CITY OF LEESBURG, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

CITY OF LEESBURG, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

Page

Table of Contents i

FINANCIAL SECTION

Independent Auditor's Report ..... 1 - 3
Basic Financial Statements:
- Government-wide Financial Statements:
  - Statement of Net Position 4
  - Statement of Activities ..... 5 and 6
- Fund Financial Statements:
  - Balance Sheet – Governmental Funds 7
  - Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 8
  - Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities 9
  - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund 10
  - Statement of Net Position – Proprietary Funds 11
  - Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 12
  - Statement of Cash Flows – Proprietary Funds ..... 13 and 14
- Notes to Financial Statements ..... 15 - 39

Required Supplementary Information:
- Schedule of Changes in the City's Net Pension Liability and Related Ratios 40
- Schedule of City Contributions 41

Supplementary Information:
- Schedule of Expenditures of Special Purpose Local Option Sales Tax VI Proceeds 42
- Schedule of Expenditures of Special Purpose Local Option Sales Tax V Proceeds 43

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* ..... 44 and 45
Schedule of Findings and Responses 46-48
Schedule of Prior Year Findings 49

FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Leesburg, Georgia (the "City")**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Leesburg, 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, each major fund, and the aggregate remaining fund information of the City of Leesburg, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the City's Net Pension Liability and Related Ratios (on page 40) and the Schedule of City Contributions (on page 39) 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.

Management has not presented the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Leesburg, Georgia's basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds is the responsibility of management and was 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 schedule of expenditures of special purpose local option sales tax proceeds is 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 March 24, 2017, on our consideration of the City of Leesburg, 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 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 City of Leesburg, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Albany, Georgia
March 24, 2017

CITY OF LEESBURG, GEORGIA

STATEMENT OF NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 1,034,878	$ 1,810,123	$ 2,845,001
Investments	132,984	142,293	275,277
Taxes receivable	1,742	-	1,742
Accounts receivable, net of allowances	96,131	594,141	690,272
Due from other governments	90,916	17,090	108,006
Internal balances	(91,886)	91,886	-
Prepaid expenses	71,162	35,937	107,099
Capital assets:			
Nondepreciable	158,799	1,791,484	1,950,283
Depreciable, net of accumulated depreciation	1,728,009	8,356,815	10,084,824
Total assets	3,222,735	12,839,769	16,062,504
DEFERRED OUTFLOWS OF RESOURCES			
Contributions subsequent to the measurement date	24,627	6,252	30,879
Differences between expected and actual experience	71,521	18,156	89,677
Net difference between projected and actual earnings on pension plan investments	24,875	6,315	31,190
Total deferred outflows of resources	121,023	30,723	151,746
LIABILITIES			
Accounts payable	61,488	380,214	441,702
Accrued liabilities	50,692	4,096	54,788
Retainage payable	-	135,507	135,507
Due to other governments	5,853	-	5,853
Customer deposits payable	-	135,842	135,842
Notes payable due within one year	104,591	85,675	190,266
Notes payable due in more than one year	242,358	2,001,233	2,243,591
Compensated absences due within one year	32,391	7,524	39,915
Compensated absences due in more than one year	17,441	4,051	21,492
Net pension liability	251,460	63,836	315,296
Total liabilities	766,274	2,817,978	3,584,252
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	7,650	1,942	9,592
Total deferred inflows of resources	7,650	1,942	9,592
NET POSITION			
Net investment in capital assets	1,539,859	8,061,391	9,601,250
Restricted for:			
Capital projects	558,981	-	558,981
Public safety	1,797	-	1,797
Unrestricted	469,197	1,989,181	2,458,378
Total net position	$ 2,569,834	$ 10,050,572	$ 12,620,406

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions
Primary government:			
Governmental activities:			
General government	$ 358,437	$ 46,153	$ -
Judicial	51,893	-	-
Public safety	874,851	93,683	-
Public works	857,782	492,613	428,665
Interest on long-term debt	7,216	-	-
Total governmental activities	2,150,179	632,449	428,665
Business-type activities:			
Water and sewer	1,228,642	1,166,610	298,870
Total business-type activities	1,228,642	1,166,610	298,870
Total primary government	$ 3,378,821	$ 1,799,059	$ 727,535
General revenues:			
Property taxes			
Franchise fees			
Sales taxes			
Selective sales and use taxes			
Business taxes			
Insurance premium tax			
Other taxes			
Unrestricted investment earnings			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning of year			
Net position, end of year			

