CITY OF DACULA, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet – Governmental Fund	5
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities	8
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Basic Financial Statements	12 - 30
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	31
Notes to Required Supplementary Pension Information	32
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) to Actual	33 - 34

Notes to Required Supplementary Information 35

SUPPLEMENTAL INFORMATION

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax 37

COMPLIANCE AND INTERNAL CONTROL REPORT

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards* 38 - 39

ROBERT A. MCALISTER, CPA, PC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Dacula, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 and each major fund of the City of Dacula, Georgia, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

3875 JOHNS CREEK PKWY, SUITE B, SUWANEE, GA 30024

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the net pension liability information on pages 31 and 32 and the budgetary comparison information on pages 33 through 34 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 the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dacula, Georgia's basic financial statements. The supplementary information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These statements and schedules have 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 financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Project Expenditures with Special Option Sales Tax Revenue is presented fairly in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 25, 2018 on our consideration of the City of Dacula, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the 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 entity's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of our audit.

Robert A. McAlister, CPA, PC

Suwanee, Georgia
June 25, 2018

CITY OF DACULA, GEORGIA
STATEMENT OF NET POSITION
December 31, 2017

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 7,060,878	$ 504,418	$ 7,565,296
Receivables			
Property taxes	25,245	-	25,245
Sanitation	-	-	-
Due from other governments	147,331	-	147,331
Due from other funds	-	-	-
Prepaid expenses	23,348	-	23,348
Non-depreciable assets	1,147,025	-	1,147,025
Depreciable assets, net	7,099,773	247,893	7,347,666
Total assets	15,503,600	752,311	16,255,911
Deferred outflows			
Deferred pension outflows	46,698	9,228	55,926
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 15,550,298	$ 761,539	$ 16,311,837
LIABILITIES			
Accounts payable	$ 34,695	$ 26,426	$ 61,121
Accrued expenses	3,377	632	4,009
Compensated absenses	55,813	-	55,813
Net pension liability	277,040	54,744	331,784
Total liabilities	370,925	81,802	452,727
Deferred inflows			
Deferred pension inflows	31,107	6,147	37,254
TOTAL LIABILITIES AND DEFERRED INFLOWS	402,032	87,949	489,981
NET POSITION			
Investment in capital assets	8,246,798	247,893	8,494,691
Restricted for capital projects	1,602,552	-	1,602,552
Unrestricted	5,298,916	425,697	5,724,613
TOTAL NET POSITION	$ 15,148,266	$ 673,590	$ 15,821,856
TOTAL LIABILITIES AND NET POSITION	$ 15,550,298	$ 761,539	$ 16,311,837

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenues and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
General government	$ 1,184,396	$ 379,710	$ -	$ -	$ (804,686)	$ -	$ (804,686)
Streets	511,935	-	-	825,711	313,776	-	313,776
Total governmental activities	1,696,331	379,710	-	825,711	(490,910)	-	(490,910)
Business-type activities							
Sanitation	349,275	376,507	-	-	-	27,232	27,232
Total business-type activities	349,275	376,507	-	-	-	27,232	27,232
Total Primary government	$ 2,045,606	$ 756,217	$ -	$ 825,711	(490,910)	27,232	(463,678)
General revenues							
Taxes							
Property tax					866,197	-	866,197
Motor vehicle tax					99,336	-	99,336
Franchise tax					339,292	-	339,292
Beer & wine tax					243,283	-	243,283
Insurance premium tax					296,389	-	296,389
Other tax					75,261	-	75,261
Unrestricted investment income					6,594	-	6,594
Grants not restricted to specific purposes					-	-	-
Miscellaneous					11,504	-	11,504
Transfers					(263,219)	263,219	-
Total general revenues and transfers					1,674,637	263,219	1,937,856
Change in net position					1,183,727	290,451	1,474,178
Net position, beginning					13,964,539	383,139	14,347,678
Net position, ending					$ 15,148,266	$ 673,590	$ 15,821,856

