CITY OF BOWDON, GEORGIA



Annual Financial Report

For the Year Ended June 30, 2018

CITY OF BOWDON, GEORGIA
Financial Report
For the Year Ended June 30, 2018

Table of Contents

FINANCIAL SECTION

Independent Auditor's Report ..... 1 and 2

Management's Discussion and Analysis ..... 3 - 10

Basic Financial Statements:

Government-wide Financial Statements:
Statement of Activities 11
Statement of Activities 12

Fund Financial Statements:
Balance Sheet – Governmental Funds 13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities 16
Statement of Net Position – Proprietary Fund ..... 17 and 18
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund 19
Statement of Cash Flows – Proprietary Fund ..... 20 and 21
Statement of Fiduciary Assets and Liabilities - Agency Fund 22

Notes to the Basic Financial Statements ..... 23 - 48

Required Supplementary Information:
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund ..... 49 and 50
Schedule of Changes in the City's Net Pension Liability and Related Ratios 51
Schedule of Contributions 52
Notes to Schedule of Contributions 53
Actuarial Valuation History for Notes to Schedules 54

Combining and Individual Fund Statements and Schedules:
Nonmajor Governmental Funds:
Combining Balance Sheet - Nonmajor Governmental Funds 55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 56
Nonmajor Special Revenue Funds:
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Park Fund 57

CITY OF BOWDON, GEORGIA
Financial Report
For the Year Ended June 30, 2018

Table of Contents

Combining and Individual Fund Statements and Schedules: (continued)

Fiduciary Fund:

Statement of Changes in Assets and Liabilities
Agency Fund 58

Project Cost Schedules:

Schedules of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds – 2008 Issue 59

Schedules of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds – 2013 Issue 60

Component Unit:

Combining Balance Sheet – Component Unit – Governmental Fund Types 61

Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit – Governmental Fund Types 62

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 63 and 64

Schedule of Findings and Responses ..... 65 and 66

Member American Institute of CPA's **Member Georgia Society of CPA's**

WILL M. ROBINSON, CPA, P.C.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Bowdon, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowdon, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Bowdon, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bowdon, Georgia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

103 Rejen Drive, Carrollton, GA 30117
Phone (770) 836-4943 * FAX (678) 839-7250

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in Net Pension Liability, and schedule of expenditures of Special Purpose Local Option Sales Tax Proceeds on pages 3–10, 49-50, 51-54, and 59-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bowdon, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018 on our consideration of the City of Bowdon, 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 Bowdon, Georgia's internal control over financial reporting and compliance.

Carrollton, Georgia
December 31, 2018

CITY OF BOWDON, GEORGIA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

As management of the City of Bowdon, Georgia ("City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $11,784,950 (net position).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $802,667, a decrease of $24,506 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $282,666.
- The City's long-term debt increased by $314,152 during fiscal year 2018, primarily due to repayments and GEFA drawdowns of $630,475 for a Water Meter Replacement Program and Implementation of an AMR System.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated many changes you see in the City's financial reports as well as those of many other units of government. The City was required to implement these changes beginning in fiscal year ended June 30, 2004. The following is a summary of the reporting model:

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and sanitation, mayor and council, Copeland Hall, library, and parks and recreation. The business-type activities of the City include a Water and Sewerage Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Bowdon Development Authority for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Water and Sewerage Fund functions, for all practical purposes, as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Special Purpose Local Option Sales Tax Fund (SPLOST), and the Special Purpose Local Option Sales Tax 2013 Fund (SPLOST 2013) which are major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains one type of proprietary fund, the Water and Sewerage Fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer activity.

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 Sewerage Fund, which is a major fund of the City.

The basic proprietary fund financial statements can be found on pages 17-21 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 23-48 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

The combining and individual fund statements and schedules can be found on pages 55-62 of this report.

Government-wide Financial Analysis

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, assets exceeded liabilities by $11,784,950 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (84 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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.

The remaining page intentionally left blank.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	$ 958,213	$ 905,391	$ 1,543,368	$ 908,897	$ 2,501,581	$ 1,814,288
Capital assets	3,035,180	2,933,527	9,903,327	9,642,084	12,938,507	12,575,611
Total assets	3,993,393	3,838,918	11,446,695	10,550,981	15,440,088	14,389,899
Deferred Outflows	33,856	26,913	37,597	29,353	71,453	56,266
Liabilities:						
Current liabilities	159,532	90,217	1,643,060	425,309	1,802,592	515,526
Long-term liabilities	93,484	131,430	1,678,230	1,967,175	1,771,714	2,098,605
Total liabilities	253,016	221,647	3,321,290	2,392,484	3,574,306	2,614,131
Deferred Inflows	70,407	61,890	81,878	71,767	152,285	133,657
Net position:						
Net investment in capital assets	3,016,314	2,908,102	7,420,836	7,546,377	10,437,150	10,454,479
Restricted	486,933	528,595	252,095	247,982	739,028	776,577
Unrestricted	200,579	145,597	408,193	321,724	608,772	467,321
Total net position	$ 3,703,826	$ 3,582,294	$ 8,081,124	$ 8,116,083	$ 11,784,950	$ 11,698,377

Summary of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program:						
Charges for services	$ 554,108	$ 580,104	$ 1,591,074	$ 1,604,525	$ 2,145,182	$ 2,184,629
Operating grants	121,177	111,800	-	-	121,177	111,800
Capital grants	312,043	297,003	87,016	265,224	399,059	562,227
General:						
Property taxes	448,730	412,289	-	-	448,730	412,289
Alcoholic beverage taxes	37,609	39,980	-	-	37,609	39,980
Sales taxes	426,778	401,101	-	-	426,778	401,101
Franchise taxes	168,482	172,264	-	-	168,482	172,264
Insurance premium taxes	136,920	127,725	-	-	136,920	127,725
Other taxes	48,524	62,128	-	-	48,524	62,128
Unrestricted investment earnings	260	240	-	-	260	240
Miscellaneous revenue	18,464	27,304	-	-	18,464	27,304
Total revenues	2,273,095	2,231,938	1,678,090	1,869,749	3,951,185	4,101,687
Program expenses:						
General government	166,381	156,571	-	-	166,381	156,571
Judicial	21,242	24,150	-	-	21,242	24,150
Public safety	748,255	739,206	-	-	748,255	739,206
Public works	536,936	609,484	-	-	536,936	609,484
Health and welfare	23,290	30,846	-	-	23,290	30,846
Culture and recreation	645,751	744,807	-	-	645,751	744,807
Housing and development	30,162	64,687	-	-	30,162	64,687
Interest on long-term debt	1,246	2,004	-	-	1,246	2,004
Water and sewerage	-	-	1,691,349	1,668,233	1,691,349	1,668,233
Total expenses	2,173,263	2,371,755	1,691,349	1,668,233	3,864,612	4,039,988
Excess (deficiency) before transfers	99,832	(139,817)	(13,259)	201,516	86,573	61,699
Transfers	21,700	55,500	(21,700)	(55,500)	-	-
Changes in net position	121,532	(84,317)	(34,959)	146,016	86,573	61,699
Beginning net position,	3,582,294	3,666,611	8,116,083	7,970,067	11,698,377	11,636,678
Ending net position	$ 3,703,826	$ 3,582,294	$ 8,081,124	$ 8,116,083	$ 11,784,950	$ 11,698,377

Governmental activities. Governmental activities for fiscal year 2018 increased the City's net position by $121,532.

Business-type activities. Business-type activities decreased the City's net position by $34,959.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $802,667, a decrease of $24,506 in comparison with the prior year. Of this amount $282,666 is available for spending at the government's discretion (unassigned fund balance) the remainder is restricted for use for capital projects or various revenue funds.

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

Total net position of the Water and Sewerage Fund at the end of the year was $8,081,124. The decrease in net position of the Water and Sewerage Fund was $34,959. This decrease was due to an increase in health insurance and workers' compensation insurance during the current year. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the City did revise the budget from original appropriations.

