-type activities	496,784	343,536	303,251	(74,163)	145,172	245,733	347,553	493,724	599,424	233,985
Total primary government	$ 7,419,270	$ 1,377,113	$ 4,682,671	$ 5,113,975	$ (2,706,939)	$ (5,315,300)	$ (2,496,676)	$ 1,779,562	$ 1,035,513	$ 1,305,542

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.
Note: FY 2014 has been restated and the effect of implementing GASB No. 68 to previously reported changes in net position has not been determined.

City of Douglasville, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	$ 426,792	$ 243,496	$ 134,846	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	7,423,336	8,617,489	9,524,890	-	-	-	-	-	-	-
Nonspendable	-	-	-	349,310	140,232	265,788	220,958	522,637	176,909	697,430
Restricted	-	-	-	-	365,777	-	-	-	-	-
Assigned	-	-	-	221,811	402,225	103,494	104,849	104,849	-	518,159
Unassigned	-	-	-	8,799,775	6,354,443	5,480,501	5,236,868	6,097,136	8,658,815	10,096,493
Total general fund	$ 7,850,128	$ 8,860,985	$ 9,659,736	$ 9,370,896	$ 7,262,677	$ 5,849,783	$ 5,562,675	$ 6,724,622	$ 8,835,724	$ 11,312,082
All Other Governmental Funds										
Reserved	$ -	$ 2,486	$ 29	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:									-	-
Special revenue funds	2,340,670	3,589,246	4,000,716	-	-	-	-	-	-	-
Capital projects funds	226,185	(1,489,651)	10,131,882	-	-	-	-	-	-	-
Nonspendable	-	-	-	242	13,567	1,250	2,814	6,759	726	75,972
Restricted	-	-	-	4,516,665	9,843,790	3,895,162	3,211,328	3,216,280	3,418,052	3,956,270
Committed	-	-	-	-	93,071	82,792	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(2,178,868)	(270,264)	(972,951)	(1,457,099)	(1,073,220)	(1,073,220)	(715,924)
Total all other governmental funds	$ 2,566,855	$ 2,102,081	$ 14,132,627	$ 2,338,039	$ 9,680,164	$ 3,006,253	$ 1,757,043	$ 2,149,819	$ 2,345,558	$ 3,316,318

Note: The increase in unreserved Capital Projects in fiscal year 2005 is due to bonds being issued for improving parks and recreation facilities.

Note: Restatement to 2009's ending fund balance was made to correct Local Option Sales Tax.
Restatement to 2013 ending Fund balance due to a correction of an error in the GEMA flood fund.
The City implemented GASB 54 in fiscal year 2011.