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2017

	General Fund	SPLOST Fund	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	$ 5,605,657	$ 1,455,221	$ 7,060,878
Receivables			
Property taxes	25,245	-	25,245
Receivable from other funds	-	-	-
Due from other governments	-	147,331	147,331
Prepaids	23,348	-	23,348
TOTAL ASSETS	$ 5,654,250	$ 1,602,552	$ 7,256,802
LIABILITIES			
Accounts payable	$ 34,695	$ -	$ 34,695
Accrued expenses	3,377	-	3,377
Payable to other funds	-	-	-
Total Liabilities	38,072	-	38,072
Deferred Inflows			
Unavailable revenues	15,205	-	15,205
TOTAL LIABILITIES AND DEFERRED INFLOWS	53,277	-	53,277
FUND BALANCE			
Nonspendable for prepaids	23,348	-	23,348
Restricted for:			
Capital projects	-	1,602,552	1,602,552
Unassigned	5,577,625	-	5,577,625
TOTAL FUND BALANCE	$ 5,600,973	$ 1,602,552	$ 7,203,525
TOTAL LIABILITIES & FUND BALANCE	$ 5,654,250	$ 1,602,552	$ 7,256,802

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2017

Total Fund Balance for Governmental Fund	$	7,203,525
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, net of accumulated depreciation of $1,718,920		8,246,798
Deferred inflows and outflows related to the net pension obligation is not a current asset or liability:		
Deferred outflows		46,698
Deferred inflows		(31,107)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2016 are:		
Compensated absences		(55,813)
Net pension liability		(277,040)
Because some property taxes will not be collected for several months after the City's year ends, they are not considered as "available" revenues in the governmental funds		15,205
Net position of governmental activities	$	15,148,266

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended December 31, 2017

	General Fund	SPLOST Fund	Total Governmental Funds
REVENUES			
Taxes	$ 1,918,035	$ -	$ 1,918,035
Licenses, Permits, & Fees	379,710	-	379,710
Intergovernmental	58,122	767,589	825,711
Other Income	18,098	-	18,098
TOTAL REVENUE	2,373,965	767,589	3,141,554
EXPENDITURES			
Current Operations			
General Government	1,168,549	-	1,168,549
Streets	346,500	-	346,500
Capital Outlays	56,260	151,898	208,158
Total Expenditures	1,571,309	151,898	1,723,207
Excess (Deficiency) of Revenues over (under) Expenditures	802,656	615,691	1,418,347
OTHER FINANCING SOURCES (USES)			
Transfers	(263,219)	-	(263,219)
Net Change in Fund Balance	539,437	615,691	1,155,128
Fund Balance - Beginning of Year	5,061,536	986,861	6,048,397
Fund Balance - End of Year	$ 5,600,973	$ 1,602,552	$ 7,203,525

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balance - total governmental fund	$	1,155,128
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital outlays		228,346
Depreciation		(251,175)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
Net pension obligation and related deferred items		20,863
Compensated absences		28,842
Governmental funds defer all tax revenues not collected within sixty days of year end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date		1,723
Change in net position of governmental activities	$	1,183,727

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2017

	Sanitation	Totals
ASSETS AND DEFERRED OUTFLOWS		
Current Assets		
Cash and cash equivalents	$ 504,418	$ 504,418
Prepaid expenses	-	-
Total current assets	504,418	504,418
Capital Assets		
Vehicles	535,355	535,355
	535,355	535,355
Less accumulated depreciation	(287,462)	(287,462)
Total capital assets	247,893	247,893
TOTAL ASSETS	752,311	752,311
DEFERRED OUTFLOWS		
Deferred pension outflows	9,228	9,228
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 761,539	$ 761,539
LIABILITIES AND DEFERRED INFLOWS		
CURRENT LIABILITIES		
Accounts payable	$ 26,426	$ 26,426
Accrued expenses	632	632
Total current liabilities	27,058	27,058
NON-CURRENT LIABILITIES		
Net pension liability	54,744	54,744
Total non-current liabilities	54,744	54,744
DEFERRED INFLOWS		
Deferred pension inflows	6,147	6,147
TOTAL LIABILITIES AND DEFERRED INFLOWS	87,949	87,949
NET POSITION		
Investment in capital assets	247,893	247,893
Unrestricted	425,697	425,697
TOTAL NET POSITION	$ 673,590	$ 673,590
TOTAL LIABILITIES AND NET POSITION	$ 761,539	$ 761,539

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended December 31, 2017

	Sanitation	Totals
OPERATING REVENUES		
Charges for services	$ 375,837	$ 375,837
Penalties & forfeitures	285	285
Other income	385	385
Total operating revenues	376,507	376,507
OPERATING EXPENSES		
Personal services & benefits	157,033	157,033
Purchased/contracted services	140,405	140,405
Supplies	5,227	5,227
Depreciation	46,610	46,610
Total operating expenses	349,275	349,275
Operating income (loss)	27,232	27,232
TRANSFERS		
Transfers	263,219	263,219
Total transfers	263,219	263,219
Change in net position	290,451	290,451
Total net position - beginning of year	383,139	383,139
Total net position - end of year	$ 673,590	$ 673,590

