

CITY OF CHATSWORTH, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

B. R. Crowe & Associates
Certified Public Accountants
Ringgold, Georgia

INTRODUCTION SECTION

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City of Chatsworth, Georgia
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December 31, 2017

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City of Chatsworth, Georgia
Council Members and Management
As of December 31, 2017

Mayor..... Tyson Haynes
Mayor Pro-Tem/Public Safety..... Fred Welch
Council Member/Infrastructure Jeff Cloer
Council Member/Intergovernmental Relations & TechnologyCeleste Martin
Council Member/Finance Officer Brad Rowe
City Clerk..... Wilma Nolan
Municipal Court Judge Ron Wilson
City Attorney.....Steve Williams

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Mayor and Council Members
City of Chatsworth, Georgia
Chatsworth, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of the City of Chatsworth, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Chatsworth, Georgia, as of December 31, 2017, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Commission's Net Pension Liability and Related Ratios and the Schedule of Commission Contributions, as listed in the table of contents, 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.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chatsworth, Georgia's basic financial statements. The Introductory Section, Other Supplemental Information, and Statistical Information are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The Other Supplemental Information is the responsibility of management and is derived from and relates 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Information 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 June 29, 2018, on our consideration of the City of Chatsworth, 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 the City of Chatsworth, Georgia's internal control over financial reporting and compliance.

B R Crowe & Associates

B. R. Crowe & Associates
June 29, 2018

**City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

The City of Chatsworth's ("the City") management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2017. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$34,706,826 (net position) for the calendar year reported. Of this amount \$9,914,707 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the calendar year reported, the City's activities are comprised of the following:
 - Governmental activities operated at a surplus of \$336,424; and
 - Business-type activities operated at a surplus of \$8,549.
- The City's governmental funds reported total ending fund balance of \$4,998,430.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$4,674,117, or 106.79% of total general fund expenditures.
- The business-type activities, the City of Chatsworth, Georgia's enterprise funds, reported total ending net position of \$26,259,400. Of this balance \$5,595,437, or 21.31% is unrestricted. The remaining \$20,663,963, or 78.69% of net position is invested in capital assets and restricted to capital projects and debt service.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction of the City of Chatsworth, Georgia's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The City's government-wide financial statements include the statement of net position and the statement of activities.

City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The government-wide statement of net position presents information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. The City reports assets when it acquires ownership and reports liabilities when incurred. Over time, increases or decreases of net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The statement of activities reports the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred. All current year revenues and expenses are included regardless of when cash is received or paid. The difference is described as the change in net position. The important purposes of the design of the statement of activities are to (1) show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers, and (2) present the result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The City of Chatsworth divides the statement of net position and the statement of activities into two types of activities:

- **Governmental activities** – The activities reported in this category are the City's basic services such as general administration, fire, police, public works, recreation, and municipal court. These activities are principally supported by taxes and intergovernmental transfers.
- **Business-Type activities** – The activities reported that the City charges fees to customers to recover all or a significant portion of costs for the services provided by Water Works Commission, a component unit of the City of Chatsworth, Georgia, included in the Water and Sewer fund.

The government-wide financial statements can be found on pages 15, 16, and 17 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to track specific resources and expenditures, either for management purposes or because of legal mandates. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The City of Chatsworth, Georgia adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 through 26 of this report.

Proprietary Funds

The City of Chatsworth, Georgia maintains one type of proprietary fund: enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Chatsworth, Georgia uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered to be a major fund of the City of Chatsworth, Georgia.

The basic proprietary fund financial statements can be found on pages 27 through 30 of this report.

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 can be found on pages 31 through 60 of this report.

City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatsworth, Georgia, assets exceeded liabilities by \$34,706,826 at the close of this fiscal year.

The largest portion of the City of Chatsworth, Georgia's net position, \$24,272,323, or 69.94% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City of Chatsworth, Georgia uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City of Chatsworth, Georgia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position totaling, \$519,796, or 1.49% represents resources that are subject to external restrictions on how they may be used:

- The largest portion of the restricted net position, \$250,227, or .72% is restricted for capital projects;
- Another portion, \$220,248, or 0.63% is restricted for debt services; and
- The final portion, \$49,321, or 0.14% is restricted for public safety.

The remaining balance of unrestricted net position of \$9,914,707, or 28.57% may be used to meet the government's ongoing obligations to its citizens and creditors. The City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The table below provides a summary of the City's net position broken down by governmental and business type activities.

| | City of Chatsworth, Georgia | | | | | |
|----------------------------------|------------------------------------|-----------------------------|---|--|----------------------|----------------------|
| | Net Position | | | | | |
| | <u>2017</u> | | <u>2016</u> | | <u>2017</u> | <u>2016</u> |
| | Governmental Activities | Business Type Activities | Governmental Activities as restated | Business Type Activities as restated | Total | Total |
| Current and other assets | \$ 5,152,786 | \$ 7,527,581 | \$ 4,799,079 | \$ 7,541,804 | \$ 12,680,367 | \$ 12,340,883 |
| Capital assets, net | 3,840,373 | 28,404,197 | 3,776,621 | 28,767,732 | 32,244,570 | 32,544,353 |
| Total assets | <u>8,993,159</u> | <u>35,931,778</u> | <u>8,575,700</u> | <u>36,309,536</u> | <u>44,924,937</u> | <u>44,885,236</u> |
| Deferred outflows of resources | 47,494 | 94,071 | 178,380 | 208,148 | 141,565 | 386,528 |
| Current liabilities | 114,420 | 1,829,492 | 62,762 | 1,819,272 | 1,943,912 | 1,882,034 |
| Long-term liabilities | 430,634 | 7,932,524 | 511,442 | 8,438,695 | 8,363,158 | 8,950,137 |
| Total liabilities | <u>545,054</u> | <u>9,762,016</u> | <u>574,204</u> | <u>10,257,967</u> | <u>10,307,070</u> | <u>10,832,171</u> |
| Deferred inflows of resources | 48,173 | 4,433 | 68,874 | 8,866 | 52,606 | 77,740 |
| Net position: | | | | | | |
| Net investment in capital assets | 3,726,244 | 20,546,079 | 3,744,449 | 20,418,312 | 24,272,323 | 24,162,761 |
| Restricted | 401,912 | 117,884 | 303,092 | 124,080 | 519,796 | 427,172 |
| Unrestricted | 4,319,270 | 5,595,437 | 4,063,461 | 5,708,459 | 9,914,707 | 9,771,920 |
| Total net position | <u>\$ 8,447,426</u> | <u>\$ 26,259,400</u> | <u>\$ 8,111,002</u> | <u>\$ 26,250,851</u> | <u>\$ 34,706,826</u> | <u>\$ 34,361,853</u> |

City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Changes in Net Position

As of the close of the current fiscal year, the City of Chatsworth, Georgia's governmental net position increased by \$344,973. Governmental activities increased the City's net position by \$336,424, and the business-type activities increased the City's net position by \$8,549.

The table below provides a summary of the City's net position broken down by governmental and business-type activities.