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (312,284)	$ -	$ (312,284)
(51,893)	-	(51,893)
(781,168)	-	(781,168)
63,496	-	63,496
(7,216)	-	(7,216)
(1,089,065)	-	(1,089,065)
-	236,838	236,838
-	236,838	236,838
(1,089,065)	236,838	(852,227)
471,240	-	471,240
176,450	-	176,450
421,265	-	421,265
66,071	-	66,071
36,661	-	36,661
166,869	-	166,869
180	-	180
1,958	7,612	9,570
100,000	(100,000)	-
1,440,694	(92,388)	1,348,306
351,629	144,450	496,079
2,218,205	9,906,122	12,124,327
$ 2,569,834	$ 10,050,572	$ 12,620,406

CITY OF LEESBURG, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

ASSETS	General	Sales Tax Fund	Nonmajor Governmental Fund Confiscated Asset Fund	Totals Governmental Funds
Cash and cash equivalents	$ 528,151	$ 504,930	$ 1,797	$ 1,034,878
Investments	132,984	-	-	132,984
Taxes receivable, net	1,742	-	-	1,742
Accounts receivable	96,131	-	-	96,131
Due from other governments	35,167	55,749	-	90,916
Prepaid expenditures	71,162	-	-	71,162
Total assets	$ 865,337	$ 560,679	$ 1,797	$ 1,427,813
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 59,790	$ 1,698	$ -	$ 61,488
Accrued liabilities	50,692	-	-	50,692
Due to other funds	91,886	-	-	91,886
Due to other governments	5,853	-	-	5,853
Total liabilities	208,221	1,698	-	209,919
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	2,467	-	-	2,467
Total deferred inflows of resources	2,467	-	-	2,467
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	71,162	-	-	71,162
Restricted for:				
Capital projects	-	558,981	-	558,981
Public safety	-	-	1,797	1,797
Unassigned	583,487	-	-	583,487
Total fund balances	654,649	558,981	1,797	1,215,427
Total liabilities, deferred inflows of resources, and fund balances	$ 865,337	$ 560,679	$ 1,797	

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.	1,886,808
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,467
Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds.	121,023
Certain liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	(396,781)
The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(251,460)
Deferred inflows of resources related to pension assumption changes are not available to pay for current period expenditures and, therefore, are not reported in the funds.	(7,650)
Net position of governmental activities	$ 2,569,834

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

CITY OF LEESBURG, GEORGIA

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

	General	Sales Tax Fund	Nonmajor Governmental Fund Confiscated Asset Fund	Totals Governmental Funds
Revenues				
Property taxes	$ 471,240	$ -	$ -	$ 471,240
Franchise fees	176,450	-	-	176,450
Sales taxes	421,265	-	-	421,265
Selective sales and use taxes	66,071	-	-	66,071
Business taxes	36,661	-	-	36,661
Insurance premium taxes	166,869	-	-	166,869
Other taxes	180	-	-	180
Licenses and permits	12,280	-	-	12,280
Intergovernmental	48,938	378,805	-	427,743
Charges for services	494,091	-	-	494,091
Fines and forfeitures	92,773	-	-	92,773
Interest revenue	1,958	922	-	2,880
Other revenues	30,005	3,300	-	33,305
Total revenues	2,018,781	383,027	-	2,401,808
Expenditures				
Current:				
General government	371,980	-	-	371,980
Judicial	51,893	-	-	51,893
Public safety	855,663	-	-	855,663
Public works	797,422	-	-	797,422
Capital outlay	-	499,747	-	499,747
Debt service:				
Principal	-	102,994	-	102,994
Interest	-	7,216	-	7,216
Total expenditures	2,076,958	609,957	-	2,686,915
Excess of revenues over expenditures	(58,177)	(226,930)	-	(285,107)
Other financing sources				
Transfers in	100,000	-	-	100,000
Total other financing sources	100,000	-	-	100,000
Net change in fund balances	41,823	(226,930)	-	(185,107)
Fund balances, beginning of year	612,826	785,911	1,797	1,400,534
Fund balances, end of year	$ 654,649	$ 558,981	$ 1,797	$ 1,215,427