Revenues were less than the amounts anticipated by $13,101, primarily because of a decrease in franchise taxes, business and occupational taxes, charges for services, and fines and forfeitures. Total actual expenditures were under budget $30,257. Actual revenues and other financing sources exceeded expenditures and other financing uses by $17,156.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2018, amounts to $12,938,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Capital Assets
Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 472,496	$ 472,496	$ 1,883,963	$ 1,883,963	$ 2,356,459	$ 2,356,459
Construction in progress	155,773	74,177	630,582	-	786,355	74,177
Buildings and improvements	1,876,012	1,818,624	-	-	1,876,012	1,818,624
Water & sewer system	-	-	7,326,079	7,670,967	7,326,079	7,670,967
Furniture and equipment	131,804	153,369	-	-	131,804	153,369
Vehicles	399,095	414,861	62,703	87,154	461,798	502,015
Total	$ 3,035,180	$ 2,933,527	$ 9,903,327	$ 9,642,084	$ 12,938,507	$ 12,575,611

Additional information on the City's capital assets can be found in note 6 on pages 36-38 of this report.

Outstanding Debt

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Compensated absences	$ 19,234	$ 17,938	$ 11,641	$ 11,254	$ 30,875	$ 29,192
Capital leases payable	18,866	25,425	3,346	9,863	22,212	35,288
Bonds payable	-	-	1,848,670	2,085,844	1,848,670	2,085,844
GEFA drawdowns	-	-	630,475	-	630,475	-
Net pension liability	79,999	110,977	77,257	114,035	157,256	225,012
Total	$ 118,099	$ 154,340	$ 2,571,389	$ 2,220,996	$ 2,689,488	$ 2,375,336

Long-term debt. At the end of the fiscal year, the City had total bonded debt outstanding of $1,848,670. This amount is not comprised of debt backed by the full faith and credit of the government. The City's debt is comprised primarily of bonds secured solely by specified revenue sources (i.e., revenue bonds). Three capital leases represent $22,212 of the long term debt.

The City's total debt increased by $314,152 or 13.23% during current fiscal year 2018. As stated earlier, the City had GEFA drawdowns of $630,475 for a Water Meter Replacement Program and Implementation of an AMR System.

Additional information on the City's long-term debt can be found in Note 7 on pages 38-41 of this report.

Economic Factors

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

- Opening of new businesses proceeds at a positive rate, which creates new service area jobs.
- Inflationary trends in the region compare favorably to national and state indices.

These factors were considered in preparing the City's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the City Manager, City of Bowdon, 136 City Hall Avenue, Bowdon, Georgia, 30108.

CITY OF BOWDON, GEORGIA

Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bowdon Development Authority
ASSETS				
Cash	$ 600,378	$ 455,477	$ 1,055,855	$ 14,902
Taxes receivable, net of allowance	35,089	-	35,089	-
Accounts receivable, net of allowance	43,481	232,179	275,660	-
Prepaid items	33,068	20,958	54,026	-
Inventories	-	51,747	51,747	-
Internal balances	171,288	(171,288)	-	-
Due from other governments	74,909	-	74,909	-
Restricted assets:				
Cash	-	954,295	954,295	-
Capital assets:				
Nondepreciable capital assets	628,269	2,514,545	3,142,814	79,766
Depreciable capital assets, net	2,406,911	7,388,782	9,795,693	-
Total assets	3,993,393	11,446,695	15,440,088	94,668
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	33,856	37,597	71,453	-
Total deferred inflows of resources	33,856	37,597	71,453	-
LIABILITIES				
Accounts payable	100,673	612,841	713,514	-
Accrued liabilities	28,672	20,467	49,139	-
Accrued interest	641	11,271	11,912	-
Due to other governments	-	-	-	-
Unearned revenue	4,931	-	4,931	-
Customer deposits	-	105,322	105,322	-
Capital leases due within one year	7,304	3,346	10,650	-
Capital leases due in more than one year	11,562	-	11,562	-
Net pension liability	79,999	77,257	157,256	-
Other long-term liabilities	-	630,475	630,475	-
Compensated absences due within one year	17,311	10,477	27,788	-
Compensated absences due in more than one year	1,923	1,164	3,087	-
Bonds payable due within one year	-	248,861	248,861	-
Bonds payable due in more than one year	-	1,599,809	1,599,809	-
Total liabilities	253,016	3,321,290	3,574,306	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	70,407	81,878	152,285	-
Total deferred inflows of resources	70,407	81,878	152,285	-
NET POSITION				
Net investment in capital assets	3,016,314	7,420,836	10,437,150	79,766
Restricted for:				
Capital projects	462,740	-	462,740	-
Culture and recreation	24,193	-	24,193	-
Debt service	-	252,095	252,095	-
Unrestricted	200,579	408,193	608,772	14,902
Total net position	$ 3,703,826	$ 8,081,124	$ 11,784,950	$ 94,668

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

CITY OF BOWDON, GEORGIA

Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Bowdon Development Authority
Primary government:								
Governmental activities:								
General government	$ 166,381	$ 35,691	$ 18,008	$ 17,772	$ (94,910)	$ -	$ (94,910)	$ -
Judicial	21,242	-	-	-	(21,242)	-	(21,242)	-
Public safety	748,255	57,829	18,430	-	(671,996)	-	(671,996)	-
Public works	536,936	320,166	-	277,918	61,148	-	61,148	-
Health and welfare	23,290	7,675	-	-	(15,615)	-	(15,615)	-
Culture and recreation	645,751	130,838	84,739	16,353	(413,821)	-	(413,821)	-
Housing and development	30,162	1,909	-	-	(28,253)	-	(28,253)	-
Total governmental activities	2,173,263	554,108	121,177	312,043	(1,185,935)	-	(1,185,935)	-
Business-type activities:								
Water and sewerage	1,691,349	1,591,074	-	87,016	-	(13,259)	(13,259)	-
Total business-type activities	1,691,349	1,591,074	-	87,016	-	(13,259)	(13,259)	-
Total primary government	$ 3,864,612	$ 2,145,182	$ 121,177	$ 399,059	(1,185,935)	(13,259)	(1,199,194)	-
Component Unit:								
Bowdon Development Authority	$ -	$ -	$ -	$ -	-	-	-	-
Total component unit	$ -	$ -	$ -	$ -	-	-	-	-
General revenues:								
Property taxes					448,730	-	448,730	-
Alcoholic beverage taxes					37,609	-	37,609	-
Sales taxes					426,778	-	426,778	-
Franchise taxes					168,482	-	168,482	-
Insurance premium taxes					136,920	-	136,920	-
Other taxes					48,524	-	48,524	-
Unrestricted investment earnings					260	-	260	29
Miscellaneous revenue					18,464	-	18,464	-
Transfers					21,700	(21,700)	-	-
Total general revenues and transfers					1,307,467	(21,700)	1,285,767	29
Change in net position					121,532	(34,959)	86,573	29
Net position, beginning of year					3,582,294	8,116,083	11,698,377	94,639
Net position, end of year					$ 3,703,826	$ 8,081,124	$ 11,784,950	$ 94,668

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

CITY OF BOWDON, GEORGIA

Balance Sheet
Governmental Funds
June 30, 2018

ASSETS	General	SPLOST 2008	SPLOST 2013	Nonmajor Governmental Funds	Total Governmental Funds
Cash	$ 102,563	$ 10,041	$ 457,850	$ 29,924	$ 600,378
Receivables:					
Taxes	35,089	-	-	-	35,089
Accounts	43,481	-	-	-	43,481
Due from other funds	171,288	-	28,316	-	199,604
Due from other governments	46,714	-	28,195	-	74,909
Prepaid items	33,068	-	-	-	33,068
Total assets	$ 432,203	$ 10,041	$ 514,361	$ 29,924	$ 986,529
LIABILITIES					
Accounts payable	$ 38,895	$ -	$ 61,778	$ -	$ 100,673
Accrued liabilities	28,672	-	-	-	28,672
Due to other funds	28,316	-	-	-	28,316
Unearned revenues	4,931	-	-	-	4,931
Total liabilities	100,814	-	61,778	-	162,592
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes & fines	15,655	-	-	5,615	21,270
Total deferred inflows of resources	15,655	-	-	5,615	21,270
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	33,068	-	-	-	33,068
Restricted:					
Capital projects	-	10,041	452,583	116	462,740
Culture and recreation	-	-	-	24,193	24,193
Unassigned	282,666	-	-	-	282,666
Total fund balances	315,734	10,041	452,583	24,309	802,667
Total liabilities, deferred inflows of resources and fund balances	$ 432,203	$ 10,041	$ 514,361	$ 29,924	$ 986,529