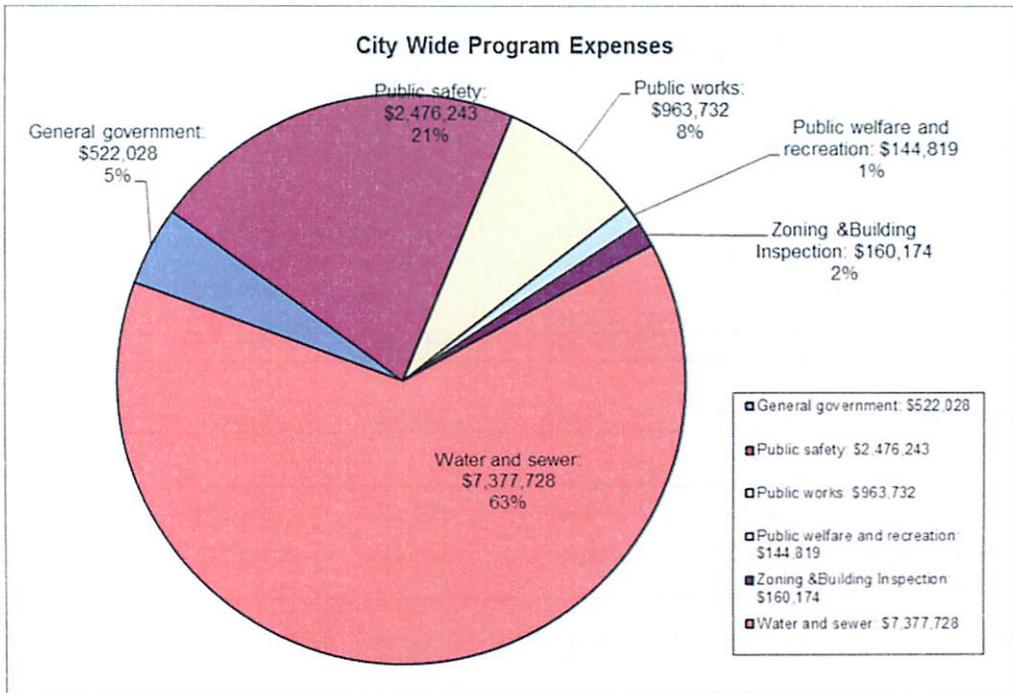
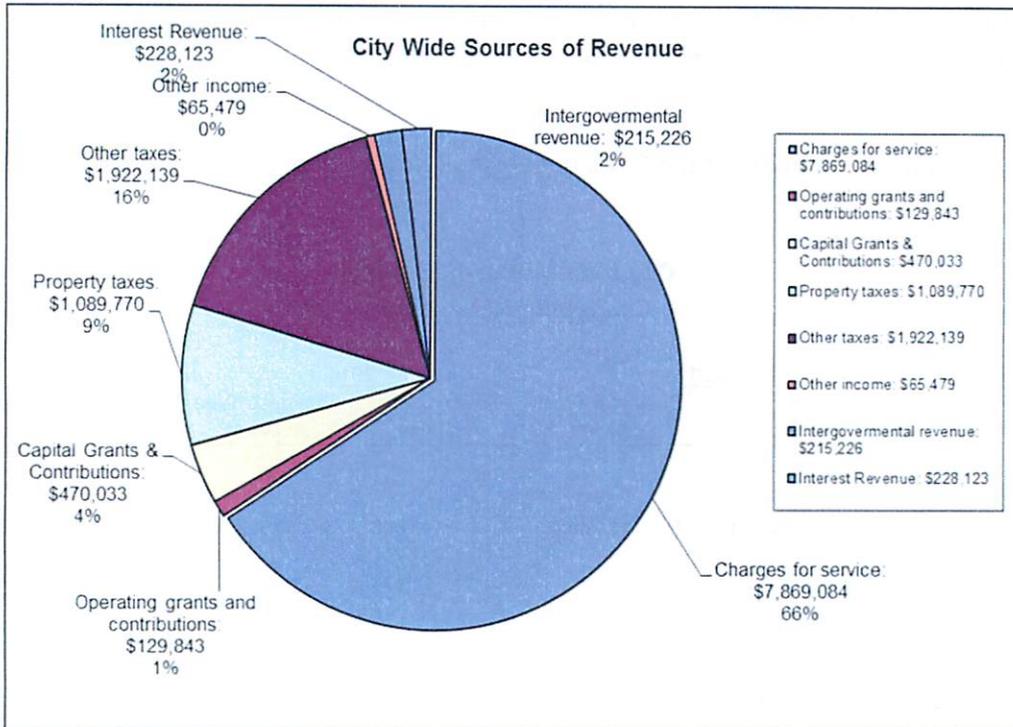
City of Chatsworth, Georgia
Changes in Net Position

| | <u>2017</u> | | <u>2016</u> | | <u>2017</u> | <u>2016</u> |
|--|-------------------------|--------------------------|-------------------------|--------------------------|----------------------|----------------------|
| | Governmental Activities | Business Type Activities | Governmental Activities | Business Type Activities | Total | Total |
| REVENUE | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 649,246 | \$ 7,219,838 | \$ 470,045 | \$ 7,309,180 | \$ 7,869,084 | \$ 7,779,225 |
| Operating grants and contributions | 129,843 | - | 111,171 | - | 129,843 | 111,171 |
| Capital grants and contributions | 470,033 | - | 451,152 | - | 470,033 | 451,152 |
| General revenues: | | | | | | |
| Property taxes | 1,089,770 | - | 1,035,627 | - | 1,089,770 | 1,035,627 |
| Other taxes | 1,922,138 | - | 1,997,595 | - | 1,922,138 | 1,997,595 |
| Other Revenue | 240,883 | 39,822 | - | 1,974 | 280,705 | 1,974 |
| Interest Revenue | 101,506 | 126,617 | 51,811 | 24,895 | 228,123 | 76,706 |
| Total revenues | <u>4,603,420</u> | <u>7,386,277</u> | <u>4,117,401</u> | <u>7,336,049</u> | <u>11,989,696</u> | <u>11,453,450</u> |
| EXPENSES | | | | | | |
| General government | 522,028 | - | 493,173 | - | 522,028 | 493,173 |
| Public safety | 2,476,243 | - | 2,250,433 | - | 2,476,243 | 2,250,433 |
| Public works | 963,732 | - | 939,549 | - | 963,732 | 939,549 |
| Public welfare and recreation | 144,819 | - | 147,984 | - | 144,819 | 147,984 |
| Building inspection | 160,174 | - | 82,706 | - | 160,174 | 82,706 |
| Interest on long-term debt | - | 159,387 | - | 169,209 | 159,387 | 169,209 |
| Water & sewer | - | 7,218,341 | - | 6,548,211 | 7,218,341 | 6,548,211 |
| Total expenses | <u>4,266,996</u> | <u>7,377,728</u> | <u>3,913,845</u> | <u>6,717,420</u> | <u>11,644,724</u> | <u>10,631,265</u> |
| Increase (decrease) in net position before transfers | <u>336,424</u> | <u>8,549</u> | <u>203,556</u> | <u>618,629</u> | <u>344,973</u> | <u>822,185</u> |
| Transfers | - | - | - | - | - | - |
| Change in net position | <u>336,424</u> | <u>8,549</u> | <u>203,556</u> | <u>618,629</u> | <u>344,973</u> | <u>822,185</u> |
| Net position - beginning | 8,111,002 | 26,250,851 | 7,907,446 | 25,632,222 | 34,361,853 | 33,539,668 |
| Prior period adjustment | - | - | - | - | - | - |
| Net position - ending | <u>\$ 8,447,426</u> | <u>\$ 26,259,400</u> | <u>\$ 8,111,002</u> | <u>\$ 26,250,851</u> | <u>\$ 34,706,826</u> | <u>\$ 34,361,852</u> |

**City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

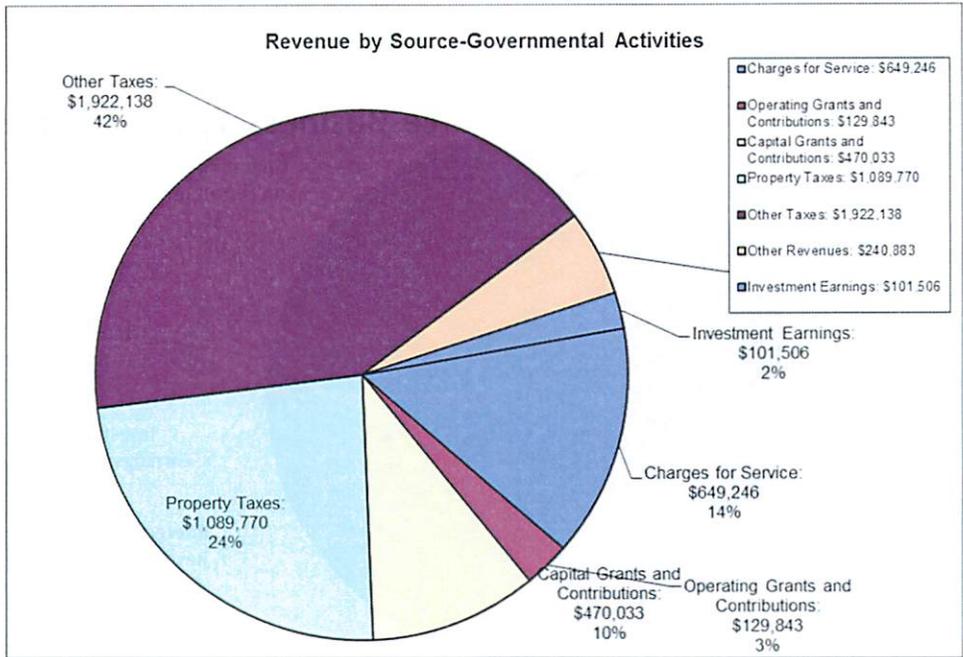
The graphs below summarize the \$11,989,697 of the City-Wide Revenue by source, and the associated \$11,644,724 of expenses by program. The graph combines data from both governmental and business-type activities.