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

CITY OF LEESBURG, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(185,107)
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 capital outlays exceeded depreciation in the current period.		396,453
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 position. This amount is the payment on notes payable.		102,994
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.		37,289
Net change in net position - governmental activities	$	351,629

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 447,210	$ 447,210	$ 471,240	$ 24,030
Franchise fees	166,000	166,000	176,450	10,450
Sales taxes	385,997	385,997	421,265	35,268
Selective sales and use taxes	62,789	62,789	66,071	3,282
Business taxes	25,000	25,000	36,661	11,661
Insurance premium taxes	145,000	145,000	166,869	21,869
Other taxes	-	-	180	180
Licenses and permits	16,575	16,575	12,280	(4,295)
Intergovernmental	48,968	48,968	48,938	(30)
Charges for services	477,209	477,209	494,091	16,882
Fines and forfeitures	130,000	130,000	92,773	(37,227)
Interest revenue	-	-	1,958	1,958
Other revenues	-	-	30,005	30,005
Total revenues	1,904,748	1,904,748	2,018,781	114,033
Expenditures:				
Current:				
General government:				
Administration	529,198	529,198	371,980	157,218
Total general government	529,198	529,198	371,980	157,218
Judicial:				
Municipal court	112,337	112,337	51,893	60,444
Total judicial	112,337	112,337	51,893	60,444
Public safety:				
Police	849,693	849,693	855,663	(5,970)
Total public safety	849,693	849,693	855,663	(5,970)
Public works:				
Sanitation	477,047	477,047	413,684	63,363
Maintenance department	561,407	561,407	371,402	190,005
Code enforcement	15,000	15,000	12,336	2,664
Total public works	1,053,454	1,053,454	797,422	256,032
Total expenditures	2,544,682	2,544,682	2,076,958	467,724
Deficiency of revenues over expenditures	(639,934)	(639,934)	(58,177)	581,757
Other financing sources				
Transfers in	389,934	389,934	100,000	(289,934)
Total other financing sources	389,934	389,934	100,000	(289,934)
Net change in fund balances	(250,000)	(250,000)	41,823	291,823
Fund balances, beginning of year	612,826	612,826	612,826	-
Fund balances, end of year	$ 362,826	$ 362,826	$ 654,649	$ 291,823

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2016

	Water and Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,810,123
Investments	142,293
Accounts receivable	594,141
Due from other governments	17,090
Due from other funds	91,886
Prepaid expenses	35,937
Total current assets	2,691,470
NONCURRENT ASSETS	
Capital assets:	
Nondepreciable	1,791,484
Depreciable, net of accumulated depreciation	8,356,815
Total noncurrent assets	10,148,299
Total assets	12,839,769
DEFERRED OUTFLOWS OF RESOURCES	
Contributions subsequent to the measurement date	6,252
Differences between expected and actual experience	18,156
Net difference between projected and actual earnings on pension plan investments	6,315
Total deferred outflows of resources	30,723
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	380,214
Retainage payable	135,507
Accrued liabilities	4,096
Customer deposits payable	135,842
Compensated absences, current portion	7,524
Notes payable, current portion	85,675
Total current liabilities	748,858
NONCURRENT LIABILITIES	
Compensated absences, net of current portion	4,051
Notes payable, net of current portion	2,001,233
Net pension liability	63,836
Total long-term liabilities	2,069,120
Total liabilities	2,817,978
DEFERRED INFLOWS OF RESOURCES	
Pension assumption changes	1,942
Total deferred inflows of resources	1,942
NET POSITION	
Net investment in capital assets	8,061,391
Unrestricted	1,989,181
Total net position	$ 10,050,572

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

CITY OF LEESBURG, GEORGIA

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

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	$ 1,151,877
Other services	14,733
Total operating revenues	1,166,610
OPERATING EXPENSES	
Personal services	278,895
Costs of operations	549,756
Supplies	37,828
Depreciation	328,550
Total operating expenses	1,195,029
Operating loss	(28,419)
NONOPERATING REVENUES (EXPENSES)	
Interest income	7,612
Interest expense	(33,613)
Total nonoperating revenues (expenses)	(26,001)
Loss before contributions and transfers	(54,420)
CAPITAL CONTRIBUTIONS	
Intergovernmental - capital grants	298,870
TRANSFERS OUT	(100,000)
Change in net position	144,450
NET POSITION, beginning of year	9,906,122
NET POSITION, end of year	$ 10,050,572

