

City of Donalsonville, Georgia

Financial Statements

For the Year Ended

May 31, 2016

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INTRODUCTORY SECTION

CITY OF DONALSONVILLE, GEORGIA
List of Elected and Appointed Officials
May 31, 2016

Elected Officials

Mayor
Council Member – District I, Post 1
Council Member – District I, Post 2
Council Member – District I, Post 3
Council Member – District II, Post 4
Council Member – District II, Post 5
Council Member – District II, Post 6

Dan Ponder
Ed Bond
Travis Brooks
Tony Buczek
Annie Ruth Callaway
Mitchell Blanks
Lindsay C. Register, Sr.

Appointed Officials

City Manager
Attorney
Municipal Court Judge
Clerk
Police Chief
Fire Chief
City Superintendent

Steven Hicks
W. Paul Fryer
Joshua Bell
Christina Covers
Woodrow Blue, Jr
Dean King
Donald Gambrell

FINANCIAL SECTION

Perry L. Henry, LLC
Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Donalsonville, Georgia as of and for the fiscal year ended May 31, 2016, 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 presentation 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 evaluation of the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the Major General fund presented on page 14 of the City of Donalsonville, Georgia, as of May 31, 2016, 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.

Emphasis of Matter

As described in Note D, the City implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective June 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3-8, and Schedule of Funding Progress on page 40 be presented to supplement the basic 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is also not a required part of the basic financial statements.

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

The 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, 2016, on our consideration of the City of Donalsonville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part on an audit performed in accordance with *Government Auditing Standards* in considering the City of Donalsonville, Georgia's internal control over financial reporting and compliance.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
November 30, 2016

Management's Discussion and Analysis

As management of the City of Donalsonville, Georgia, we offer readers of the City of Donalsonville's financial statements this narrative overview and analysis of the financial activities of the City of Donalsonville for the fiscal year ended May 31, 2016.

Financial Highlights

- The assets of the City of Donalsonville exceeded its liabilities at the close of the most recent fiscal year by \$14,186,538. Of this amount, \$3,607,595 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of \$624,566 from the prior year.
- The City's governmental activities net position decreased by \$225,668 and the business-type activities increased by \$80,771, for a total decrease in net position of \$144,897.
- As of the close of the current fiscal year, the City's governmental fund reported ending fund balance of \$1,968,540, a decrease of \$425,792 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,253,508, or 43% percent of total general fund expenditures. In the prior year, unassigned fund balance was 44% percent of total general fund expenditures.
- The City's total debt decreased by \$294,554 during the current fiscal year.
- In the City's business-type activities, operating revenues decreased by \$41,489 from the prior year while operating expenses increased by \$45,512, for a total operating income decrease of \$87,001.
- The resources available for appropriation were \$65,086 more than budgeted for the general fund and our actual expenditures were \$53,584 less than budgeted.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Donalsonville'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 the 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 of Donalsonville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Donalsonville's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Donalsonville that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include the general fund which includes the general government, public safety, highways and streets, sanitation, economic development, and culture and recreation, as well as a Special Revenue Fund, which accounts for the Hotel/Motel Taxes and two Capital Project Funds, which account for the Special Purpose Local Option Sales Tax revenue. The business-type activities of the City include the Water and Sewer Fund, the Gas Fund, and the Solid Waste Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Downtown Development Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 8 and 9 of this report.

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

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

The City has five governmental funds. The general fund is a major fund, SPLOST V is a nonmajor Capital Project Fund, SPLOST IV is a nonmajor Capital Project Fund, the Hotel/Motel Tax Fund is a nonmajor Special Revenue Fund, SPLOST III is a nonmajor Capital Project Fund, and CHIP Grant Fund is a nonmajor Capital Project Fund.

The City adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund and the special revenue fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 10 through 13 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Gas Fund and the Solid Waste Fund. The Water and Sewer Fund and the Gas Fund are major funds and the City has elected to treat the Solid Waste Fund as a major fund also.

The basic proprietary fund financial statements can be found on pages 14 through 17 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 18 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* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 40-52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$13,891,727 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (71 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); 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.

City of Donalsonville's Net Position						
	Governmental activities		Business- type activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 2,541,808	\$ 2,200,791	\$ 2,858,409	\$ 2,606,645	\$ 5,400,217	\$ 4,807,436
Capital assets	2,310,493	2,823,737	12,844,825	12,939,416	15,155,318	15,763,153
Total assets	4,852,301	5,024,528	15,703,234	15,546,061	20,555,535	20,570,589
Total deferred outflows of resources	-	169,975	-	26,483	-	196,458
Long-term liabilities outstanding	119,349	83,987	5,783,428	5,507,163	5,902,777	5,591,150
Other liabilities	134,300	125,172	481,835	451,228	616,135	576,400
Total liabilities	253,649	209,159	6,265,263	5,958,391	6,518,912	6,167,550
Total deferred inflows of resources	-	612,359	-	-	-	612,359
Net position:						
Net investment in capital assets	2,161,216	2,708,139	6,792,539	7,155,772	8,953,755	9,863,911
Restricted:	1,145,518	715,032	-	-	1,145,518	715,032
Unrestricted	1,291,918	949,814	2,645,432	2,362,970	3,937,350	3,312,784
Total net position	\$ 4,598,652	\$ 4,372,985	\$ 9,437,971	\$ 9,518,742	\$ 14,036,623	\$ 13,891,727

\$715,032 of the City's net position is restricted. The *unrestricted net position* of \$3,312,784 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as its business-type activities.

