

CITY OF DOUGLASVILLE, GEORGIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



CITY OF DOUGLASVILLE, GEORGIA

Comprehensive Annual Financial Report

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**Prepared By:
Karin E. Callan, C.P.A.
Director of Finance**

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**CITY OF DOUGLASVILLE, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION

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Rochelle Robinson
Mayor

Marcia Hampton
City Manager

Vicki L. Acker
City Clerk

December 17, 2016

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

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, 2016, 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

in these financial statements because of significant operational or financial relationships as required by generally accepted accounting principles. For year ended June 30, 2016, the City has three component units: the Douglasville Convention and Conference Center Authority, the Douglasville Public Purpose Corporation and the Downtown 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 31,890. 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. The policy is to maintain a \$2.5 million fund balance; however, there is a recommendation by the City Council not to go below \$ 5.8 million which represents three months of operating expenses.

As in the previous year, fiscal year 2015-2016 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 almost complete with 100% of the transportation dollars expended. Hunter Park Community Center was completed in 2013. The 2007 SPLOST which passed did 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 dollar 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 2016 increased from 25.5% to 26.29%. 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% L.O.S.T. (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.

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 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 Post Employment Benefit) liability closely. In January of 2013 the city decided to leave the Georgia Municipal Association (GMA) and request proposals for Health-care costs. The City evaluated the plans closely and went with Kaiser Permanente. This saved the City over \$500,000 based on the renewal rates presented to the City by GMA. This health-care plan is for retirees as well and will also lower the OPEB liability.

Major Initiatives:

The Federal Highway Administration has approved the Highway 92 overpass project and Georgia Department of Transportation 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 Georgia 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, The Georgia Department of Transportation and the Atlanta Regional Commission that construction of the HWY 92 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 and was completed

at the end of 2015.

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 design 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 2015.

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, Bio Life, Keurig 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 Nichols, Cauley and Associates, LLC were 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, 2014. 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,

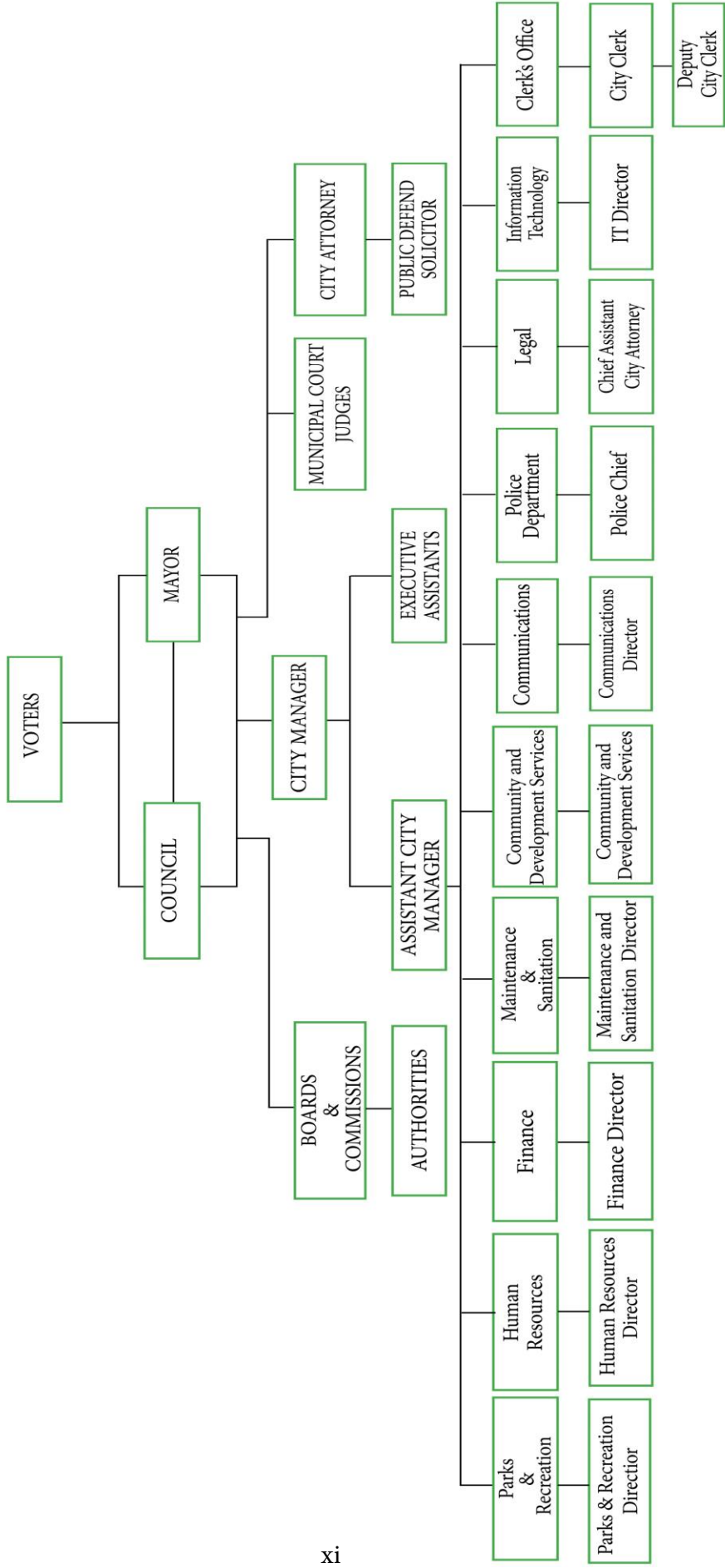


Marcia Hampton
City Manager



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

City of Douglasville Organizational Chart



City of Douglasville, Georgia
LISTING OF PRINCIPAL OFFICIALS

June 30, 2016

Mayor: Rochelle D. Robinson

City Manager: Marcia Hampton

Council Members

Ward 1 Larry G. Yockey

Ward 2, Post 1 Mike Miller

Ward 2, Post 2 Mark Adams

Ward 3, Post 1 LaShun B. Danley

Ward 3, Post 2 Samuel Davis

Ward 4 Chris Watts

Ward 5 Richard S. Segal

FINANCIAL SECTION

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NICHOLS, CAULEY & ASSOCIATES, LLC

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kennesaw@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Rochelle Robinson, Mayor
Members of the City Council
City of Douglasville
Douglasville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia (City), as of and for the year ended June 30, 2016, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Douglasville, Georgia, as of June 30, 2016, 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, the schedule of changes in the City's net pension liability and related ratios, the schedule of pension contributions, and the schedule of funding progress on page 52-54 and the budgetary comparison information for the General Fund and Confiscated Assets Special Revenue Fund on pages 55-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Douglasville, Georgia's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, and compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred, the Car Rental Tax Schedule of Revenue Received and Expenditures Incurred, and the Schedule of Projects Constructed with Special Local Sales Tax Proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-13-

51, 48-13-93, and 48-8-121, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the compliance section 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 financial statements and schedules and the compliance section 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 17, 2016, on our consideration of the City of Douglasville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Douglasville, Georgia's internal control over financial reporting and compliance.

Richards, Cauley + Associates, LLC

Kennesaw, Georgia

December 17, 2016

Management's Discussion and Analysis

As management of the City of Douglasville (the City), 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, 2016. 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

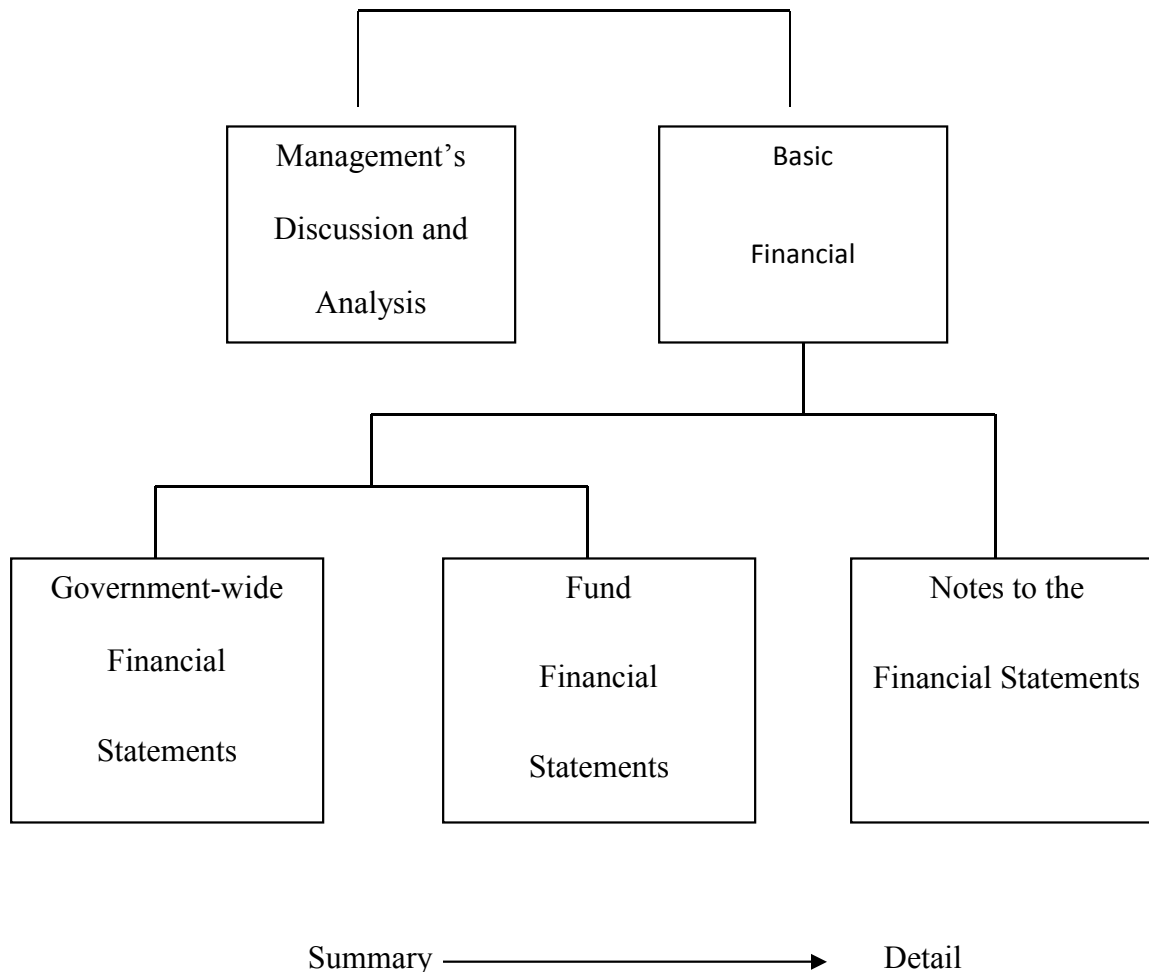
- The City's net position totals \$66,371,711 at the end of the year. This amount includes \$65,882,958 net investment in capital assets, restricted portion of \$3,418,778 and unrestricted net position at a negative \$2,930,025.
- The total net position increased by \$1,035,513 as a result of fiscal year 2016 operations.
- As of the close of the current fiscal year, the City of Douglasville's governmental funds reported combined ending fund balances of \$11,181,282 an increase of \$2,306,841 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,658,815 or 34% percent of total general fund expenditures for the fiscal year.
- The City of Douglasville's Government wide debt (bonds and capital leases) decreased by \$2,090,264.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Douglasville's 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 total liabilities. 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, and Rental Car fund. Separate information about the Other Governmental funds can be found in the combining statements in the report on pages 52-53.

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 25-51 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 by \$66,371,711 as of June 30, 2016. The City's net position increased by \$1,035,513 for the fiscal year ended June 30, 2016.

	Governmental Activities 2016	Governmental Activities 2015	Business Type Activities 2016	Business Type Activities 2015	Total 2016	Total 2015
Current and other assets	\$ 13,500,978	\$ 11,634,804	\$ 4,502,295	\$ 3,952,511	\$ 18,003,273	\$ 15,587,315
Capital Assets	\$ 103,855,961	\$ 105,963,206	\$ 1,367,872	\$ 1,372,590	\$ 105,223,833	\$ 107,335,796
Total Assets	\$ 117,356,939	\$ 117,598,010	\$ 5,870,167	\$ 5,325,101	\$ 123,227,106	\$ 122,923,111
Deferred Outflows of Resources	\$ 1,806,914	\$ 993,761	\$ 99,673	\$ 45,823	\$ 1,906,587	\$ 1,039,584
					\$ -	
Long-term liabilities outstanding	\$ 52,651,471	\$ 52,540,169	\$ 312,692	\$ 178,046	\$ 52,964,163	\$ 52,718,215
Other liabilities	\$ 4,806,172	\$ 4,081,256	\$ 256,328	\$ 334,198	\$ 5,062,500	\$ 4,415,454
Total liabilities	\$ 57,457,643	\$ 56,621,425	\$ 569,020	\$ 512,244	\$ 58,026,663	\$ 57,133,669
Deferred Inflows of Resources	\$ 681,231	\$ 1,381,456	\$ 54,088	\$ 111,372	\$ 735,319	\$ 1,492,828
Net Investment in capital assets	\$ 64,515,086	\$ 64,472,022	\$ 1,367,872	\$ 1,372,590	\$ 65,882,958	\$ 65,844,612
Restricted	\$ 3,418,778	\$ 3,223,039	\$ -	\$ -	\$ 3,418,778	\$ 3,223,039
Unrestricted	\$ (6,908,885)	\$ (7,106,171)	\$ 3,978,860	\$ 3,374,718	\$ (2,930,025)	\$ (3,731,453)
Total net position	\$ 61,024,979	\$ 60,588,890	\$ 5,346,732	\$ 4,747,308	\$ 66,371,711	\$ 65,336,198

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 assets represent resources that are subject to external restrictions(6%)on how they may be used. There was an increase of \$ 195,739 in restricted net assets in connection with the City of Douglasville's Governmental Activities. The majority of the increase is due to restriction on the Culture and Recreation funds used to pay debt service.

