

CITY OF PEACHTREE CORNERS, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

Prepared by:
City of Peachtree Corners Finance Department

INTRODUCTORY SECTION

CITY OF PEACHTREE CORNERS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

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CITY OF PEACHTREE CORNERS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2017

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November 30, 2017

Honorable Mike Mason, Mayor,
Members of the City Council, and
Citizens of Peachtree Corners, Georgia

Ladies and Gentlemen:

Enclosed please find the Comprehensive Annual Financial Report of the City of Peachtree Corners, Georgia, for the fiscal year ended June 30, 2017. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City of Peachtree Corners. The report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain an understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Peachtree Corners for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Peachtree Corners' financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.



PROFILE OF THE GOVERNMENT

Peachtree Corners was incorporated in July of 2012, and celebrated its fifth anniversary this year. Positioned in metro area, Peachtree Corners is a demographically diverse community and covers a 17-square mile area in southwest Gwinnett County, Georgia. Peachtree Corners is the twentieth largest city in the State of Georgia, serving a population of 42,773 (U.S. Census estimate for 2016). The City's daytime population remains consistent with more than 42,000 due to the concentration of major corporations and businesses located within the City, including Crawford Insurance, Comcast, Phoenix Corp , Immucor, Pond & Co, and Career Builder. Seven miles of the Chattahoochee River flow along the western border of Peachtree Corners, creating a unique recreational opportunity within a metropolitan setting.

Policymaking and legislative authority of the government is vested in the Mayor and six Council members, who are elected for four-year terms. Three Council members are elected by district, and the Mayor and three council members are elected at-large by popular vote. The Mayor and council members serve until their successors are qualified and certified. Terms of office begin after the certification of the election and swearing into office. Elections are held every two years.

The City operates under a council/manager form of government, where the Council is the legislative authority and the Mayor possesses all of the executive powers granted to the government under the constitution and laws of the State of Georgia and the City of Peachtree Corners charter. The City Manager maintains all of the administrative powers granted to the government under the constitution and laws of the State of Georgia and the City's charter.

The City is empowered to levy a property tax on both real and personal property located within its boundaries and is qualified to levy all other taxes granted to municipalities within the State of Georgia.

Deploying a non-traditional approach to government services, the City operates through public-private partnerships. The City provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; community development and recreational and cultural activities. All services outside the City Manager's executive staff are outsourced or provided through an intergovernmental agreement with another government entity. Sanitation services are also outsourced through a contract. Water and sewer services are delivered to residential and commercial properties by Gwinnett County.

The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The Mayor and Council are required to adopt a final budget no later than the close of the fiscal year. The budget is prepared by fund, function, and department. Since Fiscal Year 2013, the budgeting process included performance management initiatives. Amounts in this budget may be re-allocated within funds by approval of



the City Manager as long as the total budgeted amounts do not exceed the approved appropriations by fund.

LOCAL ECONOMY

A robust community of major corporations, mid-size companies and new businesses, Peachtree Corners is one of the best places in the country to do business. The City embodies an urban energy and relaxed lifestyle. The City is home to a burgeoning dining scene and is creating a nighttime scene with the construction of a new Town Center, or one can choose to expend energy paddle boarding on the river, enjoying one of the City's many parks and green spaces. Peachtree Corners is also located on the second busiest highway in Gwinnett County, a county with over eight hundred thousand residents.

The City's commercial properties comprise more than 35 percent of the total land usage, ensuring a strong economic environment for the government. In addition to the companies listed previously, Peachtree Corners is also home to Level 3 Communications, Fleetcor Technologies, Siemens, and Next South Corp.

According to the 2015 US Census, there were 15,979 housing units within Peachtree Corners, with 58% recorded as home ownership and 42% recorded as tenant occupied. The median value of owner-occupied housing was \$273,600. The average household size was 2.6 people, with an average household income of \$94,594.

The City ranked number 8 Best Suburb in Georgia, and was recently awarded the pinnacle award for best website for cities in the 40,000-90,000 population range from the National Association of Government Web Professionals. The City also earned national recognition by the American Council of Engineering Companies for its geospatial project, which used cutting edge ground based LiDar to capture all of its assets.

NATIONAL ECONOMY

With the steadily improving job market, the unemployment rate improved for the state of Georgia in 2017 to 5.0%, with a City-wide rate of 4.0%.

According to September 2017 S&P CoreLogic Case-Shiller Home Price Indices, home prices reached rock bottom in February 2012. Using that date as a starting point, home prices are up 32%. The national index, which covers all nine U.S. census divisions, recorded a 4.73% annual gain in September. The 10-City and 20-City composites reported year-after-year increases of 4.73% and 5.44%.



LONG TERM FINANCIAL PLANNING

As detailed within the following financial statements, the City's policy is to maintain a minimum General Fund balance reserve of 25% of operating expenditures. Excess fund balances over reserve requirements will be used in subsequent periods for pay-as-you-go capital projects and one-time non-recurring expenditures.

To facilitate the provision of city services, the government is committed to a consistent fee structure for business taxes and permitting. The City's operating millage rate of 1 mill is statutorily set and cannot be increased without a public referendum. The City has not assessed the millage rate for the last four years and relies on franchise taxes, business taxes, and permitting fees to fund city services.

Despite the negative impacts to the U.S. economy, Peachtree Corners continues to enjoy a strong financial outlook. The City is expected to continue developing as an economic hub and preferred location for business and residential investment. Through planned growth consistent with existing zoning, the governing body approved several distinctive commercial developments during Fiscal Year 2017. Additionally, the commercial community continues to experience significant re-development through builders and investors.

MAJOR INITIATIVES FOR THE YEAR

Town Center

In 2013, the Peachtree Corners City Council purchased a 21-acre tract to prevent the building of a large garden-style apartment complex. After completing a Livable Center Initiative study in 2014, the results showed that residents desired a unique, vibrant, community gathering spot that was rich in amenities. The City began plans to catalyze private investment for a mixed-use development that would include dining, retail and entertainment options. In addition, the development would include green space to accommodate a variety of outdoor activities. Shortly thereafter in 2014, the City Council adopted the Town Center Phase Plan, bringing in design, construction and management partners in 2015, and began construction in 2017.

The City took out a bond note of \$11,500,000 in 2013 to purchase the land for the Town Center Project. A \$14,000,000 budget was established to provide for the funding toward the completion of the overall project. The City closed on the land sale of the private development portion and paid off the \$11,500,000 bond and funded the project costs from all cash reserves, thus no debt was incurred to fund the project. Construction is now underway and the expected ribbon cutting and opening of the Town Green is scheduled for Fall 2018.




Fuqua Development

Peachtree Corners Town Center

Print #170812242
 Date: 08/12/17
 Lat/Lon: 33.981652 -84.214178
 Order No. 61003
 Aerial Photography, Inc. 954-568-0484



Smart Cities Technology

With the construction of the Town Center the Mayor and Council had an opportunity to make this gathering place a connected place. Through the use of smart phone applications, intuitive lighting features, and smart parking sensors, residents will be able to know where parking is available from the convenience of their smart phone. The City will save on electricity costs as the smart lights will organically adapt to their surroundings and will only give off the necessary lighting.

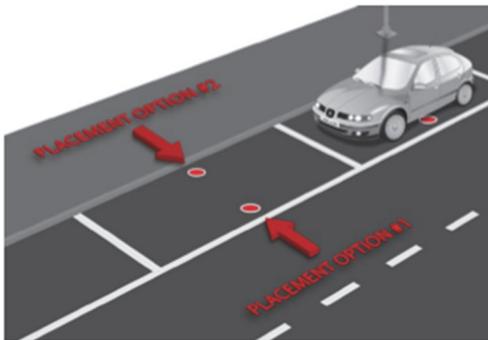


Figure: Placement options of the notes for parallel parking lots

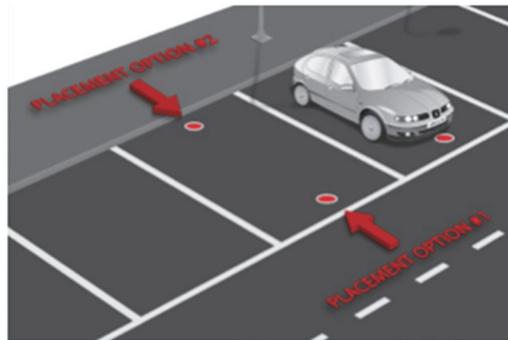


Figure: Placement options of the notes for perpendicular parking lots

INITIATIVES FOR FUTURE YEARS

Construction on Trail System

\$11.1 million was included in the 2018 capital budget for construction of a master trail over the next five years.

Public Works

\$4 million was included in the 2018 capital budget for infrastructure improvements to roads, bridges, sidewalks, intersections and traffic management. The City currently has over 18 capital projects in various stages of construction and planning.



FINANCIAL POLICIES

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safety of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Single Audit - As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation for weaknesses by management and internal staff.

There was no single audit required for Fiscal Year 2017

Budgetary Controls - The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the general fund and any special revenue funds are included in the annual appropriated budget. A project length budget is adopted for capital project funds. The official level of city budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a fund may be authorized by the City Manager to meet unforeseen needs, as long as the total budgeted amounts do not exceed these appropriations by fund. The City's budget procedures, together with such procedures for discretely presented component units, are more fully explained in the accompanying notes to the financial statements.



OTHER INFORMATION

Awards and Achievements - In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This will be the first year the City of Peachtree Corners submits for the award.