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

CITY OF BOWDON, GEORGIA

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances			$ 802,667
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
	Cost	$ 6,018,078	
	Less accumulated depreciation	(2,982,898)	3,035,180
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
	Property taxes and police fines		21,270
The deferred outflows are not current assets or financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.			
	Deferred outflows related to pension	33,856	
	Deferred inflows related to pension	(70,407)	(36,551)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
	Acrued interest payable	$ (641)	
	Compensated absences	(19,234)	
	Capital leases	(18,866)	
	Net pension liability	(79,999)	(118,740)
Net position of governmental activities			$ 3,703,826

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

CITY OF BOWDON, GEORGIA

Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	SPLOST 2008	SPLOST 2013	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 1,257,325	$ -	$ -	$ -	$ 1,257,325
Licenses and permits	35,621	-	-	-	35,621
Intergovernmental	116,312	-	312,038	-	428,350
Charges for services	461,378	-	-	-	461,378
Fines and forfeitures	57,109	-	-	-	57,109
Investment income	20	-	-	240	260
Contributions and donations	4,865	-	-	5	4,870
Miscellaneous revenue	18,464	-	-	-	18,464
Total revenues	1,951,094	-	312,038	245	2,263,377
EXPENDITURES					
Current:					
General government	155,604	-	-	-	155,604
Judicial	21,242	-	-	-	21,242
Public safety	724,360	-	-	-	724,360
Public works	418,271	-	-	-	418,271
Health and welfare	23,290	-	-	-	23,290
Culture and recreation	574,905	-	-	165	575,070
Housing and development	30,162	-	-	-	30,162
Capital outlay	-	62	346,010	7,708	353,780
Debt service:					
Principal	6,558	-	-	-	6,558
Interest	1,246	-	-	-	1,246
Total expenditures	1,955,638	62	346,010	7,873	2,309,583
Excess (deficiency) of revenues over (under) expenditures	(4,544)	(62)	(33,972)	(7,628)	(46,206)
OTHER FINANCING SOURCES (USES)					
Transfers in	21,700	-	-	-	21,700
Total other financing sources (uses)	21,700	-	-	-	21,700
Net change in fund balances	17,156	(62)	(33,972)	(7,628)	(24,506)
FUND BALANCE, beginning of year	298,578	10,103	486,555	31,937	827,173
FUND BALANCE, end of year	$ 315,734	$ 10,041	$ 452,583	$ 24,309	$ 802,667

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

CITY OF BOWDON, GEORGIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Fiscal Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (24,506)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 239,106	
Depreciation expense	(137,453)	101,653
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes and police fines		9,718
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments:		
Capital leases	6,559	6,559
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(1,296)	
Accrued interest	-	
Pension expense	29,404	28,108
Change in net position of governmental activities		$ 121,532

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

CITY OF BOWDON, GEORGIA

Statement of Net Position
Proprietary Fund
June 30, 2018

	Enterprise Fund Water and Sewerage Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 455,477
Accounts receivable, net of allowances	232,179
Prepaid items	20,958
Inventories	51,747
Total current assets	760,361
NON CURRENT ASSETS	
Restricted assets, cash	
Customer deposits	105,322
Debt service accounts	263,366
Construction accounts	585,607
Total restricted assets	954,295
Capital assets:	
Non depreciable	2,514,545
Depreciable, net of accumulated depreciation	7,388,782
Total capital assets (net of accumulated depreciation)	9,903,327
Total non current assets	10,857,622
Total assets	11,617,983
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension	37,597
Total assets and deferred outflows of resources	$ 11,655,580

(continued)

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

CITY OF BOWDON, GEORGIA

Statement of Net Position
Proprietary Fund
June 30, 2018

	Enterprise Fund Water and Sewerage Fund
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 612,841
Accrued salaries and payroll taxes	20,467
Due to other funds	171,288
Compensated absences	10,477
Capital lease payable, current portion	3,346
Bonds payable, current portion	248,861
Total current liabilities	1,067,280
NON CURRENT LIABILITIES	
Payable from restricted assets:	
Accrued interest payable	11,271
Customer deposits, payable with restricted assets	105,322
Total payable from restricted assets	116,593
Compensated absences	1,164
Bonds payable	1,599,809
Other long-term liabilities	630,475
Net pension liability	77,257
Total noncurrent liabilities	2,308,705
Total liabilities	3,492,578
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	81,878
NET POSITION	
Net investment in capital assets	7,420,836
Restricted for debt service	252,095
Unrestricted	408,193
Total net position	8,081,124
Total liabilities, deferred outflows of resources, and net position	$ 11,655,580

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

CITY OF BOWDON, GEORGIA

Statement of Revenues, Expense, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Enterprise Fund Water and Sewerage Fund
OPERATING REVENUES	
Charges for services:	
Water sales	$ 773,460
Sewer sales	602,433
Other charges	215,181
Total operating revenues	1,591,074
OPERATING EXPENSES	
Personnel costs	775,259
Contracted services	226,714
Supplies	169,780
Depreciation	456,355
Total operating expenses	1,628,108
Operating loss	(37,034)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	(63,241)
Total nonoperating revenues (expenses)	(63,241)
Income (loss) before capital contributions and transfers	(100,275)
Capital contributions	87,016
Transfers out	(21,700)
Change in net position	(34,959)
NET POSITION, beginning of year	8,116,083
NET POSITION, end of year	$ 8,081,124

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

CITY OF BOWDON, GEORGIA

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Enterprise Fund Water and Sewerage Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 1,580,538
Payments to employees	(809,700)
Payments to suppliers for goods and services provided	314,844
Net cash provided by operating activities	1,085,682
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Interfund payments	(21,700)
Net cash provided by non-capital financing activities	(21,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on capital debt	(68,537)
Purchase of property and equipment	(630,582)
Proceeds from long-term borrowings	630,475
Principal payments on long-term borrowings	(243,691)
Net cash used in capital and related financing activities	(312,335)
Net increase in cash and cash equivalents	751,647
Cash and cash equivalents, beginning of year (including restricted cash of $382,844)	658,125
Cash and cash equivalents, end of year (including restricted cash of $954,295)	$ 1,409,772

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

CITY OF BOWDON, GEORGIA

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Enterprise Fund Water and Sewerage Fund
Reconciliation of operating loss to net cash used in operating activities:	
Net operating loss	$ (37,034)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation	456,355
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable	2,438
Increase in deferred outflows	(8,244)
Decrease in inventory	10,304
Increase in prepaid items	(11,565)
Increase in accounts payable	600,000
Increase in due to other funds	115,999
Increase in accrued liabilities	83
Decrease in net pension liability	(36,778)
Decrease in customer deposits	(12,974)
Increase in compensated absences	387
Increase in deferred inflows	10,111
Net cash provided by operating activities	$ 1,085,682
Noncash Transactions:	
SPLOST VI Fund purchased capital assets on behalf of the Water and Sewerage Fund	$ 87,016

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

CITY OF BOWDON, GEORGIA

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2018

	Agency Fund
ASSETS	
Cash	$ 23,001
Accounts receivable	118,750
Total assets	$ 141,751
LIABILITIES	
Due to other governments	$ 141,751
Total liabilities	$ 141,751

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

Note 1 – Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Bowdon, Georgia ("City"), relating to the funds and account groups included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Government Units and by the Financial Accounting Standards Board (when applicable). As allowed in section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply to its business-type activities and to enterprise funds of the primary government Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

A. Reporting Entity

The City of Bowdon, Georgia, was incorporated in August, 1853. The City operates under an elected Mayor – City Council form of government and provides the following services as authorized by its charter: public safety, public works, culture and recreation, water and sewer, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Bowdon, Georgia (the "primary government") and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. In conformity with accounting principles generally accepted in the United States of America, as set forth in GASB Statement No. 14, the financial statements of the component units are discretely presented in the government-wide financial statements.