City of Douglasville, Georgia
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	$ 19,619,663	$ 16,009,963	$ 15,766,406	$ 15,199,069	$ 16,340,755	$ 16,556,891	$ 17,289,758	$ 20,692,270	$ 23,692,430	$ 23,957,036
Licenses and permits	2,181,608	1,913,722	1,800,170	2,110,938	1,907,723	1,833,050	2,124,865	2,435,307	2,280,227	2,801,140
Intergovernmental	485,522	191,528	3,486,238	7,256,155	2,509,829	2,026,572	822,471	653,037	491,732	1,563,539
Fines and forfeitures	1,425,449	1,640,407	2,684,958	2,816,622	2,106,797	1,755,313	1,591,145	2,310,910	1,936,467	1,801,475
Charges for service	721,576	759,114	659,782	779,425	1,688,574	2,172,256	1,906,925	1,875,617	2,006,316	1,805,462
Interest Income	445,450	358,889	286,276	131,632	55,112	32,437	27,055	24,928	33,354	59,825
Other Revenues	1,613,449	2,410,585	1,112,731	747,076	780,298	692,180	734,377	677,521	724,008	788,990
Total revenues	26,492,717	23,284,208	25,796,561	29,040,917	25,389,088	25,068,699	24,496,596	28,669,590	31,164,534	32,777,467
Expenditures										
General government	$ 3,875,742	$ 4,173,384	$ 3,981,957	$ 3,615,917	$ 4,115,058	$ 4,949,931	$ 4,055,572	$ 5,579,408	$ 6,786,783	7,099,575
Judicial	319,960	369,494	583,930	597,735	762,214	730,670	730,699	693,350	767,006	798,380
Public safety	8,895,892	9,014,053	11,682,538	9,591,186	9,841,597	9,853,814	9,530,484	9,641,067	10,470,274	10,522,209
Public works	1,515,114	1,567,043	1,811,247	2,132,130	2,041,926	1,871,927	1,733,633	1,694,505	1,911,541	1,766,111
Culture and recreation	4,732,364	1,977,135	1,764,467	1,617,489	3,571,491	3,551,336	3,647,892	3,812,069	4,261,087	3,866,921
Housing and development	1,378,811	1,283,117	989,040	1,165,850	1,429,359	1,744,156	1,465,802	1,889,726	1,203,446	1,755,616
Capital outlay	8,104,995	3,295,180	12,920,739	19,690,713	9,371,480	6,974,022	1,227,558	172,828	114,672	-
Debt service										
Interest	465,002	627,081	985,231	1,457,363	1,518,752	2,243,242	1,900,149	1,735,405	1,670,103	2,166,042
Principal	631,772	482,738	1,210,995	1,348,319	1,397,918	1,493,900	1,803,076	2,011,508	2,090,263	1,458,783
Bond Issuance Cost	-	-	442,275	-	302,967	84,494	-	-		207,594
Total expenditures	29,919,652	22,789,225	36,372,419	41,216,702	34,352,762	33,497,492	26,094,865	27,229,866	29,275,175	29,641,231
Excess of revenues over (under) expenditures	(3,426,935)	494,983	(10,575,858)	(12,175,785)	(8,963,674)	(8,428,793)	(1,598,269)	1,439,724	1,889,359	3,136,236
Other Financing Sources (Uses)										
Transfers in	4,168,395	7,266,785	1,765,758	2,753,380	17,407,513	1,866,957	3,136,389	2,953,188	3,140,934	1,327,110
Transfers out	(4,123,395)	(7,266,785)	(1,720,758)	(2,708,380)	(17,362,513)	(1,821,957)	(3,036,389)	(2,838,188)	(3,040,934)	(1,227,110)
Insurance Recoveries	-	-	71,688	-	-	-	-	-	-	-
Bonds issued	-	-	23,000,000	-	13,410,000	4,110,000	-	-	-	13,600,000
Premium on bonds issued	-	-	584,491	-	742,580	-	-	-	-	1,679,464
Payment to refunded bond escrow agent	-	-	-	-	-	(4,000,154)	-	-	-	(15,072,082)
Long Term Debt Issued	-	-	-	-	-	187,142	-	-	-	-
Sale of capital assets	336,044	6,100	-	47,357	-	-	-	-	317,482	3,500
Total other financing sources (uses)	381,044	6,100	23,701,179	92,357	14,197,580	341,988	100,000	115,000	417,482	310,882
Net change in fund balances	$ (3,045,891)	$ 501,083	$ 13,125,321	$ (12,083,428)	$ 5,233,906	$ (8,086,805)	$ (1,498,269)	$ 1,554,724	$ 2,306,841	$ 3,447,118
Debt service as a percentage of noncapital expenditures	5%	5%	9%	14%	12%	14%	15%	14%	13%	13%