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

CITY OF LEESBURG, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 593,085
Payments to suppliers	(247,777)
Payments to employees	(232,265)
Net cash provided by operating activities	113,043
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(100,000)
Net cash used in noncapital financing activities	(100,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,516,658)
Intergovernmental revenues	298,870
Proceeds from notes payable	1,158,942
Principal paid on notes payable	(83,060)
Interest paid	(33,613)
Net cash used in capital and related financing activities	(175,519)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(266)
Interest received	7,612
Net cash provided by investing activities	7,346
Change in cash and cash equivalents	(155,130)
Cash and cash equivalents:	
Beginning of year	1,965,253
End of year	$ 1,810,123
Classified as:	
Cash and cash equivalents	$ 1,810,123

(Continued)

CITY OF LEESBURG, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Water and Sewer Fund
Reconciliation of operating loss to net cash provided by operating activities	
Operating loss	$ (28,419)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	328,550
Changes in assets and liabilities:	
Increase in accounts receivable	(336,795)
Increase in due from other funds	(91,886)
Increase in prepaid expenses	(35,937)
Increase in due from other governments	(2,553)
Increase in subsequent pension contributions	(6,252)
Increase in investment experience differences	(18,156)
Increase in investment earning differences	(6,315)
Increase in accounts payable	240,237
Increase in retainage payable	135,507
Decrease in customer deposits	(16,275)
Decrease in due to other funds	(126,016)
Increase in compensated absences	11,575
Increase in pension assumption changes	1,942
Increase in net pension liability	63,836
Net cash provided by operating activities	$ 113,043

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Leesburg, 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City was incorporated in 1898 and operates under a Board – Manager form of government. The City Manager is the head of the administrative branch of government. As such, he is responsible for the day-to-day operations of city government. The legislative authority of the City is vested in the Mayor and six (6) Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police); public works; general administrative services; and public utilities (water and sewer). As required by generally accepted accounting principles, the financial statements of the reporting entity include the accounts of all City operations and all activities of the City.

Based on criteria set forth by Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity" as amended by GASB 39 "Determining Whether Certain Organizations are Component Units" and GASBS No. 61 "The Financial Reporting Entity", the City was determined to have no component units as of June 30, 2016.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

C. Measurement 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 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses 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.

The City reports the following major governmental funds:

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.

The ***Sales Tax fund*** is used to account for projects financed by a special purpose sales and use tax.

The City reports the following major proprietary fund:

The ***Water and Sewer fund*** accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund type:

The ***Special Revenue fund*** accounts for revenue sources that are legally restricted for expenditures of specific purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. The City also recognizes as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system.

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

D. Cash and Investments

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

Statutes authorize the City to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements and Georgia Fund 1, the Local Government Investment Pool.

Cash deposits are reported at carrying amount, which reasonably estimates fair value.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between governmental and business-type activities are reported in the government-wide statement of net position as "internal balances."

F. Grants from Other Governments

Federal and state governmental units represent an important source of supplementary funding used to finance housing, business development employment, construction programs, capital asset additions and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both governmental and proprietary funds. Grant contributions in the proprietary funds, which are for the purpose of construction activities, land easement, or capital asset acquisitions, are recorded as capital contributions within the statement of revenues and expenses. For all funds, a grant receivable is recorded when the City has a right to receive the related grant amounts.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. 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.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2016, no interest was capitalized.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 60 years
Infrastructure	10 - 50 years
Equipment and vehicles	5 - 20 years
Plant	50 years
Water and sewer system	30 years

H. Long-Term Liabilities

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

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 while discounts 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)

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the City. Therefore, all sick pay is expensed when incurred. The City does allow for employees to accumulate earned but unused vacation time with such time being fully vested when earned. For the City's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. 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.

J. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category that are related to changes in its net pension liability. Any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources. Additionally, experience gains or losses result from periodic studies by the City's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Also, the differences between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period, resulting in recognition as a deferred outflow of resources.

