CITY OF TUCKER, GEORGIA

FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
JUNE 30, 2017

Prepared by:
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CITY OF TUCKER, GEORGIA

FINANCIAL REPORT
FOR THE SIX MONTHS ENDED JUNE 30, 2017

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FINANCIAL SECTION

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Tucker, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **City of Tucker, Georgia** (the "City"), as of and for the six months ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Tucker, Georgia as of June 30, 2017, and the respective changes in financial position, for the six months 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 General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 omitted 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 GASB 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 opinions on the basic financial statements are 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's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of the City of Tucker, 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 effectiveness of the City's 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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 28, 2017

CITY OF TUCKER, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,416,227
Taxes receivable	1,409,137
Prepaid items	23,705
Capital assets, net of accumulated depreciation	191,475
Total assets	5,040,544
LIABILITIES	
Accounts payable	219,037
Total liabilities	219,037
NET POSITION	
Investment in capital assets	191,475
Restricted for promotion of trade and tourism	36,935
Unrestricted	4,593,097
Total net position	$ 4,821,507

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

CITY OF TUCKER, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Primary government:			
Governmental activities:			
General government	$ 1,674,242	$ 40,527	$ (1,633,715)
Culture and recreation	73,800	-	(73,800)
Housing and development	130,164	171,610	41,446
Total governmental activities	1,878,206	212,137	(1,666,069)
Total primary government	$ 1,878,206	$ 212,137	(1,666,069)
General revenues:			
Franchise taxes			802,504
Excise taxes			305,491
Business taxes			2,585,546
Hotel / Motel taxes			325,410
Insurance premium taxes			800,000
Interest earned			23
Miscellaneous revenues			93
Total general revenues			4,819,067
Change in net position			3,152,998
Net position, beginning of period			1,668,509
Net position, end of period			$ 4,821,507

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

CITY OF TUCKER, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 3,348,477	$ 67,750	$ 3,416,227
Taxes receivable	1,336,269	72,868	1,409,137
Due from other funds	88,087	-	88,087
Prepaid items	23,705	-	23,705
Total assets	$ 4,796,538	$ 140,618	$ 4,937,156
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 167,006	$ 52,031	$ 219,037
Due to other funds	-	88,087	88,087
Total liabilities	167,006	140,118	307,124
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - taxes	1,165,000	-	1,165,000
Total deferred inflows of resources	1,165,000	-	1,165,000
FUND BALANCES			
Nonspendable:			
Prepaid items	23,705	-	23,705
Restricted:			
Promotion of trade and tourism	36,435	500	36,935
Unassigned	3,404,392	-	3,404,392
Total fund balances	3,464,532	500	3,465,032
Total liabilities, deferred inflows of resources, and fund balances	$ 4,796,538	$ 140,618	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	191,475
Some revenues are not available in the current period and, therefore, are not reported in the funds.	1,165,000
Net position of governmental activities	$ 4,821,507

The accompanying notes are an integral part of these statements.

CITY OF TUCKER, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE SIX MONTHS ENDED JUNE 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Franchise taxes	$ 446,781	$ -	$ 446,781
Excise taxes	269,056	36,435	305,491
Business taxes	2,585,546	-	2,585,546
Hotel/Motel taxes	-	325,410	325,410
Charges for services	36	-	36
Fines and forfeitures	3,940	-	3,940
Licenses and permits	208,161	-	208,161
Interest earned	23	-	23
Miscellaneous	93	-	93
Total revenues	3,513,636	361,845	3,875,481
Expenditures:			
Current:			
General government	1,813,066	-	1,813,066
Culture and recreation	73,800	-	73,800
Housing and development	-	130,164	130,164
Total expenditures	1,886,866	130,164	2,017,030
Excess of revenues over expenditures	1,626,770	231,681	1,858,451
Other financing sources (uses):			
Transfers in	231,681	-	231,681
Transfers out	-	(231,681)	(231,681)
Total other financing sources (uses)	231,681	(231,681)	-
Net change in fund balances	1,858,451	-	1,858,451
Fund balances, beginning of period	1,606,081	500	1,606,581
Fund balances, end of period	$ 3,464,532	$ 500	$ 3,465,032

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

CITY OF TUCKER, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE SIX MONTHS ENDED JUNE 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	1,858,451
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 expense in the current period.		138,824
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,155,723
Change in net position - governmental activities	$	3,152,998

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

CITY OF TUCKER, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2017

ASSETS	Municipal Court Fund
Cash and cash equivalents	$ 1,240
Accounts receivable	3,400
Total assets	$ 4,640
LIABILITIES	
Due to others	$ 4,640
Total liabilities	$ 4,640

The accompanying notes are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tucker, 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. Reporting Entity

The City, which was incorporated by a voter approved referendum on November 3, 2015, commenced operations pursuant to the election of a mayor and council on March 1, 2016. Policy-making and legislative authority are vested in the Mayor and City Council which consists of six council members and the Mayor. The government provides such services as general government administration, judicial services through its municipal court, housing and development, and culture and recreation. Pursuant to the passage of an ordinance in May 2017, the City Council changed the City's fiscal year-end from December 31st to June 30th.