Acknowledgments - The preparation of the report could not have been accomplished without the efficient and dedicated efforts of the staff of the Finance Department, the auditors for the City and its component units, and the cooperation of City staff in various departments. My sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

Respectfully submitted,

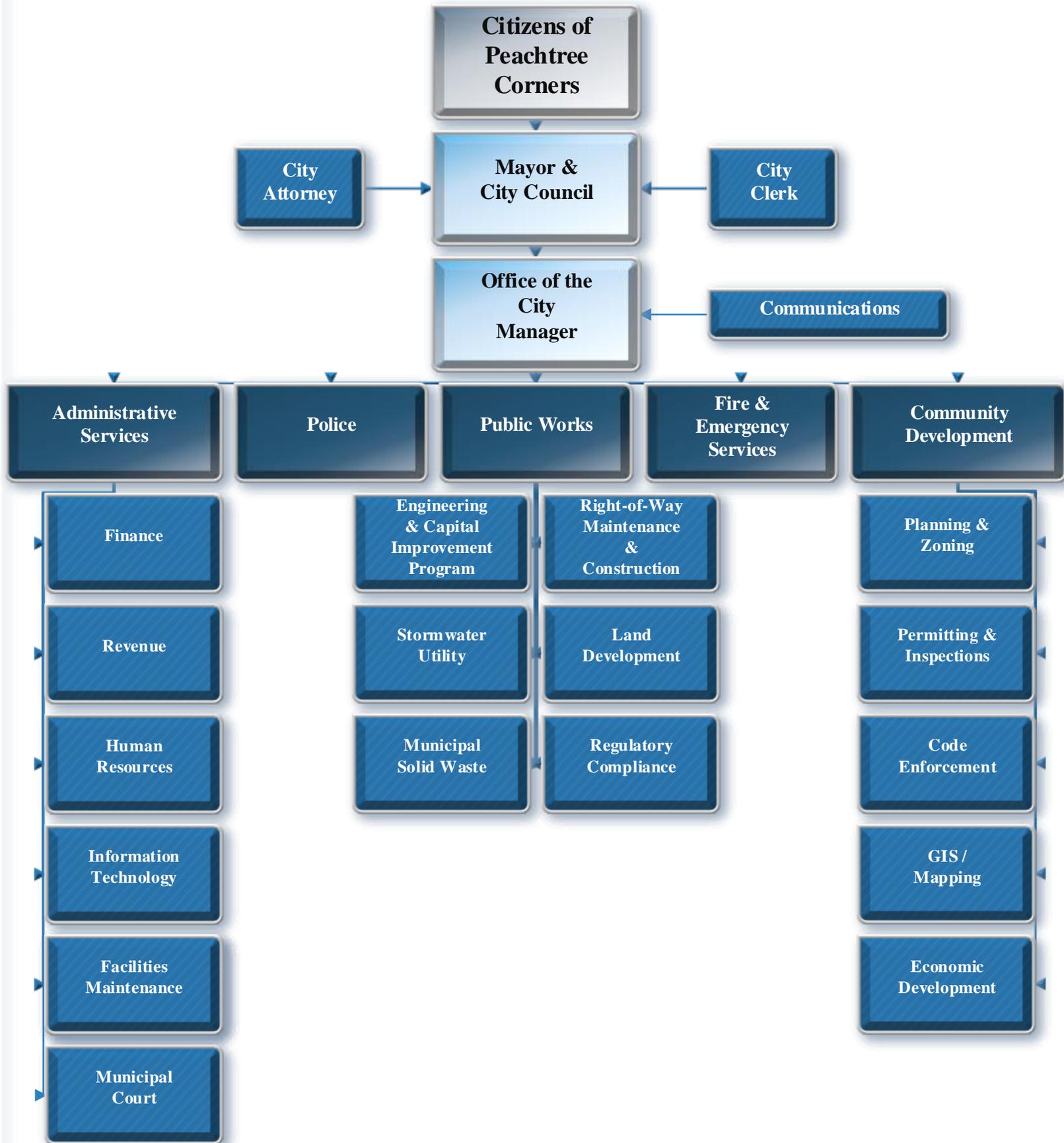
Brian Johnson
City Manager

Brandon Branham
Finance Director

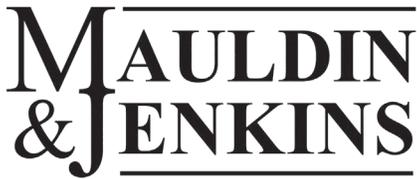
**CITY OF PEACHTREE CORNERS, GEORGIA
PRINCIPAL OFFICIALS
JUNE 30, 2017**

Mike Mason	Mayor
Phil Sadd	Post 1
Eric Christ	Post 2
Alex Wright	Post 3
Jeanne Aulbach	Post 4
Lorri Christopher	Post 5
Weare Gratwick	Post 6

City of Peachtree Corners



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council of the
City of Peachtree Corners, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **City of Peachtree Corners, Georgia** (the "City"), as of and for the year 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, the business-type activities, and each major fund of the City of Peachtree Corners, Georgia as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedule of expenditures of special purpose local option sales tax, as required by the Official Code of Georgia 48-8-121, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the City'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 solely 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
November 30, 2017

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

As management of the City of Peachtree Corners (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$47,018,922 (total net position), which represents an increase of \$10,101,668 from the prior year. Of the total net position, \$6,138,058 (unrestricted net position) is available to meet the ongoing obligations of the government.
- The City entered into a certificate of participation with the Georgia Municipal Association for \$8,000,000 for the purpose of acquiring and renovating a new City Hall.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,681,670. This represents an increase of \$9,664,666 over the prior year, primarily from the proceeds of the certificate of participation.
- Total governmental fund revenues were \$17,627,589 an increase of \$1,084,542 from the prior year.
- Total governmental fund expenditures were \$15,962,923, an increase of \$6,860,578 over the prior year, primarily related to the purchase of real estate for the new City Hall.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements report functions of the City that are principally supported by taxes (governmental activities) separately from business-type activities. The governmental activities of the City include general government, public works, and community development. Business-type activities report the function of solid waste.

The government-wide financial statements can be found on pages 13 and 14 of this report.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, SPLOST and downtown development authority funds, which are considered to be major funds.

The City adopts an annual appropriated budget for all its governmental funds, except capital project funds for which project length budgets are adopted. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 through 17 of this report.

Proprietary funds The City maintains one type of proprietary fund: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Solid Waste operation.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information and cash flows for the Solid Waste operation, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 37 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule for the general fund as presented on a generally accepted accounting principal basis in this section.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Required supplementary information can be found on pages 38 and 39 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the City's case, assets exceeded liabilities by \$47,018,922, representing a \$10,101,668 increase over last year.

The largest portion of the City's net position, \$21,123,608 reflects its investment in capital assets (e.g., buildings, machinery and equipment roadways, sidewalks, culverts, equipment and signals); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Other than net position that is restricted as to use, \$19,757,256, the remaining portion of the City's net position represents unrestricted net position of \$5,834,451, which is available to meet the ongoing obligations of the government. This amount represents 37% of governmental expenses, and a 39% decrease over the prior year.

The City's governmental activities current assets of \$33,802,611, increased \$9,630,673 over the prior year and includes cash proceeds restricted for capital projects of \$13,996,415 in the Downtown Development Authority Fund. Long term liabilities of governmental activities also increased from the prior year as a result of the \$8,000,000 certificate of participation for the City Hall project. The City's capital assets are \$22,145,886 which represents an increase of \$5,208,373. The increase is primarily related to the acquisition and renovations costs for the City Hall project. Business-type activities remained relatively the same compared to the prior year.

The table below summarizes the City's Net Position for 2017 and 2016.

**City of Peachtree Corners Net Position
June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 33,802,611	\$ 24,171,938	\$ 1,061,203	\$ 973,473	\$ 34,863,814	\$ 25,145,411
Capital assets, net of accumulated depreciation	22,145,886	16,937,513	-	-	22,145,886	16,937,513
Total Assets	55,948,497	41,109,451	1,061,203	973,473	57,009,700	42,082,924
Liabilities						
Current liabilities	1,164,043	1,193,421	757,596	758,633	1,921,639	1,952,054
Long-term liabilities	8,069,139	3,252,103	-	-	8,069,139	3,252,103
Total Liabilities	9,233,182	4,445,524	757,596	758,633	9,990,778	5,204,157
Net Position						
Net investment in capital assets	21,123,608	16,937,513	-	-	21,123,608	16,937,513
Restricted	19,757,256	10,242,980	-	-	19,757,256	10,242,980
Unrestricted	5,834,451	9,521,921	303,607	214,840	6,138,058	9,736,761
Total net position	\$ 46,715,315	\$ 36,702,414	\$ 303,607	\$ 214,840	\$ 47,018,922	\$ 36,917,254

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Governmental activities: From the inception of Peachtree Corners, and continuing through 2014, management focused on acquiring human as well as physical infrastructure for ongoing City activities. Fiscal Year 2015 and thereafter, the City moved more toward normal operating activities as management focused more on activities which have a direct impact on its citizens such as road improvements.

Revenues: Charges for services includes fines and forfeitures and licenses and permits. These revenues increased \$214,900. Total operating and capital grants and contributions increased \$235,776 as a result of increased SPLOST collections. Franchise Fees increased \$166,864 as user consumption and growth continue to recover from the recession. Business taxes increased \$39,444 as the economy continues to improve. Unrestricted investment earnings increased \$177,954 as a result of higher interest rates and additional invested funds from bond proceeds. Miscellaneous revenues increased \$270,603 due to payments received from developers relating to the land held for resale.

Expenses: General government and public works expenses decreased as operations stabilized and expenses were controlled. Community development expenses increased as the operations of the Downtown Development Authority are now being included as a blended component unit. Interest on long term debt increased \$348,477 as a result of additional debt.

Business-type activities: Both revenues and expenses remained stable and comparable to the prior year.