In addition to liabilities, the balance sheet and statement of net position 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 that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, arising only under a modified accrual basis of accounting that qualifies for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes not received within 60 days after year end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows / Inflows of Resources (Continued)

Additionally, the City has one item that qualifies for reporting in this category related to the City's Retirement Plan which is reported in the government-wide and proprietary fund statements of net position. Changes in actuarial assumptions, which adjust the net pension liability, are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members

K. Fund Equity

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's Manager to assign fund balances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

- ***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:

- Committed
- Assigned
- Unassigned

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, 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 are available.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 Leesburg 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. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $396,781 difference are as follows:

Notes payable	$	(346,949)
Compensated absences		(49,832)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position of governmental activities*	$	(396,781)

Another element of that reconciliation explains that "deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds". The details of this $121,023 difference are as follows:

Net difference between projected and actual earnings on pension plan investments	$	24,875
Pension assumption changes		71,521
County contributions subsequent to the measurement date		24,627
Net adjustment to increase fund balance - total governmental funds to arrive at *net position - governmental activities*	$	121,023

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $396,453 difference are as follows:

Capital outlay	$	527,781
Depreciation expense		(131,328)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	396,453

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds." The details of this $37,289 difference are as follows:

Compensated absences	$	35,872
Change in pension and related deferred inflows and outflows of resources		1,417
Net adjustment to increase *net changes in fund balance - total governmental funds* to arrive at *changes in net position of governmental activities*	$	37,289

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements for the fiscal year ended June 30, 2016:

1. The City Clerk and Budget Committee prepares a proposed operating budget for the year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the City offices to obtain taxpayer comments.
3. After the public hearing, the City Council legally enacts the budget through passage of a resolution.
4. The budget is employed as a management control device during the year.
5. Formal budgetary integration is employed as a management control device during the year for all the governmental funds and the enterprise funds. Budgets for the enterprise funds are prepared for planning and control purposes only.
6. Any revisions to increase expenditures must be approved by the City Council.
7. Budgets for the governmental funds and the enterprise funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budget amounts are as originally adopted or as amended by the City Council.

B. 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 not utilized by the City.

C. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2016, the following departments had excesses of actual expenditures over appropriations, which were funded by available fund balance:

	Excess
General Fund	
Police	$ 5,970

NOTE 4. DEPOSITS AND INVESTMENTS

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

At June 30, 2016, the City had the following investments:

Investments	Maturities	Fair Value
Certificates of deposit	4 month weighted average	$ 275,277

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

Custodial credit risk – deposits. The City does not have a formal custodial credit risk policy. 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, 2016, the City had no uncollateralized deposits as defined by GASB pronouncements.

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

NOTE 5. RECEIVABLES

Receivables as of June 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water and Sewer	Total
Receivables:			
Taxes	$ 1,742	$ -	$ 1,742
Accounts	111,770	641,533	753,303
Gross receivables	113,512	641,533	755,045
Less: allowance for uncollectibles	(15,639)	(47,392)	(63,031)
Net total receivables	$ 97,873	$ 594,141	$ 692,014

Property taxes. Property taxes were levied by the City on October 10, 2015 (Levy Date) based upon property values assessed as of January 1. The billings were mailed on October 20, 2015 and payable on or before December 20, 2015. The net receivables collected during the year ended June 30, 2016, and collected by August 31, 2016, are recognized as revenues in the year ended June 30, 2016. Net receivables estimated to be collected subsequent to August 31, 2016 are recorded as revenue when received. Taxes not paid by January 1 are subject to property tax liens. Property tax revenues are recognized when levied to the extent they result in current receivables.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 105,840	$ -	$ -	$ -	$ 105,840
Construction in progress	206,254	444,540	-	(597,835)	52,959
Total capital assets, not being depreciated	312,094	444,540	-	(597,835)	158,799
Capital assets, being depreciated:					
Buildings and improvements	850,227	-	-	597,835	1,448,062
Equipment and vehicles	701,457	83,241	-	-	784,698
Infrastructure	549,724	-	-	-	549,724
Total capital assets, being depreciated	2,101,408	83,241	-	597,835	2,782,484
Less accumulated depreciation for:					
Buildings and improvements	(305,433)	(27,481)	-	-	(332,914)
Equipment and vehicles	(521,727)	(90,104)	-	-	(611,831)
Infrastructure	(95,987)	(13,743)	-	-	(109,730)
Total accumulated depreciation	(923,147)	(131,328)	-	-	(1,054,475)
Total capital assets, being depreciated, net	1,178,261	(48,087)	-	597,835	1,728,009
Governmental activities capital assets, net	$ 1,490,355	$ 396,453	$ -	$ -	$ 1,886,808