The accompanying notes are an integral part of this statement

CITY OF DACULA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	379,739
Payments to suppliers		(144,765)
Payments to employees		(160,523)
Net cash provided by (used in) operating activities		74,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating subsidies and transfers from other funds		263,219
Net cash provided by (used in) noncapital financing activities		263,219
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition and construction of capital assets		(170,200)
Net cash provided by (used in) capital financing activities		(170,200)
Net increase (decrease) in cash and cash equivalents		167,470
Balances - beginning of year		336,948
Balances - end of year	$	504,418
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$	27,232
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		46,610
Change in assets and liabilities:		
Deferred pension outflows		7,577
Accounts payables		867
Accrued expenses		632
Deferred pension inflows		(3,027)
Net pension liability		(8,672)
Prepaid expenses		3,232
Net cash provided by operating activities	$	74,451

The accompanying notes are an integral part of this statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Dacula, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Currently, the City has no blended component units or discretely presented component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are property taxes, interest and grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, primarily directed to continuing operations. Reporting focuses on the determination of net income, financial position and cash flows. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses are costs of providing services and include administrative expenses and depreciation of capital assets.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The Capital Projects Fund is for SPLOST activities. It accounts for all financial resources of SPLOST projects such as roads, streets, bridges and recreational facilities.

The City reports the following major proprietary fund:

The Sanitation Fund is used to account for the provision of sanitation services to businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The City complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenditures and Changes in Fund Balance.

E. Inventory

Materials purchased during the year are shown as expenditures when acquired and are not inventoried at year end due to lack of materiality.

F. Restricted Assets

There was no outstanding debt at December 31, 2017 that required assets to be maintained.

G. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent year, and are listed as nonspendable for prepaid items to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Capital Assets and Depreciation - Continued

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized. The City generally capitalizes assets with a cost of $5,000 or more as purchase and construction outlays occur.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40 years
Infrastructure	40 years
Furniture and equipment	5 - 7 years
Vehicles	5 years
Land improvements	40 years

I. Compensated Absences

Accumulated leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as expenditure in the fund financial statements. All accumulated leave, including that which is not expected to be liquidated with expendable available financial resources, is reported in the government-wide financial statements. Accumulated leave of Enterprise Funds is recorded as an expense and liability of the respective fund as the benefits accrue to employees. Liabilities for compensated absences are recorded as other liabilities and accrued expenses in the Sanitation Fund. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Full-time, permanent employees are allowed to accumulate up to one hundred sixty (160) hours of sick leave. The employee shall then be paid upon retirement and at the normal rate of pay for an eligible employee. The City had $55,813 of accrued sick leave at December 31, 2017.

J. Long-Term Obligations

The City has no long-term obligations as of December 31, 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Fund Equity and Net Position

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

Fund balances are classified as follows:

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote and passage of an ordinance of the City Council. Only the City Council may modify or rescind the commitment by passage of a subsequent ordinance.

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. The fund balance policy approved by an Ordinance of the City Council expressly delegates the authority to assign fund balance to the City's Finance Director.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in the General Fund. Only deficits in fund balances may be reported as unassigned fund balance in other governmental funds.

K. Fund Equity and Net Position - Continued

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, reduced by the outstanding balances of any borrowing used (i.e. the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category as of December 31, 2017 which is deferred pension outflows recognized in the Statements of Net Position.

M. Deferred Outflows/Inflows of Resources - Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognizes deferred pension inflows in its Statements of Net Position and also recognizes unavailable revenue, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.

N. Pensions

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

2. DEPOSITS AND INVESTMENTS

Primary Government

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Georgia and its agencies that have a market value of not less than the principal amount of the deposits. The City's deposits consist of checking and savings accounts, and non-negotiable certificates of deposits in local banks. At December 31, 2017, the book balance of checking and savings accounts, and non-negotiable certificates of deposits in all banks was $7,565,296 and the bank balance was $7,537,710. Of the bank balance, $750,000 was covered by federal depository insurance and $6,787,710 was covered by collateral held by the banks in the City's name.

Investments – There were no investments at December 31, 2017.

