

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

The City of Chatsworth, Georgia ("the City") was incorporated on June 7, 1926, under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Administration form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, general administrative services, and public utilities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The City does not apply FASB pronouncements or Accounting Principles Board Opinions issued after November 30, 1989. The more significant accounting policies of the City are described below.

A. Reporting Entity

In evaluating how to define the reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB issued statement No. 14, *The Financial Reporting Entity*, and GAAP. This statement requires that the financial statements present the fund types and account groups of the City of Chatsworth (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria; the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board, and the primary government is able to impose its will upon the potential component unit); or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The following component unit has been presented as a discretely presented component unit because of the significance of the operational relationship with the City.

The City of Chatsworth Water Works Commission (the "Commission"), a body politic, was duly created under the Acts of the General Assembly of the State of Georgia in 1947. The Commission was created to provide water and related services throughout the City of Chatsworth, Georgia. The Commission currently serves customers in the City of Chatsworth and Murray County, Georgia. Related services include waste treatment, maintenance of water and sewer lines and installation of new water and sewer lines. The Commission is governed by a board of commissioners, which are appointed by the Mayor of Chatsworth. The Commission's financial information is included within the City of Chatsworth, Georgia's financial statements as a discretely presented component unit.

The Downtown Development Authority of Chatsworth – The Downtown Development Authority is a registered local government authority and a component of the City of Chatsworth, but is inactive and has no assets. Therefore, it is not presented in the financial statements.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations – The Housing Authority of the City of Chatsworth, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City of Chatsworth, Georgia. The City of Chatsworth, Georgia is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Chatsworth, Georgia is a related organization.

B. Basic Financial Statements – GASB Statement No. 34

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

Government-wide Statements – The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. In the government-wide Statement of Net Position, both governmental and business-type activities are presented on a consolidated basis and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governmental activities generally are financed through taxes, inter-governmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents both a gross and net cost comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales or gas taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is designed to view the City as a complete entity and the change in aggregate financial position resulting from the activities of the fiscal period.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – GASB Statement No. 34 (Continued)

Fund Financial Statements – The fund financial statements are, in substance, very similar to the financial statements presented in the previous model, and provide information about the City’s funds, including governmental funds and enterprise funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprises funds, each displayed in a separate column.

Enterprise fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental fund:

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

Capital Projects Fund – This governmental fund is used to account for the Special Local Option Sales Tax (SPLOST) receipts of the City.

The City reports the following major enterprise fund:

Water and Sewer Fund – This fund is used to account for the provision of water and sewer services to the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus – Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

City of Chatsworth, Georgia
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus – Basis of Accounting (Continued)

Property taxes, sales taxes, franchise taxes, and in-lieu of taxes are susceptible to accrual. Licenses and permits, fines and forfeitures, gross receipts taxes and excise taxes are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental activities column of the government-wide presentation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operation. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

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

Fund balance – Generally fund balance represents the difference between assets and liabilities. 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 purpose for which amounts in those funds can be spent. Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The Council also may modify or rescind the commitment.

City of Chatsworth, Georgia
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus – Basis of Accounting (Continued)

Assigned – Fund balances are reported as assigned when amounts are constrained by the Council action to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Fund balances are reported as unassigned when the residual amount does not meet any of the above criteria. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

As a general rule, the effect of interfund activity has been eliminated from the government wide financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balances in the following order: Committed, assigned, unassigned.

Net Position – Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is presented in three components as follows:

Net investment in capital assets – Capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

All governmental and business-type activities of the City follow FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with GASB pronouncements, in which case, GASB prevails.

D. Encumbrance Accounting

Encumbrance accounting is a system used to track outstanding purchase commitments that have not yet resulted in liabilities. Encumbrances are commitments related to unperformed (executory) contracts for goods or services. When a purchase order or commitment is placed, the governmental unit reduces the amount of budgetary authority remaining in the budget category and records an outstanding encumbrance. When the goods or services have been received, the encumbrance balance is reduced and the expenditure and a liability is recorded. The City of Chatsworth, Georgia does not use encumbrance accounting.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

In accordance with Office Code of Georgia Annotated (O.C.G.A.)§ 36-81-3, budgets are legally adopted for the general fund and the enterprise fund.