City of Douglasville, Georgia
Tax Revenue by Source, Governmental Funds
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Alcoholic Beverage Excise Tax	Franchise Tax	Insurance Premium Tax	Hotel Motel & Car Rental	Other	Total
2008	4,402,093	9,441,788	954,492	1,800,208	1,096,730	1,573,772	350,580	19,619,663
2009	4,752,206	5,544,003	980,503	1,844,589	1,123,002	1,385,477	339,165	15,968,945
2010	6,287,017	5,182,714	883,142	1,914,034	1,112,466	1,273,757	37,034	16,690,164
2011	5,531,632	10,379,214	1,052,872	2,029,849	1,080,135	1,273,564	38,708	21,384,974
2012	5,907,201	4,434,938	972,000	2,072,783	1,452,201	1,442,351	59,281	16,340,755
2013	5,723,361	4,789,513	980,438	1,983,582	1,542,480	1,492,717	44,800	16,556,891
2014	6,022,126	5,156,024	1,010,390	1,878,032	1,597,091	1,577,730	48,365	17,289,758
2015	7,915,893	6,048,402	1,003,239	2,211,816	1,669,605	1,791,318	51,997	20,692,270
2016	9,855,187	6,159,621	1,009,969	2,836,620	1,783,698	1,970,096	77,238	23,692,430
2017	10,285,412	6,281,217	1,006,718	2,422,009	1,932,092	1,930,978	98,610	23,957,036

City of Douglasville, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Digest Year	Real Property	Personal Property	Public Utilities Property	Motor Vehicles Mobile Homes	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2008	2007	1,050,196,963	146,729,540	21,046,457	46,944,204	(28,385,502)	1,236,531,662	3.854	3,091,329,155	40.00
2009	2008	1,100,345,728	154,867,223	11,727,391	52,957,564	(29,684,849)	1,290,213,057	3.854	3,225,532,643	40.00
2010	2009	1,068,869,950	153,968,444	12,696,315	58,056,715	(29,613,729)	1,263,977,695	5.120 *	3,159,944,238	40.00
2011	2010	1,087,146,826	153,996,576	12,039,977	53,073,942	(26,007,021)	1,280,250,300	5.069	3,200,625,750	40.00
2012	2011	901,158,038	166,199,636	11,994,773	47,778,023	(33,225,096)	1,093,905,374	5.404	2,734,763,435	40.00
2013	2012	863,062,342	148,464,889	11,717,620	50,152,681	(25,636,479)	1,047,761,053	5.497	2,619,402,633	40.00
2014	2013	842,583,657	152,016,398	11,717,620	54,417,138	(31,276,370)	1,029,458,443	5.496	2,573,646,108	40.00
2015	2014	845,498,290	147,369,572	13,020,716	46,858,796	(32,694,757)	1,020,052,617	7.454	2,550,131,543	40.00
2016	2015	887,125,894	174,819,620	15,610,515	33,682,970	(40,551,254)	1,070,687,745	8.954	2,676,719,363	40.00
2017	2016	946,223,889	188,873,041	15,656,810	23,900,314	(46,625,780)	1,128,028,274	8.437	2,820,070,685	40.00

Notes: Property in the county is reassessed each year. The county assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per $1,000 of assessed value.

* Bond Millage added

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

	Direct Rates			Overlapping Rates			Total
Tax Year	City of Douglasville	Bond City of Douglasville	Total Direct	Douglas County	Douglas County Board of Education	State of Georgia	Direct & Overlapping Rates
2008	3.854		3.854	8.24	20.30	0.25	32.64
2009	3.854	1.266	5.12	7.932	21.35	0.25	34.65
2010	3.854	1.215	5.069	9.9	24.1	0.25	39.32
2011	3.854	1.553	5.407	9.9	22.95	0.25	38.51
2012	3.854	1.643	5.497	9.9	21.95	0.2	37.55
2013	3.853	1.643	5.496	12.25	21.65	0.15	39.55
2014	5.784	1.67	7.454	12.153	21.35	0.10	41.06
2015	7.338	1.616	8.954	11.809	21.10	0.05	41.91
2016	6.911	1.526	8.437	11.267	21.00	0.05	40.75
2017	6.911	1.350	8.261	10.768	20.95	0.00	39.98

Source: Georgia Department of Revenue

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Douglasville.