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 12,927	$ -	$ -	$ -	$ 12,927
Construction in progress	261,899	1,516,658	-	-	1,778,557
Total capital assets, not being depreciated	274,826	1,516,658	-	-	1,791,484
Capital assets, being depreciated:					
Buildings and improvements	619,003	-	-	-	619,003
Equipment and vehicles	516,433	-	-	-	516,433
Plant	6,276,459	-	-	-	6,276,459
Water and sewer system	4,688,395	-	-	-	4,688,395
Total capital assets, being depreciated	12,100,290	-	-	-	12,100,290
Less accumulated depreciation for:					
Buildings and improvements	(482,857)	(251,058)	-	-	(733,915)
Equipment and vehicles	(153,037)	(9,328)	-	-	(162,365)
Plant	(355,666)	(60,472)	-	-	(416,138)
Water and sewer system	(2,423,365)	(7,692)	-	-	(2,431,057)
Total accumulated depreciation	(3,414,925)	(328,550)	-	-	(3,743,475)
Total capital assets, being depreciated, net	8,685,365	(328,550)	-	-	8,356,815
Business-type activities capital assets, net	$ 8,960,191	$ 1,188,108	$ -	$ -	$ 10,148,299

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

Governmental activities:	
General government	$ 22,372
Public safety	38,325
Public works	70,631
Total depreciation expense - governmental activities	$ 131,328
Business - type activities	
Water and sewer	$ 328,550
Total depreciation expense - business - type activities	$ 328,550

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities:					
Notes payable	$ 449,943	$ -	$ (102,994)	$ 346,949	$ 104,591
Compensated absences	85,704	17,980	(53,852)	49,832	32,391
Net pension liability	164,465	86,995	-	251,460	-
Governmental activity long-term liabilities	$ 700,112	$ 104,975	$ (156,846)	$ 648,241	$ 136,982
Business-type activities:					
Notes payable	$ 1,011,026	$ 1,158,942	$ (83,060)	$ 2,086,908	$ 85,675
Compensated absences	-	62,880	(51,305)	11,575	7,524
Net pension liability	-	63,836	-	63,836	-
Business-type activity long-term liabilities	$ 1,011,026	$ 1,285,658	$ (134,365)	$ 2,162,319	$ 93,199

Compensated absences are generally liquidated by the General Fund.

Governmental Activities

Notes Payable. The City has incurred debt to a financial institution for the addition of a public works building. This note payable is as follows at June 30, 2016:

Purpose	Original Amount	Interest Rate	Due Date	Balance at June 30, 2016
Public works building	$ 625,000	1.80%	2020	$ 346,949
			Less current maturities	(104,591)
				$ 242,358

The notes payable debt service requirements to maturity, including interest are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 110,211	$ 104,591	$ 5,620
2018	110,211	106,513	3,698
2019	110,211	108,470	1,741
2020	27,501	27,375	126
	$ 358,134	$ 346,949	$ 11,185

NOTE 7. LONG-TERM DEBT (CONTINUED)

Business-type Activities

Notes Payable. The City has incurred debt to the Georgia Environmental Facilities Authority (GEFA) for landfill improvements. These notes are as follows at June 30, 2016:

Purpose	Original Amount	Interest Rate	Due Date	Balance at June 30, 2016
Water and sewer system	$ 844,657	4.24%	2021	$ 269,739
Water and sewer system	249,166	0.00%	2022	70,277
Water and sewer system	469,036	2.00%	2033	408,367
Water and sewer system	880,357	1.40%	2037	880,357
Water and sewer system	458,168	2.03%	2037	458,168
				2,086,908
		Less current maturities		(85,675)
				$ 2,001,233

The notes payable debt service requirements to maturity, including interest are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 104,247	$ 85,675	$ 18,572
2018	104,247	88,324	15,923
2019	104,247	91,099	13,148
2020	104,246	93,979	10,267
2021	88,497	81,238	7,259
2022-2026	148,754	124,284	24,470
2027-2031	142,367	130,285	12,082
2032-2033	54,574	53,499	1,075
	$ 851,179	$ 748,383	$ 102,796

The above schedule does not include notes payable of $1,338,525, which are still in the draw down phase.