The Bowdon Development Authority was created as a separate legal entity by an act of the State Legislature and "activated" by action of the City Council to promote and expand industry, welfare, and trade for the public good and welfare of the City of Bowdon, Georgia, and make long-range plans for such development and expansion. The governing board of the Authority is appointed by the City Council for fixed terms. There is no significant continuing relationship between the City and the Authority for carrying out day to day functions.

Note 1 – Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Neither fiduciary nor component units that are fiduciary in nature are included.

The statement of activities presents a 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds

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

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 needed.

<u>The City reports the following major governmental funds:</u>

General Fund – The General Fund is the general operating fund of the City. This fund is used to account for all financial resources of the City which are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Special Purpose Local Option Sales Tax Fund – The SPLOST fund is a type of Capital Projects Fund that accounts for special capital projects financed from 2008 SPLOST funds received as part of intergovernmental agreements.

Special Purpose Local Option Sales Tax 2013 Fund – The SPLOST fund is a type of Capital Projects Fund that accounts for special capital projects financed from 2013 SPLOST funds received as part of intergovernmental agreements.

The City reports the following non-major governmental funds:

Special Revenue Funds – Special Revenue Funds are generally used to account for certain specific revenue sources, including special services, grants, and similar funds that are legally restricted to expenditures for specified purposes. The City has the following special revenue fund: Park Fund.

Capital Project Funds – Capital Project Funds are generally used to account for special capital projects financed from grants, and contributions. The City has the following capital project fund: General Projects Fund.

The City reports the following major enterprise fund:

Water and Sewerage Fund – This fund is used to account for the City's water and sewer operations.

The City also reports the following fund type:

Fiduciary Fund – This fund accounts for assets held by the city for police fines collected as an agent for individuals, private organizations, other governments, and other city departments.

C. Basis of Accounting and Measurement Focus

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current *fiscal period.* Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term debt, compensated absences and claims and judgments, are recorded only when payment is due.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

The Bowdon Development Authority uses the current financial resources measurement focus and modified accrual accounting.

Note 1 – Summary of Significant Accounting Policies (continued)

D. Budgets

The City Charter establishes the fiscal year as the twelve-month period beginning July 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Manager and the City Clerk subsequently submit a budget of estimated expenditures and revenues to the City Council for the City's operating funds. These include General, Administrative, Police and Fire, Streets, Library and Recreation, Senior Citizens, and Water and Sewer.

Upon receipt of the budget estimates, the Council holds a first meeting on the Budget Ordinance. Information about the Budget Ordinances is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance until ten days have passed after the Ordinance publication.

Prior to July 1, the budget is legally enacted through passage of an ordinance. Budgeted amounts are as originally adopted or as amended by the City Council.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets.

The following procedures are used by the City in establishing the budgetary data reflected in the basic financial statements.

1) The City Manager and City Clerk submits to the Mayor and Council, at regular and/or called meetings, proposed operating budgets for the Governmental Funds mentioned in the previous paragraph and the Water and Sewer Fund which include proposed expenditures and the means of financing them.
2) Public hearings are held to obtain taxpayer comments.
3) The council arrives at a budget it approves and is adopted at a called council meeting. The budget is legally enacted through passage of an ordinance.
4) Budget amounts shown in these financial statements, in addition to the amounts originally adopted by the city council, include additional approved appropriations for the fiscal year ended June 30, 2018. The legal level of control (the level at which the city council must approve expenditures in excess of appropriations) for each legally adopted annual operating budget is at the department level. The city manager can transfer budgeted amounts between departments without prior approval of the city council. Department heads can transfer budgeted amounts within a department without the approval of the city council.

Note 1 – Summary of Significant Accounting Policies (continued)

The following General Fund functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2018.

General Fund:	
General government	
Mayor and City Council	$ 5,980
General administration	5,284
Public safety	
Police	20,162
Jail operations	10,042
Public works	
Sanitation	9,468
Culture and recreation	
Recreation department	26,663
Library	7,339
Debt service	
Principal	6,558
Interest	1,246
Park Fund:	
Culture and recreation	165

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities, because the commitments will be honored during the subsequent year.

F. Cash and Cash Equivalents

For purposes of the statement of cash flow, cash includes all highly liquid investments with a maturity of three months or less. Cash deposits are reported at carrying amount which reasonably approximates fair value.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items.

H. Inventories

Inventories consist of pipe, supplies, and other materials used in water and sewer system operations and maintenance and are stated at cost, which approximates market, on a first-in, first-out basis.

Note 1 – Summary of Significant Accounting Policies (continued)

I. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in fund financial statements and internal balances in the government-wide financial statements. Interfund receivables and payables are recorded by all funds affected in the period in which transactions are executed.

J. Fund Changes and Transactions between Funds

Legally authorized transfers are treated as transfers and are included in the results of both Governmental and Proprietary Funds.

K. Restricted Assets

Certain resources set aside for the repayment of the City's enterprise fund revenue bonds are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "Water Reserve" account is used to report resources set aside to subsidize potential deficiencies from the City's operation that could adversely affect debt service payments.

The City collects deposits from new customers for their water and sewer services. The deposits are placed in a restricted bank account until the City discontinues services to the customer. The City does not have discretional use of the funds.

L. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is $5,000. General infrastructure assets obtained before July 1, 2003 have not been recorded for governmental funds. All infrastructure assets will be recorded proactively. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Asset	Years Life
Infrastructure	30
Buildings	50
Improvements	20
Heavy equipment	15
Equipment	5
Vehicles	5
Furniture and office equipment	5
Computer equipment	5

M. Compensated Absences

It is the City's policy to allow employees to accumulate unused sick time from year to year. Earned vacation time is vested and is paid even if an employee terminates his employment with the City. Sick pay is payable only upon illness while in the employment of the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1 – Summary of Significant Accounting Policies (continued)

O. Fund Equity

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances. Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:
Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through 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. Only the City Council may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City Manager to assign fund balances.

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

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

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Amounts shown as net investment in capital assets are made up of capital asset costs, net of accumulated depreciation and outstanding debt used to acquire, construct or improve the associated assets. Net position is reported as restricted when there are legal limitations or external restrictions imposed upon their use. All other net position are reported as unrestricted.

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

Note 1 – Summary of Significant Accounting Policies (continued)

P. Deferred outflows/inflows of resources

The City implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that qualifies for reporting in this category. This item arises only under a modified accrual basis of accounting and, accordingly, the item, unavailable revenue from property taxes and police fines, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. 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 Bowdon Retirement Plan (the "Plan"), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Deposits and Investments

The City's investment practices are governed by Code Section 36-83-4. The City is allowed to invest in obligations of this state or other states, obligations issued by the United States government, obligations fully insured or guaranteed by the United States Government or by a governmental 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 other political subdivisions of this state. For fiscal year 2018, the City invested only in demand deposits, certificates of deposit, and passbook savings.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2018, all of the deposits of the City and the component unit were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements.

At June 30, 2018, the City held $23,985 in CD investments which was included in the total amount of cash and cash equivalents.

Note 3 – Receivables

Receivables as of year-end for the government's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewerage	Total
Receivables:			
Taxes	$ 35,089	$ -	$ 35,089
Accounts	54,150	474,631	528,781
Gross receivables	89,239	474,631	563,870
Less allowance for uncollectibles	(10,669)	(242,452)	(253,121)
Net total receivables	$ 78,570	$ 232,179	$ 310,749

Note 3 – Receivables (continued)

Amounts due from other governments at June 30, 2018, are broken down as follows:

General Fund:	
State of Georgia Department of Revenue	
Sales tax collections	$ 39,390
Carroll County Tax Commissioner's Office	
Property tax collections	3,271
West Metro Regional Drug Enforcement Office	
Grant reimbursement for operating expenditures	4,053
	$ 46,714
SPLOST 2013 Fund:	
Carroll County Board of Commissioners	
Sales tax collections	$ 28,195

Note 4 – Property Tax

The City is responsible for assessing, collecting, and distributing property taxes in accordance with state legislation. Property tax is levied and mailed on September 9 of each year and payment is due by December 17. Property tax is levied on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Carroll County Appraisal Board at 100% for estimated fair market value. Taxes are levied based on property values established by Carroll County, Georgia and approved annually by the State of Georgia as part of the Carroll County tax digest. The county digest must be approved by the state each year before tax notices may be mailed.