**City of Peachtree Corners Changes in Net Position
For the Years Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenues:						
Charges for services	\$ 1,275,124	\$ 1,060,224	\$ 1,317,284	\$ 1,299,879	\$ 2,592,408	\$ 2,360,103
Operating grants and contributions	40,841	50,500	-	-	40,841	50,500
Capital grants and contributions	6,442,363	6,196,928	-	-	6,442,363	6,196,928
General revenues:						
Property taxes	849,532	1,056,930	-	-	849,532	1,056,930
Franchise taxes	3,220,188	3,053,324	-	-	3,220,188	3,053,324
Business taxes	2,606,672	2,567,228	-	-	2,606,672	2,567,228
Other taxes	2,741,913	2,555,514	-	-	2,741,913	2,555,514
Unrestricted investment earnings	180,353	2,399	-	-	180,353	2,399
Miscellaneous	270,603	-	-	-	270,603	-
Total Revenues	<u>17,627,589</u>	<u>16,543,047</u>	<u>1,317,284</u>	<u>1,299,879</u>	<u>18,944,873</u>	<u>17,842,926</u>
Expenses						
General government	2,605,719	3,902,482	-	-	2,605,719	3,902,482
Public works	2,624,129	3,741,601	-	-	2,624,129	3,741,601
Community development	2,036,045	1,504,682	-	-	2,036,045	1,504,682
Interest on long-term debt	348,795	318	-	-	348,795	318
Solid waste	-	-	1,228,517	1,237,324	1,228,517	1,237,324
Total expenses	<u>7,614,688</u>	<u>9,149,083</u>	<u>1,228,517</u>	<u>1,237,324</u>	<u>8,843,205</u>	<u>10,386,407</u>
Change in net position	10,012,901	7,393,964	88,767	62,555	10,101,668	7,456,519
Net position, beginning of year, restated	36,702,414	29,308,450	214,840	152,285	36,917,254	29,460,735
Net position, end of year	<u>\$ 46,715,315</u>	<u>\$ 36,702,414</u>	<u>\$ 303,607</u>	<u>\$ 214,840</u>	<u>\$ 47,018,922</u>	<u>\$ 36,917,254</u>

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. The table below summarizes governmental fund revenues and expenditures for 2016 and 2017.

**City of Peachtree Corners Governmental Fund Revenues, Expenditures and Changes in Fund Balances
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Dollar Increase (Decrease)</u>	<u>Percent</u>
Revenues:				
Property taxes	\$ 849,532	\$ 1,056,930	\$ (207,398)	(19.62) %
Franchise taxes	3,220,188	3,053,324	166,864	5.46
Insurance premium taxes	2,372,424	2,190,211	182,213	8.32
Business taxes	2,606,672	2,567,228	39,444	1.54
Other taxes	369,489	365,303	4,186	1.15
Licenses and permits	1,270,861	1,051,717	219,144	20.84
Fines and forfeitures	4,263	8,507	(4,244)	(49.89)
Intergovernmental revenues	6,476,754	6,246,928	229,826	3.68
Investment income	186,803	2,399	184,404	7,686.70
Miscellaneous Income	270,603	500	270,103	54,020.60
Total revenues	<u>17,627,589</u>	<u>16,543,047</u>	<u>1,084,542</u>	<u>6.56</u>
Expenditures				
General government	9,152,583	3,837,772	5,314,811	138.49
Public works	1,939,000	1,647,176	291,824	17.72
Community development	2,036,045	1,504,682	531,363	35.31
Capital outlay	2,599,912	2,107,414	492,498	23.37
Debt service	235,383	5,301	230,082	4,340.35
Total expenditures	<u>15,962,923</u>	<u>9,102,345</u>	<u>6,860,578</u>	<u>75.37</u>
Excess (deficiency) of revenues over expenditures	1,664,666	7,440,702	(5,776,036)	(77.63)
Other financing sources (uses)				
Transfers in	19,552,648	-	19,552,648	-
Transfers out	(19,552,648)	-	(19,552,648)	-
Proceeds from certificate of participation	8,000,000	-	8,000,000	-
Net change in fund balances	9,664,666	7,440,702	2,223,964	29.89
Fund balances, beginning of year, restated	23,017,004	15,576,302	7,440,702	47.77
Fund balances, end of year	<u>\$ 32,681,670</u>	<u>\$ 23,017,004</u>	<u>\$ 9,664,666</u>	<u>41.99 %</u>

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$32,681,670, an increase of \$9,664,666, primarily related to the certificate of participation for the City Hall project. Of this balance, \$19,757,256 is restricted by law or contractual agreement, the largest portion of which is cash proceeds related to the Town Center project. An additional \$70,787 is considered nonspendable, \$5,384,102 is considered assigned and \$7,469,525 is unassigned and can be used to meet the near term operating needs of the City.

Tax revenues include property taxes, sales taxes, franchise taxes and business taxes and overall have increased \$185,309. Revenues for licenses and permits have increased \$219,144 as building activity within the city continues to grow. Fines and forfeitures decreased \$4,244 as code enforcement focused on compliance rather than tickets. Investment income increased \$184,404 primarily from additional cash funds held. Miscellaneous revenue increased due to payments received relating to the land held for resale.

Total governmental expenditures have increased \$6,860,578 due to the payoff of the Town Center short-term note payable as well as capital purchases. General government expenditures increased \$5,244,501 because of expenditures related to the payoff of the Town Center short-term note payable. Public works expenditures increased \$291,824 due to increased road maintenance and engineering services for future projects. Community development expenditures increased \$531,363 as a result of the Downtown Development Authority, which is now being reported as a blended component unit. Debt service expenditures increased \$300,392 primarily as a result of the interest payment of debt related to the Town Center project.

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$7,536,358, a decrease of \$5,199,179. As a measure of the liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance at June 30, 2017 was \$7,469,525 and represents 59% percent of total general fund expenditures.

Total General fund revenues have increased \$389,252. Property taxes decreased \$207,398 as title ad-valorem taxes have decreased. Business taxes and insurance premium taxes have increased \$39,444 and \$182,213 respectively, as the general and local economy has improved. Licenses and permits have increased \$219,144 as building activity continues to improve. Fines and forfeitures have decreased \$4,244 as code enforcement focused on compliance rather than tickets.

Total General fund expenditures increased \$5,711,561. General government expenditures increased \$5,244,501, public works expenditures increased \$291,824, and community development expenditures increased \$110,227.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

**City of Peachtree Corners General Fund Revenues, Expenditures and Changes in Fund Balance
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>	<u>Dollar Increase (Decrease)</u>	<u>Percent</u>
Revenues:				
Property taxes	\$ 849,532	\$ 1,056,930	\$ (207,398)	(19.62) %
Franchise taxes	3,220,188	3,053,324	166,864	5.46
Insurance premium tax	2,372,424	2,190,211	182,213	8.32
Business taxes	2,606,672	2,567,228	39,444	1.54
Other taxes	369,489	365,303	4,186	1.15
Licenses and permits	1,270,861	1,051,717	219,144	20.84
Fines and forfeitures	4,263	8,507	(4,244)	(49.89)
Intergovernmental	40,841	50,000	(9,159)	(18.32)
Investment income	1,101	2,399	(1,298)	(54.11)
Miscellaneous income	-	500	(500)	(100.00)
Total revenues	<u>10,735,371</u>	<u>10,346,119</u>	<u>389,252</u>	<u>3.76</u>
Expenditures				
General government	9,082,273	3,837,772	5,244,501	136.65
Public works	1,939,000	1,647,176	291,824	17.72
Community development	1,614,909	1,504,682	110,227	7.33
Debt service:				
Principal	-	4,983	(4,983)	(100.00)
Interest	70,310	318	69,992	22,010.06
Total expenditures	<u>12,706,492</u>	<u>6,994,931</u>	<u>5,711,561</u>	<u>81.65</u>
Excess (deficiency) of revenues over expenditures	(1,971,121)	3,351,188	(5,322,309)	(158.82)
Other financing sources (uses):				
Transfers out	(11,228,058)	-	(11,228,058)	-
Proceeds from certificate of participation	8,000,000	-	8,000,000	-
Net change in fund balance	<u>(5,199,179)</u>	<u>3,351,188</u>	<u>(8,550,367)</u>	<u>(255.14)</u>
Fund balance, beginning of year	12,735,537	9,384,349	3,351,188	35.71
Fund balance, end of year	<u>\$ 7,536,358</u>	<u>\$ 12,735,537</u>	<u>\$ (5,199,179)</u>	<u>(40.82) %</u>

General Fund Budgetary Highlights

The General Fund budget versus actual comparison can be found on page 38. For fiscal year 2017, the City had an overall deficit budget versus actual variance of \$3,637,503.

Total revenues were \$546,808 more than budgeted. Property taxes were \$112,732 more than budgeted as title ad-valorem increased faster than previously forecasted. Licenses and permits were \$124,681 more than budgeted as the City's infrastructure initiatives have brought in increased commercial and residential construction. All other revenue categories reflect excess budget variances as the city continues to use very conservative revenue estimates.

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Total expenditures were \$147,747 under budgeted amounts. Public works expenditures were \$106,957 under budgeted due to less in repairs and maintenance of roads and walkways than originally projected. General administration and general buildings and ground were both over budget slightly due to unexpected expenditures. All other expenditure categories reflect excess budget variances as the City continues to use very conservative budget models.

SPLOST Fund

The SPLOST fund accounts for the revenues and related project expenditures under the SPLOST agreements. At the end of 2017, the fund balance for this fund was \$5,760,841 which represents a decrease of \$4,482,139 compared to the prior year as the City made significant transfers to the Town Center project that is funded through SPLOST revenue.