During the last weeks of the year, budget requests are prepared for each department based on the activities of the current year with anticipated changes for the next year including needed capital expenditures. The budget requests are submitted to the Council at a scheduled meeting. The council formally adopts an annual appropriated budget for the general fund. This budget is adopted on a departmental basis. The City manager is authorized to transfer budgeted amounts within departments. The Council adopts a flexible budget for the water and sewer fund. The expense estimates of the flexible budget are not appropriations but approved plans.

Budgets are adopted on a basis consistent with GAAP. Therefore, no adjustments are necessary to convert to the actual GAAP data from the budgetary basis. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the Council. Individual amendments are not material in relation to the original appropriations. All annual appropriations, which are not expended, lapse at year-end.

The level of control (the level at which expenses may not exceed appropriations without approval of the Commission) for each legally adopted annual operating budget is at the department level. This is the level of comparison which is presented in the basic financial statements.

F. Cash and Cash Equivalents

For cash flow reporting purposes in proprietary funds, cash includes petty cash, amounts in demand deposits and cash equivalents. The City considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents on December 31, 2017.

G. Investments

All investments are made in accordance with O.C.G.A. § 36-83-4 and are reported at fair value, which is based on quoted market price.

The City of Chatsworth, Georgia is authorized to invest in the following:

1. Obligations of the State of Georgia or of other states;
2. Obligations issued by the United States government;
3. Obligations fully insured or guaranteed by the United States government or a United States government agency;
4. Obligations of any corporation of the United States government;
5. Prime bankers' acceptance;
6. The local government investment pool established by Georgia Code Section 36-83-8;
7. Repurchase agreements; and
8. Obligations of other political subdivisions of the State of Georgia.

City of Chatsworth, Georgia
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage dating back to 1985), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Building and improvements	40
Fire department	7-12
Furniture and equipment	7
Police department	5-12
Public works	7-12
Infrastructure	20

Capital assets of the enterprise fund are accounted for in the enterprise fund and are stated at cost or estimated fair market value when original cost is not available. Major additions are capitalized while maintenance and repairs, including the cost of minor items of property, are expensed as incurred. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The Commission defines its capitalization policy as assets costing \$1,000 and having an estimated useful life of greater than three years.

Donated capital assets are valued at their estimated fair value on the date donated. The City's policy is to capitalize the net interest cost incurred during the year resulting from borrowings utilized to finance the construction of assets.

I. Inventories

Supplies and materials are recorded as expenditures at the time items are purchased and are not inventoried at year-end due to lack of materiality.

Water and Sewer Fund - Inventories of materials and supplies are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. The Commission uses the consumption method of accounting for inventory, in that as materials are purchased they are coded to inventory and then as subsequently used they are expensed in the fund.

J. Restricted Net Position

The City records restrictions of net position, which are maintained for specific purposes.

City of Chatsworth, Georgia
Notes to Financial Statements
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Transactions

Interfund Receivables and Payables - Short-term advances between funds are not eliminated but accounted for in the appropriate interfund receivable and payable accounts classified as due to other funds and due from other funds in the fund financial statements, and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions Between Funds - Transactions between funds that would be treated as revenues, expenditures or expenses if they involved organizations external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expense in the fund that is reimbursed. All other legally authorized transfers are not eliminated, but treated as transfers and are included as other financing sources or uses in the governmental funds and reported after non-operating revenues or expenses in the enterprise funds.

L. Compensated Absences

Employees eligible for leave include full time employees and part-time employees that have been employed by the Council for one year and work a minimum of 20 hours per week. During the first 10 years of employment, a full time employee accrues 10 days of vacation leave per year. After 10 years, the employee shall accrue 15 days of vacation leave. The maximum of unused vacation leave a full time and eligible part-time employee may accumulate after 10 years is 160 hours.

Unused vacation benefits and compensatory time will be paid to the employees upon separation from the City. Accumulated unpaid compensated absence amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

M. Long-term Obligations

In the governmental-wide financial statements, long-term debt and other long term obligations are reported as liabilities on the Statement of Net Position.