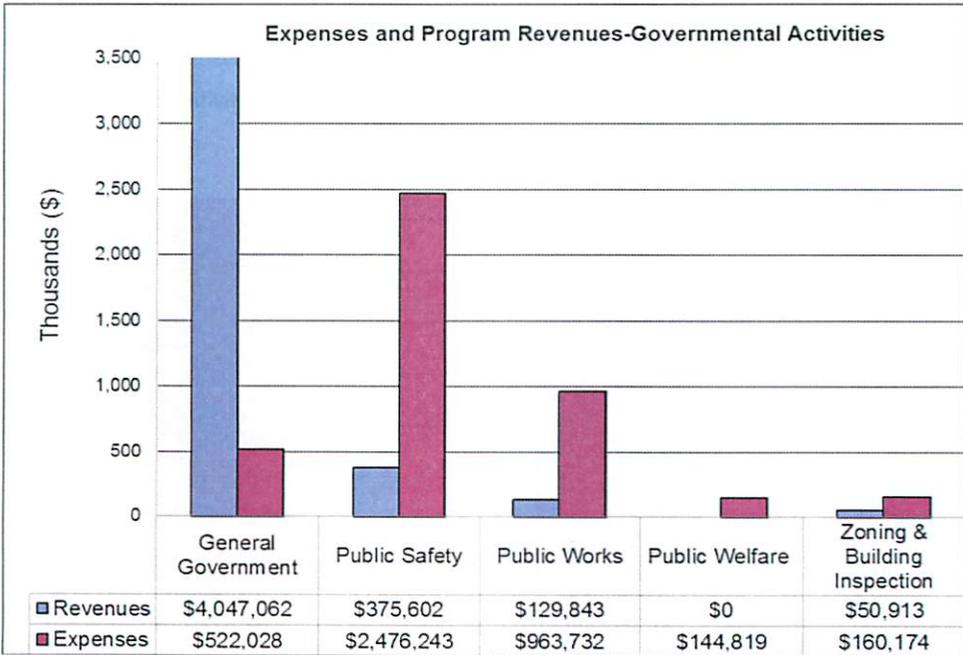
**City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Governmental activities accounted for revenues of \$4,603,420. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense for each governmental program of the City. The difference between expense and revenue is the financial burden placed on the City's taxpayers for each program.

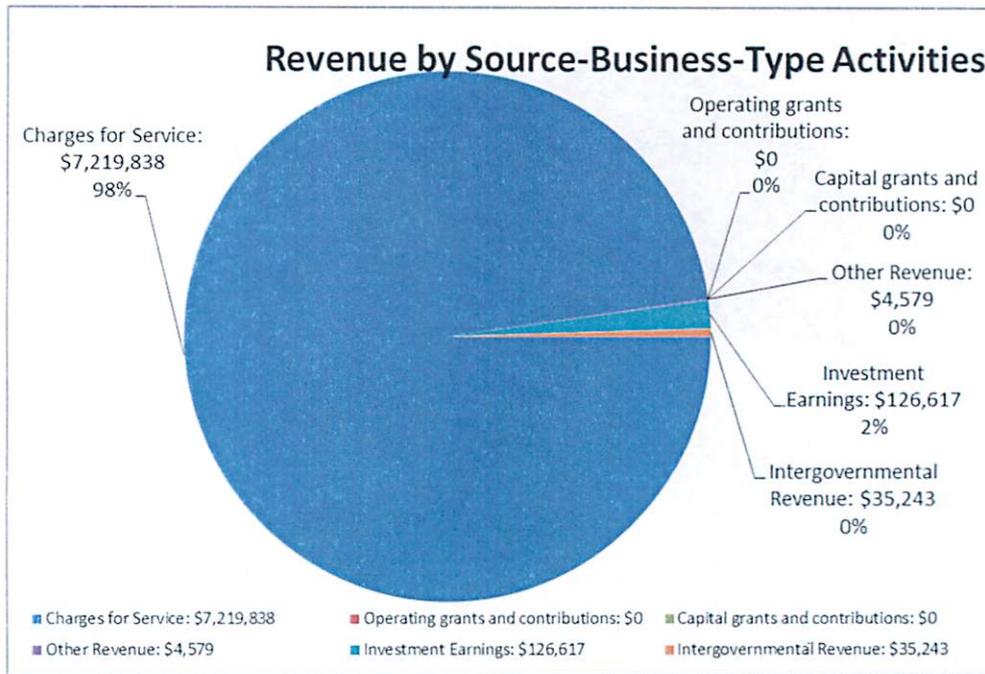


City of Chatsworth, Georgia
 Management's Discussion and Analysis
 For the Year Ended December 31, 2017

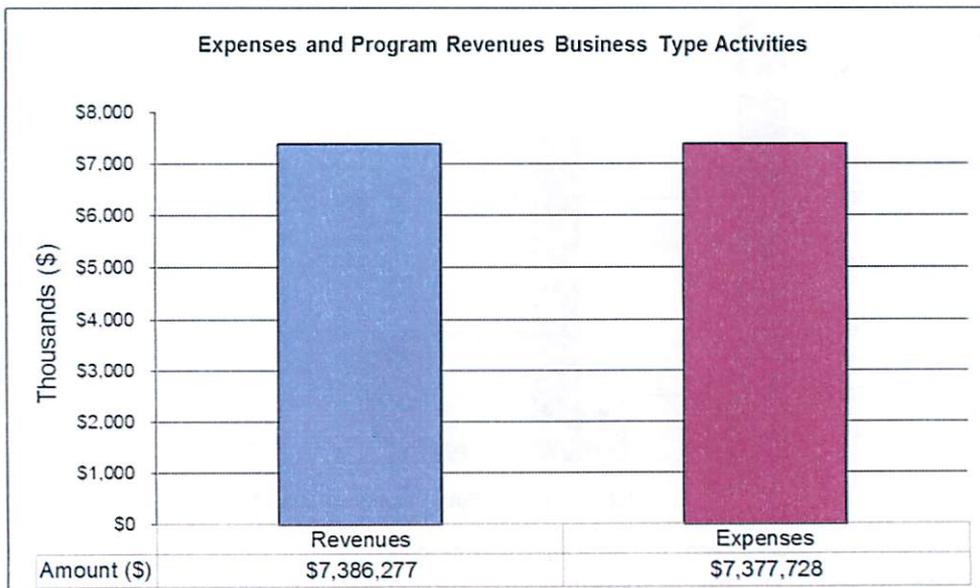
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (Continued)

Business-type activities

Business-type activities accounted for revenues of \$7,336,049. The following graph summarizes the revenue by source.



The following graph summarizes the revenue and related expense of operating the Sewer and Water fund.



**City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Chatsworth, Georgia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Chatsworth, Georgia's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Chatsworth, Georgia's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year for future unforeseen emergencies.

As of the end of the current fiscal year, the City of Chatsworth, Georgia's governmental funds reported combined ending fund balances of \$4,998,430. 93.51% of this total amount or \$4,674,117 constitutes unassigned fund balance.