At the end of the current fiscal year, the City of Douglasville reports a deficit of \$6,908,885 in unrestricted net position of Governmental Activities . This is a decrease of \$197,286 .

There was an increase in net position of \$599,424 in connection with the City's business type activities. This increase results from consistent revenues and consistent level of expenses and purchases of fleet and equipment. There has not been any rate increases or any one time infusion of funds.

Governmental Activities. Governmental activities increased the City's net position by \$436,089 thereby accounting for 42% of the total increase in the net position of the City of Douglasville. Key elements of this change are as follows:

- One time infusion of Greystone Power franchise fee
- The City portion of the Local Option Sales Tax agreement increased during the fiscal year yielding higher sales tax revenue than the previous fiscal year
- Property taxes came in higher than budgeted

City of Douglasville Changes in Net Position Figure 3

	Governmental		Business-type		Total	Total
	Activities		Activities			
	2016	2015	2016	2015		
Revenues:						
Program revenues:						
Charges for services	\$ 6,079,503	\$ 6,948,254	\$ 3,999,390	\$ 3,911,692	\$ 10,078,893	\$ 10,859,946
Operating grants and contributions	\$ 300,897	\$ 1,002,645			\$ 300,897	\$ 1,002,645
Capital grants and contributions	\$ 233,612	\$ 544,223			\$ 233,612	\$ 544,223
General revenues:						
Property taxes	\$ 9,922,506	\$ 7,943,693			\$ 9,922,506	\$ 7,943,693
Sales taxes	\$ 6,204,621	\$ 6,048,402			\$ 6,204,621	\$ 6,048,402
Other taxes and miscellaneous	\$ 7,897,884	\$ 6,948,787			\$ 7,897,884	\$ 6,948,787
Unrestricted Investment earnings	\$ 30,854	\$ 27,105	\$ 2,257	\$ 238	\$ 33,111	\$ 27,343
Gain on Sale of Capital Assets	\$ 71,023		\$ 15,345	\$ 72,239	\$ 86,368	\$ 72,239
Total Revenues	\$ 30,740,900	\$ 29,463,109	\$ 4,016,992	\$ 3,984,169	\$ 34,757,892	\$ 33,447,278
Expenses:						
General Government	\$ 7,020,218	\$ 6,069,013			\$ 7,020,218	\$ 6,069,013
Judicial	\$ 824,031	\$ 746,284			\$ 824,031	\$ 746,284
Public Safety	\$ 11,761,412	\$ 10,823,733			\$ 11,761,412	\$ 10,823,733
Public Works	\$ 2,682,503	\$ 2,686,734			\$ 2,682,503	\$ 2,686,734
Housing and Development	\$ 1,996,326	\$ 2,050,572			\$ 1,996,326	\$ 2,050,572
Culture and Recreation	\$ 4,517,173	\$ 4,263,526			\$ 4,517,173	\$ 4,263,526
Interest on long-term debt	\$ 1,603,148	\$ 1,652,409			\$ 1,603,148	\$ 1,652,409
Sanitation Services			\$ 3,317,568	\$ 3,375,445	\$ 3,317,568	\$ 3,375,445
Total Expenses	\$ 30,404,811	\$ 28,292,271	\$ 3,317,568	\$ 3,375,445	\$ 33,722,379	\$ 31,667,716
Increase (decrease) in net position before transfers	\$ 336,089	\$ 1,170,838	\$ 699,424	\$ 608,724	\$ 1,035,513	\$ 1,779,562
Transfers	\$ 100,000	\$ 115,000	\$ (100,000)	\$ (115,000)	\$ -	\$ -
Change in net position	\$ 436,089	\$ 1,285,838	\$ 599,424	\$ 493,724	\$ 1,035,513	\$ 1,779,562
Net position, beginning	\$ 60,588,890	\$ 59,303,052	\$ 4,747,308	\$ 4,253,584	\$ 65,336,198	\$ 63,556,636
Net Position-Ending	\$ 61,024,979	\$ 60,588,890	\$ 5,346,732	\$ 4,747,308	\$ 66,371,711	\$ 65,336,198

The most significant expenses are for Public Safety for \$11,761,412 representing 39% of the total governmental expenses. The next most significant program expense is General Government

expense of \$7,020,218 representing 23% of total governmental expenses. General Government expenses increased by \$951,205 largely due the Service Delivery Strategy agreement between Douglas County and the City of Douglasville. Per the new agreement, the City now pays for it's portion of the fire services and animal control. In the past the County had paid for all of the fire service cost. This resulted in an annual increase of \$1.7 million dollars per year. Fire Services is \$1.6 million and animal control is the remainder. The City raised the millage rate to reflect the additional cost of Fire Services and Animal Control. This agreement was effective in January of the prior fiscal year .

Business-type activities: Business-type activities increased the City of Douglasville's net assets by \$599,424 accounting for 58% of the total increase in the government's total net assets. 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 \$8,658,815 compared to last year at \$6,097,136 an increase of \$2,561,679. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. In 2016, unassigned fund balance represents 34% of total General Fund expenditures. The primary reasons for the increase in fund balance for the General Fund :

- One time infusion of Greystone power Franchise Fee payment
- The increase in local option sales tax percentage
- Increases in Insurance Premium tax
- Increases in Hotel Motel Tax
- Revenues increased at a higher rate than expenses

At the end of the current fiscal year, restricted fund balance of the Confiscated Assets Fund was \$2,344,817 compared to last year at \$2,670,090 a decrease of \$325,273. This was due to more expenses than revenue. The Confiscated Asset Fund has purchased more equipment and paid for more programs . However, the cash seizures have been minimal.

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 is a result of the Hunter Park Dam project that was affected by the flood of 2009. The initial projection for the costs of this project were not adequate . The City had to wait on approval from FEMA for the additional work done and is currently waiting on payment from FEMA. The final documents for reimbursement have been filed since October of 2015 . The City expects to be reimbursed this

deficit amount. The Conference Center deficit fund balance is reduced each year by the Rental Car funds.

At June 30, 2016, the governmental funds of City of Douglasville reported a combined fund balance of \$11,181,282. Last year the combined fund balance was \$8,874,441 which represents a increase of 26% from 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 \$1,265,793. This was largely due to a one time Greystone power Franchise payment . The City received \$680,765 more in franchise revenue than budgeted for Greystone power line item. This was a one time infusion and the City will not budget this amount in the future. The City received more in property tax than was initially budgeted . The Local Option Sales Tax agreement between the City and the Douglas County was renegotiated and effective starting in January 2013. The City negotiated a higher rate from the previous agreement and the rate increases incrementally over the next 10 year period of the agreement. The City takes a very conservative approach to budgeting. The expenditure amount was \$667,855 less than budgeted. There was also a one time increase in building permits from a development that the City will not budget in the future. As a result, the City received \$107,821 more than budgeted. The remaining amount is from items that came in slightly over ahead of budget .

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 \$3,978,860. The total increase in net position from the prior fiscal year was \$599,424. This increase is due to budgeting expense lower than revenues so that the unrestricted net position will increase in anticipation of building a new Sanitation building decreased expenses. This has been achieved without any increase in rates.

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, 2016, totals \$105,223,833 (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:

A total of 17 vehicles were purchased for the Police Department and out of those, 9 were purchased with Confiscated Asset funds. The City had \$449,000 of equipment and machinery purchases dealing with updating the Information Technology needs of the City and emergency preparedness.

CITY OF DOUGLASVILLE’S CAPITAL ASSETS

FIGURE 4

	Governmental Activities		Business Type Activites		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 29,465,527	\$ 29,465,527	\$ -	\$ -	\$ 29,465,527	\$ 29,465,527
Construction in Progress	\$ 426,031	\$ 349,980	\$ -	\$ -	\$ 426,031	\$ 349,980
Buildings	\$ 45,092,755	\$ 46,349,706	\$ -	\$ -	\$ 45,092,755	\$ 46,349,706
Other Improvements	\$ 8,532,744	\$ 8,861,047	\$ -	\$ -	\$ 8,532,744	\$ 8,861,047
Infrastructure	\$ 17,740,314	\$ 18,518,468	\$ -	\$ -	\$ 17,740,314	\$ 18,518,468
Vehicles , Machinery and Equipment	\$ 2,598,590	\$ 2,418,478	\$ 1,367,872	\$ 1,372,590	\$ 3,966,462	\$ 3,791,068
	\$ 103,855,961	\$ 105,963,206	\$ 1,367,872	\$ 1,372,590	\$105,223,833	\$ 107,335,796

Additional information on the City’s capital assets can be found in note 6 pages 35-36 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2016, the City of Douglasville had bonded debt outstanding of \$37,386,802. The City had capital leases in the amount of \$999,626 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

	Governmental Activities		Business Type Activites			Total	Total
	2016	2015	2016	2015		2016	2015
Capital Leases	\$ 999,626	\$ 1,253,449				\$ 999,626	\$ 1,253,449
Compensated							
Absences	\$ 744,811	\$ 827,575	\$ 64,213	\$ 59,382		\$ 809,024	\$ 886,957
Premium	\$ 975,885	\$ 1,037,049				\$ 975,885	\$ 1,037,049
Discount	\$ (21,438)	\$ (22,557)				\$ (21,438)	\$ (22,557)
Interest Rate Swap	\$ 526,512	\$ 468,751				\$ 526,512	\$ 468,751
Net Pension Liability	\$ 3,857,465	\$ 2,134,828	\$ 306,271	\$ 172,108		\$ 4,163,736	\$ 2,306,936
Net OPEB obligation	\$ 11,018,240	\$ 9,790,852				\$ 11,018,240	\$ 9,790,852
Bonds Payable	\$ 37,386,802	\$ 39,223,243				\$ 37,386,802	\$ 39,223,243
Total	\$ 55,487,903	\$ 54,713,190	\$ 370,484	\$ 231,490	\$-	\$ 55,858,387	\$ 54,944,680

FIGURE 5

The City of Douglasville’s total debt increased \$913,707 during the past fiscal year. This is due to the net effect of debt payments decreasing 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 has not issued any additional debt.

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 \$89,782,098. 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 7 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 is 5.8%, compared to 6.3% in Georgia
- In 2009, the Douglasville Development Authority was reactivated in an effort 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 incremental sales tax increase for the Local Option Sales Tax, per the Intergovernmental Agreement, was effective January 2014.
- SPLOST was passed in November of 2016 which is expected to generate more than \$35,000,000 in revenues over the next 6 years.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities: The FY 17 budget is 2.2% higher than the prior year beginning budget. Property taxes were budgeted at a 3% growth. The sales taxes budget was projected to increase by 2%. The Local Option Sales tax collection will go from 26.19% to 27.33% in calendar year 2017.

The City has Merit Increases and COLA programmed in the budget. The City has contracted with an agency to help with the Information Technology needs of the City which was an additional cost of \$300,000 to be paid over the next two years. New Financial Software is programmed in the budget.

A transfer of \$100,000 to fund the Development Authority was budgeted to help bring additional quality jobs to the City.

West Pines Golf Course is expected to keep revenues and expenses at same level as prior year.

Rental Car tax will be used to pay the deficit fund balance in the Construction Fund. Improvements in the Parks on the North side of the City have been programmed in the budget.

The Rental Car revenues are budgeted to pay the Conference Center deficit down and is expected to be completely paid by 2020.

Matching Grant funds for the Welcome Center and street Scape with new Christmas decorations were also included in the budget.

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.

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.

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash	\$ 6,266,649	\$ 2,653,539	\$ 8,920,188	\$ 138,191
Receivables, net:				
Trade	-	415,785	415,785	-
Taxes	346,644	-	346,644	-
Other	1,492,305	-	1,492,305	-
Internal balances	(1,073,220)	1,073,220	-	-
Due from other governments	567,066	-	567,066	-
Inventories	28,137	-	28,137	-
Prepaid items	327,498	52,658	380,156	-
Restricted cash	451,694	-	451,694	-
Investments	5,094,205	307,093	5,401,298	-
Capital assets, non depreciated	29,891,558	-	29,891,558	-
Capital assets, depreciated, net	73,964,403	1,367,872	75,332,275	-
Total assets	117,356,939	5,870,167	123,227,106	138,191
Deferred outflows of resources:				
Related to pensions	1,280,402	99,673	1,380,075	-
Accumulated fair value of hedge transaction	526,512	-	526,512	-
Total deferred outflows of resources	1,806,914	99,673	1,906,587	-
Liabilities:				
Accounts payable and other current liabilities	1,515,505	198,536	1,714,041	59
Unearned revenue	454,235	-	454,235	-
Noncurrent liabilities:				
Due within one year	2,836,432	57,792	2,894,224	-
Due in more than one year	52,651,471	312,692	52,964,163	-
Total liabilities	57,457,643	569,020	58,026,663	59
Deferred inflows of resources:				
Related to pensions	681,231	54,088	735,319	-
Net Position:				
Net investment in capital assets	64,515,086	1,367,872	65,882,958	-
Restricted for:				
Culture and recreation	1,020,357	-	1,020,357	-
Debt service	53,604	-	53,604	-
Public safety	2,344,817	-	2,344,817	-
Unrestricted	(6,908,885)	3,978,860	(2,930,025)	138,132
Total net position	\$ 61,024,979	\$ 5,346,732	\$ 66,371,711	\$ 138,132