N. Prepayment of Expenditures

Government fund expenditures for insurance and similar services extending over more than one accounting period are not allocated between accounting periods but accounted for as expenditure in the period disbursed.

O. Prepayment of Expenditures

Government fund expenditures for insurance and similar services extending over more than one accounting period are not allocated between accounting periods but accounted for as expenditure in the period disbursed.

City of Chatsworth, Georgia
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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Property Taxes

Property tax levies by the City are assessed by the Assessor of Property in Murray County and collected by the City. Property tax revenues are recognized on the modified accrual basis.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	October 20, 2016
Levy date	October 20, 2016
Tax bills mailed	October 20, 2016
Payment due date	October 20, 2016 through February 28, 2017
Delinquency date	March 1, 2017

Q. Capital Contributions:

Capital contributions consist of capital grants or contributions from developers, customers and other entities.

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Bond Premium, Discount and Issuance Costs

Bond premiums, and discounts are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums and discounts are presented as an addition and reduction, respectively, of the face amount of bonds payable in the statement of net position. Issuance costs are expensed when paid in the statement of revenues, expenses, and changes in net position.

T. Net Position Flow Assumption

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

U. Pensions:

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

City of Chatsworth, Georgia
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NOTE 2. DEPOSITS AND INVESTMENTS

Following is a reconciliation of the City's deposit balances as of December 31, 2017:

As reported in the Governmental Funds Statement of Net Position

Cash and cash equivalents	\$	1,619,134
Investments		2,319,899
Restricted:		
Cash and cash equivalents		209,073
	\$	4,148,106
Cash deposited with financial institutions	\$	1,828,207
Municipal debt obligations		2,240,318
US government agency bond obligations		79,581
	\$	4,148,106

Custodial Credit Risk for Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal and 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 December 31, 2017, the City did not have any deposits which were uninsured or under collateralized, as defined by State statutes.

On December 31, 2017, the City had the following investments:

Type of Investment	Maturity Date or Weighted Avg. Maturity	Market Value
US Government Agency Bonds	6.21 years	\$ 79,581
Municipal Bonds	6.70 years	2,240,318
Total Investments		\$ 2,319,899

Credit Risk for Investments – State Statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of the political subdivisions of the State of Georgia.

Aside from adherence to State statutes, the City does not have a formal policy that restricts its investments to a certain quality rating. As of December 31, 2017, the City's investments in obligations of U.S. government agencies were rated Aaa and its municipal debt obligations ranged from Aaa to Baa1 as rated by Moody's Investor Services.

City of Chatsworth, Georgia
Notes to Financial Statements
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NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments are in obligations of the States of Texas, Hawaii, Arizona, Washington, and Georgia. These investments have a market value of \$1,439,345 and represent 62.04% of the City's total investments at year-end. The table below provides a detail of the market value and percentage of the City's total investments at year-end invested in each of these issuers:

State	Market Value	Percentage
Texas	\$ 133,673	5.76%
Hawaii	120,040	5.17%
Arizona	136,803	5.90%
Washington	134,158	5.78%
Georgia	914,671	39.43%
	\$ 1,439,345	62.04%

Interest Rate Risk – 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.

Water Works Commission

Following is a reconciliation of the Commission's deposit balances as of December 31, 2017:

As reported in the Proprietary Funds Statement of Net Position

Cash and cash equivalents	\$	2,730,034
Investments		3,514,844
Restricted:		
Cash and cash equivalents		155,867
	\$	6,400,745
Cash deposited with financial institutions	\$	2,885,901
Municipal debt obligations		3,341,895
US government agency bond obligations		172,949
	\$	6,400,745

Custodial Credit Risk: Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and the Commission's policy, require all deposits and investments (other than federal or state government instruments) to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2017, the Commission did not have any deposits which were uninsured or under collateralized, as defined by State statutes.