3. PROPERTY TAXES

The value of all real and business personal property located in the City is assessed (appraised) by Gwinnett County. Taxable assessed value represents the appraisal value less applicable exemptions authorized by Gwinnett County. Appraised values are established by Gwinnett County. The City levies property taxes on August 1 of each year and the taxes are due on September 15 for the first installment and December 15 for the second installment, with a lien date of March 15. Taxes are collected by Gwinnett County throughout the year and are remitted to the City. Current tax collections for the year ended December 31, 2017, were 97.9% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the year, and therefore susceptible to accrual in accordance with GAAP have been recognized as revenue.

4. ACCOUNTS RECEIVABLE

At December 31, 2017, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General fund			
Taxes receivable	$ 25,245	$ -	$ 25,245
Special Purpose Local Option Sales Tax	147,331	-	147,331
Proprietary fund			
Sanitation receivable	-	-	-
	172,576	-	172,576
Allowance for Doubtful Accounts	-	-	-
	$ 172,576	$ -	$ 172,576

5. INTERFUND TRANSACTIONS AND BALANCES

For the year ended December 31, 2017, the General Fund transferred $263,219 to the Sanitation Fund for amounts collected from Gwinnett County on sanitation accounts and to fund the purchase of a new sanitation truck.

6. CAPITAL ASSETS AND DEPRECIATION

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

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Governmental activities				
Not being depreciated				
Construction in progress	$ -	$ 43,323	$ -	$ 43,323
Land	1,103,702	-	-	1,103,702
Subtotal	$ 1,103,702	$ 43,323	$ -	$ 1,147,025
Depreciable capital assets				
Buildings	$ 1,644,553	$ -	$ -	$ 1,644,553
Infrastructure	5,596,452	140,678	-	5,737,130
Furniture & equipment	433,220	44,345	-	477,565
Vehicles	212,431		-	212,431
Land improvements	747,014	-	-	747,014
Subtotal	$ 8,633,670	$ 185,023	$ -	$ 8,818,693
Accumulated depreciation				
Buildings	$ 308,454	$ 41,114	$ -	$ 349,568
Infrastructure	499,980	141,278	-	641,258
Furniture & equipment	315,240	30,747	-	345,987
Vehicles	133,527	19,361	-	152,888
Land improvements	210,544	18,675	-	229,219
Subtotal	$ 1,467,745	$ 251,175	$ -	$ 1,718,920
Net capital assets	$ 8,269,627	$ (22,829)	$ -	$ 8,246,798

6. CAPITAL ASSETS AND DEPRECIATION – CONTINUED

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Business-type activities				
Depreciable capital assets				
Vehicles	$ 365,155	$ 170,200	$ -	$ 535,355
Subtotal	$ 365,155	$ 170,200	$ -	$ 535,355
Accumulated depreciation				
Vehicles	$ 240,852	$ 46,610	$ -	$ 287,462
Subtotal	$ 240,852	$ 46,610	$ -	$ 287,462
Net capital assets	$ 124,303	$ 123,590	$ -	$ 247,893

Depreciation was charged to functions as follows:

Governmental activities	
General government	$ 109,897
Streets	141,278
Business-type activities	
Sanitation	46,610
	$ 297,785

7. FUND DEFICITS

No fund had a deficit fund balance or net position balance at December 31, 2017.

8. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from federal grantor agencies are subject to audit and adjustment by the applicable agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Litigation

The City Attorney advised that no legal actions were in progress by or against the City at December 31, 2017, that would have a material effect on the City's financial condition.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, job related illnesses or injuries to employees; natural disaster and unemployment compensation.

The City manages its risk by the purchase of commercial insurance and fidelity bonds. The commercial insurance purchased is in an amount sufficient to the City's risk of loss and consequently the City has effectively not retained the risk of loss. There were no significant reductions in insurance coverage compared to the prior year nor were there any settlements in excess of insurance coverage for the past three years.

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, Atlanta, Georgia 30303 or by calling (404) 688-0472.

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED – CONTINUED

As provided by State law, benefit provisions for Participants in GMEBS are established and amended by the respective employers. As authorized by the City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees, excluding elected officials, who work thirty hours or more per week, are eligible to participate immediately upon hiring. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of twenty-five years total credited service to receive full benefits, otherwise early retirement may be elected after only ten years of service for reduced benefits. Ten years of service is required for nonservice related disability benefits. Disability benefits are paid out at 20% of an employee's current salary. Death benefits are calculated using an actuarial reserve.