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 7,020,218	\$ 2,434,206	\$ -	\$ -	\$ (4,586,012)	\$ -	\$ (4,586,012)	
Judicial	824,031	1,274,224	-	-	450,193	-	450,193	
Public safety	11,761,412	362,911	289,547	-	(11,108,954)	-	(11,108,954)	
Public works	2,682,503	17,750	-	233,612	(2,431,141)	-	(2,431,141)	
Housing and development	1,996,326	439,654	11,350	-	(1,545,322)	-	(1,545,322)	
Culture and recreation	4,517,173	1,550,758	-	-	(2,966,415)	-	(2,966,415)	
Interest & fiscal charges on long-term debt	1,603,148	-	-	-	(1,603,148)	-	(1,603,148)	
Total governmental activities	30,404,811	6,079,503	300,897	233,612	(23,790,799)	-	(23,790,799)	
Business-type activities:								
Sanitation	3,317,568	3,999,390	-	-	-	681,822	681,822	
Total business-type activities	3,317,568	3,999,390	-	-	-	681,822	681,822	
Total Primary Government	\$ 33,722,379	\$ 10,078,893	\$ 300,897	\$ 233,612	\$ (23,790,799)	\$ 681,822	\$ (23,108,977)	
Component Unit	\$ 82,665	\$ 32,500	\$ 85,000	\$ -	\$ -	\$ -	\$ 34,835	
General revenues:								
Property taxes					9,922,506	-	9,922,506	
Sales and use taxes					6,204,621	-	6,204,621	
Hotel, motel tax					1,970,096	-	1,970,096	
Franchise taxes					2,836,620	-	2,836,620	
Insurance premium tax					1,783,698	-	1,783,698	
Alcohol taxes					1,307,470	-	1,307,470	
Unrestricted investment earnings					30,854	2,257	33,111	
Gain on disposal of assets					71,023	15,345	86,368	
Transfers					100,000	(100,000)	-	
Total general revenues and transfers					24,226,888	(82,398)	24,144,490	
Change in net position					436,089	599,424	1,035,513	34,835
Net position - beginning					60,588,890	4,747,308	65,336,198	103,297
Net position - ending					\$ 61,024,979	\$ 5,346,732	\$ 66,371,711	\$ 138,132

CITY OF DOUGLASVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Confiscated Assets	GEMA Flood	Conference Center	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 5,004,952	\$ 528,186	\$ -	\$ -	\$ 733,511	\$ 6,266,649
Restricted cash	451,694	-	-	-	-	451,694
Receivables, net:						
Taxes	346,644	-	-	-	-	346,644
Other	911,990	1,016	296,026	-	283,273	1,492,305
Due from other governments	567,066	-	-	-	-	567,066
Investments	3,146,691	1,845,152	-	-	102,362	5,094,205
Prepaid items	148,772	-	-	-	726	149,498
Inventories	28,137	-	-	-	-	28,137
Total assets	\$ 10,605,946	\$ 2,374,354	\$ 296,026	\$ -	\$ 1,119,872	\$ 14,396,198
<u>Liabilities, deferred inflows of resources, and fund balances</u>						
Liabilities:						
Accounts payable	\$ 730,497	\$ 29,537	\$ -	\$ -	\$ 34,927	\$ 794,961
Accrued liabilities	110,147	-	-	-	8,443	118,590
Unearned revenue	451,694	-	-	-	2,541	454,235
Due to other funds	-	-	293,131	737,793	42,296	1,073,220
Total liabilities	1,292,338	29,537	293,131	737,793	88,207	2,441,006
Deferred inflows of resources:						
Unavailable revenues	477,884	-	296,026	-	-	773,910
Fund balances:						
Nonspendable	176,909	-	-	-	726	177,635
Restricted	-	2,344,817	-	-	1,073,235	3,418,052
Unassigned	8,658,815	-	(293,131)	(737,793)	(42,296)	7,585,595
Total fund balances (deficit)	8,835,724	2,344,817	(293,131)	(737,793)	1,031,665	11,181,282
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,605,946	\$ 2,374,354	\$ 296,026	\$ -	\$ 1,119,872	
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.						103,855,961
The cumulative outflow from hedge transactions are not financial resources and therefore, are deferred outflows in the statement of net position.						526,512
Revenue earned but unavailable is not reported in the funds.						773,910
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:						
Unamortized bond insurance						178,000
Deferred outflows of resources are not available resource and, therefore, are not reported in the funds						1,280,402
Long-term liabilities and deferred inflows are not due and payable in the current period and therefore are not reported in the funds:						
Net OPEB obligation						(11,018,240)
Deferred inflows of resources related to pensions						(681,231)
Net pension liability						(3,857,465)
Unmatured bonds payable						(37,386,802)
Unamortized discount						21,438
Unamortized premium						(975,885)
Capital leases payable						(999,626)
Accrued interest expense						(601,954)
Interest rate swap payable						(526,512)
Accrued compensated absences						(744,811)
Net position of governmental activities						\$ 61,024,979

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Confiscated Assets	GEMA Flood	Conference Center	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 21,722,334	\$ -	\$ -	\$ -	\$ 1,970,096	\$ 23,692,430
Charges for services	1,784,327	-	-	-	221,989	2,006,316
Licenses and permits	2,280,227	-	-	-	-	2,280,227
Fines and forfeitures	1,846,280	90,187	-	-	-	1,936,467
Intergovernmental	2,410	-	-	-	489,322	491,732
Investment earnings	15,321	17,328	-	-	705	33,354
Miscellaneous revenue	129,978	-	-	-	594,030	724,008
Total revenues	27,780,877	107,515	-	-	3,276,142	31,164,534
Expenditures:						
Current:						
General government	6,774,584	-	-	-	12,199	6,786,783
Judicial	767,006	-	-	-	-	767,006
Public safety	9,807,941	462,128	-	-	200,205	10,470,274
Public works	1,683,259	-	-	-	228,282	1,911,541
Housing and development	1,170,710	-	-	-	32,736	1,203,446
Culture and recreation	3,128,782	-	-	-	1,132,305	4,261,087
Capital Projects	-	-	16,829	-	97,843	114,672
Debt Service						
Principal, interest, and fees	2,051,015	-	-	-	1,709,351	3,760,366
Total expenditures	25,383,297	462,128	16,829	-	3,412,921	29,275,175
Excess (deficiency) of revenues over expenditures	2,397,580	(354,613)	(16,829)	-	(136,779)	1,889,359
Other financing sources (uses):						
Transfers in	820,827	-	16,829	-	2,303,278	3,140,934
Sale of capital assets	63,502	29,340	-	-	224,640	317,482
Transfers out	(1,170,807)	-	-	-	(1,870,127)	(3,040,934)
Total other financing sources (uses)	(286,478)	29,340	16,829	-	657,791	417,482
Net change in fund balance	2,111,102	(325,273)	-	-	521,012	2,306,841
Fund balance at beginning of year	6,724,622	2,670,090	(293,131)	(737,793)	510,653	8,874,441
Fund balance at end of year	\$ 8,835,724	\$ 2,344,817	\$ (293,131)	\$ (737,793)	\$ 1,031,665	\$ 11,181,282

**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, 2016**

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

Net change in fund balances - total governmental funds		\$ 2,306,841
<p>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.</p>		
Depreciation expense	(3,062,899)	
Capital outlays	1,202,113	
Disposal of assets	<u>(246,459)</u>	(2,107,245)
<p>The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(494,652)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position</p>		
		2,090,264
<p>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 the governmental funds:</p>		
Accrued interest expense	6,909	
Prepaid expense	(14,429)	
Accrued compensated absences	82,764	
Net pension liability and changes in related deferred inflows/ outflows of resources	(267,020)	
Net OPEB obligation	(1,227,388)	
Amortization of bond discounts and premium	<u>60,045</u>	<u>(1,359,119)</u>
Change in net position of governmental activities		<u>\$ 436,089</u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	<u>Sanitation Enterprise Fund</u>
Assets:	
Current assets:	
Cash	\$ 2,653,539
Investments	307,093
Receivables, net	415,785
Due from other funds	1,073,220
Prepaid expenses	52,658
Total current assets	<u>4,502,295</u>
Noncurrent assets	
Property, plant and equipment, net	<u>1,367,872</u>
Total assets	<u>5,870,167</u>
Deferred outflows of resources:	
Related to pensions	<u>99,673</u>
Liabilities:	
Current liabilities:	
Accounts payable	187,533
Accrued liabilities	11,003
Compensated absences	57,792
Total current liabilities	<u>256,328</u>
Long-term liabilities (net of current portion):	
Compensated absences	6,421
Net pension liability	306,271
Total noncurrent liabilities	<u>312,692</u>
Total liabilities	<u>569,020</u>
Deferred inflows of resources:	
Related to pensions	<u>54,088</u>
Net position:	
Invested in capital assets	1,367,872
Unrestricted	3,978,860
Total net position	<u><u>\$ 5,346,732</u></u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Sanitation Enterprise Fund</u>
Operating revenues:	
Charges for services	\$ 3,999,390
Total operating revenues	<u>3,999,390</u>
Operating expenses:	
Personal services and employee benefits	1,209,909
Contracted services	1,426,025
Other operating expenses	396,981
Depreciation	<u>284,653</u>
Total operating expenses	<u>3,317,568</u>
Operating income	<u>681,822</u>
Nonoperating revenues (expenses):	
Interest income	2,257
Gain(loss) on disposal of assets	<u>15,345</u>
Total nonoperating revenues (expenses)	<u>17,602</u>
Income before transfers	<u>699,424</u>
Transfers out	<u>(100,000)</u>
Change in net position	<u>599,424</u>
Total net position, beginning	<u>4,747,308</u>
Total net position, ending	<u><u>\$ 5,346,732</u></u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Sanitation Enterprise Fund</u>
Cash flows from (to) operating activities:	
Cash received from customers	\$ 3,909,714
Cash payments to suppliers for goods and services	(1,890,068)
Cash payments for employee services and fringe benefits	<u>(1,211,307)</u>
Net cash from (to) operating activities	<u>808,339</u>
Cash flows from (to) noncapital financing activities:	
Transfers out	<u>(100,000)</u>
Net cash from (to) noncapital financing activities	<u>(100,000)</u>
Cash flows from (to) capital and related financing activities:	
Acquisition of capital assets	(279,935)
Cash payments received on disposal of assets	<u>15,345</u>
Net cash from (to) capital and related financing activities	<u>(264,590)</u>
Cash flows from (to) investing activities:	
Purchases of investments	(832)
Interest earned on assets	<u>2,257</u>
Net cash from (to) investing activities	<u>1,425</u>
Net increase (decrease) in cash	445,174
Cash at beginning of year	<u>2,208,365</u>
Cash at end of year	<u><u>\$ 2,653,539</u></u>
Reconciliation of operating income to net cash from operating activities:	
Operating income	\$ 681,822
Adjustments to reconcile operating income to net cash from (to) operating activities:	
Depreciation	284,653
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(89,676)
(Increase) decrease in due from other funds	(1)
(Increase) decrease in prepaid expenses	(14,101)
(Increase) decrease in deferred outflows of resources	(53,850)
Increase (decrease) in net pension liability	134,163
Increase (decrease) in accounts payable	(52,960)
Increase (decrease) in accrued liabilities	(29,258)
Increase (decrease) in compensated absences	4,831
Increase (decrease) in deferred inflows of resources	<u>(57,284)</u>
Net cash from (to) operating activities	<u><u>\$ 808,339</u></u>

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2016

	<u>Beneficiary Fund</u>
Assets-	
Current assets-	
Cash	<u>\$ 56,218</u>
 Liabilities-	
Due to other governments and individuals	<u>\$ 56,218</u>

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The accounting methods and procedures adopted by the City of Douglasville, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was created in 1937 and operates under an elected Mayor/Council form of government. The City's major operations included public safety, culture-recreation, water and sewer services, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of the City of Douglasville (the primary government) and in accordance with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 61 "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*", the financial statements of its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

The financial statements of the component units have been included as either a blended component unit or a discretely presented component unit. The fiscal year end of the component units is June 30. The component units do not issue separate Component Unit Financial Statements. A brief description of the component units is as follows:

Blended Component Units:

The Douglasville Convention and Conference Center Authority was organized to issue bonds to develop and promote commerce, industry and general welfare with the City. The City appoints the Authority's board members and has contractually obligated itself to use its taxing power to guarantee repayment of principal and interest on certain revenue bonds issued by the Authority; therefore, the Authority is fiscally dependent on and is purely a financing authority of the City. The Authority is presented as a special revenue fund.

The Douglasville Public Purpose 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 have contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Corporation; therefore, the Corporation is fiscally dependent and is purely a financing authority of the City. The Corporation is presented as a special revenue fund.

Discretely Presented Component Units:

The City of Douglasville Development Authority was created by the City as a separate legal

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

entity by an act of the state legislature 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. The Authority is fiscally dependent upon the City because the City Council has the sole authority to levy taxes for the Authority.

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 primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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. The City's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

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 customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues except intergovernmental revenue to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue is considered available if considered collectible within 9 months after the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

Confiscated Assets Fund – The Confiscated Assets Fund accounts for money received from cash confiscations or sales of confiscated assets.

GEMA Flood Fund - The GEMA Flood Fund is used to account for a grant awarded to the City for capital improvements.

Conference Center Fund - The Conference Center fund accounts for the construction of a convention center funded by bond proceeds.

The government reports the following major proprietary fund:

Sanitation Fund - The Sanitation Fund accounts for the operations of providing sanitation to the residents of the City.

Additionally, the government reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds account for financial resources related to the Douglasville Downtown Conference Center, the Public Purpose Corporation's building, hotel/motel taxes, grants, and rental car excise taxes.

Capital Project Funds – Capital Project Funds are used to account for financial resources that are restricted or committed for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Agency Fund – The Agency fund accounts for the collection and disbursement of monies by the Municipal Court on behalf of other entities.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund and Special Revenue Funds. Project length budgets are adopted for the Capital Project 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 a passage of an ordinance.
4. The 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.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General,

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand accounts and all highly liquid investments with a maturity of three months or less when purchased.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. See note (2) for additional information regarding Cash and Investments.