The general fund is the chief operating fund of the City of Chatsworth, Georgia. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,674,117. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents 106.79% of total fund expenditures.

Proprietary Funds

The City of Chatsworth, Georgia's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$5,595,437.

General Fund Budgetary Highlights

Investment earnings were \$100,506 higher than the budget because of the switch from investing in certificate of deposit to bonds paying 3-4%. Miscellaneous income is over budget because of a building sold to the First Baptist Church for \$127,000.

The city added a Zoning Department and budgeted for it but did not budget for the Building Inspector.

A new 2013 SPLOST fund, with collection beginning in year 2013, is approved to finance purchase of new equipment, improving streets and drainage, and economic development projects. Collections in 2017 amounted to \$470,033 and expenditures amounted to \$467,753.

City of Chatsworth, Georgia's Outstanding Debt

At the end of the current fiscal year, the City of Chatsworth, Georgia had \$114,129 debt outstanding in the governmental fund and \$8,430,465 outstanding in the proprietary fund. See Note 8 for detail of debt.

CAPITAL ASSET AND DEBT ADMINISTRATION

Investment in capital assets, net of accumulated depreciation, for both governmental and business-type activities, *Primary Government*, decreased \$299,783. Beginning balance was \$32,544,353, plus current year additions of \$1,852,842, less current year depreciation of \$2,129,897, less net dispositions / reclassifications of \$22,728 resulted in an ending balance of \$32,244,570.

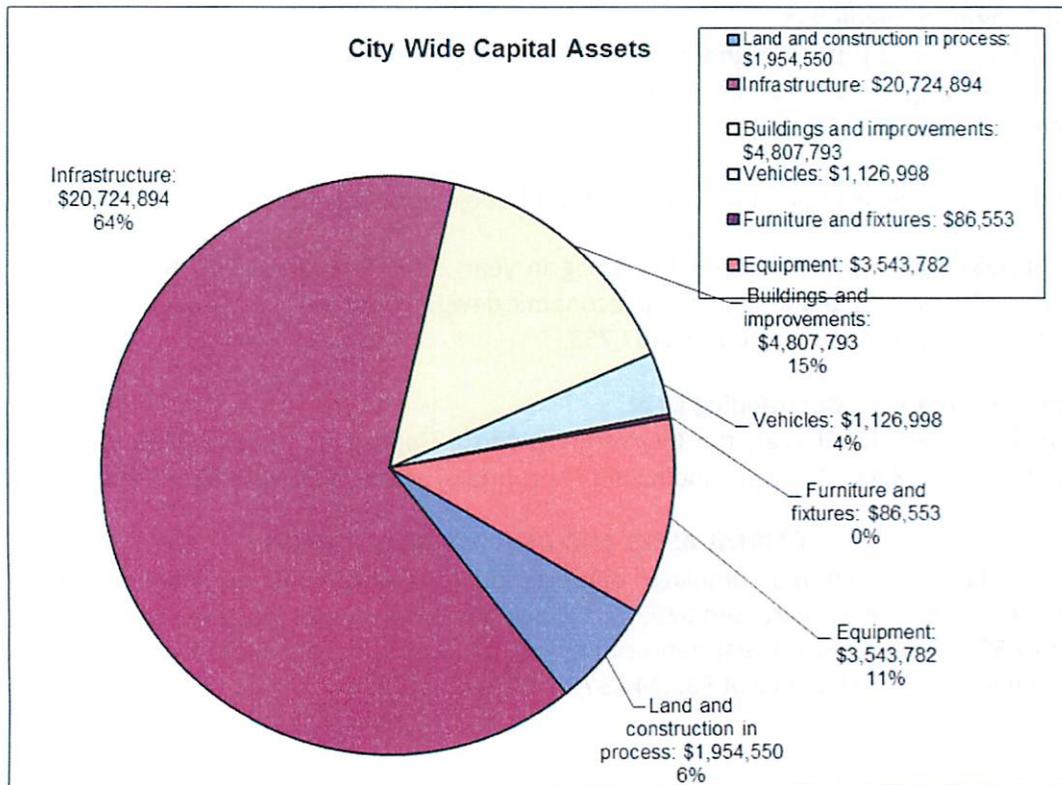
City of Chatsworth, Georgia
 Management's Discussion and Analysis
 For the Year Ended December 31, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION
 (Continued)

The table below summarizes the City's investment in capital assets and is broken down by government and business type activities. Additional information on the City's capital assets can be found in Note 12 of this report.

City of Chatsworth, Georgia's Capital Assets
 (Net of Depreciation)

| | Governmental Activities | Business-Type Activities | Total |
|----------------------------------|----------------------------|-----------------------------|----------------------|
| Land and construction in process | \$ 595,407 | \$ 1,359,143 | \$ 1,954,550 |
| Infrastructure | 919,751 | 19,805,143 | 20,724,894 |
| Buildings and improvements | 855,788 | 3,952,005 | 4,807,793 |
| Vehicles | 816,321 | 310,677 | 1,126,998 |
| Furniture and fixtures | 14,275 | 72,278 | 86,553 |
| Equipment | 638,831 | 2,904,951 | 3,543,782 |
| Total capital assets | \$ 3,840,373 | \$ 28,404,197 | \$ 32,244,570 |



**City of Chatsworth, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Requests for Information

This financial report is designed to provide a general overview of the City of Chatsworth, Georgia's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the City of Chatsworth, Georgia.

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BASIC FINANCIAL STATEMENTS

CITY OF CHATSWORTH, GEORGIA
Statement of Net Position
December 31, 2017

| | Primary Government | | Total |
|---|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 1,619,134 | \$ 2,730,034 | \$ 4,349,168 |
| Investments | 2,319,899 | 3,514,844 | \$ 5,834,743 |
| Receivables, net of allowance for uncollectibles: | | | |
| Property taxes | 128,647 | - | 128,647 |
| Accounts | - | 854,676 | 854,676 |
| Other | 644,397 | 17,144 | 661,541 |
| Inventory | - | 177,083 | 177,083 |
| Prepaid expenses | 36,530 | 77,933 | 114,463 |
| Due from other governments | 116,396 | - | 116,396 |
| Restricted assets: | | | |
| Cash and cash equivalents | 209,073 | 155,867 | 364,940 |
| Due from other governments | 78,710 | - | 78,710 |
| Total current assets | <u>5,152,786</u> | <u>7,527,581</u> | <u>12,680,367</u> |
| NON-CURRENT ASSETS | | | |
| Land and other non-depreciable assets | 595,407 | 1,359,143 | 1,954,550 |
| Other capital assets, net of accumulated depreciation | <u>3,244,966</u> | <u>27,045,054</u> | <u>30,290,020</u> |
| Total non-current assets | <u>3,840,373</u> | <u>28,404,197</u> | <u>32,244,570</u> |
| Total assets | <u>8,993,159</u> | <u>35,931,778</u> | <u>44,924,937</u> |
| DEFERRED OUTFLOWS OR RESOURCES | | | |
| Pension related items | <u>47,494</u> | <u>94,071</u> | <u>141,565</u> |