As of July 1, 2017, the date of the most recent actuarial valuation report, there were 18 participants consisting of the following:

Active Employees (vested)	5
Active Employees (non-vested)	5
Terminated (vested)	1
Retirees	7

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standard law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets State minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For the year 2017, the actuarially determined contribution rate was 14.50% of covered payroll.

For the year ended December 31, 2017, the City's recommended contribution was $61,668 which was actuarially determined and is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The amount of employer contributions recognized in the actuarial report dated July 1, 2017 was $78,438.

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Outflows of Resources Related to Pensions

At December 31, 2017, the City reported a liability of $331,784 for its net pension liability. The net pension liability was measured as of March 31, 2017 and was determined by an actuarial valuation as of July 1, 2017. The changes in the Net Pension Liability for the year ended March 31, 2017 (the measurement date) were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at March 31, 2016	$ 1,468,188	$ 1,083,846	$ 384,342
Changes for the year:			
Service cost	17,299	-	17,299
Interest	108,373	-	108,373
Differences between expected and actual experience	29,474	-	29,474
Contributions - Employer	-	78,438	(78,438)
Net investment income	-	132,826	(132,826)
Benefit payments, including refunds of employee contributions	(139,659)	(139,659)	-
Administrative expense	-	(5,809)	5,809
Other	(2,249)	-	(2,249)
Net Changes	13,238	65,796	(52,558)
Balance at March 31, 2017	$ 1,481,426	$ 1,149,642	$ 331,784

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Outflows of Resources Related to Pensions - Continued

For the plan year ended June 30, 2017, the City recognized pension expense and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Service cost	$ 17,299
Interest on The Pension Liability (TPL)	108,373
Administrative expenses	5,809
Expected return on assets	(81,401)
Deferred inflows:	
Expensed portion of current year period differences between expected and actual experience in TPL	5,894
Current year plan changes	(2,249)
Expensed portion of current year period differences between projected and actual investment earnings	(10,285)
Current year recognition of deferred inflows and outflows established in prior years	10,013
Total expense	$ 53,453

$55,926 reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	Deferred Outflows	Deferred Inflows
December 31, 2018	$ 38,274	$ (32,651)
December 31, 2019	38,274	(32,651)
December 31, 2020	22,101	(10,285)
December 31, 2021	5,895	(10,285)
	$ 104,544	$ (85,872)

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Outflows of Resources Related to Pensions - Continued

Outstanding balances on deferred outflows/inflows of resources related to pensions as of December 31, 2017 are as follows:

	Outflows	Inflows
Differences between expected and actual experience	$ 55,926	$ (24,292)
Assumption change	-	(12,776)
Net difference between projected and actual earnings on pension plan investments	-	(186)
Total	$ 55,926	$ (37,254)

Actuarial Assumptions

The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:

Investment rate of return	7.75%
Projected salary increases	3.25% plus service based merit increases
Cost of living adjustments	0.0%
Mortality Rates:	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward 2 years for males and 1 year for females
Disabled	RP-2000 Disabled Retiree Mortality Table - unisex rates
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2017.

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Outflows of Resources Related to Pensions - Continued

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 are summarize 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%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Real estate	10%	5.21%
Cash	0%	
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at the actuarially determined contribution 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.

10. DEFINED BENEFIT PLAN – GMA ADMINISTERED – CONTINUED

Pension Liabilities, Pension Expense, Deferred Outflows and Deferred Outflows of Resources Related to Pensions - Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.75%)	Current Rate	1% Increase (8.75%)
Net Pension Liability	$ 471,564	$ 331,784	$ 213,155

Pension Plan Net Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued City of Dacula Retirement Plan financial report.

11. COMPENSATED ABSENCES

Compensated absences are paid primarily by the General Fund. As of December 31, 2017, compensated absences activity was as follows:

	Balance 12/31/2016	Additions	Retired	Balance 12/31/2017
Compensated Absences	$ 84,655	$ -	$ (28,842)	$ 55,813

12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten county metro Atlanta area, is a member of the Atlanta Regional Commission (ARC). The City pays no annual dues to ARC. Membership in a Regional Commissions (RC) is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes each county commission chairman in the region, one mayor from each county (except Fulton County) chosen by the caucus of mayors, one mayor from the northern half and one mayor from the southern half of Fulton County elected by a caucus of mayors within northern and southern Fulton County, the mayor of the City of Atlanta, one member of the Atlanta City Council, fifteen private citizens, one from each of the fifteen multi-jurisdictional districts of roughly equal population, elected by the twenty-three public officials, and one member appointed by the Board of the Georgia Department of Community Affairs. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, GA 30303.