The City's investments include Georgia Fund 1. Georgia Fund 1 is managed by the Office of State Treasurer. The entire portfolio, including the City's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The reported value of Georgia Fund 1 is the same as the fair value of the pool shares.

F. Short-Term/Long-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

G. Inventories

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories consist of expendable supplies held for consumption and items needed for repairs or improvements. The consumption method is used to account for inventories.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016 are recorded as prepaid items.

I. Capital Assets

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

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective in the first year of implementing GASB No. 34. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City implemented the retroactive infrastructure provisions for all previous infrastructure assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The capitalized threshold for capital assets is \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

Buildings and improvements	50 years
Vehicles, machinery, furniture and equipment	5-15 years
Infrastructure and improvements	30 years
Other improvements	20-50 years

See note (6) for additional information regarding capital assets.

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

J. Compensated Absences

Accumulated unpaid vacation pay and comp time amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured. Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

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 bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

See note (7) for additional information regarding long-term obligations.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category. They are the accumulated fair value of the City's hedge transaction and the deferred outflow of resources relating to pensions. See notes (7) and (9) for information regarding the City's interest rate swap agreement and pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents a part of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category, unavailable revenues reported only in the governmental funds balance sheet and the deferred inflows related to pensions reported in the government wide statement of net position and in the proprietary funds statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

M. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. The committed fund balance classification includes amounts that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of a fiscal year, committed fund balances. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. The City Council has by resolution authorized the City's Finance Director to assign fund balance. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal minimum fund balance policy.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to this risk by requiring deposits of public funds to be collateralized in accordance with State law. As of June 30, 2016, none of the deposits of the City were subject to custodial credit risk.

CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

At June 30, 2016, the City had restricted cash of \$135,419 relating to a performance bond and \$316,275 relating to funds restricted for certain projects.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties or municipalities. As of June 30, 2016, a certificate of deposit of the confiscated asset fund totaling \$1,089,419 was uninsured and uncollateralized.

The City's investments at June 30, 2016 are comprised of \$3,119,655 certificates of deposits and \$2,281,643 investments in Georgia Fund 1. Georgia Fund 1 is a AAAf rated investment pool with less than one year maturity.

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The City does not have a formal policy for credit risk beyond the types of investments authorized by state statute.

In fiscal year 2016, the City adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the exchange price that would be received for an asset (exit price) in the principal or most advantageous market for an asset in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets that the City has the ability to access.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset in active markets, as well as inputs that are observable for the asset (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs for the asset which are typically based on the City's own assumptions, as there is little, if any, related market activity.

The City's recurring fair value measurements at June 30, 2016, the Georgia Fund 1 and certificate of deposits are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

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(3) RECEIVABLES

Receivables at June 30, 2016 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 346,644	\$ -	\$ 911,990	\$ -	\$ 1,258,634
Confiscated Assets Fund	-	-	1,016	-	1,016
GEMA Flood Fund	-	-	296,026	-	296,026
Nonmajor Governmental Funds	-	-	283,273	-	283,273
Sanitation Fund	-	517,978	-	(102,193)	415,785
Total	<u>\$ 346,644</u>	<u>\$ 517,978</u>	<u>\$ 1,492,305</u>	<u>\$ (102,193)</u>	<u>\$ 2,254,734</u>

(4) DUE FROM OTHER GOVERNMENTS

Due From Other Governments at June 30, 2016 consist of the following:

	State of Georgia Department of Revenue
General Fund	<u>\$ 567,066</u>

(5) INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

Interfund loans receivable are considered “available spendable resources.” Such balances at June 30, 2016 include Due from (to) and are summarized as follows:

<u>PAYABLE FROM</u>	<u>RECEIVABLE TO Sanitation Fund</u>
GEMA Flood Fund	\$ 293,131
Conference Center Fund	737,793
Nonmajor Governmental Funds	42,296
Total	<u>\$ 1,073,220</u>

Generally, outstanding balances between funds reported as “due to/from other funds” include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

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Interfund transfers for the current year were as follows:

<u>TRANSFER IN TO</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sanitation Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 720,827	\$ 100,000	\$ 820,827
GEMA Flood Fund	16,829	-	-	16,829
Nonmajor Governmental Funds	<u>1,153,978</u>	<u>1,149,300</u>	<u>-</u>	<u>2,303,278</u>
Total	<u>\$ 1,170,807</u>	<u>\$ 1,870,127</u>	<u>\$ 100,000</u>	<u>\$ 3,140,934</u>

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisition or in accordance with budgetary authorizations.

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 29,465,527	\$ -	\$ -	\$ 29,465,527
Construction in progress	349,980	76,051	-	426,031
Total capital assets not being depreciated	<u>29,815,507</u>	<u>76,051</u>	<u>-</u>	<u>29,891,558</u>
Capital assets, being depreciated:				
Infrastructure	98,205,560	55,338	-	98,260,898
Buildings	53,341,687	-	(221,189)	53,120,498
Other improvements	11,478,876	177,165	-	11,656,041
Machinery, equipment and vehicles	15,405,414	893,559	(852,733)	15,446,240
Total capital assets being depreciated	<u>178,431,537</u>	<u>1,126,062</u>	<u>(1,073,922)</u>	<u>178,483,677</u>
Less accumulated depreciation for:				
Infrastructure	(79,687,092)	(833,492)	-	(80,520,584)
Buildings	(6,991,981)	(1,061,306)	25,544	(8,027,743)
Other improvements	(2,617,829)	(505,468)	-	(3,123,297)
Machinery, equipment and vehicles	(12,986,936)	(662,633)	801,919	(12,847,650)
Total accumulated depreciation	<u>(102,283,838)</u>	<u>(3,062,899)</u>	<u>827,463</u>	<u>(104,519,274)</u>
Total capital assets being depreciated, net	<u>76,147,699</u>	<u>(1,936,837)</u>	<u>(246,459)</u>	<u>73,964,403</u>
Governmental activities capital assets, net	<u>\$ 105,963,206</u>	<u>\$ (1,860,786)</u>	<u>\$ (246,459)</u>	<u>\$ 103,855,961</u>

**CITY OF DOUGLASVILLE, GEORGIA
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Business-type activities:

Capital assets, being depreciated:				
Vehicles	\$ 2,565,266	\$ 279,935	\$ (194,107)	\$ 2,651,094
Machinery and equipment	579,141	-	-	579,141
Total capital assets being depreciated	<u>3,144,407</u>	<u>279,935</u>	<u>(194,107)</u>	<u>3,230,235</u>
Less accumulated depreciation for:				
Vehicles	(1,349,852)	(226,889)	194,107	(1,382,634)
Machinery and equipment	(421,965)	(57,764)	-	(479,729)
Total accumulated depreciation	<u>(1,771,817)</u>	<u>(284,653)</u>	<u>194,107</u>	<u>(1,862,363)</u>
Total capital assets being depreciated, net	<u>1,372,590</u>	<u>(4,718)</u>	<u>-</u>	<u>1,367,872</u>
Business-type activities capital assets, net	<u>\$ 1,372,590</u>	<u>\$ (4,718)</u>	<u>\$ -</u>	<u>\$ 1,367,872</u>

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

Governmental activities:

General government	\$ 553,205
Public safety	764,162
Public works, including depreciation of general infrastructure	655,893
Culture and recreation	1,089,639
Total depreciation expense - governmental activities	<u>\$ 3,062,899</u>

Business-type activities:

Sanitation	<u>\$ 284,653</u>
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**CITY OF DOUGLASVILLE, GEORGIA
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(7) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 39,223,243	\$ -	\$ (1,836,441)	\$ 37,386,802	\$ 1,901,619
Premium	1,037,049	-	(61,164)	975,885	-
Discount	(22,557)	-	1,119	(21,438)	-
Interest rate swap	468,751	57,761	-	526,512	-
Capital leases	1,253,449	-	(253,823)	999,626	264,483
Net pension liability	2,134,828	2,891,368	(1,168,731)	3,857,465	-
Net OPEB obligation	9,790,852	1,534,235	(306,847)	11,018,240	-
Compensated absences	827,575	562,814	(645,578)	744,811	670,330
Governmental activities long-term liabilities	\$ 54,713,190	\$ 5,046,178	\$ (4,271,465)	\$ 55,487,903	\$ 2,836,432
Business-type activities:					
Net pension liability	\$ 172,108	\$ 229,374	\$ (95,211)	\$ 306,271	\$ -
Compensated absences	59,382	51,343	(46,512)	64,213	57,792
Business-type activities long-term liabilities	\$ 231,490	\$ 280,717	\$ (141,723)	\$ 370,484	\$ 57,792

For governmental activities, compensated absences, pension, and OPEB liabilities are typically liquidated in the general fund.

Governmental Activities:

General Obligation Bonds

General Obligation bonds have been issued for governmental activities and are comprised of the following individual issues at June 30, 2016:

\$23,000,000 Series 2009 City of Douglasville bonds, due in annual installments commencing February 1, 2010 of \$645,000 to \$1,680,000 through February 1, 2029; interest at 2.0 to 5.0 percent (\$17,010,000 outstanding). The bonds were issued to finance the cost of the acquisition, construction and furnishing of a facility to house public safety and municipal courts operations.

Revenue Bonds

Revenue bonds have been issued for governmental activities and are comprised of the following individual issue at June 30, 2016:

\$7,253,713 Series 2005 Douglasville Public Purpose Corporation Authority bonds, serviced through lease payments from the City, due in annual installments commencing September 2, 2005 of \$19,062 to \$478,306 through April 1, 2026, bond interest at a variable rate (\$4,331,802 outstanding). The bonds were issued to finance the cost of constructing a public service building.

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When the bonds were issued, the City entered into an interest rate swap transaction with a hedge provider. The fair value balance of the City's derivative instruments outstanding at June 30, 2016, was (\$526,512). The notional amount of the City's derivative instruments was \$4,331,802 as of June 30, 2016. The fair values were estimated using a proprietary pricing model based on past, present, and estimated future market conditions. As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in 2005, the City entered into an interest rate swap in connection with the variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate of 4.11 percent. The swap counterparty was rated A by Standard & Poor's. The bonds and the related swap agreement mature on April 1, 2026. Under the swap, the City pays the counterparty a fixed payment of 4.11 percent and receives a variable payment based on the one month USA-LIBOR-BBA plus 1.15%. The bond's variable-rate coupons are based on the one month USA-LIBOR-BBA plus 1.15%. At June 30, 2016, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The City is exposed to interest rate risk. As the LIBOR rate decreases, the City's net payment on the swap increases. The City is exposed to basis risk because the variable-rate payments received by the City on the hedging derivative instrument are based on an index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed weekly. The City or the counterparty may terminate the derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability.

\$9,640,000 Series 2011 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2022 of \$400,000 to \$3,860,000 through February 1, 2035; interest at 3.0 to 5.0 percent (\$9,640,000 outstanding). The bonds were issued to finance the cost of the design, acquisition, construction, and furnishing of a new conference center and parking facilities.

\$3,770,000 Series 2012 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing February 1, 2014 of \$150,000 to \$525,000 through February 1, 2022; interest at 4.0 to 5.0 percent (\$2,550,000 outstanding). The bonds were issued to finance the cost of the design, acquisition, construction, and furnishing of a new conference center and parking facilities.

\$4,110,000 Series 2013 Douglasville Convention and Conference Center Authority bonds, serviced through lease payments from the City, due in annual installments commencing August 1, 2014 of \$160,000 to \$640,000 through August 1, 2035; interest at 1.00 to 3.25% percent (\$3,855,000 outstanding). The bonds were issued to refund the 2005 bond series used to construct a golf course.

The following is a schedule of the future payments on outstanding Governmental Activities bonds as of June 30, 2016:

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Year Ending June 30,	Principal	Interest	Total
2017	\$ 1,901,619	\$ 1,548,298	\$ 3,449,917
2018	2,041,438	1,462,403	3,503,841
2019	2,122,204	1,393,016	3,515,220
2020	2,213,405	1,294,346	3,507,751
2021	2,300,942	1,191,408	3,492,350
2022-2026	12,977,194	4,491,451	17,468,645
2027-2031	9,540,000	1,898,654	11,438,654
2032-2036	4,290,000	452,738	4,742,738
Total	<u>\$ 37,386,802</u>	<u>\$ 13,732,314</u>	<u>\$ 51,119,116</u>

Capital Leases

The City leases certain equipment with costs totaling \$3,267,546. The interest rates for the leases are 4.05% - 4.24%. The leases qualify as capital leases. As of June 30, 2016, accumulated depreciation expense totaled \$821,166. This year \$82,997 was included in depreciation expense.

The following is a schedule of the future payments on outstanding Governmental Activities capital leases as of June 30, 2016:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 264,483	\$ 42,186	\$ 306,669
2018	235,069	30,891	265,960
2019	244,945	21,015	265,960
2020	255,129	10,724	265,853
Total	<u>\$ 999,626</u>	<u>\$ 104,816</u>	<u>\$ 1,104,442</u>

(8) PROPERTY TAXES

Douglas County Georgia bills and collects real and personal property taxes for the City. Ad valorem tax on motor vehicles and mobile homes is collected by the Douglas County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in October of each year on the assessed valuation of property as of the preceding January 1. Taxes were levied on September 15, 2015. The billings are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending 60 days after the tax bill mailing. At that later date, generally mid-November, the bill becomes delinquent, subject to lien, and penalties and interest may be assessed by the City. Assessed values are established by the Douglas County Tax Assessor's office and are currently calculated

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at 40% of the market value. The assessed values of real and personal property (excluding public utility franchise, motor vehicles and mobile home taxes) at January 1, 2015 were \$887,125,894 and \$174,819,620 respectively.