City of Chatsworth, Georgia
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NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

On December 31, 2017, the Commission had the following investments:

<u>Type of Investment</u>	<u>Maturity Date or Weighted Avg. Maturity</u>	<u>Market Value</u>
US Government Agency Bonds	3.64 years	\$ 172,949
Municipal Bonds	7.91 years	3,341,895
Total investments		\$ 3,514,844

Credit Risk for Investments –State Statutes authorize the Commission to invest in U.S. Government obligations; U.S. Government agency (or corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposits issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers’ acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds. Operating funds of the Commission are currently invested in U.S. Government agency bonds and municipal bonds.

Aside from adherence to State statutes, the Commission does not have a formal policy that restricts its investments to a certain quality rating. As of December 31, 2017, the Commission’s investments in obligations of U.S. government agencies were rated Aaa and its municipal debt obligations ranged from Aaa to A- as rated by Moody’s Investor Services.

The Commission places no limit on the amount it may invest in any one issuer. More than 5 percent of the Commission’s investments are in obligations of the States of Georgia, Hawaii, Minnesota, Mississippi and Pennsylvania. These investments have a market value of \$1,798,549 and represent 51.2% of the Commission’s total investments at year-end. The table below provides a detail of the market value and percentage of the Commission’s total investments at year-end invested in each of these issuers:

<u>State</u>	<u>Market Value</u>	<u>Percentage</u>
Georgia	\$ 561,266	16.0%
Hawaii	191,948	5.5%
Minnesota	319,080	9.1%
Mississippi	465,984	13.3%
Pennsylvania	260,272	7.4%
	<u>\$ 1,798,550</u>	<u>51.3%</u>

Interest Rate Risk –The Commission 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.

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

The Commission’s recurring fair value measurements as of December 31, 2017 are as follows:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
Municipal Bonds	\$ 214,590	\$ 3,127,305	\$ 3,341,895
United States Government Agency Bonds	-	172,949	172,949
Total investments measured at fair value	<u>\$ 214,590</u>	<u>\$ 3,300,254</u>	<u>\$ 3,514,844</u>

The Municipal Bonds classified in Level 1 of the fair value hierarchy are valued using a documented trade history in the exact security. The investments in Municipal Bonds and United States Government Agency Bonds classified as Level 2 of the fair value hierarchy are valued using a present value of expected future cash flow model. This pricing is used to value securities based on the present value of the expected future cash flows of each security.

NOTE 3. NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

No transactions occurred involving investing, capital and financing activities that affect recognized assets or liabilities but do not result in cash receipts or payments during the year.

NOTE 4. PROPERTY TAXES

A summary of property taxes receivable on December 31, 2017 is as follows:

	<u>Current Levy</u>	<u>Prior Levies</u>	<u>Total</u>
General Fund			
Property Taxes Receivable	\$ 125,353	\$ 5,053	\$ 130,406
Allowance for Uncollectible Taxes	(1,691)	(68)	(1,759)
Net	<u>\$ 123,662</u>	<u>\$ 4,985</u>	<u>\$ 128,647</u>

NOTE 5. RECEIVABLES

General Fund

The following amounts are due from other governments on December 31, 2017:

Murray County Georgia – SPLOST	\$ 78,710
State of Georgia – Sales Tax	<u>116,396</u>
Total	<u>\$ 195,106</u>

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NOTE 5. RECEIVABLES (CONTINUED)

Proprietary Funds

Customer accounts receivable include billed but uncollected amounts and unbilled receivables based on a pro rata amount of subsequent monthly billings. Allowances for doubtful accounts are maintained based on historical results adjusted to reflect current conditions.

Receivables, including the applicable allowances for uncollectible accounts, consisted of the following on December 31, 2017:

Receivables:	
Accounts receivable	\$ 864,385
Less allowance for uncollectible	9,709
Net accounts receivable	\$ 854,676
Other receivables	\$ 17,144

NOTE 6. DEFERRED INFLOWS OF RESOURCES

The governmental funds financial statements report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one type of item, under a modified accrual basis of accounting, that qualifies for reporting in this category. Therefore, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

At the end of the current fiscal year, the component of deferred inflows of resources reported in the governmental funds is as follows:

	Unavailable	Total
Property Taxes	\$87,931	\$87,931

NOTE 7. CAPITALIZATION OF INTEREST COSTS

During construction periods, interest costs related to construction loans are capitalized.