13. GRANTS

In the normal course of operations, the City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY OF DACULA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN (10) FISCAL YEARS

	Fiscal Year End									
	2017	2016	2015	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	$ 17,299	$ 30,203	$ 22,541							
Interest	108,373	109,707	101,240							
Differences between expected and actual experience	29,474	(48,584)	80,867		(Historical information prior to implementation of GASB 67/68 is not required)					
Changes in assumptions	(2,249)	-	(31,938)							
Benefit payments	(139,659)	(77,424)	(49,493)							
Net changes in total pension liability	13,238	13,902	123,217							
Total pension liability - beginning	1,468,188	1,454,286	1,331,069							
Total pension liability - ending	$ 1,481,426	$ 1,468,188	$ 1,454,286							
Plan Fiduciary Net Position										
Contributions - employer	$ 78,438	$ 71,899	$ 82,704							
Net investment income	132,826	3,083	95,100							
Benefit payments	(139,659)	(77,424)	(49,493)		(Historical information prior to implementation of GASB 67/68 is not required)					
Administrative expense	(5,809)	(3,658)	(3,203)							
Net change in fiduciary net position	65,796	(6,100)	125,108							
Plan fiduciary net position - beginning	1,083,846	1,089,946	964,838							
Plan fiduciary net position - ending	$ 1,149,642	$ 1,083,846	$ 1,089,946							
Net Pension Liability										
Net pension liability	$ 331,784	$ 384,342	$ 364,340							
Plan's fiduciary net position as a percentage of total pension liability	77.60%	73.82%	74.95%							
Covered-employee payroll	$ 418,583	$ 372,661	$ 646,458		(Historical information prior to implementation of GASB 67/68 is not required)					
Net pension liability as a percentage of covered payroll	79.26%	103.13%	56.36%							

CITY OF DACULA, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
For the Year Ended December 31, 2017

NOTE 1

Significant methods and assumptions used in calculating the actuarially determined calculations are as follows:

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

Actuarial Assumptions:

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Mortality Rates:	
Healthy	RP-2000 Combined Healthy Mortality Table with Sex-distinct rates, set forward 2 years for males and 1 year for females
Disabled	RP-2000 Disabled Retiree Mortality Table – unisex rates
Plan Termination Basis	1994 Group Annuity Reserving Unisex Table

No significant factors changed that significantly affected trends in the amounts reported such as changes in benefit terms, the size or composition of the population covered by the benefit terms or assumptions used.

CITY OF DACULA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) TO ACTUAL
For the Year Ended December 31, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
TAXES				
Property Taxes	$ 770,000	$ 847,000	$ 864,474	$ 17,474
Motor Vehicle & TAVT Taxes	90,000	100,000	99,336	(664)
Mobile Home Taxes	300	100	24	(76)
Franchise Taxes	310,000	325,000	339,292	14,292
Beer & Wine Taxes	225,000	231,000	243,283	12,283
Insurance Premium Taxes	277,200	296,300	296,389	89
Real Estate Transfer Taxes	30,000	35,000	38,688	3,688
Financial Institution Taxes	27,000	35,000	35,157	157
Penalties	500	1,000	1,392	392
Total Taxes	$ 1,730,000	$ 1,870,400	$ 1,918,035	$ 47,635
LICENSES, PERMITS, & FEES				
Business Licenses	$ 120,000	$ 120,000	$ 135,786	$ 15,786
Liquor Licenses	64,500	64,500	74,025	9,525
Building Permits	212,000	62,000	169,899	107,899
Total Licenses, Permits, & Fees	$ 396,500	$ 246,500	$ 379,710	$ 133,210
INTERGOVERNMENTAL				
Grants - CDBG	$ 257,815	$ 257,815	$ -	$ (257,815)
Gwinnet County - SDS	-	-	-	-
Grants - Transportation Enhancement	58,000	58,000	58,122	122
Total Intergovernmental	$ 315,815	$ 315,815	$ 58,122	$ (257,693)
OTHER INCOME				
Municipal Fines	$ 20,000	$ 10,000	$ 10,038	$ 38
Interest Income	1,000	7,000	6,594	(406)
Other	1,600	1,300	1,466	166
Total Miscellaneous Income	$ 22,600	$ 18,300	$ 18,098	$ (202)
TOTAL REVENUES	$ 2,464,915	$ 2,451,015	$ 2,373,965	$ (77,050)