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

CITY OF CHATSWORTH, GEORGIA
Statement of Net Position
December 31, 2017

| | Primary Government | | |
|--|----------------------------|-----------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| LIABILITIES AND NET POSITION | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | \$ 33,911 | \$ 309,075 | \$ 342,986 |
| Accrued expenses and other liabilities | 46,735 | 32,834 | 79,569 |
| Customer deposits payable | - | 913,075 | 913,075 |
| Unearned revenue | - | 24,362 | 24,362 |
| Interfund balances | (14,221) | 14,221 | - |
| Notes payable - current | - | 87,941 | 87,941 |
| Revenue bonds payable - current | - | 410,000 | 410,000 |
| Accrued interest payable | - | 37,984 | 37,984 |
| Capital lease | 47,995 | - | 47,995 |
| Total current liabilities | <u>114,420</u> | <u>1,829,492</u> | <u>1,943,912</u> |
| Long-term Liabilities | | | |
| Capital lease | 66,134 | - | 66,134 |
| Compensated absences | 90,761 | 106,658 | 197,419 |
| Revenue bonds payable | - | 5,720,189 | 5,720,189 |
| Notes payable | - | 1,633,469 | 1,633,469 |
| Net Pension liability | 273,739 | 472,208 | 745,947 |
| Total long-term liabilities | <u>430,634</u> | <u>7,932,524</u> | <u>8,363,158</u> |
| Total liabilities | <u>545,054</u> | <u>9,762,016</u> | <u>10,307,070</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related items | 48,173 | 4,433 | 52,606 |
| Net Position | | | |
| Net investment in capital assets | 3,726,244 | 20,546,079 | 24,272,323 |
| Restricted for debt service | 114,129 | 106,119 | 220,248 |
| Restricted for capital projects | 238,462 | 11,765 | 250,227 |
| Restricted for public safety | 49,321 | - | 49,321 |
| Unrestricted | 4,319,270 | 5,595,437 | 9,914,707 |
| Total net position | <u>8,447,426</u> | <u>26,259,400</u> | <u>34,706,826</u> |

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

CITY OF CHATSWORTH, GEORGIA
Statement of Activities
Year Ended December 31, 2017

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 522,028 | \$ 222,731 | \$ - | \$ 470,033 | \$ 170,736 | \$ - | \$ 170,736 |
| Public safety | 2,476,243 | 375,602 | - | - | (2,100,641) | - | (2,100,641) |
| Public works | 963,732 | - | 129,843 | - | (833,889) | - | (833,889) |
| Public welfare and recreation | 144,819 | - | - | - | (144,819) | - | (144,819) |
| Zoning and Building Inspection | 160,174 | 50,913 | - | - | (109,261) | - | (109,261) |
| Total governmental activities | 4,266,996 | 649,246 | 129,843 | 470,033 | (3,017,874) | - | (3,017,874) |
| Business-type activities | | | | | | | |
| Water & Sewer | 7,377,728 | 7,219,838 | - | - | - | (157,890) | (157,890) |
| Total business-type activities | 7,377,728 | 7,219,838 | - | - | - | (157,890) | (157,890) |
| Total primary government | \$ 11,644,724 | \$ 7,869,084 | \$ 129,843 | \$ 470,033 | \$ (3,017,874) | \$ (157,890) | \$ (3,175,764) |
| General revenues: | | | | | | | |
| Property tax | | | | | \$ 1,089,770 | \$ - | \$ 1,089,770 |
| Franchise tax | | | | | 687,781 | - | 687,781 |
| Local option sales tax | | | | | 623,809 | - | 623,809 |
| Malt beverage tax | | | | | 115,942 | - | 115,942 |
| Motor vehicle tax | | | | | 107,871 | - | 107,871 |
| Occupational tax | | | | | 65,906 | - | 65,906 |
| Premium tax | | | | | 286,181 | - | 286,181 |
| Other taxes | | | | | 34,649 | - | 34,649 |
| Donations | | | | | 60,900 | - | 60,900 |
| Other revenue | | | | | - | 4,579 | 4,579 |
| Interest revenue | | | | | 100,733 | 91,936 | 192,669 |
| Increase in fair value of investments | | | | | 773 | 34,681 | 35,454 |
| Intergovernmental revenues | | | | | 179,983 | 35,243 | 215,226 |
| Total general revenue | | | | | 3,354,298 | 166,439 | 3,520,737 |
| Transfers | | | | | - | - | - |
| Total general revenues and transfers | | | | | 3,354,298 | 166,439 | 3,520,737 |
| Change in net position | | | | | 336,424 | 8,549 | 344,973 |
| Net position - beginning of year, restated | | | | | 8,111,002 | 26,250,851 | 34,361,853 |
| Net position - end of year | | | | | \$ 8,447,426 | \$ 26,259,400 | \$ 34,706,826 |

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

CITY OF CHATSWORTH, GEORGIA
Governmental Funds
Balance Sheet
December 31, 2017

| | General Fund | SPLOST Capital Projects | Other Governmental Fund | Total Governmental Funds |
|---|---------------------|-------------------------------|-------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash | \$ 1,619,134 | \$ 159,752 | \$ 49,321 | \$ 1,828,207 |
| Investment | 2,319,899 | - | - | 2,319,899 |
| Property tax receivable - net | 128,647 | - | - | 128,647 |
| Interfund receivables | 14,221 | - | - | 14,221 |
| Other receivables | 644,397 | - | - | 644,397 |
| Due from other governments | 116,396 | 78,710 | - | 195,106 |
| Prepaid expenses | 36,530 | - | - | 36,530 |
| Total assets | \$ 4,879,224 | \$ 238,462 | \$ 49,321 | \$ 5,167,007 |
| LIABILITIES | | | | |
| Accounts payable | \$ 33,911 | \$ - | - | \$ 33,911 |
| Accrued wages | 46,735 | - | - | 46,735 |
| Payroll tax payable | - | - | - | - |
| Internal balances | - | - | - | - |
| Total liabilities | 80,646 | - | - | 80,646 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue - property taxes | 87,931 | - | - | 87,931 |
| FUND BALANCES | | | | |
| Nonspendable - Prepaid items | 36,530 | - | - | 36,530 |
| Restricted for - SPLOST Projects | - | 238,462 | - | 238,462 |
| Public Safety | - | - | 49,321 | 49,321 |
| Unassigned | 4,674,117 | - | - | 4,674,117 |
| Total fund balances | 4,710,647 | 238,462 | 49,321 | 4,998,430 |
| TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | \$ 4,879,224 | \$ 238,462 | \$ 49,321 | \$ 5,167,007 |

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

CITY OF CHATSWORTH, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Positions
December 31, 2017

| | | |
|--|--------------------|--------------------------------|
| Total Governmental Fund Balances | | \$ 4,998,430 |
| Amounts reported for Governmental Activities in the Statement of Net Position are different because: | | |
| Capital assets do not represent financial resources and therefore are not reported in the funds but are reported for governmental activities: | | |
| Cost | 10,290,474 | |
| Less accumulated depreciation | <u>(6,450,101)</u> | 3,840,373 |
| Liabilities, including notes, bonds, capital leases, and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net position: | | |
| Capital lease payable | (114,129) | |
| Compensated absences | <u>(90,761)</u> | (204,890) |
| Interfund receivables and payables between governmental funds are reported on the governmental fund's balance sheet but are eliminated on the government-wide statement of net position. | | |
| Interfund receivables | (14,221) | |
| Interfund payables | <u>14,221</u> | |
| Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current periods expenditures and, therefore, are deferred in the funds. | | |
| | | 87,931 |
| Amounts related to the pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds. | | |
| Deferred outflows of resources-pension related | 47,494 | |
| Net pension liability | (273,739) | |
| Deferred inflows of resources-pension related | <u>(48,173)</u> | <u>(274,418)</u> |
| Net Position of Governmental Activities | | <u>\$ 8,447,426</u> |