City of Douglasville, Georgia
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of Douglasville/ Douglas County/BOE	SPLOST Sales Tax	State of Georgia Sales Tax	Total Direct & Overlapping Rates
2008	2.00	-	4.00	6.00
2009	2.00	-	4.00	6.00
2010	2.00	1.00	4.00	7.00
2011	2.00	1.00	4.00	7.00
2012	2.00	1.00	4.00	7.00
2013	2.00	1.00	4.00	7.00
2014	2.00	1.00	4.00	7.00
2015	2.00	1.00	4.00	7.00
2016	2.00	1.00	4.00	7.00
2017	2.00	1.00	4.00	7.00

Source: Georgia Department of Revenue
http://www.sale-tax.com/DouglasvilleGA

City of Douglasville, Georgia
Sales and Use Tax Revenues by Category
Last Ten Years
(In Thousands of Dollars)

Category	2007*	2008*	2009*	2010	2011	2012	2013	2014	2015	2016
Accommodations	$ -	$ -	$ -	$ 181,437	$ 201,754	$ 208,044	$ 221,696	$ 239,002	$ 269,134	$ 295,999
Apparel	213,481	207,470	194,325	-						
Automotive	896,204	847,972	627,651	831,936	924,001	1,020,368	877,563	283,772	300,091	330,633
Construction				43,217	49,459	60,352	62,041	69,314	79,158	95,080
Food	819,441	845,618	815,033	1,387,058	1,472,134	1,562,526	1,643,849	1,746,942	1,890,152	2,053,976
General Merchandise	774,009	759,189	766,099	1,339,806	1,359,914	1,396,157	1,433,731	1,485,867	1,558,718	1,653,392
Home	533,673	500,312	424,237	692,166	685,867	699,906	710,159	767,792	819,792	902,839
Lumber	587,397	471,709	329,606	-						
Manufacturers	299,505	282,586	284,720	553,695	514,814	538,874	534,055	555,161	605,656	642,317
Misc	634,977	625,189	535,641	900,789	923,651	932,264	990,159	1,052,854	1,116,512	1,179,552
Other Retail				1,090,584	1,118,443	1,169,833	1,158,049	1,239,132	1,308,779	1,369,165
Service	442,189	484,621	504,260	531,718	518,969	560,363	511,939	461,314	245,015	290,875
Utilities	707,998	760,253	816,291	1,012,472	1,039,326	1,006,630	974,826	980,271	991,603	932,006
Wholesale				633,194	810,195	924,923	933,064	970,112	998,342	914,266
Total	$ 5,908,874	$ 5,784,919	$ 5,297,863	$ 9,198,072	$ 9,618,527	$ 10,080,240	$ 10,051,131	$ 9,851,533	$ 10,182,952	$ 10,660,100
Sales Tax Rate ***	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Georgia Department of Revenue Statistical Report
Note: (i) On May 1, 2009, DOR implemented a new Sales Tax system that utilizes the North American Industry Classification System (NAICS), replacing the old system of commodity codes used in previous fiscal years.
Source: State Accounting Office of Georgia, Local Government Services Division and Finance Department, Georgia Department of Revenue
* Georgia Department of Revenue reported previously on Net Collections ; from 2010 and subsequent years, GDOR reports on Gross Collections.
** Information above specific to the State of Georgia and not to Douglas County or Douglasville.
*** Sales Tax Rate for Local Option sales tax (1 %) and ELOST (1 %)
**** The Georgia Department of Revenue's FY 2017 Statistical Section will not come out until January 2018. Therefore, we will report for FY 17's numbers in FY 18.

City of Douglasville, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago

	2017			2008		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
McMaster-Carr Supply	$ 54,443,057	1	4.83%			
Staples Contract and Commercial, Inc.	17,600,986	2	1.18%	$ 9,752,926	2	0.79%
Arbor Place II, LLC	13,364,880	3	0.92%	13,589,346	1	1.10%
POH Crestmark, LLC	10,352,348	4	0.90%			
WPRE I Rocky Ridge, LLC	10,162,400	5	0.84%	8,800,000	5	0.71%
DDRTC Douglasville Pavilion, LLC	9,449,080	6	0.83%	9,459,535	3	0.77%
Arbor Place Holdings, LLC	9,307,760	7	0.80%			
Brodick Hills Apartments Holdings, LLC	9,004,396	8	0.76%			
Sweetwater Creek Apartments, LLC	8,588,160	9	0.76%			
Trikell, LLC	8,575,852	10	0.00%			
Douglasville Development				9,036,849	4	0.73%
Development Authority of Douglas County				8,706,576	6	0.70%
SCI Brodick Hill Fund, LLC				8,669,883	7	0.70%
Centerpoint Properties				8,317,171	8	0.67%
Carlyle Centennial Lenox L.P.				7,905,946	9	0.64%
Mt. Vernon Associates L.P.				7,440,000	10	0.60%
Total	$ 150,848,919		11.81%	$ 91,678,232		7.41%