CITY OF DACULA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (GAAP BASIS) TO ACTUAL – CONTINUED
For the Year Ended December 31, 2017

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
GENERAL GOVERNMENT				
Personal Services & Benefits	$ 712,837	$ 716,107	$ 701,090	$ 15,017
Purchased / Contracted Services	396,400	397,000	354,578	42,422
Supplies	67,200	70,700	63,211	7,489
Other	589,644	275,240	49,670	225,570
Total General Government	$ 1,766,081	$ 1,459,047	$ 1,168,549	$ 290,498
STREETS				
Personal Services & Benefits	$ 235,934	$ 233,334	$ 233,084	$ 250
Purchased / Contracted Services	97,000	114,500	92,106	22,394
Supplies	26,500	27,500	21,310	6,190
Capital Outlay	349,415	353,415	56,260	297,155
Total Streets	$ 708,849	$ 728,749	$ 402,760	$ 325,989
OTHER FINANCING USES				
Transfers	$ (10,015)	$ 263,219	$ 263,219	$ -
TOTAL EXPENDITURES	$ 2,464,915	$ 2,451,015	$ 1,834,528	$ 616,487
Net change in Fund Balance			539,437	
Fund Balance - Beginning			5,061,536	
Fund Balance - Ending			$ 5,600,973	

CITY OF DACULA, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2017

1. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenues anticipation's, generally conservative, are designed to help insure fiscal responsibility and maintain a balanced budget. The responsibility of budgeting is with the Mayor and City Council members. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and the City Council. Public hearings are held to obtain taxpayer input and a final budget is enacted by passage of an ordinance prior to December 31. The appropriated budget is prepared by fund, function and department. Budgets were adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The legal level of budgetary control is the department level.

CITY OF DACULA, GEORGIA

SPECIAL SCHEDULES AND REPORTS

For the Year Ended December 31, 2017

CITY OF DACULA, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH
SPECIAL OPTION SALES TAX REVENUE
For the Year Ended December 31, 2017

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	% of Completion
2009 SPLOST						
Roads, Streets, Bridges	2,183,990	2,183,990	1,587,524	80,219	1,667,743	76%
Public Safety Fac & Equip	39,709	39,709	39,709	-	39,709	100%
Recreational Facilities	158,836	158,836	91,242	-	91,242	57%
Administrative Facilities	1,389,812	1,389,812	1,359,207	1,251	1,360,458	98%
Water & Sewer	198,545	198,545	198,545	-	198,545	100%
	3,970,892	3,970,892	3,276,227	81,470	3,357,697	
2014 SPLOST						
Roads, Streets, Bridges	1,068,137	1,068,137	-	69,698	69,698	7%
Public Safety Fac & Equip	46,542	46,542	31,055	730	31,785	68%
Recreational Facilities	30,252	30,252	25,279	-	25,279	84%
Administrative Facilities	614,353	614,353	608,331	-	608,331	99%
Water & Sewer	567,812	567,812	325,288	-	325,288	57%
	2,327,096	2,327,096	989,953	70,428	1,060,381	
2016 SPLOST						
Administrative Facilities	718,115	718,115	-	-	-	0%
Public Safety Fac & Equip	170,980	170,980	-	-	-	0%
Recreational Facilities	244,145	244,145	-	-	-	0%
Roads, Streets, Bridges	3,514,507	3,514,507	-	-	-	0%
Water & Sewer	237,390	237,390	-	-	-	0%
	4,885,137	4,885,137	-	-	-	
	$ 11,183,125	$ 11,183,125	$ 4,266,180	$ 151,898	$ 4,418,078	

ROBERT A. MCALISTER, CPA, PC

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

Honorable Mayor and City Council
City of Dacula, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of City of Dacula, Georgia, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Dacula, Georgia's basic financial statements and have issued our report thereon dated June 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Dacula, Georgia's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing opinions on the effectiveness of the City of Dacula, Georgia's internal control. Accordingly, we do not express opinions on the effectiveness of the City of Dacula, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

3875 JOHNS CREEK PKWY, SUITE B, SUWANEE, GA 30024

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dacula, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

This 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.

Robert A. McAlister, CPA, PC

Suwanee, Georgia
June 25, 2018