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 8. LONG-TERM DEBT

City

Long-term debt activity for the year ended December 31, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease	32,172	111,998	30,041	114,129	47,995
Net pension liability	400,910		127,171	273,739	-
Bonds payable	-			-	-
Compensated absences	89,719	1,042		90,761	-
Total long-term liabilities	522,801	113,040	157,212	478,629	-

Capital Lease Payable

In August 2016, the City entered into a lease agreement with Branch Bank & Trust to finance the purchase of a 2015 Dodge Charger in the amount of \$34,953.40 with interest at 3.35% and quarterly payments of \$3,073.77. On September 1, 2017 the City entered into a lease agreement to purchase three Police vehicles with GM Financial payable in quarterly payments of \$9,835.77 with interest at 3.87% for 12 quarters.

Debt service requirements to maturity are as follows:

Year ending December 31,	2018	47,995
	2019	46,745
	2020	19,389
		<u>\$ 114,129</u>

Water Work Commission

Long-term debt activity for the year ended December 31, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 6,450,000	\$ -	\$ (400,000)	6,050,000	\$ 410,000
Premium	90,969	-	(10,780)	80,189	
Revenue bonds payable, net	6,540,969	-	(410,780)	6,130,189	410,000
Notes payable	1,808,451		(87,041)	1,721,410	87,941
Net pension liability	576,316	243,789	(347,897)	472,208	
Compensated absences	92,374	105,752	(91,468)	106,658	106,658
Total long-term liabilities	\$ 9,018,110	\$ 349,541	\$ (937,186)	\$ 8,430,465	\$ 604,599

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 8. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

In September 2012, the Commission issued Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 to prepay its outstanding loans with the Georgia Environmental Finance Authority (GEFA) and to acquire, construct and equip extensions, additions, and improvements to its utility system. The bonds bear interest at rates ranging from 2.00 – 3.00% and mature in 2030.

Debt service requirements to maturity for the Commission’s revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending December 31,			
2018	410,000	146,025	556,025
2019	415,000	137,825	552,825
2020	425,000	129,525	554,525
2021	435,000	121,025	556,025
2022	440,000	111,781	551,781
2023-2027	2,360,000	406,156	2,766,156
2028-2030	1,565,000	93,375	1,658,375
Total	\$ <u>6,050,000</u>	\$ <u>1,145,712</u>	\$ <u>7,195,712</u>

Notes Payable

In July 2015, the Commission incurred debt to the Georgia Environmental Finance Authority (GEFA) for the construction of a solar photovoltaic system at its wastewater treatment plant. The original amount of the note was \$2,201,740 and included a loan forgiveness component of \$300,000 which was reported as intergovernmental revenue when earned. The remaining balance of the note bears interest at a fixed rate of 1.03% payable at the beginning of each month beginning December 2015 until 2035 with monthly payments totaling \$8,772. The debt service to maturity is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,			
2018	\$ 87,941	\$ 17,317	\$ 105,258
2019	88,852	16,406	105,258
2020	89,771	15,487	105,258
2021	90,700	14,558	105,258
2022	91,639	13,619	105,258
2023-2027	472,617	53,671	526,288
2028-2032	497,583	28,705	526,288
2033-2035	302,307	4,697	307,004
Total	\$ <u>1,721,410</u>	\$ <u>164,460</u>	\$ <u>1,885,870</u>

**City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017**

NOTE 9. SEGMENT INFORMATION

The City of Chatsworth Water Works Commission issues revenue bonds to support construction of and improvements to the water and sewer systems. The Water and Sewer Fund financial statements are presented as the only proprietary fund of the City. Services provided by the fund are described in Note 1.

NOTE 10. RESTRICTED ASSETS

Certain proceeds of the revenue bonds and GEFA loans, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable covenants.