NOTE 8. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a non-contributory defined benefit pension plan (The City of Leesburg Retirement Plan), covering substantially all of the City's employees. The City's pension plan is administered through the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. 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 at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As of January 1, 2016, the date of the most recent actuarial valuation, there were 34 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	6
Vested terminated employees not yet receiving benefits	7
Active employees	21
Total	34

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. City contributions to the Plan were $46,876 for the year ended June 30, 2016.

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

Actuarial assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.75% - 8.00%, including inflation
Investment rate of return	7.75 %, net of pension plan investment expense, including inflation

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

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

Cost of living adjustments were assumed to be 3.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 4%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the table on the following page.

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Asset class	Target Allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95 %
Internation equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	-%	
Total	100%	

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

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

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the year ended June 30, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 1,131,723	$ 967,258	$ 164,465
Changes for the year:			
Service cost	32,263	-	32,263
Interest	85,907	-	85,907
Differences between expected and actual experience	80,911	-	80,911
Contributions - employer	-	41,042	(41,042)
Net investment income	-	11,400	(11,400)
Benefit payments, including refunds of employee contributions	(46,499)	(46,499)	-
Administrative expense	-	(4,192)	4,192
Net changes	152,582	1,751	150,831
Balances at June 30, 2016	$ 1,284,305	$ 969,009	$ 315,296

NOTE 8. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 493,924	$ 315,296	$ 166,554

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 September 30, 2015 and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2016, the City recognized pension expense of $70,607. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 89,677	$ -
Assumption changes	-	9,592
Net difference between projected and actual earnings on pension plan investments	31,190	-
Contributions subsequent to the measurement date	30,879	-
Total	$ 151,746	$ 9,592

NOTE 8. PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

City contributions subsequent to the measurement date of $30,879 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 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 June 30:		
2017	$	22,834
2018		22,834
2019		22,834
2020		29,288
2021		13,485
	$	111,275

NOTE 9. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Water & Sewer Fund	General Fund	$ 91,886

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 9. INTERFUND BALANCES AND TRANSFERS (Continued)

Interfund transfers:

	Transfers Out	
Transfers In	Water and Sewer Fund	Total
General Fund	$ 100,000	$ 100,000
Total	$ 100,000	$ 100,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the southwest Georgia area, is a member of the Southwest Georgia Regional Commission (RC) and is required to pay annual dues thereto. During its fiscal year ended June 30, 2016, the City paid $2,180 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the 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 an RC. Separate financial statements may be obtained from: Southern Georgia Regional Commission, 327 W. Savannah St., Valdosta, Georgia 30601.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance. The Georgia Municipal Association administers the risk pool.

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

NOTE 12. RISK MANAGEMENT (Continued)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the Workers' Compensation Law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

CITY OF LEESBURG, GEORGIA

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

	2016	2015
Total pension liability		
Service cost	$ 32,263	$ 28,400
Interest on total pension liability	85,907	79,636
Differences between expected and actual experience	80,911	33,378
Changes in assumptions	-	(14,388)
Changes of benefit terms	-	-
Benefit payments, including refunds of employee contributions	(46,499)	(45,725)
Net change in total pension liability	152,582	81,301
Total pension liability - beginning	1,131,723	1,050,422
Total pension liability - ending (a)	$ 1,284,305	$ 1,131,723
Plan fiduciary net position		
Contributions - employer	$ 41,042	$ 35,218
Net investment income	11,400	100,019
Benefit payments, including refunds of employee contributions	(46,499)	(45,725)
Administrative expense	(4,192)	(3,376)
Other	-	-
Net change in plan fiduciary net position	1,751	86,136
Plan fiduciary net position - beginning	967,258	881,122
Plan fiduciary net position - ending (b)	$ 969,009	$ 967,258
City's net pension liability - ending (a) - (b)	$ 315,296	$ 164,465
Plan fiduciary net position as a percentage of the total pension liability	75.45%	85.47%
Covered-employee payroll	$ 896,181	$ 831,387
City's net pension liability as a percentage of covered - employee payroll	35.18%	19.78%