Taxes are due immediately following the levy date and are delinquent after December 17. Taxes not paid by February or March of the following year may be placed in FIFA. Interest and collection costs are added once the receivable is placed in FIFA.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Because of this measurement focus, amounts levied this year for previous year's taxes as well as the current year levy were recognized as current year revenue. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with generally accepted accounting principles, have been recognized as revenue.

Most property owners choose to pay property taxes in a single payment on or before December 17 to avoid interest and/or FIFA charges.

Note 5 – Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018 is as follows:

	Due From		
Due To	General Fund	Water and Sewerage Fund	Totals
General Fund	$ -	$ 171,288	$ 171,288
SPLOST 2008 Fund	28,316	-	28,316
Total	$ 28,316	$ 171,288	$ 199,604

Generally, outstanding balances between funds reported as due to/from other funds include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding or other miscellaneous receivables and payables between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The composition of interfund transfers for the fiscal year ended June 30, 2018, is as follows:

Transfers In	Transfers Out	Amount
General Fund	Water and Sewerage Fund	$ 21,700

The transfer to the General Fund from the Water and Sewerage Fund was to reimburse the General fund for operational costs paid on behalf of the Water and Sewerage Fund.

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 472,496	$ -	$ -	$ -	$ 472,496
Construction in progress	74,177	81,596	-	-	155,773
Total	546,673	81,596	-	-	628,269
Capital assets, being depreciated:					
Buildings and improvements	3,062,012	120,498	-	-	3,182,510
Furniture and equipment	1,619,911	37,012	-	-	1,656,923
Infrastructure	550,376	-	-	-	550,376
Total	5,232,299	157,510	-	-	5,389,809
Less accumulated depreciation for:					
Buildings and improvements	(1,243,388)	(63,110)	-	-	(1,306,498)
Furniture and equipment	(1,466,542)	(58,577)	-	-	(1,525,119)
Infrastructure	(135,515)	(15,766)	-	-	(151,281)
Total	(2,845,445)	(137,453)	-	-	(2,982,898)
Total capital assets, being depreciated, net	2,386,854	20,057	-	-	2,406,911
Governmental activities capital assets, net	$ 2,933,527	$ 101,653	$ -	$ -	$ 3,035,180

Note 6 – Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business Type activities:					
Capital assets, not being depreciated:					
Land	$ 1,883,963	$ -	$ -	$ -	$ 1,883,963
Construction in progress	-	630,582	-	-	630,582
Total	1,883,963	630,582	-	-	2,514,545
Capital assets, being depreciated:					
Buildings and system	15,414,435	87,016	-	-	15,501,451
Machinery and equipment	740,135	-	-	-	740,135
Total	16,154,570	87,016	-	-	16,241,586
Less accumulated depreciation for:					
Buildings and system	(7,743,468)	(431,904)	-	-	(8,175,372)
Machinery and equipment	(652,981)	(24,451)	-	-	(677,432)
Total	(8,396,449)	(456,355)	-	-	(8,852,804)
Total capital assets, being depreciated, net	7,758,121	(369,339)	-	-	7,388,782
Business type activities capital assets, net	$ 9,642,084	$ 261,243	$ -	$ -	$ 9,903,327

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

Governmental activities:	
General government	$ 9,482
Public safety	44,085
Public works	6,185
Culture and recreation	77,701
Total depreciation expense - governmental activities	$ 137,453
Business-type activities:	
Water and sewerage	$ 456,355
Total depreciation expense - business-type activities	$ 456,355

Note 6 – Capital Assets (continued)

Discretely Presented Component Units

Activity for the Bowdon Development Authority for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 79,766	$ -	$ -	$ -	$ 79,766
Total	79,766	-	-	-	79,766
Governmental activities capital assets, net	$ 79,766	$ -	$ -	$ -	$ 79,766

Note 7 – Long-term Debt

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following changes occurred in liabilities reported in the general long-term debt:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due In More Than One Year
Governmental activities:						
Compensated absences	$ 17,938	$ 27,570	$ 26,274	$ 19,234	$ 17,311	$ 1,923
Capital lease payable	25,425	-	6,559	18,866	7,304	11,562
Net pension liability	110,977	92,178	123,156	79,999	-	79,999
Governmental activities long-term liabilities	$ 154,340	$ 119,748	$ 155,989	$ 118,099	$ 24,615	$ 93,484
Business-type activities:						
Compensated absences	$ 11,254	$ 20,599	$ 20,212	$ 11,641	$ 10,477	$ 1,164
Capital leases payable	9,863	-	6,517	3,346	3,346	-
Revenue bonds	2,085,844	-	237,174	1,848,670	248,861	1,599,809
GEFA drawdowns	-	630,475	-	630,475	-	630,475
Net pension liability	114,035	108,209	144,987	77,257	-	77,257
Business-type activities long-term liabilities	$ 2,220,996	$ 759,283	$ 408,890	$ 2,571,389	$ 262,684	$ 2,308,705

The General Fund will be used to liquidate compensated absences and the net pension liability. The Water and Sewerage Fund will be used to liquidate compensated absences, the net pension liability, and the GEFA drawdowns.

Note 7 – Long-term Debt (continued)

Capital Leases

During the 2014 fiscal year, the City purchased a new phone system through a capital lease agreement for $30,958. The lease bears an interest rate of 3.51% payable in monthly installments of $563 through December 2018.

During the 2017 fiscal year, the City purchased a Mobile License Plate Reader (LPR) through a capital lease agreement for $18,149. The lease bears an interest rate of 6.28% payable in annual installments of $5,272 through October 2019.

During the 2017 fiscal year, the City purchased a John Deere Field Rake through a capital lease agreement for $12,563. The lease bears an interest rate of 3.66% payable in monthly installments of $229 through December 2021.

The following is an analysis of leased assets under capital leases as of June 30, 2018, and the amortization of these assets is included in the depreciation expense recorded in the depreciation expense recorded in the governmental activities and business-type activities.

	Governmental Activities			Business-type Activities
	Mobile LPR	John Deere Field Rake	Total	Phone System
Historical cost	$ 18,149	$ 12,563	$ 30,712	$ 33,973
Less: Accumulated Depreciation	(3,630)	(1,361)	(4,991)	(17,836)
Net book value	$ 14,519	$ 11,202	$ 25,721	$ 16,137

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Fiscal year ending June 30,	Govermental Activities	Business-type Activities
2019	$ 8,306	$ 3,390
2020	8,071	-
2021	2,799	-
2022	1,398	-
Total minimum lease payments	20,574	3,390
Less amount representing interest	1,708	44
Present value of minimum lease payments	$ 18,866	$ 3,346

Note 7 – Long-term Debt (continued)

Revenue Bonds Payable

The City has three issues of Water and Sewerage Revenue Bonds outstanding at June 30, 2018. They are described as follows:

Series 1980-A Bonds

In order to further improve and extend its water and sewerage system, the City, in August, 1979, authorized the issuance of $3,545,000 of City of Bowdon Water and Sewerage Revenue Bonds. These bonds are not a debt or pledge of the faith and credit of the City, nor shall the City be subject to any pecuniary liability thereon. The water and sewer revenues are pledged for payments under this ordinance, and these revenue bonds are reported in the Water and Sewerage Fund.

Series 1980-B Bonds

In order to finance the cost of a certain watershed project relating to the water and sewerage system, the City, in August 1979, authorized the issuance of $185,000 of City of Bowdon Water and Sewerage Revenue Bonds. These bonds are not a debt or a pledge of the faith and credit of the City. The water and sewer revenues are pledged for payments under this ordinance, and these revenue bonds are reported in the Water and Sewerage Fund.

On the Series 1980-A and 1980-B bonds, there are requirements to pay certain amounts into reserve accounts.

Series 2011 Bonds

In order to further improve and extend its water and sewerage system, the City, in June 30, 2012, authorized the issuance of $1,538,000 of City of Bowdon Water and Sewerage Revenue Bonds. These bonds are not considered a general obligation or a pledge of the faith and credit of the City. The water and sewer revenues are pledged for payments under this bond ordinance, and these revenue bonds are reported in the water and sewer fund.