Based on the 2015 digest millage levy of 8.954, a property tax owner would pay \$8.954 per \$1,000 of assessed valuation. Current tax collections of \$7,449,597 for the fiscal year ended June 30, 2016 were 97.8% of the levy.

(9) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained 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.

All City employees are eligible to participate in the System upon completion of one year of service; elected officials have no waiting period for eligibility. Benefits vest after completing five years of service. Elected officials are immediately vested.

Normal retirement age is 65 with 5 years of credited service. A reduced benefit is payable at age 55 with 10 years of service. An early unreduced benefit is payable after achieving the Rule of 75 (minimum age of 55 plus years of service to equal 75).

Employees covered by benefit terms. At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	98
Inactive employees entitled to but not yet receiving benefits	97
Active employees	<u>235</u>
Total	<u><u>430</u></u>

Contributions. Contributions are determined under the projected unit credit actuarial cost method. The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions. For the year ended June 30, 2016, the actuarially determined rate was 8.27% of annual pay. The January 1, 2015 valuation is used to determine the recommended contribution for the fiscal year 2016. During the plan year, total pension contributions were \$734,705 from the City.

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Net Pension Liability

The City's net pension liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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% plus service based merit increases
Investment rate of return	7.75%
Cost of living adjustments	3.25% for employees hired on or before October 2, 2006; 0% otherwise

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period of January 1, 2010 through June 30, 2014.

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 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-

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term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 9/30/2014	\$ 28,148,387	\$ 25,841,451	\$ 2,306,936
Changes for the year:			
Service cost	497,420	-	497,420
Interest	2,139,272	-	2,139,272
Differences between expected and actual experience	(167,287)	-	(167,287)
Contributions - employer	-	756,309	(756,309)
Contributions - employee	-	34,663	(34,663)
Net investment income	-	303,266	(303,266)
Benefit payments, including refunds of employee contributions	(1,089,753)	(1,089,753)	-
Administrative expense	-	(42,494)	42,494
Other	439,139	-	439,139
Net changes	<u>1,818,791</u>	<u>(38,009)</u>	<u>1,856,800</u>
Balances at 9/30/2015	<u>\$ 29,967,178</u>	<u>\$ 25,803,442</u>	<u>\$ 4,163,736</u>

As a result of the new administrative fee structure approved by the GMEBS Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for Employees, for the fiscal year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's net pension liability is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal year ending in 2015 and later reflect the following assumption changes approved by the GMEBS Board in December 2014 based on the results of an actuarial experience covering the period of January 1, 2010 to June 30, 2014:

Changes in Assumptions

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at

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ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70. If retirement is not available at a given age or a participant does not meet the plan's service criteria to retire at a given age, no retirement is assumed at that age.

- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

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%, 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 %) or 1-percentage-point higher (8.75 %) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 8,560,247	\$ 4,163,736	\$ 566,849

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System Retirement Trust financial report. The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized as revenues in the period in which the contributions are received. Investment income is recognized as earned by the System. The net appreciation (depreciation) in the fair value of investments held by the System is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the Statement of Net Position.

Plan refunds, transfers and benefits to participants are recorded as they are received or paid. Other expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments are reported at fair value as of the Statement of Net Position date.

Investments of the System consist of common and preferred stocks, corporate fixed income securities, equity and fixed income mutual funds, governmental and governmental agency securities, and real estate. There are no investments in any one organization other than the securities guaranteed by the U.S. government that represent five percent or more of plan net position. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in real estate funds are valued based on

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appraisals and valuations prepared by American Realty Advisors. Temporary cash and cash equivalent investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

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

For the year ended June 30, 2016, the City recognized pension expense of \$1,024,754. At June 30, 2016, 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	\$ -	\$ (535,600)
Changes of assumptions	-	(199,719)
Net difference between projected and actual earnings on pension plan investments	830,846	-
Employer contributions to the pension plan subsequent to the measurement date of the net pension liability	549,229	-
Total	\$ 1,380,075	\$ (735,319)

\$549,229 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(69,420)
2018		(69,420)
2019		(69,420)
2020		303,787
2021		-
Thereafter		-

(10) POST EMPLOYMENT HEALTH CARE PLAN

The City implemented GASB 45 prospectively during the year ended June 30, 2009.

Plan Description - The City participates in the Georgia Municipal Employees Benefit System ("System"), an agent multiple-employer public employee post employment health care plan system that acts as a common investment and administrative agent for cities in the state of

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Georgia. All of the City's employees may become eligible for post employment healthcare benefits if they retire on or after the age of 55 with at least 20 years of service. Per the January 1, 2015 valuation, there were 45 retirees eligible for the benefits and 207 active participants. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City. The City has the authority to establish and amend benefit provisions.

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. The plan is financed on a pay-as-you-go basis. During the fiscal year 2016, the City contributed \$306,847 to the plan. The cost of benefits for retirees is paid entirely by the City.

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation	Annual Amount Contributed
6/30/16	\$ 1,534,235	20%	\$ 11,018,240	\$ 306,847
6/30/15	1,527,818	20%	9,790,852	300,402
6/30/14	1,616,016	15%	8,563,436	249,145

The following is the funding status of the Plan as of the most recent valuation date:

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 of Covered Payroll ((b - a) / c)
01/01/15	\$ -	\$ 13,982,771	\$ 13,982,771	0.0%	\$ 8,831,986	158.3%

The Schedule of Funding Progress presented as required supplemental information 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 liabilities for benefits.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty-five year period. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Annual required contribution	\$ 1,812,212
Interest on net OPEB obligation	362,032
Adjustment to annual required contribution	<u>(640,009)</u>
Annual OPEB cost	1,534,235
Contributions made	<u>(306,847)</u>
(Increase) decrease in net OPEB obligation	1,227,388
Net OPEB obligation, beginning of year	<u>9,790,852</u>
Net OPEB obligation, end of year	<u><u>\$ 11,018,240</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The accompanying schedules of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty five year period. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	1/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed, 25 years
Remaining amortization period	19 years as of July 1, 2014
Asset valuation method	Market value of assets
Actuarial assumptions:	
Discount rate	4.0%
Inflation rate	3.25%
Medical and drug costs	8.0% graded to 5.00% over 6 years
Dental cost trend rate	4.00%

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The Georgia Municipal Employee Benefit System issues a publicly available financial report. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Service, 201 Pryor Street, SW., Atlanta, Georgia 30303.

(11) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

To select a person to serve as a Member representative.

To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

To allow attorneys appointed by GIRMA 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 Fund or Funds established by GIRMA.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.

To follow all loss reduction and prevention procedures established by GIRMA.

To furnish to GIRMA such budget, operating and underwriting information as may be requested.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund whereby the risk is pooled with other entities.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs 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.

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

(12) JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the ten county Atlanta region is a member of the Atlanta Regional Commission (RC). Membership in a RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RC. Separate financial statements may be obtained from the Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

(13) DEFICIT FUND BALANCES

The deficits in the GEMA Flood and Bright Star Connector Funds will be funded by future intergovernmental revenues. The Conference Center Fund deficit will be funded by a transfer from the Rental Car Tax Fund.

GEMA Flood Fund	\$ (293,131)
Conference Center Fund	\$ (737,793)
Bright Star Connector Fund	\$ (42,296)

(14) COMMITMENTS AND CONTINGENCIES

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 by insurance resulting from such litigation would not materially affect the financial statements of the City.

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.

(15) FUND BALANCE

The composition of the City's fund balances is as follows:

	General Fund	Confiscated Assets Fund	GEMA Flood Fund	Conference Center Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Prepays	\$ 148,772	\$ -	\$ -	\$ -	\$ 726	\$ 149,498
Inventories	28,137	-	-	-	-	28,137
Restricted for:						
Promotion of tourism	-	-	-	-	1,019,631	1,019,631
Debt service	-	-	-	-	53,604	53,604
Law enforcement	-	2,344,817	-	-	-	2,344,817
Unassigned	8,658,815	-	(293,131)	(737,793)	(42,296)	7,585,595
	\$ 8,835,724	\$ 2,344,817	\$ (293,131)	\$ (737,793)	\$ 1,031,665	\$ 11,181,282

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

(16) CONDUIT DEBT OBLIGATIONS

The City of Douglasville Development Authority has issued bonds to provide financial assistance to multiple local business owners for the improvement of property and facilities. At June 30, 2015, \$209,954,225 was outstanding. The bonds are secured by the property and facilities financed and are payable solely from the payments from the underlying funding agreement. Upon payment of the bonds, ownership of the property and facilities transfers to the local business owner. Neither the Authority nor the City is obligated in any manner for the repayment of the bonds. In accordance with Governmental Accounting Standards Board Interpretation 2 “Disclosure of Conduit Debt Obligations,” the bonds are not reported as liabilities in the accompanying financial statements.

**CITY OF DOUGLASVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

(17) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the fiscal year ended June 30, 2016:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund:			
General government:			
Clerk of Council-			
Other operating expenditures	\$ 91,118	\$ 92,928	\$ (1,810)
Financial administration			
Other operating expenditures	213,034	226,452	(13,418)
General administration:			
Other operating expenditures	2,501,848	2,532,117	(30,269)
Judicial:			
Municipal court:			
Personal services	556,733	558,494	(1,761)
Public safety:			
Police-			
Personal services	7,716,440	7,735,109	(18,669)
Other operating expenditures	1,683,080	1,800,832	(117,752)
Public works:			
Street maintenance-			
Other operating expenditures	752,904	754,081	(1,177)
Garage-			
Other operating expenditures	18,000	28,998	(10,998)
Housing and development:			
Code enforcements-			
Other operating expenditures	11,500	12,227	(727)
Community development-			
Personnel services	166,148	171,770	(5,622)
Parks Maintenance			
Personal services	328,249	331,326	(3,077)
West Pines Golf Course-			
Capital outlay	66,574	73,581	(7,007)
Debt service:			
Principal	1,126,363	1,126,366	(3)
Interest and fiscal charges	920,084	924,649	(4,565)
Confiscated Assets Fund			
Public safety	251,080	462,128	(211,048)
Multiple Grant Fund:			
General government	5,323	12,199	(6,876)
Public safety	189,717	200,205	(10,488)
Public works	-	228,282	(228,282)

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REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF DOUGLASVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND
RELATED RATIOS**

	2016	2015
Total pension liability		
Service cost	\$ 497,420	\$ 550,294
Interest	2,139,272	2,094,469
Differences between expected and actual experience	(167,287)	(669,619)
Changes of assumptions	-	(332,866)
Changes of benefit items	439,139	2,683
Benefit payments, including refunds of employee contributions	(1,089,753)	(1,043,971)
Net change in total pension liability	1,818,791	600,990
Total pension liability - beginning	28,148,387	27,547,397
Total pension liability - ending (a)	\$ 29,967,178	\$ 28,148,387
 Plan fiduciary net position		
Contributions - employer	\$ 756,309	\$ 851,364
Contributions - employee	34,663	-
Net investment income	303,266	2,668,243
Benefit payments including refunds of employee contributions	(1,089,753)	(1,043,971)
Administrative expense	(42,494)	(33,695)
Net change in plan fiduciary net position	(38,009)	2,441,941
 Plan fiduciary net position - beginning	25,841,451	23,399,510
Plan fiduciary net position - ending (b)	\$ 25,803,442	\$ 25,841,451
 City's net pension liability - ending (a) - (b)	\$ 4,163,736	\$ 2,306,936
 Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.80%
 Covered employee payroll	\$ 9,661,889	\$ 8,713,629
 City's net pension liability as a percentage of covered employee payroll	43.09%	26.48%

Notes to Schedule:

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF DOUGLASVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS**

	6/30/2016	6/30/2015
Actuarially determined contribution	\$ 732,305	\$ 761,110
Contributions in relation to the actuarially determined contribution	734,705	763,549
Contribution deficiency (excess)	\$ (2,400)	\$ (2,439)
 Covered-employee payroll	 \$ 11,255,792	 \$ 10,949,260
Contributions as a percentage of covered-employee payroll	6.53%	6.97%

Notes to Schedule:

Valuation Date:

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year.

Methods and assumptions to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 10 years.

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

Inflation	3.25%
Salary increases	3.25% plus service based merit increases
Investment rate of return	7.75%
Cost of living adjustments	3.25% for employees hired on or before October 2, 2006; 0% otherwise

Retirement age 65

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

Benefit changes :

- An early retirement window (ERIP) was offered between August 18, 2015 and January 24, 2016.
- Effective August 1, 2014, Police have alternative normal retirement eligibility at age 50 with 25 years of service.
- Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

2015 is the first fiscal year that data has been measured in accordance with GASB Statement 68.