Downtown Development Authority

The Downtown Development Authority is a blended component unit which accounts for the land held for resale and the capital improvements to the land. Fund balance as of June 30, 2017 is \$19,384,471 which increased during the year due to transfers from the SPLOST and general funds. The funds will be used for the Town Center project in future years.

Solid Waste Fund

The solid waste fund accounts for fees and expenses associated with garbage and recycling. The activity in this fund during the fiscal year ended June 30, 2017 was very comparable to the prior year and resulted in a change in net position of \$88,767.

Capital Asset and Debt Administration

Capital Assets The City's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$22,145,886 (net of accumulated depreciation). This represents an increase of \$5,208,373 over the prior year. The increase is primarily driven by the City Hall project. Additional information on the City's capital assets can be found in Note 6 on page 32 of this report.

**City of Peachtree Corners Capital Assets (net of depreciation)
June 30, 2017**

	2017	2016	Dollar Increase (Decrease)	Percent
Land	\$ 1,022,278	\$ -	\$ 1,022,278	100.00 %
Construction in progress	1,212,095	679,477	532,618	78.39
Machinery and equipment	708,213	193,953	514,260	265.15
Buildings	3,824,346	-	3,824,346	100.00
Infrastructure	15,378,954	16,064,083	(685,129)	(4.26)
	<u>\$ 22,145,886</u>	<u>\$ 16,937,513</u>	<u>\$ 5,208,373</u>	<u>30.75 %</u>

**CITY OF PEACHTREE CORNERS, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Long-term Debt At the end of fiscal year 2016, the City had total debt outstanding of \$3,153,289 primarily for the Town Center project. As of the end of 2017 the City had \$8,000,000 of outstanding debt. During 2017, the City entered a certificate of appreciation for \$8,000,000 with the Georgia Municipal Association to finance the City Hall project.

Additional information on the City's long-term debt can be found in Note 7 on page 33 of this report.

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2018 fiscal year.

- Sustainability of Existing Services – the City has deployed a philosophy of budgetary evaluation which reviews the needs of the City to the standard which realizes that services and associated costs should not be appropriated if they are not justified as long-term goals of the organization. This philosophy is solidified during the budget process, with a multi-year financial outlook that provides the conduit to evaluate government priorities, realign and diversify revenue structures, and provide the data for decision making for continued financial success.
- Cost of Government – The operating millage rate of 1 mill is statutorily set and cannot be changed without a referendum. At this time the City has chosen not to charge this millage rate and as part of the financial strategic plan, the government is committed to franchise and business taxes, to facilitate the provision of city services.
- Infrastructure Improvements – The City provided substantial capital funding to continue the work started in prior years to begin to address a significant backlog of existing infrastructure deficiencies. Funding was allocated for repaving program, intersection improvements, buildings, machinery and equipment, roadways, sidewalks, equipment and signs.
- Economy Impact – The City's revenues and expenditures were implemented with a conservative approach to reflect the economic conditions that are expected to continue through 2018.
- The City restricts the use of one-time revenues to capital projects.

Requests for Information

This financial report is designed to provide a general overview of the City of Peachtree Corners' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, City of Peachtree Corners, 147 Technology Parkway, Peachtree Corners, Georgia, 30092, or by calling 678-691-1200.

CITY OF PEACHTREE CORNERS, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2017**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,975,433	\$ 1,056,439	\$ 28,031,872
Land held for resale	5,384,102	-	5,384,102
Accounts receivable	291,294	6,022	297,316
Prepays	70,787	-	70,787
Due from other governments	1,079,737	-	1,079,737
Internal balances	1,258	(1,258)	-
Capital assets:			
Nondepreciable	2,234,373	-	2,234,373
Depreciable, net of accumulated depreciation	19,911,513	-	19,911,513
 Total assets	 <u>55,948,497</u>	 <u>1,061,203</u>	 <u>57,009,700</u>
LIABILITIES			
Accounts payable	1,120,941	101,920	1,222,861
Accrued liabilities	43,102	-	43,102
Unearned revenue	-	655,676	655,676
Compensated absences due within one year	20,742	-	20,742
Compensated absences due in more than one year	48,397	-	48,397
Certificate of participation due in more than one year	8,000,000	-	8,000,000
 Total liabilities	 <u>9,233,182</u>	 <u>757,596</u>	 <u>9,990,778</u>
NET POSITION			
Net investment in capital assets	21,123,608	-	21,123,608
Restricted for:			
Capital projects	19,757,256	-	19,757,256
Unrestricted	5,834,451	303,607	6,138,058
 Total net position	 <u>\$ 46,715,315</u>	 <u>\$ 303,607</u>	 <u>\$ 47,018,922</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,605,719	\$ 530,939	\$ 40,841	\$ -	\$ (2,033,939)	\$ -	\$ (2,033,939)
Public works	2,624,129	-	-	6,442,363	3,818,234	-	3,818,234
Community development	2,036,045	744,185	-	-	(1,291,860)	-	(1,291,860)
Interest on long-term debt	348,795	-	-	-	(348,795)	-	(348,795)
Total governmental activities	7,614,688	1,275,124	40,841	6,442,363	143,640	-	143,640
Business-type activities:							
Solid waste	1,228,517	1,317,284	-	-	-	88,767	88,767
Total business-type activities	1,228,517	1,317,284	-	-	-	88,767	88,767
Total primary government	\$ 8,843,205	\$ 2,592,408	\$ 40,841	\$ 6,442,363	143,640	88,767	232,407
General revenues:							
Property taxes					849,532	-	849,532
Franchise taxes					3,220,188	-	3,220,188
Business taxes					2,606,672	-	2,606,672
Other taxes					2,741,913	-	2,741,913
Investment income					180,353	-	180,353
Miscellaneous					270,603	-	270,603
Total general revenues					9,869,261	-	9,869,261
Change in net position					10,012,901	88,767	10,101,668
Net position, beginning of year, restated					36,702,414	214,840	36,917,254
Net position, end of year					\$ 46,715,315	\$ 303,607	\$ 47,018,922

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

CITY OF PEACHTREE CORNERS, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

ASSETS	General Fund	SPLOST Fund	Downtown Development Authority	Total Governmental Funds
Cash and cash equivalents	\$ 7,603,653	\$ 5,371,411	\$ 14,000,369	\$ 26,975,433
Accounts receivable	291,294	-	-	291,294
Land held for resale	-	-	5,384,102	5,384,102
Due from other funds	5,212	-	-	5,212
Due from other governments	-	1,079,737	-	1,079,737
Prepaid items	66,833	-	3,954	70,787
Total assets	<u>\$ 7,966,992</u>	<u>\$ 6,451,148</u>	<u>\$ 19,388,425</u>	<u>\$ 33,806,565</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 430,634	\$ 690,307	\$ -	\$ 1,120,941
Due to other funds	-	-	3,954	3,954
Total liabilities	<u>430,634</u>	<u>690,307</u>	<u>3,954</u>	<u>1,124,895</u>
FUND BALANCE				
Fund balance:				
Nonspendable:				
Prepays	66,833	-	3,954	70,787
Restricted:				
Capital projects	-	5,760,841	13,996,415	19,757,256
Assigned:				
Capital projects	-	-	5,384,102	5,384,102
Unassigned	7,469,525	-	-	7,469,525
Total fund balance	<u>7,536,358</u>	<u>5,760,841</u>	<u>19,384,471</u>	<u>32,681,670</u>
Total liabilities and fund balance	<u>\$ 7,966,992</u>	<u>\$ 6,451,148</u>	<u>\$ 19,388,425</u>	
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.				22,145,886
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				<u>(8,112,241)</u>
Net position of governmental activities				<u>\$ 46,715,315</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

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

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>Downtown Development Authority</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 849,532	\$ -	\$ -	\$ 849,532
Franchise taxes	3,220,188	-	-	3,220,188
Insurance Premium Taxes	2,372,424	-	-	2,372,424
Business taxes	2,606,672	-	-	2,606,672
Other taxes	369,489	-	-	369,489
Licenses and permits	1,270,861	-	-	1,270,861
Fines and forfeitures	4,263	-	-	4,263
Intergovernmental	40,841	6,435,913	-	6,476,754
Investment income	1,101	6,450	179,252	186,803
Miscellaneous income	-	-	270,603	270,603
Total revenues	<u>10,735,371</u>	<u>6,442,363</u>	<u>449,855</u>	<u>17,627,589</u>
Expenditures:				
Current:				
General government	9,082,273	-	-	9,082,273
Public works	1,939,000	-	-	1,939,000
Community development	1,614,909	-	421,136	2,036,045
Capital outlay	-	2,599,912	-	2,599,912
Debt service:				
Interest and issuance costs	70,310	-	235,383	305,693
Total expenditures	<u>12,706,492</u>	<u>2,599,912</u>	<u>656,519</u>	<u>15,962,923</u>
Excess (deficiency) of revenues over expenditures	(1,971,121)	3,842,451	(206,664)	1,664,666
Other financing sources (uses):				
Transfers in	-	-	19,552,648	19,552,648
Transfers out	(11,228,058)	(8,324,590)	-	(19,552,648)
Proceeds from certificate of participation	8,000,000	-	-	8,000,000
Total other financing sources (uses)	<u>(3,228,058)</u>	<u>(8,324,590)</u>	<u>19,552,648</u>	<u>8,000,000</u>
Net change in fund balances	(5,199,179)	(4,482,139)	19,345,984	9,664,666
Fund balances, beginning of year, as restated	<u>12,735,537</u>	<u>10,242,980</u>	<u>38,487</u>	<u>23,017,004</u>
Fund balances, end of year	<u>\$ 7,536,358</u>	<u>\$ 5,760,841</u>	<u>\$ 19,384,471</u>	<u>\$ 32,681,670</u>