The City of Bowdon Water and Sewerage Revenue Bonds, Series 2011, are interest only for the first two years, due June 28, 2012 and June 28, 2014, with monthly interest payments of $5,230 beginning July 28, 2014 continuing for 38 years, bearing a fixed interest rate of 2.50 percent per annum.

The Series 2011 bonds carry requirements to revise the rates charged for services sufficient to fund the payments required by the above bonds and to pay certain amounts into a debt service reserve and to fund a reserve for short live assets.

Note 7 – Long-term Debt (continued)

The following is a summary of the bonds issued under the preceding ordinances:

Series	Interest Rate	Issue Date	Maturity Date	Monthly Payment	Original Balance	Balance
1980-A	5.000%	August 1979	January 1, 2020	$ 20,867	$ 3,545,000	$ 420,000
1980-B	5.683%	August 1979	January 1, 2020	34,831	185,000	20,000
2011	2.500%	June 2013	June 28, 2051	5,476	1,538,000	1,408,670
						1,848,670
				Current maturities		(248,861)
				Long-term maturities		$ 1,599,809

Annual bond maturities for the next five fiscal years and in total are as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 248,861	$ 57,037	$ 305,898
2020	247,566	45,206	292,772
2021	29,288	33,472	62,760
2022	30,029	32,731	62,760
2023	30,788	31,972	62,760
2024-2028	131,137	119,903	251,040
2029-2033	183,462	130,338	313,800
2034-2038	207,862	105,938	313,800
2039-2043	235,508	78,292	313,800
2044-2048	266,831	46,969	313,800
2049-2051	237,338	12,242	249,580
	$ 1,848,670	$ 694,100	$ 2,542,770

At June 30, 2018, the City had no other bonds authorized and unissued or defeased bonds outstanding.

GEFA Drawdowns

During the current fiscal year, the City's Water and Sewerage Fund entered into a loan agreement of $1,250,000 with GEFA for a Water Meter Replacement Program and Implementation of an AMR System. This loan is due in 240 monthly installments beginning in February 2019 through February 2039. The final amortization of the loan proceeds has not been prepared since the construction is ongoing.

Note 8 – Pension Plan

A. Plan Description

The City's contributes to the City of Bowdon Retirement Plan (the "Plan"), which is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan defined benefit pension plan. O.C.G.A. Section 47-5-1 et Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities. For the City of Bowdon Retirement Plan, that authority rests with the City of Bowdon, Georgia. The benefit provisions and all other requirements are established and maybe amended by City ordinance. It is the responsibility of the GMEBS to function as the investment and administrative agent for the City of Bowdon, Georgia with respect to the pension plan. The City of Bowdon Retirement Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information to the Plan. That report may be obtained by writing to Georgia Municipal Association, Employee Benefit Section, 201 Pryor Street, SW, Atlanta, Georgia 30303-3606.

B. Benefits Provided

The City of Bowdon Retirement Plan provides retirement, disability, and death benefits. Retirement benefits are determined as 1.25 percent of the employee's final 3-year average compensation times the employee's years of service. Effective January 1, 2018, the Plan was amended to provide for immediate participation for employees. The change has no impact on service credited under the Plan and no impact on benefits. As a result of this change, all employees are now include in the valuation. This change has minimal impact on the Plan's liability. Elected officials are not covered. The employees are vested after five years. The normal retirement age is sixty five plus five years with the early retirement age being fifty five plus ten years. As of January 1, 2018, the date of the most recent actuarial valuation, the plan membership included the following categories of participants.

Benefits for retired particpants and beneficiaries	25
Terminated vested participants	30
Active vested participants	23
Total present value of vested benefits	78
Nonvested benefits	11
Total present value of accrued plan benefits	89

Note 8 – Pension Plan

C. Contributions

Recommended Contribution: The GMEBS Board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

State Funding Standards: The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The estimated minimum annual contribution under these standards is $120,960. The minimum contribution has been determined as the sum of 1) the normal cost (including administrative expenses), 2) the 30-year level percentage of payroll amortization of the unfunded actuarial liability of the 10-year level percentage of payroll amortization of the surplus, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each ear, the Plan will meet the applicable state funding standards.
The City makes 100% of the contributions to the Plan. The contractually required contributions, which are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute at an actuarially determined rate; the current rate is 7.44% of annual covered payroll.

D. Net Pension Liability

The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% to 8.25%, include an inflation assumption of 2.75%
Investment rate of return	7.50%, based on long-term expected rate of return on pension plan investments

Note 8. Pension Plan

D. Net Pension Liability (Continued):

Mortality Rates:

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

Disabled: RP-2000 Disabled Retiree Mortality Table with sex-distinct rates

Plan Determination Basis: 1994 Group Annuity Reserving Unisex Table

RP-2000 Mortality Tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.71%
International Equity	20%	7.71%
Real Estate	10%	5.21%
Global Fixed Income	5%	3.36%
Domestic Fixed Income	20%	2.11%
Cash	0%	
Total	100%	

Note 8. Pension Plan

D. Net Pension Liability (Continued):

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

Changes In Net Pension Liability

	Increase (Decrease)		
	Total Pension Liabilty (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2016	$ 1,971,291	$ 1,746,279	$ 225,012
Changes for the year:			
Service cost	39,669	-	39,669
Interest	149,872	-	149,872
Differences between expected and actual experience	26,521	-	26,521
Contributions—employer	-	71,380	(71,380)
Net investment income	-	262,458	(262,458)
Benefit payments, including refunds of employee contributions	(74,928)	(74,928)	-
Administrative expense	-	(10,846)	10,846
Other changes	39,174	-	39,174
Net changes	180,308	248,064	(67,756)
Balances at September 30, 2017	$ 2,151,599	$ 1,994,343	$ 157,256

Note 8. Pension Plan

D. Net Pension Liability (Continued):

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's Net Pension Liability	$ 470,536	$ 157,256	$ 18,636

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report.

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

For the year ended June 30, 2018, the City recognized pension expense of $3,865. At June 30, 2018, 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	$ -	$ 48,632
Changes of assumptions	26,115	-
Net difference between projected and actual earnings on pension plan investments	-	103,653
City contributions from October 1, 2017 thru June 30, 2018	45,338	-
	$ 71,453	$ 152,285

Note 8. Pension Plan

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflows(Inflows) Recognized in Future Years

	Year Ended June 30				
2019	2020	2021	2022	2023	Thereafter
$ (70,545)	$ 6,235	$ (36,323)	$ (25,537)	$ -	$ -

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 January 1, 2018.

Note 9 – Joint Venture

Under Georgia law, the City, in conjunction with other cities and counties in the five county West Georgia area, is a member of the Three Rivers Regional Commission and is required to be a part of this organization by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Development Commission. The Three Rivers Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Development Commission. Separate financial statements may be obtained from:

Three Rivers Regional Commission
PO Box 1600
Franklin, Georgia 30217

Note 10 – Commitments, Contingencies and Litigation

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

There are no legal matters that require disclosure in the financial statements.

Construction Commitments

Commitments under uncompleted construction projects at June 30, 2018, consist of the following:

	Amounts Authorized	Expended to Date	Committed
Enterprise Fund:			
Water and Sewerage Fund			
Water Meter Replacement Program and Implementation of an AMR System	$ 672,450	$ 556,713	$ 115,737
Total	$ 672,450	$ 556,713	$ 115,737

Note 11 – Risk Management Claims and Judgments

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to cover the risks of loss. Additionally, there have been no significant reductions of insurance coverage from coverage in the prior year and settled amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 12 – Related Organizations

The City is responsible for appointing various members of both the Housing Authority and the Hospital Authority's governing boards, but the City's accountability for each does not extend beyond making these appointments.