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

CITY OF CHATSWORTH, GEORGIA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

| | General Fund | SPLOST Capital Projects | Other Governmental Fund | Total Governmental Funds |
|--|---------------------|-------------------------------|-------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes | \$ 2,952,097 | \$ - | \$ - | \$ 2,952,097 |
| License and permits | 64,638 | - | - | 64,638 |
| Intergovernmental | 309,827 | 470,033 | - | 779,860 |
| Fines and forfeitures | 323,859 | - | 39,142 | 363,001 |
| Investment earnings | 101,506 | - | - | 101,506 |
| Other revenue | 394,505 | - | - | 394,505 |
| Total revenues | <u>4,146,432</u> | <u>470,033</u> | <u>39,142</u> | <u>4,655,607</u> |
| EXPENDITURES | | | | |
| Current expenditures | | | | |
| General government | 396,804 | - | - | 396,804 |
| Public safety | 2,205,689 | - | 2,913 | 2,208,602 |
| Street department | 888,257 | - | - | 888,257 |
| Public welfare and recreation | 130,393 | - | - | 130,393 |
| Zoning and codes enforcement | 90,050 | - | - | 90,050 |
| Building inspector | 61,230 | - | - | 61,230 |
| Capital outlay | 111,998 | 467,753 | 21,646 | 601,397 |
| Debt service - principal | - | - | - | - |
| Total expenditures | <u>3,884,421</u> | <u>467,753</u> | <u>24,559</u> | <u>4,376,733</u> |
| Excess (deficiency) of revenues over expenditures | <u>262,011</u> | <u>2,280</u> | <u>14,583</u> | <u>278,874</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 262,011 | 2,280 | 14,583 | 278,874 |
| Fund balances - beginning of year | <u>4,448,636</u> | <u>236,182</u> | <u>34,738</u> | <u>4,719,556</u> |
| Fund balances - end of year | <u>\$ 4,710,647</u> | <u>\$ 238,462</u> | <u>\$ 49,321</u> | <u>\$ 4,998,430</u> |

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

CITY OF CHATSWORTH, 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 December 31, 2017

| | | |
|---|---------------|------------------------------|
| Net Changes in Fund Balances - Total Governmental Funds | | \$ 278,874 |
| Amounts reported for Governmental Activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. | | |
| Capital outlay in excess of depreciation expense | | 63,752 |
| Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. | | |
| Proceeds from capital leases | (111,998) | |
| Principal payments on leases | <u>30,041</u> | |
| | | (81,957) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred inflows: | | |
| Unavailable deferred property tax revenues | | 59,811 |
| Certain items reported in the statement of activities don't require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | | |
| Net change in accrued liability for compensated absences | | (1,042) |
| Net change in liability for Pensions | | 127,171 |
| Net change in deferred inflows - pension related | | 20,701 |
| Net change in deferred outflows - pension related | | <u>(130,886)</u> |
| Change in Net Position of Governmental Activities | | \$ <u>336,424</u> |

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

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CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance Over (Under) |
|--------------------------------|------------------|------------------|------------------|-----------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| City property tax | \$ 1,047,547 | \$ 1,047,547 | \$ 1,029,958 | \$ (17,589) |
| Premium tax | 275,000 | 275,000 | 286,181 | 11,181 |
| Franchise tax | 720,500 | 720,500 | 687,781 | (32,719) |
| Local options sales tax | 600,000 | 600,000 | 623,809 | 23,809 |
| Malt beverage tax | 120,500 | 120,500 | 115,942 | (4,558) |
| Motor vehicle tax | 75,000 | 75,000 | 107,871 | 32,871 |
| Occupational tax | 60,000 | 60,000 | 65,906 | 5,906 |
| Banking tax | 33,000 | 33,000 | 34,649 | 1,649 |
| Total taxes | <u>2,931,547</u> | <u>2,931,547</u> | <u>2,952,097</u> | <u>20,550</u> |
| License and permits | | | | |
| Building Permits | - | - | 31,961 | 31,961 |
| Malt and beverage license | 33,000 | 33,000 | 32,677 | (323) |
| Total license and permits | <u>33,000</u> | <u>33,000</u> | <u>64,638</u> | <u>31,638</u> |
| Intergovernmental | | | | |
| State grants for street const. | 61,171 | 61,171 | 129,843 | 68,672 |
| Franchise tax from Water Works | 180,000 | 180,000 | 179,984 | (16) |
| Total intergovernmental | <u>241,171</u> | <u>241,171</u> | <u>309,827</u> | <u>68,656</u> |
| Fines and forfeitures | | | | |
| Police and courts | 251,000 | 251,000 | 323,859 | 72,859 |
| Total fines and forfeitures | <u>251,000</u> | <u>251,000</u> | <u>323,859</u> | <u>72,859</u> |
| Investment earnings | | | | |
| Investment earnings | 1,000 | 1,000 | 101,506 | 100,506 |
| Total investment earnings | <u>1,000</u> | <u>1,000</u> | <u>101,506</u> | <u>100,506</u> |
| Other revenue | | | | |
| Miscellaneous | 229,725 | 229,725 | 394,505 | 164,780 |
| Total other revenue | <u>229,725</u> | <u>229,725</u> | <u>394,505</u> | <u>164,780</u> |
| TOTAL REVENUES | <u>3,687,443</u> | <u>3,687,443</u> | <u>4,146,432</u> | <u>458,988</u> |

(Continued)

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

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | Original | Final | | (Over) Under |
| EXPENDITURES | | | | |
| Current expenditures | | | | |
| General government | | | | |
| Administration | | | | |
| Administrative salaries | \$ 151,340 | \$ 153,001 | \$ 153,001 | \$ - |
| Health Insurance | 24,591 | 24,591 | 24,651 | (60) |
| Payroll taxes | 13,689 | 13,689 | 13,204 | 485 |
| Retirement contribution | 7,293 | 7,293 | 7,241 | 52 |
| Advertising | 2,000 | 2,000 | 849 | 1,151 |
| Telephone | 7,500 | 7,507 | 7,507 | - |
| Office supplies | 15,000 | 16,815 | 16,815 | - |
| Repairs and maintenance | 7,500 | 6,510 | 3,024 | 3,486 |
| Dues and subscriptions | 15,000 | 13,162 | 11,591 | 1,571 |
| Professional services | 28,000 | 28,000 | 26,800 | 1,200 |
| Utilities | 9,000 | 7,185 | 6,890 | 295 |
| Gas & Oil | - | 790 | 790 | - |
| Miscellaneous expenditures | 32,000 | 42,580 | 36,456 | 6,124 |
| Local Development | - | 7,500 | 7,500 | - |
| Library aid | 30,000 | 30,000 | 30,000 | - |
| Contributions | 3,600 | 2,810 | 900 | 1,910 |
| Capital purchases | 275,000 | 256,920 | - | 256,920 |
| Total administration | <u>621,513</u> | <u>620,352</u> | <u>347,218</u> | <u>273,134</u> |
| Building and plant | | | | |
| Insurance | 12,000 | 12,000 | 9,416 | 2,584 |
| Janitorial | 3,500 | 4,490 | 4,490 | - |
| Total building and plant | <u>15,500</u> | <u>16,490</u> | <u>13,906</u> | <u>2,584</u> |
| Council | | | | |
| Mayor and Council | 27,600 | 27,600 | 26,400 | 1,200 |
| Total council | <u>27,600</u> | <u>27,600</u> | <u>26,400</u> | <u>1,200</u> |
| Elections | | | | |
| Election | 4,000 | 4,000 | 579 | 3,421 |
| Total elections | <u>4,000</u> | <u>4,000</u> | <u>579</u> | <u>3,421</u> |
| Law | | | | |
| Professional services | 7,000 | 7,000 | 4,530 | 2,470 |
| Education and training | 4,000 | 4,171 | 4,171 | - |
| Total law | <u>11,000</u> | <u>11,171</u> | <u>8,701</u> | <u>2,470</u> |
| Total general government | <u>\$ 679,613</u> | <u>\$ 679,613</u> | <u>\$ 396,804</u> | <u>\$ 282,809</u> |

(Continued)