Source: Douglas County Tax\Commissioner's Office
Total Gross City Tax Digest

City of Douglasville, Georgia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended 30-Jun	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	4,765,593	4,402,093	92.37%	148,781	4,550,874	95.49%
2009	2008	4,971,710	4,793,224	96.41%	99,837	4,893,061	98.42%
2010	2009	6,471,566	6,107,062	94.37%	153,861	6,260,924	96.75%
2011	2010	5,638,882	5,336,879	94.64%	233,105	5,569,984	98.78%
2012	2011	5,688,810	5,641,595	99.17%	34,594	5,676,189	99.78%
2013	2012	5,483,852	5,299,807	96.64%	84,348	5,384,155	98.18%
2014	2013	5,358,823	5,189,421	96.84%	132,739	5,322,160	99.32%
2015	2014	7,316,371	7,158,035	97.84%	158,336	7,316,371	100.00%
2016	2015	9,359,932	9,117,159	97.41%	135,872	9,253,031	98.86%
2017	2016	9,395,185	9,298,745	98.97%	96,440	9,395,185	100.00%

Sources: City of Douglasville Finance Department

City of Douglasville, Georgia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year	Note Payable	Capital Leases	Revenue Bonds	GO Bonds	Total Primary Government	Percentage of Personal Income²	Per Capita
2008	-	2,466,649	4,265,000	6,745,710	13,477,359	0.000064%	427
2009	-	2,304,617	4,205,000	6,485,004	12,994,621	0.000065%	419
2010	-	2,135,476	4,140,000	28,568,895	34,844,371	0.000148%	1,118
2011	-	1,959,621	4,070,000	27,466,431	33,496,052	0.000137%	1,071
2012	-	1,775,558	17,405,000	26,327,576	45,508,134	0.000227%	1,413
2013	-	1,730,831	18,183,996	25,615,573	45,530,400	0.000209%	1,414
2014	-	1,497,116	17,698,735	24,366,887	-43,562,738	0.000164%	1,366
2015	-	1,253,449	21,243,243	17,980,000	-40,476,692	0.000166%	1,245
2016	-	999,626	20,376,802	17,010,000	-38,386,428	0.000153%	1,167
2017	-	735,203	19,943,116	17,359,448	38,037,767	0.000150%	1,144

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: Schedule of Demographic and Economic Statistics for personal income and population data.
Source: Douglasville Development Authority

City of Douglasville, Georgia
Ratios of General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted for GO Debt Service	Total	Percentage of Actual Taxable Value of Property	Per Capita
2008	$ 6,745,710	$ -	$ 6,745,710	0.55%	$ 216
2009	6,485,004	-	6,485,004	0.50%	215
2010	28,568,895	-	28,568,895	2.26%	921
2011	27,466,431	-	27,466,431	2.15%	881
2012	26,327,576	-	26,327,576	2.41%	842
2013	25,615,573	-	25,615,573	2.44%	795
2014	18,915,500	-	18,915,500	1.84%	593
2015	17,980,000	-	17,980,000	1.76%	553
2016	17,010,000	-	17,010,000	1.59%	517
2017	15,735,000	276,144	15,458,856	1.37%	465

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: Schedule of Demographic and Economic Statistics for personal income and population data.