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City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 11. CAPITAL ASSETS

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

General government	\$	108,731
Public safety		181,496
Public works		74,814
Public welfare		14,715
Zoning & Building inspection		5,911
Total	\$	384,867

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 595,407	\$ -	\$ -	\$ 595,407
Total	595,407	-	-	595,407
Capital assets being depreciated:				
Buildings and improvements	2,062,970	106,567	(102,555)	2,066,982
Infrastructure	3,241,339	114,366		3,355,705
Equipment	1,530,148	81,314	(31,090)	1,580,372
Furniture and fixtures	79,359	1,546		80,905
Vehicles	2,547,164	167,118	(103,179)	2,611,103
Total	9,460,980	470,911	(236,824)	9,695,067
Less accumulated depreciation for:				
Buildings and improvements	(1,246,725)	(50,364)	85,895	(1,211,194)
Infrastructure	(2,344,931)	(91,023)		(2,435,954)
Equipment	(864,393)	(104,562)	27,414	(941,541)
Furniture and fixtures	(63,226)	(3,404)		(66,630)
Vehicles	(1,760,491)	(135,514)	101,223	(1,794,782)
Total	(6,279,766)	(384,867)	214,532	(6,450,101)
Total capital assets, being depreciated - net	3,181,214	86,044	(22,292)	3,244,966
Governmental activities, capital assets - net	\$ 3,776,621	\$ 86,044	\$ (22,292)	\$ 3,840,373

Additions to capital assets consist of general fund additions of \$111,998 and SPLOST fund additions of \$337,267 and confiscated fund additions of \$21,646.

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 11. CAPITAL ASSETS (CONTINUED)

Water Works Commission

Capital asset activity for the year ended December 31, 2017 was as follows:

Business-Type activities	Beginning Balance	Increases	Retirements & Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 901,794	\$ -	\$ -	\$ 901,794
Construction in progress	307,238	335,042	(184,931)	457,349
Total	<u>1,209,032</u>	<u>335,042</u>	<u>(184,931)</u>	<u>1,359,143</u>
Capital assets being depreciated:				
Buildings	7,976,685	42,029	-	8,018,714
Infrastructure	41,713,126	369,556	177,215	42,259,897
Machinery and equipment	4,251,441	582,587	(9,000)	4,825,028
Furniture and fixtures	233,919	5,533	-	239,452
Vehicles	789,655	47,184	(15,760)	821,079
Total	<u>54,964,826</u>	<u>1,046,889</u>	<u>152,455</u>	<u>56,164,170</u>
Less accumulated depreciation for:				
Buildings	(3,787,511)	(279,198)	-	(4,066,709)
Infrastructure	(21,348,215)	(1,113,819)	7,280	(22,454,754)
Machinery and equipment	(1,689,657)	(239,420)	9,000	(1,920,077)
Furniture and fixtures	(144,830)	(22,344)	-	(167,174)
Vehicles	(435,913)	(90,249)	15,760	(510,402)
	<u>(27,406,126)</u>	<u>(1,745,030)</u>	<u>32,040</u>	<u>(29,119,116)</u>
Total capital assets, being depreciated - net	<u>27,558,700</u>	<u>(698,141)</u>	<u>184,495</u>	<u>27,045,054</u>
Business-type activities, capital assets - net	<u>\$ 28,767,732</u>	<u>\$ (363,099)</u>	<u>\$ (436)</u>	<u>\$ 28,404,197</u>

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN

Plan Description

The retirement plans, City of Chatsworth and Water Works Commission Retirement Plan (“the Plan”), provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Plan is affiliated with Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City and Commission are commingled with contributions made by other members of GMEBS for investment purposes. The City and Commission do not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by calling (404) 688-0472 or by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Services
201 Pryor Street, SW
Atlanta, Georgia 30303

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by Commissioners, the Plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, who work twenty hours or more per week, are eligible to participate after one year. Benefits start vesting after five years of service and are fully vested after ten. However, as of April 1, 2010 and for thirty days thereafter, the City and Commission allowed employees with less than ten years of service to opt out of the defined benefit plan and enroll in a new defined contribution pension plan. Subsequently, as of April 30, 2010, the defined benefit plan was closed to new membership, and all new employees of the City and Commission are automatically enrolled in the new defined contribution pension plan.