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

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance |
|---|--------------------|--------------------|--------------------|------------------|
| | Original | Final | | (Over) Under |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| Public safety | | | | |
| Police department | | | | |
| Salaries | \$ 802,691 | \$ 785,746 | \$ 789,408 | \$ (3,662) |
| Payroll taxes | 61,406 | 58,040 | 58,040 | - |
| Group health insurance | 107,651 | 96,234 | 119,194 | (22,960) |
| Retirement expenditures | 42,496 | 37,577 | 36,349 | 1,228 |
| Workers compensation insurance | 24,402 | 24,402 | 20,985 | 3,417 |
| Office supplies | 6,000 | 6,000 | 5,803 | 197 |
| Janitorial | 2,000 | 2,000 | 1,054 | 946 |
| Utilities | 8,500 | 9,038 | 9,038 | - |
| Telephone | 12,856 | 12,856 | 12,452 | 404 |
| Insurance | 15,014 | 15,014 | 14,427 | 587 |
| Uniforms | 13,000 | 13,000 | 11,944 | 1,056 |
| Fuel | 35,000 | 38,863 | 38,863 | - |
| Supplies and materials | 11,000 | 11,768 | 11,768 | - |
| Repairs and maintenance | 12,000 | 12,000 | 8,772 | 3,228 |
| Personnel training | 10,500 | 12,728 | 12,728 | - |
| State Fines | 18,500 | 22,542 | 22,090 | 452 |
| Jail board and fund | 25,000 | 31,290 | 31,290 | - |
| Medical Expenses | 500 | 500 | 221 | 279 |
| Vehicle expenditures | 9,000 | 10,443 | 10,443 | - |
| Miscellaneous | 11,750 | 16,474 | 15,806 | 668 |
| Peace officer training fund | 14,000 | 19,923 | 19,923 | - |
| Technology | 13,207 | 13,207 | 12,777 | 430 |
| Indemnification Fund | - | 2,036 | 2,036 | - |
| Budgeted and non-budgeted contributions | 24,000 | 28,791 | 26,008 | 2,783 |
| Capital Purchases | 125,000 | 125,000 | 111,998 | 13,002 |
| Total police department | 1,405,473 | 1,405,473 | 1,403,419 | 2,054 |
| Fire department | | | | |
| Salaries | 669,248 | 658,780 | 605,602 | 53,178 |
| Payroll taxes | 51,198 | 51,198 | 43,240 | 7,958 |
| Group health insurance | 93,491 | 93,491 | 107,576 | (14,085) |
| Retirement expenditures | 33,602 | 33,602 | 29,356 | 4,246 |
| Workers compensation insurance | 35,805 | 35,805 | 16,121 | 19,684 |
| Insurance | 9,500 | 9,999 | 9,999 | - |
| Telephone | 7,180 | 8,129 | 8,129 | - |
| Advertising | 500 | 500 | - | 500 |
| Personnel training | 6,000 | 6,000 | 4,703 | 1,297 |
| Office supplies | 1,000 | 1,000 | 595 | 405 |
| Maintenance | 9,500 | 9,500 | 6,424 | 3,076 |
| Utilities | 19,200 | 19,200 | 17,901 | 1,299 |
| Fuel | 10,000 | 10,622 | 10,622 | - |
| Uniforms | 12,000 | 12,000 | 7,322 | 4,678 |
| Protective clothing | 13,000 | 13,911 | 13,911 | - |
| Equipment repairs | 11,500 | 17,461 | 17,057 | 404 |
| Truck expenditures | 7,200 | 7,973 | 7,973 | - |
| Janitorial | 1,000 | 1,000 | 730 | 270 |
| Miscellaneous | 3,220 | 3,973 | 3,051 | 922 |
| Technology | 5,180 | 5,180 | 3,700 | 1,480 |
| Medical Expenses | 500 | 500 | 255 | 245 |
| Capital purchases | - | - | - | - |
| Total fire department | 999,824 | 999,824 | 914,268 | 85,556 |
| Total public safety | \$2,405,297 | \$2,405,297 | \$2,317,687 | \$ 87,610 |

(Continued)

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

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | (Over) Under |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| Public works | | | | |
| Street department | | | | |
| Salaries | \$ 461,673 | \$ 461,673 | \$ 437,664 | \$ 24,009 |
| Payroll taxes | 35,318 | 35,318 | 31,984 | 3,334 |
| Group health Ins | 67,584 | 67,584 | 78,924 | (11,340) |
| Retirement insurance | 22,965 | 22,965 | 21,496 | 1,469 |
| Workers compensation Ins | 31,209 | 31,209 | 12,230 | 18,979 |
| Insurance | 16,000 | 16,000 | 13,947 | 2,053 |
| Auto | 10,000 | 10,000 | 6,931 | 3,069 |
| Uniforms | 7,000 | 8,314 | 8,314 | - |
| Fuel | 35,000 | 35,000 | 32,880 | 2,120 |
| Supplies & materials | 25,000 | 36,777 | 35,384 | 1,393 |
| Repairs and maintenance | 18,000 | 18,000 | 12,061 | 5,939 |
| Utilities | 187,000 | 171,006 | 168,289 | 2,717 |
| Street improvements | 25,000 | 25,000 | 20,750 | 4,250 |
| Office supplies | 500 | 572 | 572 | - |
| Telephone | 2,000 | 2,001 | 2,001 | - |
| Contract Labor | 1,000 | 1,000 | - | 1,000 |
| Equipment rental | 500 | 500 | - | 500 |
| Miscellaneous | 2,000 | 4,830 | 4,830 | - |
| Capital Purchases | - | - | - | - |
| Total street department | <u>947,749</u> | <u>947,749</u> | <u>888,257</u> | <u>59,492</u> |
| Total public works | <u>947,749</u> | <u>947,749</u> | <u>888,257</u> | <u>59,492</u> |
| Public welfare and recreation | | | | |
| Health and Sanitation | | | | |
| Salaries | 47,399 | 46,758 | 46,325 | 433 |
| Payroll taxes | 3,626 | 3,626 | 3,406 | 220 |
| Group health insurance | 6,109 | 6,109 | 7,071 | (962) |
| Retirement expenditures | 2,436 | 2,436 | 2,436 | - |
| Workers compensation insurance | 5,176 | 5,176 | 1,112 | 4,064 |
| Insurance | 2,500 | 2,500 | 1,671 | 829 |
| Supplies & materials | 750 | 750 | 383 | 367 |
| Repairs & maintenance | 10,000 | 10,000 | 6,380 | 3,620 |
| Uniforms | 700 | 700 | 508 | 192 |
| Miscellaneous | 1,000 | 1,000 | 254 | 746 |
| Fuel | 8,000 | 8,641 | 8,641 | - |
| Tipping fees | 25,000 | 25,000 | 22,206 | 2,794 |
| Health department aid | 5,000 | 5,000 | 5,000 | - |
| Capital Purchases | - | - | - | - |
| Budgeted contributions | 25,000 | 25,000 | 25,000 | - |
| Total health and sanitation | <u>142,696</u> | <u>142,696</u> | <u>130,393</u> | <u>12,303</u> |
| Parks and recreation | | | | |
| Recreation expenditures | - | - | - | - |
| Total parks and recreation | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total welfare and recreation | <u>\$ 142,696</u> | <u>\$ 142,696</u> | <u>\$ 130,393</u> | <u>\$ 12,303</u> |

(Continued)

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

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Continued)
Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|---------------|---------------|-----------------|
| | Original | Final | | (Over) Under |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| Zoning and Codes Enforcement | | | | |
| Salaries | \$ 45,848 | \$ 47,467 | \$ 47,467 | \$ - |
| Payroll taxes | 3,567 | 3,567 | 3,553 | 14 |
| Group health | 6,728 | 6,728 | 6,943 | (215) |
| Retirement | 2,436 | 2,436 | 2,436 | - |
| Workman's compensation | 1,825 | 1,825 | 889 | 936 |
| Janitorial | 1,200 | 1,200 | 1,080 | 120 |
| Insurance | 1,500 | 1,500 | 389 | 1,111 |
| Auto | 500 | 708 | 708 | - |
| Utilities | 2,800 | 2,800 | 2,297 | 503 |
| Fuel | 2,000 | 2,000 | 1,106 | 894 |
| Uniform | 500 | 500 | - | 500 |
| Contract Services | 20,000 | 20,000 | 16,561 | 3,439 |
| Personnel training | 1,000 | 1,000 | 741 | 259 |
| Office supplies | 1,500 | 1,500 | 1,005 | 495 |
| Maintenance and supplies | 500 | 500 | 219 | 281 |
| Equipment repairs | 500 | 500 | 78 | 422 |
| Telephone | 1,500 | 1,842 | 1,842 | - |
| Dues | 700 | 1,550 | 1,550 | - |
| Miscellaneous | 5,000 | 1,981 | 1,186 | 795 |
| Capital Purchases | - | - | - | - |
| Total Zoning and Codes Enforcement | <u>99,604</u> | <u>99,604</u> | <u>90,050</u> | <u>9,554</u> |
| Building Inspection | | | | |
| Salaries | \$ - | \$ - | \$ 46,101 | \$ (46,101) |
| Payroll taxes | - | - | 3,415 | (3,415) |
| Group health | - | - | 6,008 | (6,008) |
| Retirement | - | - | - | - |
| Workman's compensation | - | - | 1,334 | (1,334) |
| Janitorial | - | - | - | - |
| Insurance | - | - | 591 | (591) |
| Auto | - | - | 244 | (244) |
| Utilities | - | - | - | - |
| Fuel | - | - | 1,275 | (1,275) |
| Uniform | - | - | 208 | (208) |
| Contract Services | - | - | 150 | (150) |
| Personnel training | - | - | 94 | (94) |
| Office supplies | - | - | 830 | (830) |
| Maintenance and supplies | - | - | 25 | (25) |
| Equipment repairs | - | - | 78 | (78) |
| Telephone | - | - | 877 | (877) |
| Dues | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Capital Purchases | - | - | - | - |
| Total Building Inspection | <u>-</u> | <u>-</u> | <u>61,230</u> | <u>(61,230)</u> |