City of Douglasville, Georgia
Direct and Overlapping Governmental Activities Debt
For the Fiscal Year Ended June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Lease/Purchase	$ 735,203	100.00%	$ 735,203
Bonds	37,302,564	100.00%	37,302,564
	$ 38,037,767		$ 38,037,767
Overlapping General Obligation Debt			
Douglas County	$ -		
Capital Lease	768,714		
Total :	$ 768,714	27.821%	$ 213,864
Douglas County School District			
General Obligation Bonds	$ 161,782,000		
	$ 161,782,000	27.821%	$ 45,009,370
	$ 162,550,714		$ 45,223,234
Total Direct and Overlapping Debt	$ 200,588,481		$ 83,261,001

The percentage of overlapping debt applicable is estimated using taxable assessed property values.

City of Douglasville, Georgia
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	$ 126,491,716	$ 131,969,791	$129,359,142	$ 130,625,732	$ 112,713,047	$ 107,339,753	$ 106,073,481	$ 105,274,737	$ 111,123,900	$ 117,465,405
Total net debt applicable to limit	6,745,740	6,485,004	28,568,895	27,466,431	26,327,576	25,145,545	23,959,084	17,980,000	17,010,000	15,458,856
Legal debt margin	$ 119,745,976	$ 125,484,787	$100,790,247	$ 103,159,301	$ 86,385,471	$ 82,194,208	$ 82,114,397	$ 87,294,737	$ 94,113,900	$ 102,006,549
Total net debt applicable to the limit as a percentage of debt limit	5.33%	4.91%	22.08%	24.14%	23.36%	23.43%	22.59%	17.08%	15.31%	13.16%

Legal Debt Margin Calculation for Fiscal Year 2017	
Assessed value	$ 1,128,028,274
Add back exempt real property	46,625,780
Total assessed value	1,174,654,054
Debt limit (10% of total assessed value)	117,465,405
Debt applicable to limit:	
General obligation bonds	15,735,000
Less: Amount set aside for repayment of general obligation debt	(276,144)
Total net debt applicable to limit	15,458,856
Legal debt margin	$ 102,006,549

City of Douglasville, Georgia
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population[1]	Personal Income	Per Capita Personal Income[2]	Median Age[1]	County School Enrollment	Unemployment Rate[3]
2008	31,163	667,044,015	21,405	33	24,403	4.80%
2009	30,098	644,247,690	21,405	33	24,215	12.60%
2010	31,004	753,118,164	24,291	29.5	24,417	9.40%
2011	31,169	783,869,181	25,149	31.0	24,250	9.80%
2012	31,269	621,946,801	22,291	32.8	24,500	11.01%
2013	32,207	739,472,720	22,960	32.8	24,500	10.01%
2014	31,890	773,204,940	24,246	34	25,500	9.20%
2015	32,523	751,411,392	23,104	35	25,668	6.00%
2016	32,897	764,657,868	23,244	32	25,668	5.80%
2017	33,252	765,095,268	23,009	34	28,820	4.80%

Data sources
[1]United States Census Bureau /Atlanta Regional Commission/Sperlings Data
[2]Douglas County Development Authority
[3]Bureau of Labor Statistics

Note: School enrollment from Douglas County Website BOE
Unemployment Rate for Metro Atlanta area DOL

City of Douglasville, Georgia
Principal Employers
Current Year and Nine Years Ago

2017				2008*			
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Wellstar Douglas Hospital	830	1	3.77%	Wal-Mart Super Center	847	1	4.35%
McMaster Carr Supply	600	2	2.72%	Kroger	487	2	2.50%
Gordon Food Services	350	3	1.59%	Benton Georgia	350	3	1.80%
Medline	320	4	1.45%	Sam's Club	180	4	0.92%
American Red Cross	300	5	1.36%	Home Depot	160	5	0.82%
Staples Customer Center	200	6	0.91%	ALP Lighting System	120	6	0.62%
ALP Lighting	150	7	0.68%	Nioxin	155	7	0.58%
Werner Trucking	148	8	0.67%	Publix	100	8	0.51%
Kehe Distributors	115	9	0.52%				
Batory Foods	80	10	0.36%				
Total	3,093		14.03%	Total	2,399		12.10%

Source: Douglas County Development Authority
Note: This data is obtained from various sources including but not limited to press releases, private discussion, company disclosures and other sources.