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 non-fiduciary activities of the primary government. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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 those 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 fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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, expenditures related to long-term liabilities (such as long-term debt, compensated absences and claims and judgments) are recorded only when payment is due.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

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.

Additionally, the City reports the following fund types:

The **special revenue funds** account for revenues that are legally restricted to expenditures for specific purposes.

The **agency fund** is used to account for the collection and disbursement of monies by the City's Municipal Court on behalf of other individuals or entities.

D. Budgets

Formal budgetary accounting is employed as a management control device for the general fund and special revenue funds of the City. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual operating budgets are adopted for the General Fund and special revenue fund each fiscal year through passage of an annual budget ordinance and amended as required. During the six months ended June 30, 2017, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All unencumbered budget appropriations lapse at the end of each year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

The City's cash and cash equivalents 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.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances."

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method in that they are recorded as expenditures/expenses when consumed by the City.

I. Capital Assets

Capital assets, which includes equipment, is reported in the applicable governmental activities column in the government-wide financial statements. All capital assets are reported at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the useful life of the asset is not capitalized.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Category	Useful Life
Equipment	5-10 years
Leasehold Improvements	7-10 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance 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 which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, *unavailable revenue* is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from franchise taxes and insurance premium taxes as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

K. Fund Balance 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 and liabilities and deferred inflows of resources 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 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 a resolution of the City Council. Only the City Council may modify or rescind the commitment through passage of a subsequent resolution.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance and Net Position (Continued)

Fund balances are classified as follows (continued):

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 City Council, through the passage of the resolution establishing the City's fund balance policy, has delegated the authority to assign fund balance to the City Manager and Finance Director.

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.

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, (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. 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 is 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 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. 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 change in fund balances – total governmental funds and change 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 estimated useful lives and reported as depreciation expense." The details of this $138,824 difference are as follows:

Capital outlay	$	148,669
Depreciation expense		(9,845)
Net adjustment to increase *net change in fund balances - total governmental funds* to arrive at *change in net position - governmental activities*	$	138,824

NOTE 3. LEGAL COMPLIANCE – BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget ordinance.

For the six months ended June 30, 2017 expenditures exceeded the budget in the special revenue fund as follows:

Hotel Motel Tax Fund	$	22,164

These over expenditures were funded by greater than anticipated revenues.

NOTE 4. DEPOSITS

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2017, all of the City's bank balances were insured and collateralized as defined by GASB standards and state statutes.

NOTE 5. RECEIVABLES

Receivables at June 30, 2017, including any applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental
Receivables:		
Taxes	1,336,269	72,868
Total receivables	1,336,269	72,868
Less allowance for uncollectible	-	-
Net total receivable	$ 1,336,269	$ 72,868

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the six months ended June 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Equipment	58,308	61,945	-	120,253
Leasehold Improvements	-	86,724	-	86,724
Total	58,308	148,669	-	206,977
Less accumulated depreciation for:				
Equipment	(5,657)	(8,400)	-	(14,057)
Leasehold Improvements	-	(1,445)	-	(1,445)
Total	(5,657)	(9,845)	-	(15,502)
Governmental activities capital assets, net	$ 52,651	$ 138,824	$ -	$ 191,475

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the functions of the City's governmental activities as follows:

Governmental activities:	
General government	$ 9,845

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017 is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Nonmajor governmental funds	$ 88,087

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 231,681

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTE 8. HOTEL/MOTEL LODGING TAX

The City has levied an occupancy tax of 5% for the rent of a guest room at a hotel or motel in the City as authorized by the Official Code of Georgia Annotated (O.C.G.A.) §48-13-51(a)(3). For the six months ended June 30, 2017, the City collected $325,410 in hotel/motel tax revenues. Of this amount, $130,164, or 40%, was used for the promotion of tourism in accordance with the provisions of O.C.G.A §48-13-51(a)(3).