At July 1, 2017, the date of the most recent actuarial valuation, there were 103 participants in the Plan consisting of the following:

	City	Water Works
Inactive plan members or beneficiaries currently receiving benefits	26	20
Inactive plan members entitled to but not receiving benefits	13	7
Active plan members	25	12
Total	64	39

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the Board of Commissioners, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City and Commission are required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the Board of Commissioners. For the year ended December 31, 2017, the City and Commission's recommended contribution rates were 5.18% and 14.80% respectively of annual payroll.

City and Commission contributions to the Plan were \$63,325 and \$84,344 respectively for the year ended December 31, 2017. Employees of the City and Commission do not contribute to the Plan.

Net Pension Liability of the City and Commission

Effective January 1, 2015, the Commission implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* which significantly changed the Commission's accounting for pension amounts. The information disclosed below is presented in accordance with these new standards.

The Commission's net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 with updated procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2017.

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

Inflation	3.25%
Salary increases	3.75% - 8.75%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates of the July 1, 2016 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010-June 30, 2014.

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City and Commission (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic equity	45%	6.71%
International equity	20%	7.41
Global fixed income	5%	3.36
Real estate	10%	5.21
Domestic fixed income	20%	2.11
Cash	-%	
Total	<u>100%</u>	

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

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended December 31, 2017 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/16	\$ 2,910,778	\$ 2,509,868	\$ 400,910
Changes for the year:			
Service cost	23,854	-	23,854
Interest	219,796	-	219,796
Differences between expected and actual experience	(2,606)	-	(2,606)
Assumption changes	-	-	-
Contributions-employer	-	70,132	(70,132)
Net investment income	-	310,549	(310,549)
Benefit payments, including refunds of employee contributions	(149,406)	(149,406)	-
Administrative expense	-	(12,466)	12,466
Other	-	-	-
Net changes	91,638	218,809	(127,171)
Balances at 12/31/17	\$ 3,002,416	\$ 2,728,677	\$ 273,739

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 666,135	\$ 273,739	\$ (51,346)

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2017 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended December 31, 2017, the City recognized pension expense of \$63,325. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (36,534)
Changes in assumptions	-	(11,338)
Net difference between projected and actual earnings on pension plan investments	-	(301)
City contributions subsequent to the measurement date	47,494	-
Total	\$ 47,494	\$ (48,173)

City contributions subsequent to the measurement date of \$54,301 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2018	\$ 18,820
2019	18,820
2020	(13,385)
2021	23,918
Total	\$ 48,173

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Changes in the Net Pension Liability of the Commission. The changes in the components of the net pension liability of the Commission for the fiscal year ended December 31, 2017 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/16	\$ 2,658,870	\$ 2,082,554	\$ 576,316
Changes for the year:			
Service cost	19,053	-	19,053
Interest	198,593	-	198,593
Differences between expected and actual experience	18,251	-	18,251
Contributions-employer	-	92,159	(92,159)
Net investment income	-	255,738	(255,738)
Benefit payments, including refunds of employee contributions	(192,752)	(192,752)	-
Administrative expense	-	(7,892)	7,892
Net changes	43,145	147,253	(104,108)
Balances at 12/31/17	\$ 2,702,015	\$ 2,229,807	\$ 472,208

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Commission's net pension liability	\$ 761,036	\$ 472,208	\$ 224,487

City of Chatsworth, Georgia
Notes to Financial Statements
December 31, 2017

NOTE 12. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the Commission (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of March 31, 2017 and the current sharing pattern of costs between employer and employee.

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

For the fiscal year ended December 31, 2017, the Commission recognized pension expense of \$97,266. At December 31, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	29,626	-
Changes in assumptions	-	4,433
Net difference between projected and actual earnings on pension plan investments	1,187	
Commission contributions subsequent to the measurement date	63,258	-
Total	<u>\$ 94,071</u>	<u>\$ 4,433</u>

Commission contributions subsequent to the measurement date of \$63,258 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:		
2018	\$	23,425
2019		10,400
2020		12,264
2021		(19,709)
Total	<u>\$</u>	<u>26,380</u>