Notes to the schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF LEESBURG, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015	2014
Actuarially determined contribution	$ 59,541	$ 44,752	$ 39,805
Contributions in relation to the actuarially determined contribution	41,042	35,218	33,554
Contribution deficiency (excess)	$ 18,499	$ 9,534	$ 6,251
Covered-employee payroll	$ 896,181	$ 831,387	$ 675,743
Contributions as a percentage of covered-employee payroll	4.58%	4.24%	4.97%

Notes to the Schedule

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 14 years
Actuarial 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%

The schedule will present 10 years of information once it is accumulated.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX VI PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Cumulative Total
Public Safety Capital Projects & Equipment	$ 75,000	$ 75,000	$ 67,719	$ -	$ 67,719
Public Facilities, Renovations & Construction	1,375,000	1,375,000	430,691	444,540	875,231
Water & Sewer Projects	750,000	750,000	-	-	-
Roads, Streets & Bridges	350,000	350,000	-	55,207	55,207
Stormwater Projects	100,000	100,000	-	-	-
Total	$ 2,650,000	$ 2,650,000	$ 498,410	$ 499,747	$ 998,157

CITY OF LEESBURG, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX V PROCEEDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project	Estimated Cost		Expenditures		Cumulative Total
	Original	Current	Prior Years	Current Year	
Wastewater Treatment Plant	$ 5,000,000	$ 5,048,736	$ 5,048,736	$ -	$ 5,048,736

Expenditures per above schedules:		
Sales Tax VI	$	499,747
Sales Tax V		-
	$	499,747
Expenditures per Statement of Revenues, Expenditures, and Changes in Fund Balance	$	609,957
Principal and interest on debt obligations		(110,210)
Total SPLOST expenditures	$	499,747

COMPLIANCE SECTION

MAULDIN & JENKINS

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
Leesburg, 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 Leesburg, Georgia (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Leesburg, Georgia's basic financial statements and have issued our report thereon dated March 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 as items 2016-001and 2016-002 in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

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

The City of Leesburg, Georgia's Responses to Findings

The City of Leesburg, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Leesburg, Georgia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not to provide an opinion on the effectiveness of the City'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.

Mauldin & Jenkins, LLC

Albany, Georgia
March 24, 2017

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	___ yes _X_ no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes ____ none reported
Noncompliance material to financial statements noted?	___ yes _X_ no

Federal Awards

There was not an audit of major federal award programs as of June 30, 2016 due to the total amount expended being less than $750,000

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016- 001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2016, we noted a lack of proper segregation of duties within the City Finance Department.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures, specifically the same person preparing the deposit is also reconciling the completed deposit to the daily receipt report and the employee that is involved in the cash receipt function is also involved in the accounts receivable function.

Effect: Failure to properly segregate duties between recording, distribution and reconciliation of accounts can lead to misappropriation of funds that is not detected during the normal course of business.

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

Views of Responsible Officials and Planned Corrective Action: We concur. We will work with staff to segregate duties and apply compensating controls to the extent possible.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016– 002. Management of Accrued Expenses

Criteria: Generally accepted accounting principles require reporting of all current liabilities whose liquidation is expected to require the use of current assets when the goods have been received or services have been performed.

Condition: The City did not properly address the above criteria as of June 30, 2016 as it relates to accrued expenses in the Water & Sewer Fund.

Context: We addressed this matter with City officials and they were able to determine the amount of accrued expenses that should be recorded in this fund as of June 30, 2016.

Effect: An adjustment to increase accrued expenses in the amount of $11,575, decrease customer deposits payable by $28,431, increase revenues in the amount of $28,431 and increase expenses by $11,575 was required to be recorded in the Water & Sewer Fund.

Cause: Closeout procedures of accrued expenses did not capture all unreconciled balances at year end.

Recommendation: We recommend the City strengthen procedures to ensure all accrued liabilities are recorded and reconciled at year end.

Views of Responsible Officials and Planned Corrective Action: We concur. We will strengthen procedures to ensure all accrued liabilities are recorded at year end.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable.

CITY OF LEESBURG, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

2015- 001. Segregation of Duties

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

Condition: For the fiscal year ended June 30, 2015, we noted a lack of proper segregation of duties within the City Finance Department.

Auditee Response/Status: Unresolved – See current year financial audit finding 2016-001.