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

CITY OF PEACHTREE CORNERS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR 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	\$	9,664,666
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.		5,208,373
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 net effect of these differences in the treatment of long-term debt and related items.		(4,846,711)
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.		<u>(13,427)</u>
Change in net position - governmental activities	\$	<u><u>10,012,901</u></u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2017

ASSETS	Solid Waste Fund
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,056,439
Accounts receivable, net of allowances	6,022
	<hr/>
Total assets	1,062,461
	<hr/>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	101,920
Due to other funds	1,258
Unearned revenue	655,676
	<hr/>
Total liabilities	758,854
	<hr/>
NET POSITION	
Unrestricted	303,607
Total net position	\$ 303,607
	<hr/> <hr/>

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

CITY OF PEACHTREE CORNERS, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Solid Waste Fund
OPERATING REVENUES	
Charges for sales and services	\$ 1,317,284
Total operating revenues	<u>1,317,284</u>
OPERATING EXPENSES	
Contractual services	<u>1,228,517</u>
Total operating expenses	<u>1,228,517</u>
Change in net position	88,767
Net position, beginning of year	<u>214,840</u>
Net position, end of year	<u><u>\$ 303,607</u></u>

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

CITY OF PEACHTREE CORNERS, GEORGIA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2017

	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,315,724
Payments to suppliers	(1,229,899)
Net cash provided by operating activities	85,825
Net increase in cash and cash equivalents	85,825
Cash and cash equivalents, beginning of year	970,614
Cash and cash equivalents, end of year	\$ 1,056,439
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 88,767
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(3,163)
Decrease in accounts payable	(1,382)
Increase in due to other funds	1,258
Increase in unearned revenue	345
Net cash provided by operating activities	\$ 85,825

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

CITY OF PEACHTREE CORNERS, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Peachtree Corners, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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 in 2012, operates under a charter adopted July 1, 2012, as a municipal corporation governed by an elected mayor and a six-member council. The government provides such services as code enforcement, building and zoning, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City has a significant financial and operational relationship. The blended component unit is reported as if it is a part of the City because its sole purpose is to provide services to the City. Separate financial statements are not prepared for this component unit.

The Downtown Development Authority of the City of Peachtree Corners (the “DDA”) has been included as a blended component unit in the accompanying financial statements. Although it is legally separate from the City, it is reported as a capital project fund type in the City’s financial statements. A voting majority of the DDA’s governing body is appointed by the City. The DDA does not have the power to levy taxes or determine its own aggregate budget without the approval of the City, and the sole purpose of the DDA is to construct certain City facilities and to account for their subsequent activities. Financial information with regard to the component unit can be obtained from the DDA’s administrative offices at 147 Technology Parkway NW, Suite 200, Peachtree Corners, Georgia 30092. Separate financial statements for the DDA are not prepared.

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 and its component unit. Government-wide financial statements do not provide information by fund, but distinguish between the City’s governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position will include 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. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

NOTES TO FINANCIAL STATEMENTS

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 segments 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 the proprietary fund. 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 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 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. As such, property tax revenues are recognized in the current fiscal year for the previous tax year's levy. For tax year 2016, the City levied taxes using a zero millage rate. 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 property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 180 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 long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, sales taxes, franchise taxes, business taxes, and licenses and permits 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 if availability criteria are met. 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.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise 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.

The **Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2014 and 2017 Special Purpose Local Option Sales Tax agreement.

The **Downtown Development Authority Fund (DDA)** accounts for the land held for resale and the capital improvements to land. Its sole purpose is to provide services to the City.

The City reports the following major enterprise fund:

The **Solid Waste Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables and yard waste. Activity is rendered on a user charge basis.

In accounting and reporting for its proprietary operations, the City applies all GASB pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. Budgets

Formal budgetary accounting is employed as a management control device for the funds of the City. The governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual operating budget is adopted each fiscal year through passage of an annual budget ordinance and amended as required for the general fund. A project length budget is adopted for capital projects funds. During the fiscal period ended June 30, 2017, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedule. All appropriations lapse at fiscal year end. The City does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Investments in land held for resale are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of investment income.

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 and business-type 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.

I. Capital Assets

Capital assets, which include infrastructure and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$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 acquisition value at the date of donation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives is not capitalized.

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

Furniture	7 years
Software	7 years
Buildings	30 years
Infrastructure	20-100 years

Fully depreciated assets still in service are carried in the capital asset accounts.

J. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has no items that qualify for reporting in this category.

K. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

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 accrued and amortized over the terms of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

M. 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 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 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, also through a resolution.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (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 authority to assign fund balances remains with the City Council.
- **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.

The City’s policy is to maintain a minimum General Fund balance reserve equal to 25% of expenditures.

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

Net Position – Net position represents the difference between assets and deferred outflows of resources and 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.

N. 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.

NOTES TO FINANCIAL STATEMENTS

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 \$8,112,241 difference are as follows:

Certificate of participation	\$ (8,000,000)
Accrued interest	(43,102)
Compensated absences	<u>(69,139)</u>
Net adjustment to decrease fund balance - <i>total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (8,112,241)</u>

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 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 \$5,208,373 difference are as follows:

Capital outlay	\$ 5,959,832
Depreciation expense	<u>(751,459)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 5,208,373</u>

NOTES TO FINANCIAL STATEMENTS

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 (Continued)

Another element of the reconciliation states that “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.” The details of this \$4,846,711 are as follows:

Proceeds from issuance of certificates of participation	\$ (8,000,000)
Payment of non-exchange financial guarantee payable	<u>3,153,289</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (4,846,711)</u></u>

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 governmental funds.” The details of this \$13,427 difference are as follows:

Compensated absences	\$ 29,675
Accrued interest	<u>(43,102)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u><u>\$ (13,427)</u></u>

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

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 the approval of the City Council. 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 resolution.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess Expenditures Over Appropriations

For the period ended June 30, 2017 expenditures of the General Administration, Financial Administration, and General Buildings and Ground exceeded their appropriations by \$18,800, \$4,433 and \$58,303, respectively. The excess of expenditures over budget were primarily funded by greater than anticipated revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

The DDA reports land held for resale at the fair market value of \$5,384,102.

Fair Value Measurements: The City categorizes its fair value measurements 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 are significant unobservable inputs.

The fair value of the real estate held for resale by the DDA classified as Level 2 of the fair value hierarchy is valued using the sales price received for a portion of the land held for resale sold by the City in February 2017.

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 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2017, the City had deposits at a local financial institution that was uninsured and under-collateralized by approximately \$476,000, as defined by State statutes.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The City contracts with Gwinnett County to bill and collect property taxes. The taxes, if billed, would be due in a single installment on October 15 based on the assessed value of property as listed on the previous January 1 and were due 60 days following the billing date each year. Property taxes are recorded as receivables and unavailable revenues when levied as they are intended to fund that fiscal year. Revenues are recognized when available. The City elected not to bill any taxes on real property for the fiscal year ended June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

Receivables at June 30, 2017, for the City's individual major funds, including any applicable allowances for uncollectible accounts are as follows:

	General	SPLOST	Solid Waste
Receivables:			
Accounts	\$ 291,294	\$ -	\$ 68,220
Other governments	-	1,079,737	-
Less allowance for uncollectible	-	-	62,198
Net total receivable	\$ 291,294	\$ 1,079,737	\$ 6,022

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Nondepreciable capital assets:					
Land	\$ -	\$ 1,022,278	\$ -	\$ -	\$ 1,022,278
Construction in progress	679,477	1,091,843	-	(559,225)	1,212,095
Total	679,477	2,114,121	-	(559,225)	2,234,373
Capital assets, being depreciated:					
Machinery and equipment	304,929	-	-	559,225	864,154
Buildings	-	3,845,711	-	-	3,845,711
Infrastructure	17,730,303	-	-	-	17,730,303
Total	18,035,232	3,845,711	-	559,225	22,440,168
Less accumulated depreciation for:					
Machinery and equipment	(110,976)	(44,965)	-	-	(155,941)
Buildings	-	(21,365)	-	-	(21,365)
Infrastructure	(1,666,220)	(685,129)	-	-	(2,351,349)
Total	(1,777,196)	(751,459)	-	-	(2,528,655)
Total capital assets being depreciated, net	16,258,036	3,094,252	-	559,225	19,911,513
Governmental activities capital assets, net	\$ 16,937,513	\$ 5,208,373	\$ -	\$ -	\$ 22,145,886

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

Governmental activities:	
General government	\$ 66,330
Public works	685,129
Total depreciation expense - governmental activities	\$ 751,459

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following is a summary of long-term debt activity for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Non-exchange financial guarantee payable	\$ 3,153,289	\$ -	\$ (3,153,289)	\$ -	\$ -
Certificates of participation	-	8,000,000	-	8,000,000	-
Compensated absences	98,814	63,609	(93,284)	69,139	20,742
Governmental activity Long-term liabilities	<u>\$ 3,252,103</u>	<u>\$ 8,063,609</u>	<u>\$ (3,246,573)</u>	<u>\$ 8,069,139</u>	<u>\$ 20,742</u>

For governmental activities, the compensated absences are expected to be liquidated by the General Fund. During the fiscal year ended June 30, 2017, the City satisfied the nonexchange financial guarantee payable by paying the remaining outstanding debt on behalf of the Downtown Development Authority. The City has no remaining outstanding nonexchange financial guarantee payable at June 30, 2017.