Note 13 – Subsequent Event

Subsequent events were evaluated through December 31, 2018, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BOWDON, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes				
Real and Personal Property	$ 407,800	$ 407,800	$ 439,012	$ 31,212
Franchise	180,000	180,000	168,482	(11,518)
Sales	400,000	400,000	426,778	26,778
Malt Beverage	49,000	49,000	37,609	(11,391)
Business and occupational	75,000	75,000	41,958	(33,042)
Insurance premium	130,000	130,000	136,920	6,920
Energy Excise	-	-	6,566	6,566
Licenses and permits	28,400	28,400	35,621	7,221
Intergovernmental	91,000	91,000	116,312	25,312
Charges for services	473,000	473,000	461,378	(11,622)
Fines and forfeitures	96,200	96,200	57,109	(39,091)
Contributions and donations	4,000	4,000	4,865	865
Investment income	20	20	20	-
Miscellaneous	29,775	29,775	18,464	(11,311)
Total revenues	1,964,195	1,964,195	1,951,094	(13,101)
EXPENDITURES				
Current:				
General government				
Mayor and City Council	26,740	26,740	32,720	(5,980)
General administration	117,600	117,600	122,884	(5,284)
Total general government	144,340	144,340	155,604	(11,264)
Judicial				
Municipal court	28,500	28,500	21,242	7,258
Public safety				
Police	682,156	682,156	702,318	(20,162)
Jail operations	12,000	12,000	22,042	(10,042)
Total public safety	694,156	694,156	724,360	(30,204)
Public works				
Highways and streets	158,420	158,420	128,803	29,617
Sanitation	280,000	280,000	289,468	(9,468)
Total public safety	438,420	438,420	418,271	20,149
Health and welfare				
Senior citizens center	30,300	30,300	23,290	7,010

(Continued)

CITY OF BOWDON, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES				
Current:				
Culture and recreation				
Recreation department	331,500	331,500	358,163	(26,663)
Gymnastics	14,000	14,000	4,558	9,442
Copeland Hall	73,719	73,719	68,075	5,644
Library	136,770	136,770	144,109	(7,339)
Total culture and recreation	555,989	555,989	574,905	(18,916)
Housing and development				
Code enforcement	33,140	33,140	10,224	22,916
Mainstreet	61,050	61,050	19,938	41,112
Total housing and development	94,190	94,190	30,162	64,028
Debt service:				
Principal	-	-	6,558	(6,558)
Interest	-	-	1,246	(1,246)
Total debt service	-	-	7,804	(7,804)
Total expenditures	1,985,895	1,985,895	1,955,638	30,257
Excess (deficiency) of revenues over (under) expenditures	(21,700)	(21,700)	(4,544)	17,156
OTHER FINANCING SOURCES (USES)				
Transfers in	21,700	21,700	21,700	-
Total other financing sources	21,700	21,700	21,700	-
Net change in fund balances	-	-	17,156	17,156
FUND BALANCE				
Beginning of year	298,578	298,578	298,578	-
End of year	$ 298,578	$ 298,578	$ 315,734	$ 17,156

CITY OF BOWDON, GEORGIA

Required Supplementary Information
Defined Benefit Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service cost	$ 39,669	$ 32,817	$ 40,425	$ 34,071						
Interest	149,872	156,729	148,812	141,704	(Historical Information prior to implementation of GASB 67/68 is not required)					
Differences between expected and actual experience	26,521	(198,937)	(953)	9,083						
Assumption Changes	39,174	-	-	(3,530)						
Benefit payments, including refunds of employee contributions	(74,928)	(83,253)	(89,007)	(90,215)						
Net change in total pension liability	180,308	(92,644)	99,277	91,113						
Total Pension Liability										
Beginning of Year	1,971,291	2,063,935	1,964,658	1,873,545						
End of Year(a)	$ 2,151,599	$ 1,971,291	$ 2,063,935	$ 1,964,658						
Plan Fiduciary Net Position										
Contributions - employer	$ 71,380	$ 79,069	$ 79,415	$ 76,880						
Net investments income	262,458	176,027	18,396	162,771	(Historical Information prior to implementation of GASB 67/68 is not required)					
Benefit payments, including refunds of employee contributions	(74,928)	(83,253)	(89,007)	(90,215)						
Administrative expense	(10,846)	(6,099)	(6,639)	(5,327)						
Net change in fiduciary net pension	248,064	165,744	2,165	144,109						
Position										
Beginning of Year	1,746,279	1,580,535	1,578,370	1,434,261						
End of Year(b)	$ 1,994,343	$ 1,746,279	$ 1,580,535	$ 1,578,370						
City's Net Pension Liability(a) - (b)	$ 157,256	$ 225,012	$ 483,400	$ 386,288						
percentage of the total pension	92.69%	88.59%	76.58%	80.34%						
					(Historical Information prior to implementation of GASB 67/68 is not required)					
Covered - employee payroll	$ 1,032,352	$ 1,090,062	$ 926,709	$ 1,000,529						
City's net pension liability as a percentage of covered employee payroll	15.23%	20.64%	52.16%	38.61%						

CITY OF BOWDON, GEORGIA

Required Supplementary Information
Defined Benefit Pension Plan

Schedule of Contributions

	2018	2017	0	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	*	$ 75,023		$ 80,418	$ 79,080						
Contributions in relation to the actuarially determined contribution	*	75,023	**	80,418	79,080	(Historical Information prior to implementation of GASB 67/68 is not required)					
Contribution deficiency (excess)	*	-		-	-						
Covered - employee payroll	*	$ 1,090,062	***	$ 926,709	$ 1,000,529						
Contributions as a percentage of covered employee payroll	*	6.88%		8.68%	7.90%						

* 2018 information will be determined after fiscal year end and will be included in the 2019 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2017 covered payroll is based on data collected as of August 31, 2016 for the 2017 actuarial valuation.

Notes to Schedule of Contributions

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially contribution rate will be reported for the fiscal year ending June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%
Normal Retirement Age	Employees: 65 + 5 Officials: 65
Early Retirement	55 + 10
Mortality Rates:	
Healthy:	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled:	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan Determination Basis:	1994 Group Annuity Reserving Unisex Table RP-2000 Mortality Tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.
Other information:	See the "Actuarial Valuation History for Notes to Schedules" on following page for the history of changes to plan provisions, if any.

Actuarial Valuation History for Notes to Schedules

Changes of Assumptions

- As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2018.
- As a result of the plan change to provide immediate participation for Employees, for the Fiscal Year ending in 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.
- Amounts reported for the Fiscal Year ending in 2018 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:
  - The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
  - The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
  - The retirement rates where normal retirement is only available on or after 65 were changed from prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 63, 45% at age 65, and 100% at age 70.
  - The inflation assumption was decreased from 3.25% to 2.75%.
  - The salary increase assumption was changed from select period rates during the first five year of services, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflations assumption of 3.50%. Under the new assumption, the salary increases range from 3.25% to 8.25% and include an inflation assumption of 2.75%.

Benefit Changes

- There have been no changes in benefit provisions in the last two fiscal years.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF BOWDON, GEORGIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds		Capital Project Fund	
ASSETS	**Park**	**Confiscated Assets**	**General Projects**	**Total**
Cash	$ 24,193	$ 5,615	$ 116	$ 29,924
Total assets	$ 24,193	$ 5,615	$ 116	$ 29,924
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Deferred revenues	$ -	$ 5,615	$ -	$ 5,615
Total liabilities	$ -	$ 5,615	$ -	$ 5,615
FUND BALANCES				
Restricted for:				
Capital projects	-	-	116	116
Culture and recreation	24,193	-	-	24,193
Total fund balances	24,193	-	116	24,309
Total liabilities and fund balances	$ 24,193	$ 5,615	$ 116	$ 29,924

CITY OF BOWDON, GEORGIA

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds		Capital Project Fund	
	Park	Confiscated Assets	General Projects	Total
REVENUES				
Investment income	$ 240	-	$ -	$ 240
Contributions and donations	5	-	-	5
Total revenues	245	-	-	245
EXPENDITURES				
Current:				
Public works	-	-	7,708	7,708
Culture and recreation	165	-	-	165
Total expenditures	165	-	7,708	7,873
Net change in fund balances	80	-	(7,708)	(7,628)
FUND BALANCE, beginning of year	24,113	-	7,824	31,937
FUND BALANCE, end of year	$ 24,193	$ -	$ 116	$ 24,309

CITY OF BOWDON, GEORGIA

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
Park Fund
For the Fiscal Year Ended June 30, 2018