NOTE 9. OPERATING LEASES

The City leases various office space and equipment items under non-cancelable operating leases. Total costs for such leases were $25,100 for the six months ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	
2018	$ 51,792
2019	54,554
2020	29,121
2021	3,028
2022	1,766
	$ 140,261

NOTE 10. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool currently operating as common risk management and insurance programs for member local governments.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's 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 pool's 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 10. 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. The fund is to pay all cost 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.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the first two periods of operations.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. 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.

Contractual Commitments:

The City has entered into two (2) public/private contractual partnerships for outsourced services and operations. Through these contracts with private companies, an array of operational services are provided via outsourcing. These contracts are operating contracts for which the City is continually monitoring its outsourcing needs as compared to providing services in-house. Currently, these contracts total approximately $2.5 million, subject to annual negotiation and appropriation.

NOTE 12. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which DeKalb County has paid on behalf of the City of Tucker. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC 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 the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, Georgia 30303.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TUCKER, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Franchise taxes	$ 250,000	$ 350,000	$ 446,781	$ 96,781
Excise taxes	160,000	250,000	269,056	19,056
Business taxes	3,060,000	3,060,000	2,585,546	(474,454)
Charges for services	-	-	36	36
Fines and forfeitures	6,000	3,000	3,940	940
Licenses and permits	75,000	176,750	208,161	31,411
Interest earned	-	-	23	23
Miscellaneous	-	-	93	93
Total revenues	3,551,000	3,839,750	3,513,636	(326,114)
Expenditures:				
Current:				
General government:				
City council	87,478	87,478	74,871	12,607
City manager	117,600	117,600	117,600	-
Legal services	116,000	141,000	124,900	16,100
Facilities and buildings	145,805	257,100	171,637	85,463
General operations	3,027,117	3,295,072	1,311,258	1,983,814
Finance	83,000	21,500	12,800	8,700
Total general government	3,577,000	3,919,750	1,813,066	2,106,684
Culture and recreation:				
Professional services	100,000	100,000	73,800	26,200
Total culture and recreation	100,000	100,000	73,800	26,200
Total expenditures	3,677,000	4,019,750	1,886,866	2,132,884
Excess (deficiency) of revenues over expenditures	(126,000)	(180,000)	1,626,770	1,806,770
Other financing sources:				
Transfers in	126,000	180,000	231,681	51,681
Total other financing sources	126,000	180,000	231,681	51,681
Net change in fund balance	-	-	1,858,451	1,858,451
Fund balance, beginning of period	1,606,081	1,606,081	1,606,081	-
Fund balance, end of period	$ 1,606,081	$ 1,606,081	$ 3,464,532	$ 1,858,451

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Rental Car Tax Fund – This fund is used to account for the excise tax collected by the City from area rental car establishments. The tax revenues in this fund are restricted by O.C.G.A 48-13-93.

Hotel/Motel Tax Fund – This fund is used to account for the 5% occupancy tax collected by the City from area hotels and motels. The tax revenues in this fund are restricted by O.C.G.A 48-13-51.

CITY OF TUCKER, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	Special Revenue Funds: Rental Car Tax Fund	Special Revenue Funds: Hotel/Motel Tax Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 143	$ 67,607	$ 67,750
Taxes receivable	10,046	62,822	72,868
Total assets	$ 10,189	$ 130,429	$ 140,618
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 52,031	$ 52,031
Due to other funds	10,189	77,898	88,087
Total liabilities	10,189	129,929	140,118
FUND BALANCES			
Restricted:			
Promotion of trade and tourism	-	500	500
Total fund balances	-	500	500
Total liabilities and fund balances	$ 10,189	$ 130,429	$ 140,618

CITY OF TUCKER, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Rental Car Tax Fund	Hotel/Motel Tax Fund	
REVENUES			
Taxes	$ 36,435	$ 325,410	$ 361,845
Total revenues	36,435	325,410	361,845
EXPENDITURES			
Current			
Housing and development	-	130,164	130,164
Total expenditures	-	130,164	130,164
Excess of revenues over expenditures	36,435	195,246	231,681
OTHER FINANCING USES			
Transfers out	(36,435)	(195,246)	(231,681)
Total other financing uses	(36,435)	(195,246)	(231,681)
Net change in fund balances	-	-	-
FUND BALANCES, beginning of period	-	500	500
FUND BALANCES, end of period	$ -	$ 500	$ 500

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*

Honorable Mayor and Members
Of City Council
City of Tucker, 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, each major fund, and the aggregate remaining fund information of the City of Tucker, Georgia (the "City") as of and for the six months ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 28, 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 28, 2017