Certificates of Participation

In May 2017, the Georgia Municipal Association issued Certificates of Participation on behalf of the City in the amount of \$8,000,000, (Series 2017A, \$5,095,000) and (Series 2017B, \$2,905,000). The proceeds from the certificates will be used to finance the construction and renovations of the City's new City Hall building. Interest rates vary (2.75% for Series 2017A and 4.23% for Series 2017B) and payments are due on January 1 and July 1 of each year until maturity (maturity dates for Series 2017A is July 1, 2032 and July 1, 2023 for Series 2017B). The debt service requirements to maturity are as follows:

Fiscal year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 172,407	\$ 172,407
2019	555,000	251,256	806,256
2020	430,000	230,423	660,423
2021	450,000	211,811	661,811
2022	470,000	192,353	662,353
2023-2027	2,440,000	689,248	3,129,248
2028-2032	3,005,000	300,369	3,305,369
2033	650,000	8,937	658,937
	<u>\$ 8,000,000</u>	<u>\$ 2,056,804</u>	<u>\$ 10,056,804</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Short-Term Notes Payable

The following is a summary of short-term notes payable activity of the DDA for the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance
Notes payable	\$ 11,500,000	\$ -	\$ (11,500,000)	\$ -

NOTE 8. OPERATING LEASES

The leases for the City Hall building and office facilities are under non-cancelable operating leases. The City has also entered into an operating lease for copiers. Total costs for these leases were \$115,466 for the fiscal year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending June 30,		
2018		\$ 86,790
2019		6,312
2020		6,312
2021		6,312
2022		1,578
Total		\$ 107,304

NOTES TO FINANCIAL STATEMENTS

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of due to/from other funds as of June 30, 2017 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 1,258
General Fund	Downtown Development Authority	3,954
		\$ 5,212

The interfund balance between the General Fund and Downtown Development Authority is the result of disbursements paid by the General Fund on behalf of the Downtown Development Authority that have not been reimbursed as of June 30, 2017. Additionally, the Solid Waste Fund transfers money it collects on behalf of the City to the General Fund for street lights charges. This interfund balance is due to the timing of year end and the actual payments and receipts between these two funds.

The composition of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Downtown Development Authority	\$ 11,228,058
SPLOST Fund	Downtown Development Authority	8,324,590
		\$ 19,552,648

Transfers are used to move funds from the General Fund to the Downtown Development Authority Fund to adequately meet the expenditures of the Downtown Development Authority Fund and provide funding for capital projects being constructed for the City. Transfers are also used to move funds from the SPLOST Fund to the Downtown Development Authority Fund to fund the capital outlay for a capital project, noted in the voter approved 2014 SPLOST referendum, being constructed by the Downtown Development Authority for the City.

NOTE 10. COMMITMENTS AND CONTINGENT LIABILITIES

The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, in the opinion of management and legal counsel, the resolution of this matter will not have a material adverse effect on the financial condition of the City.

The City has entered into several public/private contractual partnerships for outsourced services and operations. Through these contracts with the private companies, an array of operational services is provided via outsourcing. These contracts are operating contracts for which the City is continually monitoring its outsourcing needs as compared to the cost of providing these services in-house. Currently, the cost of these contracts is approximately \$3,264,549 annually. The total is derived from the following contracts CH2MHill \$2,137,150, Charles Abbot Associates \$381,486, Optech \$645,753, TerraMark \$51,648, and Sophicity \$48,512. The contract with Charles Abbott Associates (CAA) is based on CAA receiving 68% of all building fees collected.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. DEFINED CONTRIBUTION RETIREMENT PLAN

The City of Peachtree Corners' defined contribution retirement plan is a single employer defined contribution plan established and administered by the Georgia Municipal Association ("GMA") for all City employees. At June 30, 2017, there were 5 plan members. The City contributes 12% of eligible employees' base salary and matches 100% for each dollar of employee contributions up to 5% of the employee's salary. Employees are not required to contribute to the Plan. Employees are eligible and fully vested immediately upon entering the Plan. Plan provisions and contribution requirements are established and may be amended by the City's Council. For the fiscal year ending June 30, 2017, contributions to the Plan were \$90,822 by the employees and \$80,755 by the City.

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 Gwinnett County has paid on behalf of the City of Peachtree Corners. 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.

NOTE 13. 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 carries commercial insurance for these risks of losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the past three years.

NOTES TO FINANCIAL STATEMENTS

NOTE 14. CHANGE IN REPORTING ENTITY

The City has determined a restatement of the net position of governmental activities and the discretely presented component unit, the Downtown Development Authority, was required to recognize the change in reporting entity for the recognition of the Downtown Development Authority as a blended component unit instead of a discretely presented component unit, effective for the fiscal year beginning July 1, 2016. For the year ended June 30, 2016 the Downtown Development Authority Fund activity was reported as a discretely presented component unit; however, due to the activity of the DDA changing to become solely for the purpose of providing services to the City, the City has determined the DDA should be reported as a blended component unit.

Primary Government:

Net Position, governmental activities as previously reported	\$ 36,663,927
Change in reporting entity, moving assets and liabilities	38,487
Beginning net position, governmental activities, as restated	\$ 36,702,414

Blended Component Unit:

Fund Balance, Downtown Development Authority, previously reported (modified accrual)	\$ -
Change in reporting entity, moving assets and liabilities	38,487
Beginning fund balance, as restated (modified accrual)	\$ 38,487

Discretely Presented Component Unit:

Net Position, Downtown Development Authority, as previously reported (full accrual basis)	\$ 38,487
Change in reporting entity, moving assets and liabilities	(38,487)
Beginning net position, as restated (full accrual)	\$ -

Discretely Presented Component Unit:

Fund Balance, Downtown Development Authority, as previously reported (modified accrual basis)	\$ 38,487
Change in reporting entity, moving assets and liabilities	(38,487)
Beginning fund balance, as restated (modified accrual)	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PEACHTREE CORNERS, GEORGIA

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Property taxes	\$ 1,000,000	\$ 736,800	\$ 849,532	\$ 112,732
Franchise taxes	2,700,000	3,000,000	3,220,188	220,188
Business taxes	2,300,000	2,571,000	2,606,672	35,672
Insurance premium taxes	2,150,000	2,372,423	2,372,424	1
Other taxes	309,000	348,000	369,489	21,489
Licenses and permits	875,000	1,146,180	1,270,861	124,681
Fines and forfeitures	10,000	4,200	4,263	63
Intergovernmental	-	9,160	40,841	31,681
Investment income	2,000	800	1,101	301
Total revenues	<u>9,346,000</u>	<u>10,188,563</u>	<u>10,735,371</u>	<u>546,808</u>
Expenditures:				
Current:				
General government:				
Legislative	112,216	112,759	97,677	15,082
Executive	294,933	525,928	521,402	4,526
City clerk	299,360	263,101	249,795	13,306
General administration	1,429,300	1,179,900	1,198,700	(18,800)
Financial administration	275,000	275,696	280,129	(4,433)
Legal	225,000	235,000	202,295	32,705
General buildings and ground	733,000	5,504,679	5,562,983	(58,304)
Code enforcement	622,700	622,700	588,441	34,259
Public information	386,153	386,153	380,851	5,302
Total general government	<u>4,377,662</u>	<u>9,105,916</u>	<u>9,082,273</u>	<u>23,643</u>
Public Works	<u>1,889,700</u>	<u>2,045,957</u>	<u>1,939,000</u>	<u>106,957</u>
Community development				
Community development	1,268,157	1,004,801	995,700	9,101
Protective inspection administration	340,000	403,255	401,742	1,513
Planning and zoning	220,000	220,000	217,467	2,533
Total community development	<u>1,828,157</u>	<u>1,628,056</u>	<u>1,614,909</u>	<u>13,147</u>
Debt service:				
Interest	-	70,310	70,310	-
Total debt service	<u>-</u>	<u>70,310</u>	<u>70,310</u>	<u>-</u>
Total expenditures	<u>8,095,519</u>	<u>12,850,239</u>	<u>12,706,492</u>	<u>143,747</u>
Other financing sources (uses):				
Transfers out	(1,250,000)	(6,900,000)	(11,228,058)	(4,328,058)
Issuance of certificates of participation	-	8,000,000	8,000,000	-
Total other financing sources (uses)	<u>(1,250,000)</u>	<u>1,100,000</u>	<u>(3,228,058)</u>	<u>(4,328,058)</u>
Net change in fund balance	481	(1,561,676)	(5,199,179)	(3,637,503)
Fund balance, beginning of year	<u>12,735,537</u>	<u>12,735,537</u>	<u>12,735,537</u>	<u>-</u>
Fund balance, end of year	<u>\$ 12,736,018</u>	<u>\$ 11,173,861</u>	<u>\$ 7,536,358</u>	<u>\$ (3,637,503)</u>

Note: See footnotes 1 and 3 of the basic financial statements for budgetary policies.

SUPPLEMENTARY INFORMATION

CITY OF PEACHTREE CORNERS, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2017

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2014 SPLOST Program:					
Transportation Projects	\$ 19,970,315	\$ 19,970,315	\$ 3,698,408	10,924,502	\$ 14,622,910
Transfers to Development Authority for approved SPLOST capital projects				(8,324,590)	
Total 2014 SPLOST Fund expenditures for the year ended June 30, 2017				<u>\$ 2,599,912</u>	
2017 SPLOST Program:					
Transportation Projects	\$ 37,557,816	\$ 37,557,816	\$ -	-	\$ -
Total 2017 SPLOST Fund expenditures for the year ended June 30, 2017				<u>\$ -</u>	
Total SPLOST Fund expenditures for the year ended June 30, 2017				<u>\$ 2,599,912</u>	

STATISTICAL SECTION

This part of the City of Peachtree Corners' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends..... **40**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **44**

These schedules contain information to help the reader assess the City's most significant local revenue source, franchise taxes.