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

CITY OF CHATSWORTH, GEORGIA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Year Ended December 31, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|----------------------------|----------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>(Over)</u> <u>Under</u> |
| EXPENDITURES (Continued) | | | | |
| Current expenditures (Continued) | | | | |
| Total Expenditures | <u>4,274,959</u> | <u>4,274,959</u> | <u>3,884,421</u> | <u>390,538</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(587,516)</u> | <u>(587,516)</u> | <u>262,011</u> | <u>(849,527)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(587,516)</u> | <u>(587,516)</u> | <u>262,011</u> | <u>(849,527)</u> |
| Fund balance - beginning of year | <u>4,448,636</u> | <u>4,448,636</u> | <u>4,448,636</u> | <u>-</u> |
| Fund balance - end of year | <u><u>\$ 3,861,120</u></u> | <u><u>\$ 3,861,120</u></u> | <u><u>\$ 4,710,647</u></u> | <u><u>\$ (849,527)</u></u> |

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Net Position
December 31, 2017

| | <u>Water and Sewerage Fund</u> |
|---|--------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 2,730,034 |
| Investments | 3,514,844 |
| Receivables, net of allowance for uncollectibles: | |
| Accounts | 854,676 |
| Other | 17,144 |
| Inventory | 177,083 |
| Prepaid expenses | 77,933 |
| Restricted assets: | |
| Cash and cash equivalents | 155,867 |
| Total current assets | <u>7,527,581</u> |
| NON-CURRENT ASSETS | |
| Capital assets: | |
| Land | 901,794 |
| Buildings | 8,018,714 |
| Infrastructure | 42,259,897 |
| Machinery and equipment | 5,064,480 |
| Vehicles | 821,079 |
| Construction in progress | 457,349 |
| | <u>57,523,313</u> |
| Less accumulated depreciation | <u>29,119,116</u> |
| Total non-current assets | <u>28,404,197</u> |
| Total assets | <u>35,931,778</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related items | <u>94,071</u> |
| See Notes to Financial Statements | |

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Net Position (Continued)
December 31, 2017

LIABILITIES

CURRENT LIABILITIES

| | |
|--|------------|
| Payable from current assets: | |
| Accounts payable | \$ 323,296 |
| Accrued expenses and other liabilities | 26,315 |
| Retainage payable | 6,519 |
| Customer deposits payable | 913,075 |
| Unearned revenue | 24,362 |
| Notes payable - current | 87,941 |
| Payable from restricted assets: | |
| Revenue bonds payable - current | 410,000 |
| Accrued interest payable | 37,984 |
| Total current liabilities | 1,829,492 |

LONG-TERM LIABILITIES

| | |
|------------------------------|-----------|
| Revenue bonds payable | 5,720,189 |
| Notes payable | 1,633,469 |
| Compensated absences payable | 106,658 |
| Net pension liability | 472,208 |
| Total long-term liabilities | 7,932,524 |

| | |
|-------------------|-----------|
| Total liabilities | 9,762,016 |
|-------------------|-----------|

DEFERRED INFLOWS OF RESOURCES

| | |
|-----------------------|-------|
| Pension related items | 4,433 |
|-----------------------|-------|

NET POSITION

| | |
|----------------------------------|---------------|
| Net investment in capital assets | 20,546,079 |
| Restricted for debt service | 106,119 |
| Restricted for capital projects | 11,765 |
| Unrestricted | 5,595,437 |
| Total net position | \$ 26,259,400 |

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2017

| | <u>Water and Sewerage Fund</u> |
|--|------------------------------------|
| Operating revenues | |
| Charges for services: | |
| Water sales | \$ 5,005,892 |
| Sewer sales | 1,374,600 |
| Connection fees | 224,825 |
| Other fees and charges | 614,521 |
| Total operating revenues | <u>7,219,838</u> |
| Operating expenses | |
| Administrative | 1,538,871 |
| Distribution and maintenance | 1,664,620 |
| Sewer plant | 505,401 |
| Water plant | 1,764,419 |
| Depreciation | 1,745,030 |
| Total operating expenses | <u>7,218,341</u> |
| Operating income | <u>1,497</u> |
| Non-operating revenues (expenses) | |
| Interest income | 91,936 |
| Intergovernmental revenues | 35,243 |
| Interest expense and fiscal charges | (159,387) |
| Increase in fair value of investments | 34,681 |
| Other | 4,579 |
| Total non-operating revenues (expenses), net | <u>7,052</u> |
| Change in net position | 8,549 |
| Net position, beginning of year | <u>26,250,851</u> |
| Net position, end of year | <u>\$ 26,259,400</u> |

See Notes to Financial Statements.

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

CITY OF CHATSWORTH, GEORGIA
Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2017

| | <u>Water and Sewerage Fund</u> |
|--|------------------------------------|
| Cash Flows from Operating Activities | |
| Receipts from customers and users | \$ 7,200,384 |
| Payments to suppliers | (3,092,288) |
| Payments to employees | (2,319,988) |
| Net cash provided by operating activities | <u>1,788,108</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchases of capital assets | (1,381,931) |
| Proceeds from the sale of capital assets | 4,579 |
| Proceeds from capital grant | 35,243 |
| Principal payments on long-term borrowings | (487,041) |
| Interest paid on long-term borrowings | (171,805) |
| Net cash used in capital and related financing activities | <u>(2,000,955)</u> |
| Cash Flows from Investing Activities | |
| Purchases of investments | (598,926) |
| Proceeds from maturities of investments | 529,184 |
| Interest received | 91,936 |
| Net cash provided by investing activities | <u>22,194</u> |
| Net decrease in cash and cash equivalents | (190,653) |
| Cash and cash equivalents: | |
| Beginning of year | <u>3,076,554</u> |
| End of year | <u>\$ 2,885,901</u> |
| Classified as: | |
| Cash and cash equivalents | \$ 2,730,034 |
| Restricted cash and cash equivalents | 155,867 |
| | <u>\$ 2,885,901</u> |
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities | |
| Operating income | \$ 1,497 |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Depreciation | 1,745,030 |
| Change in assets and liabilities: | |
| Increase in accounts receivable | (45,009) |
| Decrease in inventory | 21,590 |
| Increase in prepaid expenses | (48,588) |
| Decrease in deferred outflows - pension items | 114,077 |
| Increase in accounts payable and accrued expenses | 82,497 |
| Decrease in unearned revenue | (13,114) |
| Increase in customer deposits payable | 38,669 |
| Decrease in net pension liability | (104,108) |
| Decrease in deferred inflows - pension items | (4,433) |
| Net cash provided by operating activities | <u>\$ 1,788,108</u> |
| Non-Cash Investing Activities | |
| Decrease in fair value of investments | <u>\$ 34,681</u> |

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

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