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	$ -	$ -	$ 240	$ 240
Total revenues	-	-	245	245
EXPENDITURES				
Current:				
Culture and recreation	-	-	165	(165)
Total expenditures	-	-	165	(165)
Net change in fund balances	-	-	80	80
FUND BALANCE				
Beginning of year	24,113	24,113	24,113	-
End of year	$ 24,113	$ 24,113	$ 24,193	$ 80

CITY OF BOWDON, GEORGIA

Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2018

Police	Beginning Balance	Additions	Deductions	Reclass Interfund Payable	Ending Balance
ASSETS					
Cash	$ 24,569	$ 110,197	$ 107,753	$ (4,012)	$ 23,001
Receivable (net of allowance for uncollectibles):	72,705	136,581	90,536	-	118,750
Total assets	$ 97,274	$ 246,778	$ 198,289	$ (4,012)	$ 141,751
LIABILITIES					
Due to other funds	-	54,553	50,541	(4,012)	-
Due to other governments/others	97,274	192,225	147,748	-	141,751
Total liabilities	$ 97,274	$ 246,778	$ 198,289	$ (4,012)	$ 141,751

CITY OF BOWDON, GEORGIA

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2008 Issue
For the Fiscal Year Ended June 30, 2018

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Water facilities and equipment	$ 900,000	$ 900,000	$ 512,910	$ -	$ 512,910
Waste water facilities and equipment	800,000	800,000	908,886	-	908,886
Historic preservation	108,712	108,712	121,928	-	121,928
Recreation facilities and equipment	100,000	100,000	106,039	-	106,039
Public safety equipment (Police) **(A)**	-	158,878	156,515	62	156,577
	$ 1,908,712	$ 2,067,590	$ 1,806,278	$ 62	$ 1,806,340

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	SPLOST Fund
Total Expenditures	$ 62

(A) During the year ended June 30, 2015, Carroll County, Georgia contributed SPLOST monies for the purchase of equipment for the City's Police Department.

CITY OF BOWDON, GEORGIA

Schedule of Expenditures of
Special Purpose Local Option Sales Tax Proceeds
2013 Issue
For the Fiscal Year Ended June 30, 2018

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Total Per Referendum **(A)**	$ 1,776,000	$ 1,776,000	$ -	$ -	$ -
Water facilities and equipment	-	-	19,208	55,132	74,340
Waste water facilities and equipment	-	-	3,200	74,315	77,515
Economic development	-	-	-	-	-
Public safety facilities and equipment	-	-	-	-	-
Recreation facilities and equipment	-	-	57,620	146,607	204,227
Administrative facilities and equipment	-	-	35,042	69,956	104,998
Roads, streets, and sidewalks	-	-	38,343	-	38,343
Debt service for capital improvements	-	-	-	-	-
Historic preservation facilities and equipment	-	-	-	-	-
	$ 1,776,000	$ 1,776,000	$ 153,413	$ 346,010	$ 499,423

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	SPLOST 2013 Fund
Total Expenditures	$ 346,010

(A) Per referendum, no breakdown of projects above by cost. City will separate costs as monies are expended in the future.

CITY OF BOWDON, GEORGIA

Balance Sheet
Component Unit - Governmental Fund Type
June 30, 2018

	Bowdon Development Authority
Assets	
Cash and cash equivalents	$ 14,902
Total assets	$ 14,902
Liabilities and Fund Balance	
Liabilities	
Total liabilities	$ -
Fund Balance:	
Fund balance	14,902
Total fund balances	14,902
Total liabilities and fund balance	$ 14,902

CITY OF BOWDON, GEORGIA

Statement Of Revenues, Expenditures And Changes In Fund Balances
Component Unit - Governmental Fund Type
For the Fiscal Year Ended June 30, 2018

	Bowdon Development Authority
Revenues	
Investment revenue	$ 29
Total revenues	29
Expenditures:	
Current:	
Economic development	-
Total expenditures	-
Excess (deficiency) of revenues over expenditures	29
Net change in fund balances	29
FUND BALANCE, beginning of year	14,873
FUND BALANCE, end of year	$ 14,902

COMPLIANCE SECTION

Member American Institute of CPA's **Member Georgia Society of CPA's**

WILL M. ROBINSON, CPA, P.C.

Certified Public Accountant

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

To the Honorable Mayor and
Members of the City Council
City of Bowdon, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bowdon, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Bowdon, Georgia's basic financial statements and have issued our report thereon dated December 31, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 18-1, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bowdon, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as 18-2 and 18-3.

103 Rejen Drive, Carrollton, GA 30117
Phone (770) 836-4943 * FAX (678) 839-7250

City of Bowdon, Georgia's Response to Findings

City of Bowdon, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Bowdon, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Carrollton, Georgia
December 31, 2018

CITY OF BOWDON, GEORGIA
Schedule of Findings and Responses
For the Year Ended June 30, 2018

A. SUMMARY OF AUDIT RESULTS

Financial Statement

The auditor's report expresses and unqualified opinion on the financial statements of City of Bowdon, Georgia.

There was one reportable condition deemed to be a significant deficiency and is included in the Schedule of Findings and Responses as item 18-1.

There were two reportable conditions deemed to be instances of noncompliance and are also included in the Schedule of Findings and Responses as items 18-2 and 18-3

There were no material weaknesses relating to the audit of the financial statements of the City of Bowdon, Georgia.

Federal Awards:

There was not an audit of major federal award programs as of June 30, 2018 due to the total amount of federal awards expended being less than $750,000.

B. SCHEDULE OF FINDINGS AND RESPONSES

18-1 Segregation of Duties

Condition: **This was reported as a prior year finding**. There is not an appropriate segregation of duties between the recording, distribution, and reconciliation of cash accounts and other operational functions within various City departments during times where staffing is shorthanded (vacation, sick days, lunch).

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business

Effect: Failure to periodically segregate duties between the recording, distribution, and reconciliation of cash accounts can lead to the misappropriation of funds without such actions being detected during the normal course of business.

Recommendation: The duties of recording, distribution, and reconciliation of cash accounts should be segregated between employees.

Auditee's Response: New procedures were put in place during the year and dual control has been implemented in opening and closing the vault, balancing of teller drawers and making deposits. Payroll and General Ledger has been outsourced and reconciliation of bank deposits is also being handled by an outside source. However, achieving adequate segregation of duties during times of sickness and vacation is difficult due to limited staff size and funding.

18-2 Noncompliance with Grant Provisions – LMIG Reporting & Matching

Condition: **This was reported as a prior year finding.** Sidewalk and street repair projects to be partially funded by the LMIG Program were completed during the fiscal year 2018, but no report was submitted to the district office. LMIG provisions require annual reporting and completion of projects within one year of receiving LMIG funds.

Criteria: Controls should be in place to identify and monitor ongoing compliance with grant provisions.

Effect: Failure to comply with grant provisions can result in the forfeiture of grant proceeds. 2018 LMIG program proceeds were not available as a result of the City's noncompliance.

Recommendation: The City should complete projects identified under LMIG programs and report the status of those projects to the local District Office.

Auditee's Response: The sidewalk and street repair projects identified under the LMIG programs were completed in January 2018. The City submitted a Statement of Final Expenditures to the local District Office in December of 2018.

18-3 Noncompliance with Bond Requirements – Series 2011 Bond

Condition: The City of Bowdon Water and Sewerage Revenue Bonds, Series 2011, supplemental bond ordinance requires monthly payments into two separate reserve accounts; a debt service fund until the balance equals one year's debt service requirements, and an equipment reserve account for short-lived assets until the balance reaches $450,000. The City did not fund these reserve accounts during the year ended June 30, 2018.

Criteria: Controls should be in place to identify and monitor ongoing compliance with bond requirements.

Effect: Failure to comply with bond requirements can result in default on the bond.

Recommendation: The City should make monthly payments into the reserve accounts until they are fully funded.

Auditee's Response: The City will begin to make the appropriate monthly payments to the debt service reserve account and to the equipment reserve account during the fiscal year ended June 30, 2019. The City did have ample amount of funds in the bank accounts to pay the bonds as the bonds came due. At the fiscal year end the debt service bank accounts totaled enough to satisfy the bond covenants, but the funds were not in the appropriate debt service accounts. The City will make the necessary transfers between the debt service accounts to be in compliance with the bond covenants.