Because the City has a zero millage rate, no property taxes were levied or collected. Therefore, the schedules for Principal Property Taxpayers and Property Tax Levies and Collections are not applicable. Franchise taxes is the City's largest own-source revenue.

Debt Capacity **46**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information..... **48**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **51**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City's first year of incorporation was 2013; schedules presented include information beginning in that year.

CITY OF PEACHTREE CORNERS, GEORGIA

NET POSITION BY COMPONENT LAST FIVE FISCAL YEARS (accrual basis of accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Governmental activities:					
Net investment in capital assets	\$ 21,123,608	\$ 16,937,513	\$ 16,964,506	\$ 17,617,500 (1)	\$ 73,355
Restricted	19,757,256	10,242,980	6,153,466	1,679,194	-
Unrestricted	5,834,451	9,483,434	6,151,991	7,299,535	3,466,350
Total governmental activities net position	<u>\$ 46,715,315</u>	<u>\$ 36,663,927</u>	<u>\$ 29,269,963</u>	<u>\$ 26,596,229</u>	<u>\$ 3,539,705</u>
Business-type activities:					
Unrestricted	\$ 303,607	\$ 214,840	\$ 152,285	\$ 31,984	\$ -
Total business-type activities net position	<u>\$ 303,607</u>	<u>\$ 214,840</u>	<u>\$ 152,285</u>	<u>\$ 31,984</u>	<u>\$ -</u>
Primary government:					
Net investment in capital assets	\$ 21,123,608	\$ 16,937,513	\$ 16,964,506	\$ 17,617,500	\$ 73,355
Restricted	19,757,256	10,242,980	6,153,466	1,679,194	-
Unrestricted	6,138,058	9,698,274	6,304,276	7,331,519	3,466,350
Total primary government net assets	<u>\$ 47,018,922</u>	<u>\$ 36,878,767</u>	<u>\$ 29,422,248</u>	<u>\$ 26,628,213</u>	<u>\$ 3,539,705</u>

Note: Fiscal year 2013 was the City's first full year of operation.

(1) In 2014 the City added approximately \$17,730,000 of previously unrecorded infrastructure.

CITY OF PEACHTREE CORNERS, GEORGIA

**CHANGES IN NET POSITION
LAST FIVE FISCAL YEARS
(accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses					
Governmental activities:					
General government	\$ 2,605,719	\$ 3,902,482	\$ 4,903,523	\$ 2,495,125	\$ 1,054,211
Public works	2,624,129	3,741,601	3,415,879	618,244	-
Housing and development	2,036,045	1,504,682	4,873,257	968,196	608,330
Interest on long-term debt	348,795	318	958	1,523	1,993
Total governmental activities expenses	<u>7,614,688</u>	<u>9,149,083</u>	<u>13,193,617</u>	<u>4,083,088</u>	<u>1,664,534</u>
Business-type activities:					
Solid waste	1,228,517	1,237,324	1,157,119	616,337	307,081
Total business-type activities expenses	<u>1,228,517</u>	<u>1,237,324</u>	<u>1,157,119</u>	<u>616,337</u>	<u>307,081</u>
Total primary government expenses	<u>\$ 8,843,205</u>	<u>\$ 10,386,407</u>	<u>\$ 14,350,736</u>	<u>\$ 4,699,425</u>	<u>\$ 1,971,615</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 530,939	\$ 404,620	\$ 371,106	\$ 330,275	\$ 122,323
Housing and development	744,185	655,604	618,159	627,142	201,449
Operating grants and contributions	40,841	50,500	131,610	16,252	128,785
Capital grants and contributions	6,442,363	6,196,928	6,065,266	1,550,469	-
Total governmental activities program revenues	<u>7,758,328</u>	<u>7,307,652</u>	<u>7,186,141</u>	<u>2,524,138</u>	<u>452,557</u>
Business-type activities:					
Charges for services:					
Solid waste	1,317,284	1,299,879	1,275,180	647,278	-
Total business-type activities program revenues	<u>1,317,284</u>	<u>1,299,879</u>	<u>1,275,180</u>	<u>647,278</u>	<u>-</u>
Total program revenues	<u>\$ 9,075,612</u>	<u>\$ 8,607,531</u>	<u>\$ 8,461,321</u>	<u>\$ 3,171,416</u>	<u>\$ 452,557</u>
Net (expense)/revenue					
Governmental activities	\$ 143,640	\$ (1,841,431)	\$ (6,007,476)	\$ (1,558,950)	\$ (1,211,977)
Business-type activities	88,767	62,555	118,061	30,941	(307,081)
Total primary government	<u>\$ 232,407</u>	<u>\$ (1,778,876)</u>	<u>\$ (5,889,415)</u>	<u>\$ (1,528,009)</u>	<u>\$ (1,519,058)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 849,532	\$ 1,056,930	\$ 756,524	\$ 660,859	\$ 2,004,463
Franchise taxes	3,220,188	3,053,324	3,028,563	3,281,768	361,907
Business taxes	2,606,672	2,567,228	2,396,689	2,451,150	2,245,322
Other taxes	2,741,913	2,555,514	2,495,463	482,579	139,673
Investment income	180,353	2,399	3,971	8,815	211
Miscellaneous revenues	270,603	-	-	-	106
Special item - donation of infrastructure at incorporation	-	-	-	17,730,303	-
Total governmental activities	<u>9,869,261</u>	<u>9,235,395</u>	<u>8,681,210</u>	<u>24,615,474</u>	<u>4,751,682</u>
Business-type activities:					
Investment income	-	-	2,240	1,043	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>2,240</u>	<u>1,043</u>	<u>-</u>
Total primary government	<u>\$ 9,869,261</u>	<u>\$ 9,235,395</u>	<u>\$ 8,683,450</u>	<u>\$ 24,616,517</u>	<u>\$ 4,751,682</u>
Change in Net Position					
Governmental activities	\$ 10,012,901	\$ 7,393,964	\$ 2,673,734	\$ 23,056,524	\$ 3,539,705
Business-type activities	88,767	62,555	120,301	31,984	(307,081)
Total primary government	<u>\$ 10,101,668</u>	<u>\$ 7,456,519</u>	<u>\$ 2,794,035</u>	<u>\$ 23,088,508</u>	<u>\$ 3,232,624</u>

CITY OF PEACHTREE CORNERS, GEORGIA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund					
Nonspendable - Prepaids	\$ 66,833	\$ 23,069	\$ 22,176	\$ 15,071	\$ 3,398
Unassigned	<u>7,469,525</u>	<u>12,712,468</u>	<u>9,362,173</u>	<u>7,343,335</u>	<u>3,490,383</u>
Total general fund	<u>\$ 7,536,358</u>	<u>\$ 12,735,537</u>	<u>\$ 9,384,349</u>	<u>\$ 7,358,406</u>	<u>\$ 3,493,781</u>
All Other Governmental Funds					
Nonspendable:					
Prepaids	\$ 3,954	\$ -	\$ -	\$ -	\$ -
Restricted:					
Capital projects funds	19,757,256	10,242,980	6,153,466	1,679,194	-
Assigned:					
Capital projects funds	5,384,102 (1)	-	-	-	-
Total all other governmental funds	<u>\$ 25,145,312</u>	<u>\$ 10,242,980</u>	<u>\$ 6,153,466</u>	<u>\$ 1,679,194</u>	<u>\$ -</u>

(1) - Beginning in fiscal year 2017, the Downtown Development Authority was reported as a blended component unit.

CITY OF PEACHTREE CORNERS, GEORGIA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues					
Taxes	\$ 9,418,305	\$ 9,232,996	\$ 8,677,239	\$ 6,880,381	\$ 4,747,340
Licenses and permits	1,270,861	1,051,717	982,359	942,425	323,772
Intergovernmental	6,476,754	6,246,928	6,170,876	1,566,721	128,785
Fines and forfeitures	4,263	8,507	6,906	14,992	-
Contributions	-	500	26,000	-	-
Investment income	186,803	2,399	3,971	8,815	211
Miscellaneous	270,603	-	-	-	106
Total revenues	<u>17,627,589</u>	<u>16,543,047</u>	<u>15,867,351</u>	<u>9,413,334</u>	<u>5,200,214</u>
Expenditures					
Current:					
General government	9,082,273 (1)	3,837,772	4,867,436	2,610,537	1,117,524
Public works	1,939,000	1,647,176	2,773,950	285,000	-
Housing and development	2,036,045	1,504,682	1,719,968	968,196	600,982
Capital outlay	2,599,912	2,107,414	-	-	-
Debt service:					
Principal	-	4,983	4,824	4,259	332
Interest	305,693	318	958	1,523	1,993
Total expenditures	<u>15,962,923</u>	<u>9,102,345</u>	<u>9,367,136</u>	<u>3,869,515</u>	<u>1,720,831</u>
Excess of revenues over expenditures	<u>1,664,666</u>	<u>7,440,702</u>	<u>6,500,215</u>	<u>5,543,819</u>	<u>3,479,383</u>
Other Financing Sources (Uses)					
Issuance of long term debt	8,000,000	-	-	-	14,398
Transfers in	19,552,648	-	-	128,725	-
Transfers out	<u>(19,552,648)</u>	-	-	<u>(128,725)</u>	-
Total other financing sources (uses)	<u>8,000,000</u>	-	-	-	14,398
Net change in fund balances	<u>\$ 9,664,666</u>	<u>\$ 7,440,702</u>	<u>\$ 6,500,215</u>	<u>\$ 5,543,819</u>	<u>\$ 3,493,781</u>
Debt service as a percentage of noncapital expenditures	3.1%	0.1%	0.1%	0.2%	0.1%

(1) Increase compared to prior year is due to the real estate acquisition for the future site of city hall

CITY OF PEACHTREE CORNERS, GEORGIA

**PRINCIPAL FRANCHISE TAXPAYERS
CURRENT AND FOUR YEARS AGO**

Franchise Taxpayer	2017			2013		
	Revenue	Rank	Percentage of Total Revenue	Revenue	Rank	Percentage of Total Revenue
Georgia Power	\$ 2,141,317	1	66.50 %	\$ 314,833	1	87.83 %
Comcast	378,591	2	11.76			
Atlanta Gas Light	376,518	3	11.69			
Bellsouth	200,293	4	6.22			
Waste Management	51,766	5	1.61	21,827	2	6.09
Republic Services	40,321	6	1.25	20,997	3	5.86
Advanced Disposal	21,462	7	0.67			
Waste Pro of Georgia	6,432	8	0.20			
American Disposal Service of Georgia	2,735	9	0.08	814	4	0.23
Google	510	10	0.02			
Totals	<u>\$ 3,219,944</u>			<u>\$ 358,472</u>		

Source: Peachtree Corners Finance Department

Note: FY2013 is the first year the City had a full year of franchise operations.