**CITY OF DOUGLASVILLE, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Post Employment Healthcare 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 of Covered Payroll ((b - a) / c)
01/01/15	\$ -	\$ 13,982,771	\$ 13,982,771	0.0%	\$ 8,831,986	158.3%
01/01/13	-	16,108,511	16,108,511	0.0%	8,898,121	181.0%
01/01/11	-	13,214,736	13,214,736	0.0%	8,247,391	160.2%

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Revenues:				
Taxes	\$ 20,770,725	\$ 20,881,725	\$ 21,722,334	\$ 840,609
Charges for services	1,732,330	1,743,859	1,784,327	40,468
Licenses and permits	2,048,250	2,123,250	2,280,227	156,977
Fines and forfeitures	1,619,750	1,534,350	1,846,280	311,930
Intergovernmental revenues	6,500	6,500	2,410	(4,090)
Investment earnings	5,000	5,000	15,321	10,321
Miscellaneous revenue	64,200	219,900	129,978	(89,922)
Total revenues	26,246,755	26,514,584	27,780,877	1,266,293
Expenditures:				
Current:				
General government				
Mayor and council				
Personnel services	228,136	228,136	182,872	45,264
Other operating expenditures	93,606	93,648	90,243	3,405
	<u>321,742</u>	<u>321,784</u>	<u>273,115</u>	<u>48,669</u>
Clerk of Council				
Personnel services	80,680	98,150	97,397	753
Other operating expenditures	43,231	91,118	92,928	(1,810)
	<u>123,911</u>	<u>189,268</u>	<u>190,325</u>	<u>(1,057)</u>
City Manager				
Personnel services	264,306	350,130	349,859	271
Other operating expenditures	68,795	64,120	59,377	4,743
	<u>333,101</u>	<u>414,250</u>	<u>409,236</u>	<u>5,014</u>
Financial administration				
Personnel services	408,741	419,087	397,607	21,480
Other operating expenditures	183,175	213,034	226,452	(13,418)
Capital outlay	-	11,000	10,490	510
	<u>591,916</u>	<u>643,121</u>	<u>634,549</u>	<u>8,572</u>
Legal				
Personnel services	105,513	109,554	106,304	3,250
Other operating expenditures	224,799	171,394	110,981	60,413
	<u>330,312</u>	<u>280,948</u>	<u>217,285</u>	<u>63,663</u>
Information services				
Personnel services	229,348	261,598	239,246	22,352
Other operating expenditures	772,186	753,186	711,675	41,511
Capital outlay	492,264	535,705	366,028	169,677
	<u>1,493,798</u>	<u>1,550,489</u>	<u>1,316,949</u>	<u>233,540</u>

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Human resources				
Personnel services	201,697	245,803	241,214	4,589
Other operating expenditures	113,868	97,868	83,485	14,383
Capital outlay	1,200	6,200	5,966	234
	<u>316,765</u>	<u>349,871</u>	<u>330,665</u>	<u>19,206</u>
Building and grounds				
Personnel services	114,461	114,461	101,213	13,248
Other operating expenditures	88,900	111,900	62,179	49,721
	<u>203,361</u>	<u>226,361</u>	<u>163,392</u>	<u>62,969</u>
Communications				
Personnel services	282,962	288,572	274,814	13,758
Other operating expenditures	64,945	64,945	48,009	16,936
Capital outlay	32,992	32,992	26,792	6,200
	<u>380,899</u>	<u>386,509</u>	<u>349,615</u>	<u>36,894</u>
Engineering				
Operating expenditures	47,000	47,000	22,391	24,609
	<u>47,000</u>	<u>47,000</u>	<u>22,391</u>	<u>24,609</u>
General administration				
Personnel services	1,149,797	434,270	334,945	99,325
Other operating expenditures	2,422,020	2,501,848	2,532,117	(30,269)
	<u>3,571,817</u>	<u>2,936,118</u>	<u>2,867,062</u>	<u>69,056</u>
Total general government	<u>7,714,622</u>	<u>7,345,719</u>	<u>6,774,584</u>	<u>571,135</u>
Judicial				
Municipal court				
Personnel services	466,432	556,733	558,494	(1,761)
Other operating expenditures	172,825	197,925	196,764	1,161
Capital outlay	11,748	11,748	11,748	-
Total judicial	<u>651,005</u>	<u>766,406</u>	<u>767,006</u>	<u>(600)</u>
Public safety				
Police				
Personnel services	7,430,460	7,716,440	7,735,109	(18,669)
Other operating expenditures	1,678,680	1,683,080	1,800,832	(117,752)
Capital outlay	272,000	272,000	272,000	-
Total public safety	<u>9,381,140</u>	<u>9,671,520</u>	<u>9,807,941</u>	<u>(136,421)</u>

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Public Works				
Street maintenance				
Personnel services	820,629	825,533	769,275	56,258
Other operating expenditures	718,840	752,904	754,081	(1,177)
Capital outlay	-	13,151	13,151	-
	1,539,469	1,591,588	1,536,507	55,081
Garage				
Personnel services	125,903	121,199	117,754	3,445
Other operating expenditures	9,500	18,000	28,998	(10,998)
	135,403	139,199	146,752	(7,553)
Total public works	1,674,872	1,730,787	1,683,259	47,528
Housing and development				
Inspections				
Personnel services	288,455	295,729	276,940	18,789
Other operating expenditures	110,140	110,140	99,142	10,998
Capital outlay	4,500	4,500	-	4,500
	403,095	410,369	376,082	34,287
Planning and zoning				
Personnel services	234,106	237,249	216,852	20,397
Other operating expenditures	42,550	43,550	31,113	12,437
	276,656	280,799	247,965	32,834
Code enforcement				
Personnel services	237,370	240,630	238,450	2,180
Other operating expenditures	11,500	11,500	12,227	(727)
	248,870	252,130	250,677	1,453
Community development				
Personnel services	164,828	166,148	171,770	(5,622)
Other operating expenditures	165,255	165,255	122,903	42,352
Capital outlay	1,500	1,500	1,313	187
	331,583	332,903	295,986	36,917
Total housing and development	1,260,204	1,276,201	1,170,710	105,491
Culture and recreation				
Parks Administration				
Personnel services	420,252	439,687	438,907	780
Other operating expenditures	286,894	292,494	285,183	7,311
Capital outlay	62,650	59,028	58,897	131
	769,796	791,209	782,987	8,222
Parks Maintenance				
Personnel services	346,491	328,249	331,326	(3,077)
Other operating expenditures	510,705	499,065	491,720	7,345
Capital outlay	180,238	176,238	122,242	53,996
	1,037,434	1,003,552	945,288	58,264

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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
Jessie Davis Park				
Personnel services	152,987	210,384	203,379	7,005
Other operating expenditures	70,910	71,660	68,816	2,844
Capital outlay	62,300	109,673	109,672	1
	<u>286,197</u>	<u>391,717</u>	<u>381,867</u>	<u>9,850</u>
West Pines Golf Course				
Personnel services	549,368	554,897	543,058	11,839
Other operating expenditures	402,073	406,123	402,001	4,122
Capital outlay	87,764	66,574	73,581	(7,007)
	<u>1,039,205</u>	<u>1,027,594</u>	<u>1,018,640</u>	<u>8,954</u>
Total culture and recreation	<u>3,132,632</u>	<u>3,214,072</u>	<u>3,128,782</u>	<u>85,290</u>
Debt Service				
Principal	1,081,104	1,126,363	1,126,366	(3)
Interest and fiscal charges	970,485	920,084	924,649	(4,565)
	<u>2,051,589</u>	<u>2,046,447</u>	<u>2,051,015</u>	<u>(4,568)</u>
Total expenditures	<u>25,866,064</u>	<u>26,051,152</u>	<u>25,383,297</u>	<u>667,855</u>
Excess (deficiency) of revenues over expenditures	<u>380,691</u>	<u>463,432</u>	<u>2,397,580</u>	<u>1,934,148</u>
Other financing sources (uses):				
Transfers in	730,000	730,000	820,827	90,827
Sale of capital assets	5,000	5,000	63,502	58,502
Transfers out	(1,115,691)	(1,200,032)	(1,170,807)	29,225
Total other financing sources (uses)	<u>(380,691)</u>	<u>(465,032)</u>	<u>(286,478)</u>	<u>178,554</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,600)</u>	2,111,102	<u>\$ 2,112,702</u>
Fund balance at beginning of year			<u>6,724,622</u>	
Fund balance at end of year			<u>\$ 8,835,724</u>	

CITY OF DOUGLASVILLE, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ 5,000	\$ 5,000	\$ 14,828	9,828
Total revenues	5,000	5,000	14,828	9,828
Expenditures-				
Current-				
Public safety	237,000	251,080	462,128	(211,048)
Total expenditures	237,000	251,080	462,128	(211,048)
Excess (deficiency) of revenues over expenditures	(232,000)	(246,080)	(447,300)	(201,220)
Other financing sources (uses):				
Transfers in	232,000	246,080	-	(246,080)
Total other financing sources (uses)	232,000	246,080	-	(246,080)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(447,300)	<u>\$ (447,300)</u>
Reconciliation to GAAP basis:				
Unbudgeted revenues:				
Fines and forfeitures			90,187	
Miscellaneous revenues			2,500	
Sale of capital assets			29,340	
Fund balance at beginning of year			<u>2,670,090</u>	
Fund balance at end of year			<u>\$ 2,344,817</u>	

**CITY OF DOUGLASVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds					Capital Projects Funds			Total Non-Major Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Rental Car Tax	Convention and Conference Center Authority	Public Purpose Corporation	SPLOST	Bright Star Connector		
ASSETS									
Cash	\$ 259,328	\$ 404,131	\$ 16,448	\$ -	\$ 53,604	\$ -	\$ -	\$ -	\$ 733,511
Investments	-	102,362	-	-	-	-	-	-	102,362
Receivables, net:									
Other	166,217	114,013	3,043	-	-	-	-	-	283,273
Prepaid items	-	726	-	-	-	-	-	-	726
Total assets	\$ 425,545	\$ 621,232	\$ 19,491	\$ -	\$ 53,604	\$ -	\$ -	\$ -	\$ 1,119,872

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts payable	\$ 1,367	\$ 33,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,927
Accrued liabilities	1,254	7,189	-	-	-	-	-	-	8,443
Unearned revenue	2,541	-	-	-	-	-	-	-	2,541
Due to other funds	-	-	-	-	-	-	42,296	-	42,296
Total liabilities	5,162	40,749	-	-	-	-	42,296	-	88,207
Fund balances:									
Nonspendable	-	726	-	-	-	-	-	-	726
Restricted	420,383	579,757	19,491	-	53,604	-	-	-	1,073,235
Unassigned	-	-	-	-	-	-	(42,296)	-	(42,296)
Total fund balance (deficit)	420,383	580,483	19,491	-	53,604	-	(42,296)	-	1,031,665
Total liabilities and fund balance	\$ 425,545	\$ 621,232	\$ 19,491	\$ -	\$ 53,604	\$ -	\$ -	\$ -	\$ 1,119,872

CITY OF DOUGLASVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				Capital Projects Funds			Total Non-Major Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Rental Car Tax	Convention and Conference Center Authority	Public Purpose Corporation	SPLOST	Bright Star Connector	
Revenues:								
Taxes	\$ -	\$ 1,788,648	\$ 181,448	\$ -	\$ -	\$ -	\$ -	\$ 1,970,096
Charges for services	-	221,989	-	-	-	-	-	221,989
Intergovernmental	444,322	-	-	-	-	45,000	-	489,322
Investment earnings	-	631	-	-	74	-	-	705
Miscellaneous revenues	-	50,710	-	-	543,320	-	-	594,030
Total revenues	444,322	2,061,978	181,448	-	543,394	45,000	-	3,276,142
Expenditures:								
Current:								
General government	12,199	-	-	-	-	-	-	12,199
Public safety	200,205	-	-	-	-	-	-	200,205
Public works	228,282	-	-	-	-	-	-	228,282
Housing and development	32,736	-	-	-	-	-	-	32,736
Culture and recreation	-	1,130,638	-	-	1,667	-	-	1,132,305
Debt service	-	-	-	1,176,756	532,595	-	-	1,709,351
Capital projects	-	-	-	-	-	97,843	-	97,843
Total expenditures	473,422	1,130,638	-	1,176,756	534,262	97,843	-	3,412,921
Excess (deficiency) of revenues over expenditures	(29,100)	931,340	181,448	(1,176,756)	9,132	(52,843)	-	(136,779)
Other financing sources (uses):								
Transfers in	249,629	876,893	-	1,176,756	-	-	-	2,303,278
Sale of capital assets	-	224,640	-	-	-	-	-	224,640
Transfers out	-	(1,675,043)	(165,000)	-	-	(30,084)	-	(1,870,127)
Total other financing sources (uses)	249,629	(573,510)	(165,000)	1,176,756	-	(30,084)	-	657,791
Net change in fund balance	220,529	357,830	16,448	-	9,132	(82,927)	-	521,012
Fund balance (deficit) at beginning of year	199,854	222,653	3,043	-	44,472	82,927	(42,296)	510,653
Fund balance (deficit) at end of year	\$ 420,383	\$ 580,483	\$ 19,491	\$ -	\$ 53,604	\$ -	\$ (42,296)	\$ 1,031,665

CITY OF DOUGLASVILLE, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,994,901	\$ 444,322	\$ (1,550,579)
Miscellaneous revenues	1,000	-	(1,000)
	1,995,901	444,322	(1,551,579)
Expenditures:			
Current:			
General government	5,323	12,199	(6,876)
Public safety	189,717	200,205	(10,488)
Public works	-	228,282	(228,282)
Housing and development	2,005,500	32,736	1,972,764
	2,200,540	473,422	1,727,118
Excess (deficiency) of revenues over expenditures	(204,639)	(29,100)	175,539
Other financing sources (uses)-			
Transfers in	204,639	249,629	44,990
	204,639	249,629	44,990
Net change in fund balance	\$ -	220,529	\$ 220,529
Fund balance at beginning of year		199,854	
Fund balance at end of year		\$ 420,383	

CITY OF DOUGLASVILLE, GEORGIA
HOTEL / MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 1,016,999	\$ 1,788,648	\$ 771,649
Charges for services	225,000	221,989	(3,011)
Investment earnings	100	631	531
Miscellaneous revenues	55,500	50,710	(4,790)
	<u>1,297,599</u>	<u>2,061,978</u>	<u>764,379</u>
Expenditures-			
Current-			
Culture and recreation	1,166,375	1,130,638	35,737
	<u>1,166,375</u>	<u>1,130,638</u>	<u>35,737</u>
Excess (deficiency) of revenues over expenditures	<u>131,224</u>	<u>931,340</u>	<u>800,116</u>
Other financing sources (uses):			
Transfers in	872,624	876,893	4,269
Transfers out	(1,003,848)	(1,675,043)	(671,195)
	<u>(131,224)</u>	<u>(798,150)</u>	<u>(666,926)</u>
Net change in fund balance	<u>\$ -</u>	<u>133,190</u>	<u>\$ 133,190</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Sale of capital assets		224,640	
Fund balance at beginning of year		<u>222,653</u>	
Fund balance at end of year		<u>\$ 580,483</u>	