*Information for 2008 was limited to the top eight principal employers.

City of Douglasville, Georgia
Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Governing Body	8	8	8	9	9	9	9	8	8	8
Chief Executive (Mgr. Or Admin.)	4	5	5	5	5	5	5	5	4	7
IT/MIS	4	5	5	2	2	3	3	3	3	3
Police Records & Court	10	10	10	12	12	12	11	9	9	13
Financial Administration	8	8	8	8	8	8	7	7	7	7
General Govt. Bldgs. & Plant	2	2	1	1	1	1	1	1	1	3
Human Resources	2	2	2	2	2	2	2	3	4	5
Public Safety:										
Police Administration	5	5	9	10	9	9	8	8	9	10
Police - IT	-	-	-	2	2	2	2	2	2	2
Police Detective	15	15	18	17	14	17	17	19	15	17
Police Special OPS	8	6	7	7	8	8	8	8	6	4
Police Patrol	45	52	46	54	53	53	48	62	55	57
Police Motors	6	6	6	4	5	6	5	5	3	2
Police Training	-	-	-	2	2	3	6	10	5	3
Police SRO	10	6	4	2	4	4	4	4	4	6
Police Building Maintenance					1	1	1	1	1	1
Building Inspections	8	3	5	5	4	3	3	4	4	4
Code Enforcement	4	3	3	3	3	4	4	4	4	5
Planning & Zoning	2	1	1	2	2	2	3	3	3	3
Engineering	4	3	3	3	3	3	-	-	-	-
Community Development	3	4	4	4	2	4	1	4	3	3
Tourism	5	3	2	2	3	3	3	4	3	2
Culture/Recreation Administration	6	5	4	4	6	7	8	8	8	6
Conference Center	3	3	2	3	4	5	4	6	6	6
West Pines Golf	-	-	-	-		8	8	11	8	9
Parks Areas	8	9	9	8	6	8	7	9	7	11
Highways & Streets Admin.	18	18	18	15	17	17	17	16	15	13
Traffic Engineering										
Sanitary Administration	21	17	17	20	22	22	22	26	21	23
Maintenance & Shop	2	2	2	2	2	2	2	2	2	2
Video Production	-	4	4	4	4	3	4	4	4	4
Development Authority	-	1	1	1	1	1	-	-	-	-
Keep Douglasville Beautiful	-	3	3	4	3	4	4	4	4	4
Total	211	209	207	217	219	239	227	260	228	243

Source: City of Douglasville Finance Dept

City of Douglasville, Georgia
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Public Works:										
Street resurfacing (feet)	15,167	12,883	5,280	3,256	13,886	11,051	23,707	69,696	9,979	7,723
Police protection*:										
Number of citations written	10,322	11,744	14165	10,738	9,915	8,613	7,031	8,779	10,088	7,760
Number of automobile accidents	2,675	2,359	1989	2307	2,397	2,483	2,530	2,684	3,029	2,991
Number of reported crimes	3,050	5,452	3894	4768	4,160	4,160	4,836	4,941	5,515	5,403
**Sanitation:										
Large items pickup	217	56	123	97	63	88	100	141	183	148

Sources: *City of Douglasville Courts and Records
**** City Sanitation Department**

City of Douglasville, Georgia
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Public works:										
Miles of streets	164	166	165	166	166	166	166	150.67	150.67	150.67
Number of street lights	2,044	2,046	2046	2048	2048	2048	2048	2293	2293	2574
Police protection:										
Number of stations	1	1	1	2	2	2	2	2	2	2
Number of police officers positions	89	89	82	91	94	94	94	97	97	102
Building permits issued	411	377	179	141	177	248	566	157	192	323
Recreation and culture:										
Number of parks	8	8	8	8	8	8	8	8	8	8
Park acreage	420	420	420	420	420	420	420	420	420	420

Sources: Various city departments.