CITY OF PEACHTREE CORNERS, GEORGIA

**FRANCHISE TAX RATES
LAST FIVE CALENDAR YEARS**

Calendar Year	Telecommunication	Cable	Electric	Solid Waste
2013	3%	5%	3%	5%
2014	3%	5%	3%	5%
2015	3%	5%	3%	5%
2016	3%	5%	3%	5%
2017	3%	5%	3%	5%

Source: Peachtree Corners Finance Department

Note: All rates are charged on the gross revenue collected by the franchisee

CITY OF PEACHTREE CORNERS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST FIVE FISCAL YEARS

Fiscal Period Ended June 30,	Governmental Activities			Percentage of Personal Income (1)	Per Capita (1)
	Notes Payable	Capital Lease Payable	Total		
2013	\$ -	\$ 14,066	\$ 14,066	0.02 %	\$ 0.37
2014	-	9,807	9,807	0.02	0.26
2015	-	4,983	4,983	0.01	0.13
2016	3,153,289	-	3,153,289	4.83	73.72
2017	8,000,000	-	8,000,000	12.25	187.03

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF PEACHTREE CORNERS, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT as of June 30, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Overlapping debt			
Gwinnett County GO Bonds, Leases Payable ⁽¹⁾	\$ 93,858,000	7 %	\$ 6,570,060
Gwinnett County Board of Education GO Bonds, Certificates of Participation ⁽²⁾	<u>1,313,326,366</u>	7 %	<u>91,932,846</u>
Total overlapping debt	<u>1,407,184,366</u>		<u>98,502,906</u>
City of Peachtree Corners direct debt	<u>8,000,000</u>	100 %	<u>8,000,000</u>
Total direct and overlapping debt	<u>\$ 1,415,184,366</u>		<u>\$ 106,502,906</u>

(1) Gwinnett County Comprehensive Annual Financial Report for December 31, 2016

(2) Gwinnett County Board of Education Comprehensive Annual Financial Report for June 30, 2016

Assessed value data used to estimate applicable percentages provided by the State Department of Revenue.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and, therefore, responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

CITY OF PEACHTREE CORNERS, GEORGIA

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST FIVE FISCAL YEARS**

Fiscal Period	Population (1)	Personal Income (amounts expressed in thousands) (1)	Per Capita Personal Income (1)	Median Age (1)	School Enrollment (2)	Unemployment Rate (3)
2013	38,006	\$ 65,319	\$ 1,719	33.2	4,230	2.2 %
2014	38,006	65,319	1,719	38.6	4,272	4.3
2015	38,006	65,319	1,719	37.9	4,189	5.4
2016	42,773	65,319	1,527	35.2	3,371	2.6
2017	42,773	65,319	1,527	34.8	3,317	4.0

(1) Source: U. S. Bureau of Labor Statistics

(2) Source: Gwinnett County Board of Education

(3) Bureau of Labor Statistics July, 2017

Note: 2017 population, per capita, and personal income are estimates based on past regional trends.

Note: School enrollment is based on beginning of school year.

CITY OF PEACHTREE CORNERS, GEORGIA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND FOUR YEARS AGO**

Employer	2017			2013		
	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
The Network Inc.	1,050	1	2.51 %	950	1	2.69 %
All Risks Ltd.	850	2	2.03	725	2	2.05
Phoenix Corporation	618	3	1.48	585	3	1.66
Comcast	550	4	1.31			
Immucor Inc.	535	5	1.28	495	4	1.40
Career Builder LLC	464	6	1.11	420	5	1.19
Computer Generated Systems	354	7	0.84			
Fleetcor Technologies Operating	316	8	0.75	290	7	0.82
Technical Innovation LLC	304	9	0.73	287	8	0.81
ACI Worldwide Corp	302	10	0.72	285	9	0.81
Fiserv				292	6	0.83
Pond & Company				225	10	0.64
Totals	<u>5,343</u>		<u>12.75 %</u>	<u>4,554</u>		<u>12.88 %</u>

(1) Source: 2013 & 2017 individual employer's business license filing

CITY OF PEACHTREE CORNERS, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION LAST FIVE FISCAL YEARS

Function	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government	7	7	6	6	3
Judicial	1	1	1	1	-
Public works					
Highways and streets	9	9	9	2	-
Housing and development	<u>11</u>	<u>9</u>	<u>7</u>	<u>5</u>	<u>3</u>
Total	<u><u>28</u></u>	<u><u>26</u></u>	<u><u>23</u></u>	<u><u>14</u></u>	<u><u>6</u></u>

Source: City of Peachtree Corners Human Resources Department

Note: Fiscal year 2014 is the City's first full year of operations. The 2013 period was only 6 months. The City is gradually taking over the services provided to its citizens by Gwinnett County, which results in changes to the number of employees.

CITY OF PEACHTREE CORNERS, GEORGIA

**OPERATING INDICATORS BY FUNCTION
LAST FIVE FISCAL YEARS**

Function	2017	2016	2015	2014	2013
General government					
Ordinances approved	12	27	25	11	20
Special events held	2	2	2	2	2
Court cases	-	47	31	86	-
Bond rating	NA	NA	NA	NA	NA
Software applications supported	7	7	7	7	6
Grants managed	3	2	3	1	1
Public works					
Average days to repair pothole	24 hr- emg/ 3 days				
Housing and development					
Stormwater plans reviewed	50	23	24	23	17
New building permits issued	436	1,102	1,027	1,115	649
Parcels annexed	-	-	-	-	-

Sources: Various City and County departments.

Note: Operating indicators are not available for years prior to 2013.

CITY OF PEACHTREE CORNERS, GEORGIA

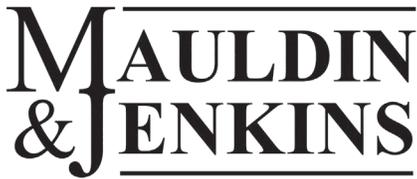
CAPITAL ASSET STATISTICS BY FUNCTION LAST FIVE FISCAL YEARS

Function/Program	2017	2016	2015	2014	2013
Public Works					
Streets (miles)	121	121	121	121	-
Stormwater Pipe (feet)	252,874	252,874	252,874	252,874	-
Stormwater Structures	3,816	3,816	3,816	3,816	-
General Government					
Land (acres)	4.35	-	-	-	-
Buildings					
Owned	1	-	-	-	-
Leased	1	1	1	1	1
Machinery & Equipment					
Owned	2	2	1	1	1
Leased	9	5	2	2	2

Source: Various City departments.

Note: The community development function does not maintain any capital assets.

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**

**The Honorable Mayor and Members
of the City Council of the
City of Peachtree Corners, 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, and each major fund of the City of Peachtree Corners, Georgia (the "City") as of and for the fiscal year 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 November 30, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-001.

City's Response to the Finding

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
November 30, 2017

CITY OF PEACHTREE CORNERS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2017

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

There was not an audit of major federal awards programs for the year ended June 30, 2017 due to the total amount expended being less than \$750,000.

CITY OF PEACHTREE CORNERS, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2017

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001 Collateralization of Public Deposits

Criteria: Policies should be in place requiring all financial institutions holding cash deposits to be properly insured and, or collateralized at all times throughout the fiscal year. State statutes required deposits of public funds to be insured or collateralized at a rate of at least 110 percent of the deposit amount.

Condition: As of June 30, 2017, the City had approximately \$476,000 in deposits that were not properly collateralized at 110% in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

Context/Cause: The City's internal controls did not identify new accounts as public funds that should be collateralized and the financial institutions did not properly collateralize deposit amounts in excess of FDIC coverage.

Effects: The failure of the institution to fully collateralize or insure the City's deposits could result in financial loss to the City should the financial institution fail.

Recommendation: We recommend the City monitor its deposits on an ongoing basis and correspond with the respective financial institutions to ensure that all deposits over the federal depository insurance coverage limit are properly collateralized in accordance with state statutes.

Auditee's Response: We concur with the finding. The City's solid waste account with Iberia bank was found to be not properly collateralized. At the end of the fiscal year Iberia bank had fraudulent activity that the bank intercepted. Iberia bank informed the City they would be moving our funds to a new account to prevent any further attempts of fraud to that account. This account had been held at Iberia bank for the past 3 years. When completing the paperwork for the new account, all documents corresponded to the documents we signed for the original account. The first collateral statement was not received until after the ten-day grace period and thus the City had no way to know or correct the uncollateralized account within the allowed time period.

We have worked with Iberia and Iberia has admitted the mistake, and issued an apology letter, and since has corrected the account to be accurately collateralized.