CITY OF DOUGLASVILLE, GEORGIA
RENTAL CAR TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues-			
Taxes	\$ 165,000	\$ 181,448	\$ 16,448
Total revenues	165,000	181,448	16,448
Other financing sources (uses)-			
Transfers out	(165,000)	(165,000)	-
Total other financing sources (uses)	(165,000)	(165,000)	-
 Net change in fund balance	 \$ -	 16,448	 \$ 16,448
Fund balance at beginning of year		3,043	
Fund balance at end of year		\$ 19,491	

**CITY OF DOUGLASVILLE, GEORGIA
CONVENTION AND CONFERENCE CENTER AUTHORITY
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Expenditures-			
Debt service	\$ 1,181,862	\$ 1,176,756	\$ 5,106
Total expenditures	1,181,862	1,176,756	5,106
Excess (deficiency) of revenues over expenditures	(1,181,862)	(1,176,756)	5,106
Other financing sources (uses)-			
Transfers in	1,181,862	1,176,756	(5,106)
Total other financing sources (uses)	1,181,862	1,176,756	(5,106)
Net change in fund balance	\$ -	-	\$ -
Fund balance at beginning of year		-	
Fund balance at end of year		\$ -	

**CITY OF DOUGLASVILLE, GEORGIA
PUBLIC PURPOSE CORPORATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Miscellaneous revenues	\$ 937,855	\$ 543,320	\$ (394,535)
Total revenues	937,855	543,320	(394,535)
Expenditures:			
Current-			
Culture and recreation	10,795	1,667	9,128
Debt service	926,116	532,595	393,521
Total expenditures	936,911	534,262	402,649
Excess (deficiency) of revenues over expenditures	944	9,058	8,114
Other financing sources (uses):			
Transfers out	(944)	-	944
Net change in fund balance	\$ -	9,058	\$ 9,058
Reconciliation to GAAP basis:			
Unbudgeted revenues -			
Investment earnings		74	
Fund balance at beginning of year		44,472	
Fund balance at end of year		\$ 53,604	

CITY OF DOUGLASVILLE, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BENEFICIARY FUND				
Assets-				
Cash	\$ 25,260	\$ 642,214	\$ 611,256	\$ 56,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities-				
Due to other governments and individuals	\$ 25,260	\$ 642,214	\$ 611,256	\$ 56,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in capital assets	\$ 43,749,967	\$ 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
Restricted	349,394	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
Unrestricted	12,980,486	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)
Total governmental activities net position	\$ 57,079,847	\$ 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
Business-type activities										
Net Investment in capital assets	\$ 707,981	\$ 741,194	\$ 768,628	\$ 636,678	\$ 799,371	\$ 1,402,308	\$ 1,352,601	\$ 1,299,214	\$ 1,372,590	\$ 1,367,872
Unrestricted	2,056,286	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
Total business-type activities net position	\$ 2,764,267	\$ 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
Primary government										
Net Investment in capital assets	\$ 44,457,948	\$ 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
Restricted	349,394	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
Unrestricted	15,036,772	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)
Total primary government net position	\$ 59,844,114	\$ 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

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General government	\$ 4,125,003	\$ 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
Judicial	261,879	320,989	400,197	630,881	658,943	837,390	814,164	466,150	746,284	824,031
Public safety	8,199,075	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
Housing and development	2,519,655	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
Health and Welfare	2,398,897	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
Culture and recreation	1,275,954	5,144,631	108,384	144,708	144,708	144,708	144,708	144,708	-	-
Interest on long-term debt	689,096	625,884	2,302,582	1,132,943	2,130,160	3,619,609	5,492,366	4,207,443	4,263,526	4,517,173
Total governmental activities expenses	19,469,559	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
Business-type activities:										
Sanitation	3,351,924	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
Total business-type activities expenses	3,351,924	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
Total primary government expenses	\$ 22,821,483	\$ 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
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 3,987,106	\$ 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
Housing	1,192,270	1,475,400	1,650,572	234,665	509,097	216,306	331,530	410,570	557,320	439,654
Judicial	1,914,549	521,733	1,377,450	2,040,382	1,816,603	1,644,337	1,439,864	1,116,850	2,216,583	1,274,224
Public safety	-	-	-	314,151	363,673	368,658	408,686	331,947	317,080	362,911
Public Works	126,518	150,823	146,294	226,520	280,822	1,204,061	1,323,745	1,438,449	1,443,399	1,750
Culture and recreation	43,747	65,296	18,015	1,506,986	1,503,681	671,401	470,025	450,109	1,002,645	300,897
Operating grants and contributions	5,090,781	4,152,586	173,513	2,827,459	398,650	1,179,720	1,495,070	749,654	544,223	233,612
Capital grants and contributions	12,354,971	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
Total governmental activities program revenues	4,082,617	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
Business-type activities:										
Charges for services:										
Sanitation	4,082,617	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
Total business-type activities program revenues	\$ 4,082,617	\$ 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
Total primary government program revenues	\$ 16,437,588	\$ 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

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	\$ (7,114,588)	\$ (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)
Business-type activities	730,693	531,090	338,058	348,030	(31,088)	189,824	289,477	445,751	536,247	681,822
Total primary government net expense	\$ (6,383,895)	\$ (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)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,845,787	\$ 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
Sales taxes	9,728,513	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
Other taxes and miscellaneous	5,828,816	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
Unrestricted investment earnings	537,630	445,450	358,889	59,994	131,666	55,101	32,437	27,055	27,105	30,854
Gain on sale of capital assets	24,822	206,631	-	-	-	-	-	-	-	71,023
Transfers	-	45,000	-	45,000	45,000	45,000	45,000	100,000	115,000	100,000
Total governmental activities	\$ 19,965,568	\$ 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
Business-type activities										
Investment earnings	\$ 22,046	\$ 10,694	\$ 5,478	\$ 221	\$ 1,925	\$ 348	\$ 1,256	\$ 1,802	\$ 238	\$ 2,257
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	15,345
Transfers	-	(45,000)	-	(45,000)	(45,000)	(45,000)	(45,000)	(100,000)	(115,000)	(100,000)
Total business-type activities	22,046	(34,306)	5,478	(44,779)	(43,075)	(44,652)	(43,744)	(98,198)	(42,523)	(82,398)
Total primary government	\$ 19,987,614	\$ 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
Change in Net Position										
Governmental activities	\$ 12,850,980	\$ 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
Business-type activities	752,739	496,784	343,536	303,251	(74,163)	145,172	245,733	347,553	493,724	599,424
Total primary government	\$ 13,603,719	\$ 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

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 848,165	\$ 426,792	\$ 243,496	\$ 134,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,130,852	7,423,336	8,617,489	9,524,890	-	-	-	-	-	-
Nonspendable	-	-	-	349,310	140,232	265,788	220,938	522,637	176,909	-
Restricted	-	-	-	365,777	402,225	103,494	104,849	104,849	104,849	-
Assigned	-	-	-	8,799,775	6,354,443	5,480,501	5,236,868	6,097,136	8,658,815	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total general fund	\$ 9,979,017	\$ 7,850,128	\$ 8,860,985	\$ 9,659,736	\$ 9,370,896	\$ 7,262,677	\$ 5,849,783	\$ 5,562,675	\$ 6,724,622	\$ 8,833,724
All Other Governmental Funds										
Reserved	\$ 2,164	\$ -	\$ 2,486	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	3,168,666	2,340,670	3,589,246	4,000,716	-	-	-	-	-	-
Capital projects funds	313,027	226,185	(1,489,651)	10,131,882	-	-	-	-	-	-
Nonspendable	-	-	-	242	13,567	1,250	2,814	6,759	726	-
Committed	-	-	-	93,071	82,792	3,895,162	3,211,328	3,216,280	3,418,052	-
Restricted	-	-	-	(2,178,868)	(972,951)	(972,951)	(1,457,099)	(1,073,220)	(1,073,220)	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 3,483,857	\$ 2,566,855	\$ 2,102,081	\$ 14,132,627	\$ 2,338,039	\$ 9,680,164	\$ 3,006,253	\$ 1,757,043	\$ 2,149,819	\$ 2,345,538

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 19,385,214	\$ 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
Licenses and permits	2,419,479	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
Intergovernmental	1,402,168	485,522	191,528	3,486,238	7,256,155	2,509,829	2,026,572	822,471	653,037	491,732
Fines and forfeitures	1,142,319	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
Charges for service	651,004	721,576	759,114	659,782	779,425	1,688,574	2,172,256	1,906,925	1,875,617	2,006,316
Interest Income	537,630	445,450	358,889	286,276	131,632	55,112	32,437	27,055	24,928	33,354
Other Revenues	2,957,690	1,613,449	2,410,585	1,112,731	747,076	780,298	692,180	734,377	677,521	724,008
Total revenues	28,495,504	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
Expenditures										
General government	\$ 3,745,071	\$ 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
Judicial	261,351	319,960	369,494	583,930	597,735	762,214	730,670	730,699	693,350	767,006
Public safety	7,866,159	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
Public works	1,295,048	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
Culture and recreation	2,164,752	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
Housing and development	1,142,823	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
Capital outlay	7,375,488	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	894,588	465,002	627,081	985,231	1,457,363	1,518,752	2,243,242	1,900,149	1,735,405	1,670,103
Principal	706,136	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
Bond Issuance Cost	-	-	-	442,275	-	302,967	84,494	-	-	-
Total expenditures	25,451,416	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
Excess of revenues over (under) expenditures	3,044,088	(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
Other Financing Sources (Uses)										
Transfers in	1,923,855	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
Transfers out	(1,923,855)	(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)
Insurance Recoveries	-	-	-	71,688	-	-	-	-	-	-
Bonds issued	-	-	-	23,000,000	-	13,410,000	4,110,000	-	-	-
Premium on bonds issued	-	-	-	584,491	-	742,580	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(4,000,154)	-	-	-
Long Term Debt Issued	-	-	-	-	-	-	187,142	-	-	-
Sale of capital assets	24,822	336,044	6,100	-	47,357	-	-	-	-	317,482
Total other financing sources (uses)	24,822	381,044	6,100	23,701,179	92,357	14,197,580	341,988	100,000	115,000	417,482
Net change in fund balances	\$ 3,068,910	\$ (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
Debt service as a percentage of noncapital expenditures	8%	5%	5%	9%	14%	12%	14%	15%	14%	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
2007	\$ 3,827,885	\$ 5,305,914	\$ 954,123	\$ 1,748,191	\$ 1,051,403	\$ 1,420,772	\$ 364,980	\$ 14,673,268
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

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
2007	2006	\$ 870,063,249	\$ 123,175,912	\$ 21,222,763	\$ 40,436,924	\$ (15,239,805)	\$ 1,039,659,043	3.854	2,599,147,608	40.00
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

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)

Tax Year	Direct Rates			Overlapping Rates			Total Direct & Overlapping Rates
	City of Douglasville	Bond City of Douglasville	Total Direct	Douglas County	Douglas County Board of Education	State of Georgia	
2007	3.854		3.854	8.24	19.70	0.25	32.04
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

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

<u>Fiscal Year</u>	<u>City of Douglasville/ Douglas County/ BOE</u>	<u>SPLOST Sales Tax</u>	<u>State of Georgia Sales Tax</u>	<u>Total Direct & Overlapping Rates</u>
2007	2.00	1.00	4.00	7.00
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

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	2006*	2007*	2008*	2009*	2010	2011	2012	2013	2014	2015
Accommodations	\$ -	\$ -	\$ -	\$ -	\$ 181,437	\$ 201,754	\$ 208,044	\$ 221,696	\$ 239,002	\$ 269,134
Apparel	198,801	213,481	207,470	194,325	-	-	-	-	-	-
Automotive	852,560	896,204	847,972	627,651	831,936	924,001	1,020,368	877,563	283,772	300,091
Construction	-	-	-	-	43,217	49,459	60,352	62,041	69,314	79,158
Food	819,634	819,441	845,618	815,033	1,387,058	1,472,134	1,562,526	1,643,849	1,746,942	1,890,152
General Merchandise	747,110	774,009	759,189	766,099	1,339,806	1,359,914	1,396,157	1,433,731	1,485,867	1,558,718
Home	526,192	533,673	500,312	424,237	692,166	685,867	699,906	710,159	767,792	819,792
Lumber	591,547	587,397	471,709	329,606	-	-	-	-	-	-
Manufacturers	293,166	299,505	282,586	284,720	553,695	514,814	538,874	534,055	555,161	605,656
Misc	615,590	634,977	625,189	535,641	900,789	923,651	932,264	990,159	1,052,854	1,116,512
Other Retail	-	-	-	-	1,090,584	1,118,443	1,169,833	1,158,049	1,239,132	1,308,779
Service	431,632	442,189	484,621	504,260	531,718	518,969	560,363	511,939	461,314	245,015
Utilities	664,579	707,998	760,253	816,291	1,012,472	1,039,326	1,006,630	974,826	980,271	991,603
Wholesale	-	-	-	-	633,194	810,195	924,923	933,064	970,112	998,342
Total	\$ 5,740,811	\$ 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
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 2016 Statistical Section will not come out until January 2017. Therefore we will report for FY 16's numbers in FY 17.