COMPLIANCE SECTION

MAULDIN & JENKINS

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

Honorable Mayor and Members
Of City Council
City of Douglasville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2017-001.

City of Douglasville, Georgia's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 8, 2017

MAULDIN & JENKINS

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

Honorable Mayor and Members
Of City Council
City of Douglasville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Douglasville, Georgia's (the "City'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's major federal programs for the year ended June 30, 2017. The City'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's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the City of Douglasville, 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 8, 2017

CITY OF DOUGLASVILLE, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Grantor Number	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Georgia Department of Transportation			
Highway Planning and Construction Cluster			
T.E. Banners/Sidewalks, Phase II	20.205	CSTEE-9-00(035)	$ 15,059
Welcome Center	20.205	0010728	355,751
Riverside Parkway Bridge Rehab	20.205	0015072	3,802
Total U.S. Department of Transportation			374,612
U.S. DEPARTMENT OF JUSTICE			
Direct Awards			
Bulletproof Vest Partnership Program	16.607	N/A	617
Community Oriented Policing Services (COPS) Program	16.710	2014-UM-WX-0092	98,268
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2016-DJ-BX-0109	17,627
Equitable Sharing Program	16.922	GA0480100	268,403
Total U.S. Department of Justice			384,915
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Georgia Department of Community Affairs			
Community Development Block Grants/Entitlement Grants Cluster			
Community Development Block Grant (CDBG) Program	14.218	15h-x-048-2-5796	83,142
Total U.S. Department of Housing and Urban Development			83,142
Total Expenditures of Federal Awards			$ 842,669

See accompanying notes to schedule of expenditures of federal awards

CITY OF DOUGLASVILLE, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Summary of Significant Accounting Policies – Basis of Presentation and Accounting

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

(2) In instances where the grant agreement requires the City to match grant awards with local funds, such matching funds are excluded in the accompanying SEFA.

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

(4) The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Indirect Costs

(1) The City did not utilize the 10% de minimus indirect cost rate permitted by the Uniform Guidance.

CITY OF DOUGLASVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

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

CITY OF DOUGLASVILLE, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings and Responses

2017-001 Collateralization of Deposits

Criteria: State of Georgia law requires deposits of public funds to be insured and for any balances in excess of deposit insurance coverage to be secured by pledged collateral in an amount of at least 110% of the deposit amount not covered by deposit insurance.

Condition: As of June 30, 2017, the City has a certificate of deposit with a large financial institution that is not insured and collateralized as required by the Official Code of Georgia Annotated §45-8-12(c).

Context/Cause: The financial institution holding the certificate of deposit with a balance of approximately $1.35 million has acknowledged the State of Georgia requirement; however, it has stated that it does not provide the benefit of collateralization of public funds.

Effects: The failure of a financial institution to fully insure and collateralize the City's deposits could result in financial loss to the City should the financial institution fail.

Recommendation: We recommend the City review its banking relationship with the aforementioned financial institution and consider alternatives that will pledge securities to properly collateralize the City's deposits to protect the City from financial loss and in accordance with State law.

Auditee's Response: We concur with the finding. Due to the significant early withdrawal penalties associated with removing the certificate of deposit from the bank, we have elected to hold the certificate of deposit until maturity and subsequently consider alternatives for the deposit of City funds with financial institutions that will pledge collateral as required by State law.

Section III – Federal Awards Findings and Questioned Costs

None reported

CITY OF DOUGLASVILLE, GEORGIA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

None reported in the prior year

CITY OF DOUGLASVILLE, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017

2017-001 Collateralization of Deposits

Name of the Contact Person Responsible for the Corrective Action: Karin Callan, Finance Director

Corrective Action Plan: The City will continue to evaluate the cost/benefit of terminating the banking relationship involved in the finding. At present, there is a significant early withdrawal penalty associated with redeeming the certificate of deposit and moving the City's funds to another financial institution. The City will monitor the financial operations of the financial institution in question and should circumstances arise that necessitate the withdrawal of City funds, City personnel are prepared to do so.

Anticipated Completion Date: On-going