City of Douglasville, Georgia
Principal Property Taxpayers
Current Year and Prior Year

Taxpayer	2016				2007		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed		Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value	Value		
Staples Contract and Commercial, Inc.	\$ 18,506,548	1	0.52%				0.00%
Medline Industries, Inc.	\$ 16,453,642	2	0.36%				0.00%
Arbor Place II, LLC.	\$ 12,751,720	3	0.27%		\$12,669,442	1	0.33%
POH Crestmark, LLC.	\$ 9,734,312	4	0.27%				0.00%
WPRE I Rocky Ridge, LLC	\$ 9,538,440	5	0.26%				
Sweetwater Creek Apartments, LLC	\$ 9,364,440	6	0.26%				0.00%
McMaster-Carr Supply	\$ 9,222,040	7	0.24%				
DDRTC Douglasville Pavilion, LLC	\$ 8,694,640	8	0.24%				
Carlyle Centennial Lenox, L.P.	\$ 8,656,920	9	0.24%		\$6,192,753	9	
Brodick Hills Apartments Holdings, LLC	\$ 8,394,836	10	0.00%				0.00%
Inland Southeast Douglasville, LLC					8,340,032	2	0.22%
BellsouthTelecommunications					8,305,825	3	0.22%
Pinnacle Homes at Douglasville LTD					7,631,955	4	0.20%
MCI Worldcom Network					7,163,294	5	0.19%
Mt. Vernon Associates					6,400,000	6	0.17%
USA Preston Landing 13					6,302,744	7	0.16%
Development Authority of Douglas					6,242,558	8	0.16%
Brooks Land, Inc.					6,190,228	10	0.16%
Total	\$ 111,317,538		2.66%		\$ 75,438,831		1.81%

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
2007	2006	\$ 4,007,092	\$ 3,774,897	94.21%	\$ 52,370	\$ 3,827,267	95.51%
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	5,634,838	5,476,751	97.19%	159,370	5,636,121	100.02%
2016	2015	7,616,966	7,449,597	97.80%	-	7,449,597	97.80%

Sources: City of Douglasville Finance Department

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

Fiscal Year	Governmental Activities				Total Primary Government	Percentage of Personal Income ²	Per Capita
	Note Payable	Capital Leases	Revenue Bonds	GO Bonds			
2007	\$ -	\$ 2,622,422	\$ 4,325,000	\$ 6,994,939	\$13,942,361	0.000064%	\$ 468
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	0.000067%	432
2010	-	2,135,476	4,140,000	28,568,895	34,844,371	0.000154%	1,159
2011	-	1,959,621	4,070,000	27,466,431	33,496,052	0.000138%	1,082
2012		1,775,558	17,405,000	26,327,576	45,508,134	0.000210%	1,306
2013		1,730,831	18,183,996	25,615,573	45,530,400	0.000209%	1,307
2014		1,497,116	17,698,735	24,366,887	43,562,738	0.000164%	1,267
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	0.000154%	1,180

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
2007	\$ 6,994,939	\$ -	\$ 6,994,939	0.27%	235
2008	6,745,710	-	6,745,710	0.22%	216
2009	6,485,004	-	6,485,004	0.20%	215
2010	28,568,895	-	28,568,895	0.90%	921
2011	27,466,431	-	27,466,431	0.86%	881
2012	26,327,576	-	26,327,576	0.96%	842
2013	25,615,573	-	25,615,573	0.98%	795
2014	23,926,084	-	23,926,084	0.93%	750
2015	17,980,000	-	17,980,000	0.71%	553
2016	17,010,000	-	17,010,000	0.64%	517

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, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Obligation Debt			
Lease/Purchase	\$ 999,626	100.00%	\$ 999,626
Bonds	17,010,000	100.00%	17,010,000
	<u>\$ 18,009,626</u>		<u>\$ 18,009,626</u>
Overlapping General Obligation Debt			
Douglas County	\$ 19,989,643		
Capital Lease	708,200		
Total :	<u>\$ 20,697,843</u>	27.664%	<u>\$ 5,725,851</u>
Douglas County School District			
General Obligation Bonds	\$ 174,973,000		
	<u>\$ 174,973,000</u>	27.664%	<u>\$ 48,404,531</u>
Total Direct and Overlapping Debt	<u>\$ 213,680,469</u>		<u>\$ 72,140,008</u>

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 103,972,292	\$ 126,491,716	\$ 131,969,791	\$ 129,359,142	\$ 130,625,732	\$ 112,713,047	\$ 108,511,515	\$ 105,274,737	\$ 105,274,737	\$ 111,123,900
Total net debt applicable to limit	6,676,952	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
Legal debt margin	\$ 97,295,340	\$ 119,745,976	\$ 125,484,787	\$ 100,790,247	\$ 103,159,301	\$ 86,385,471	\$ 83,365,970	\$ 81,315,653	\$ 87,294,737	\$ 94,113,900
Total net debt applicable to the limit as a percentage of debt limit	6.42%	5.33%	4.91%	22.08%	24.14%	23.36%	23.17%	22.76%	17.08%	15.31%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 1,070,687,745
Add back exempt real property	40,551,254.00
Total assessed value	\$ 1,111,238,999
Debt limit (10% of total assessed value)	\$ 111,123,900
Debt applicable to limit:	
Total bonded debt	37,386,802
Less: Special Revenue Bonds	20,376,802
Less: Special Assessment Bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Debt subject to debt limitation	17,010,000
Legal debt margin	\$ 94,113,900

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

Fiscal Year	Population¹	Personal Income	Per Capita Personal Income²	Median Age¹	County School Enrollment	Unemployment Rate³
2007	29,776	\$ 727,904,096	\$ 24,446	-	24,162	5.00%
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%

Data sources

¹United States Census Bureau / Atlanta Regional Commission / Sperlings Data

²Douglas County Development Authority

³Bureau 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 Prior Year**

Employer	2016			Employer	2007		
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment
Wellstar Douglas Hospital	834	1	4.28%	Wal-Mart Super Center	700	1	4.53%
Wal-Mart	750	2	3.85%	Wellstar Douglas Hospital	650	2	3.34%
McMaster Carr Supply	600	3	3.08%	Kroger	562	3	3.64%
Medline	350	4	1.80%	Benton Georgia	350	4	2.27%
American Red Cross	350	5	1.80%	Sam's Club	208	5	1.35%
Gordon Food Services	315	6	1.62%	Home Depot	160	6	1.04%
Google	300	7	1.54%	Nioxin	155	7	1.00%
Benton Georgia	258	8	1.33%	John Bleakley Ford	147	8	0.95%
Staples Customer Center	200	9	1.03%	ALP Lighting System	120	9	0.78%
Werner Trucking	200	10	1.03%	Publix	100	10	0.65%
			<u>21.35% Total</u>		<u>3,152</u>		<u>19.55%</u>
Total	<u>4,157</u>						

Source: Douglas County Development Authority

**This data is obtained from various sources including but not limited to press releases, private discussion, company disclosures and other sources.

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government:										
Governing Body	9	8	8	8	9	9	9	9	8	8
Chief Executive (Mgr. Or Admin.)	4	4	5	5	5	5	5	5	5	4
IT / MIS	4	4	5	5	2	2	3	3	3	3
Police Records & Court	10	10	10	10	12	12	12	11	9	9
Financial Administration	8	8	8	8	8	8	8	7	7	7
General Govt. Bldgs. & Plant	2	2	2	1	1	1	1	1	1	1
Human Resources	2	2	2	2	2	2	2	2	3	4
Public Safety:										
Police Administration	5	5	5	9	10	9	9	8	8	9
Police - IT	-	-	-	-	2	2	2	2	2	2
Police Detective	17	15	15	18	17	14	17	17	19	15
Police Special OPS	8	8	6	7	7	8	8	8	8	6
Police Patrol	53	45	52	46	54	53	53	48	62	55
Police Motors	5	6	6	6	4	5	6	5	5	3
Police Training	-	-	-	-	2	2	3	6	10	5
Police SRO	7	10	6	4	2	4	4	4	4	4
Police Building Maintenance						1	1	1	1	1
Building Inspections	7	8	3	5	5	4	3	3	4	4
Code Enforcement	4	4	3	3	3	3	4	4	4	4
Planning & Zoning	2	2	1	1	2	2	2	3	3	3
Engineering	2	4	3	3	3	3	3	-	-	-
Community Development	2	3	4	4	4	2	4	1	4	3
Tourism	3	5	3	2	2	3	3	3	4	3
Culture/Recreation Administration	4	6	5	4	4	6	7	8	8	8
Conference Center	3	3	3	2	3	4	5	4	6	6
West Pines Golf	-	-	-	-	-		8	8	11	8
Parks Areas	9	8	9	9	8	6	8	7	9	7
Highways & Streets Admin.	17	18	18	18	15	17	17	17	16	15
Traffic Engineering										
Sanitary Administration	22	21	17	17	20	22	22	22	26	21
Maintenance & Shop	2	2	2	2	2	2	2	2	2	2
Video Production	-	-	4	4	4	4	3	4	4	4
Development Authority	-	-	1	1	1	1	1	-	-	-
Keep Douglasville Beautiful	-	-	3	3	4	3	4	4	4	4
Total	211	211	209	207	217	219	239	227	260	228

Source: City of Douglasville Finance Dept

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

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Works:										
Street resurfacing (feet)	34,266	15,167	12,883	5,280	3,256	13,886	11,051	23,707	69,696	9,979
Police protection*:										
Number of citations written	10,096	10,322	11,744	14165	10,738	9,915	8,613	7,031	8,779	10,088
Number of automobile accidents	2,739	2,675	2,359	1989	2307	2,397	2,483	2,530	2,684	3,029
Number of reported crimes	3,288	3,050	5,452	3894	4768	4,160	4,160	4,836	4,941	5,515
**Sanitation:										
Large items pickup	510	217	56	123	97	63	88	100	141	183

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

City of Douglasville, Georgia Capital Asset Statistics by Function

Function	Fiscal year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public works:										
Miles of streets	164	164	166	165	166	166	166	166	150.67	150.67
Number of street lights	2,040	2,044	2,046	2,046	2,048	2,048	2,048	2,048	2,293	2,293
Police protection:										
Number of stations	1	1	1	1	2	2	2	2	2	2
Number of police officers positions	95	89	89	82	91	94	94	94	97	97
Building permits issued	503	411	377	179	141	177	248	566	157	192
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.

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COMPLIANCE SECTION

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CITY OF DOUGLASVILLE, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 1,788,648</u>	<u>\$ 1,788,648</u>	<u>100%</u>

**CITY OF DOUGLASVILLE, GEORGIA
CAR RENTAL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Revenues</u>	<u>Expenditures</u>	<u>Percentage Expended</u>
<u>\$ 181,448</u>	<u>\$ 165,000</u>	<u>91%</u>

CITY OF DOUGLASVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project	Expenditures										Estimated Percent Complete	
	Original Estimated Cost	Current Estimated Cost	Funding Sources			Prior Years	Current Year	Total				
			General Fund	SPLOST Grants/ Other than	Total Estimated Cost							
2002:												
Public works:												
Stewart Mill/ Douglas Blvd.	\$ -	\$ 172,473	\$ 236,510	\$ 408,983	\$ 408,983	\$ -	\$ -	\$ 408,983		\$ 408,983	100%	
Hospital Drive Widening	331,000	2,338,748	1,351,977	3,690,725	3,690,725	-	-	3,690,725		3,690,725	100%	
Sidewalks	83,864	960,977	799,173	1,760,150	1,760,150	-	-	1,760,150		1,760,150	100%	
Hwy 92	231,818	1,131,544	173,529	1,305,073	1,305,073	-	-	1,305,073		1,305,073	100%	
Bright Star Connector	-	2,372,028	640,254	3,012,282	3,012,282	-	-	3,012,282		3,012,282	100%	
Timber Ridge/ Chapel Hill	-	3,943,773	742,598	4,686,371	4,686,371	-	-	4,686,371		4,686,371	100%	
Resurfacing	196,490	1,564,324	467,609	2,031,933	2,031,933	-	-	2,031,933		2,031,933	100%	
LCI 03 Streetscape	2,742,000	523,760	2,067,402	2,591,162	2,591,162	-	-	2,591,162		2,591,162	100%	
LCI 04 Gateway & sidewalks	-	113,619	63,288	176,907	176,907	-	-	176,907		176,907	100%	
Chicago Avenue Widening	-	47	146,452	146,499	146,499	-	-	146,499		146,499	100%	
	3,585,172	13,121,293	6,688,792	19,810,085	19,810,085			19,810,085		19,810,085	100%	
Culture and recreation:												
West Pines Golf Course	6,427,960	6,467,727	97,072	6,564,799	6,467,727	87,041	-	6,554,768		6,554,768	100%	
Hunter Park	4,788,355	8,056,432	854,490	8,910,922	8,910,922	-	-	8,910,922		8,910,922	100%	
Jessie Davis Park Renovation	1,650,754	1,953,342	10,802	1,964,144	1,953,342	10,802	-	1,964,144		1,964,144	100%	
Fowler Field	-	80,300	-	80,300	80,300	-	-	80,300		80,300	100%	
Administrative Fees	-	193,210	-	193,210	193,210	-	-	193,210		193,210	100%	
	12,867,069	16,751,011	962,364	17,713,375	17,605,501	97,843	-	17,703,344		17,703,344	100%	
Total Roads and Parks	\$ 16,452,241	\$ 29,872,304	\$ 7,651,156	\$ 37,523,460	\$ 37,415,586	\$ 97,843	\$ -	\$ 37,513,429		\$ 37,513,429		
Transfers out to General Fund to close out 2002 SPLOST:										30,084		
										\$ 37,415,586	\$ 127,927	\$ 37,543,513



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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*

The Honorable Rochelle Robinson, Mayor
Members of the City Council
City of Douglasville
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, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Douglasville, Georgia, as of and for the year ended June 30, 2016, 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 17, 2016.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 Douglasville, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Richards, Cauley + Associates, LLC

Kennesaw, Georgia

December 17, 2016