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Governmental activities. Governmental activities decreased the City's net position by \$225,667. Key elements of this decrease are as follows:

City of Donalsonville's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services	\$ 708,924	\$ 696,001	\$ 1,397,223	\$ 1,355,734	\$ 2,106,147	\$ 2,051,735
Capital grants and contributions	709,273	309,190	8,000	255,525	717,273	564,715
Operating grants and contributions	9,320	-	-	-	9,320	-
General revenues:						
Property taxes	974,625	948,972	-	-	974,625	948,972
Other taxes	815,975	857,834	-	-	815,975	857,834
Other	53,389	67,198	17,707	9,849	71,096	77,047
Total revenues	3,271,506	2,879,195	1,422,930	1,621,108	4,694,436	4,500,303
Expenses:						
General government	547,621	835,345	-	-	547,621	835,345
Public safety	1,567,906	1,433,559	-	-	1,567,906	1,433,559
Highways/streets	440,192	411,103	-	-	440,192	411,103
Sanitation	459,045	400,038	-	-	459,045	400,038
Culture and development	2,376	24,523	-	-	2,376	24,523
Economic development	24,322	1,876	-	-	24,322	1,876
Interest on long-term debt	3,943	3,608	-	-	3,943	3,608
Water/Sewer fund	-	-	858,534	960,374	858,534	960,374
Gas fund	-	-	298,161	234,028	298,161	234,028
Solid waste fund	-	-	-	-	-	-
Total expenses	3,045,405	3,110,052	1,156,695	1,194,402	4,202,100	4,304,454
Increase in net position before transfers	226,101	(230,857)	266,235	426,706	492,336	195,849
Transfers	300,000	300,000	(300,000)	(300,000)	-	-
Increase in net position	526,101	69,143	(33,765)	126,706	492,336	195,849
Net position - originally stated	4,072,552	4,598,653	9,471,736	9,437,971	13,544,288	14,036,624
Prior period adjustment	-	(294,811)	-	(45,935)	-	(340,746)
Net position beginning restated	4,072,552	4,303,842	9,471,736	9,392,036	13,544,288	13,695,878
Net position - 5/31/16	\$ 4,598,653	\$ 4,372,985	\$ 9,437,971	\$ 9,518,742	\$ 14,036,624	\$ 13,891,727

Business-type activities. Business-type activities increased the City's net position by \$80,771, a decrease from the prior year in the amount of \$33,765. Key elements of this decrease are as follows:

Financial Analysis of the City'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 a government's net resources available for spending at the end of the fiscal year.

The general fund is one of the governmental funds of the City. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,968,540, a decrease of \$425,792 in comparison with the prior year. \$1,253,508 of this fund balance is available for spending at the City's discretion.

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to \$704,280, the Gas Fund \$1,651,651 and the Solid Waste Fund \$7,039, for a total unrestricted net position of \$2,362,970. Other factors covering the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There was no change between the original budget and the final amended budget in total revenues and appropriations.

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business type activities as of May 31, 2016, amounts to \$9,863,911 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads and highways. The total increase in the City's investment in capital assets, net of depreciation and debt, for the current fiscal year was \$910,156.

City of Donalsonville's Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$ 143,184	\$ 399,917	\$ 33,646	\$ 33,646	\$ 176,830	\$ 433,563
Buildings	655,409	655,409	24,924	24,924	680,333	680,333
Closing Costs	-	-	70,000	70,000	70,000	70,000
Improvements other than buildings	279,502	280,977	8,883	8,883	288,385	289,860
Machinery and equipment	2,324,436	2,478,299	504,702	504,702	2,829,138	2,983,001
Infrastructure	2,351,568	2,356,300	8,038,664	15,820,153	10,390,232	18,176,453
Construction in progress	-	228,396	7,911,520	398,775	7,911,520	627,171
Accumulated depreciation/amortization	(3,443,606)	(3,575,561)	(3,647,514)	(3,921,667)	(7,091,120)	(7,497,228)
Total	\$ 2,310,493	\$ 2,823,737	\$ 12,944,825	\$ 12,939,416	\$ 15,255,318	\$ 15,763,153

Additional information on the City's capital assets can be found in Note III C on pages 25-28 of this report.

Long-term debt. At the end of the current fiscal year, the City had total capital leases outstanding in the amount of \$38,580 for its governmental funds and \$21,972 in the proprietary funds. Notes payable in the governmental funds were \$17,593 and proprietary funds were \$5,761,672. Additional information on the City's long-term debt can be found in Note III E & F on pages 29 through 32 of this report.

Economic Factors and Next Year's Budgets and Rates

Cost of living in this area has risen over the past few years and the future increases are projected to be significant.

Sales tax revenues have significantly declined in the past year due to a variety of reasons. Adjustments will likely need to be made in future budgets to compensate for this decline.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information should be addressed to the City Manager, P.O. Box 308, Donalsonville, GA 39845.

BASIC FINANCIAL STATEMENTS

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
MAY 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 1,404,967	\$ 1,858,257	\$ 3,263,224	\$ 19,994
Investments	508,355	484,376	992,731	-
Receivables (net of allowance for uncollectibles)	158,572	97,129	255,701	-
Intergovernmental receivables	20,172	46,537	66,709	-
Prepays	108,454	25,406	133,860	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	271	94,940	95,211	-
Capital assets				
Land	399,917	33,646	433,563	-
Construction in progress	228,396	398,775	627,171	-
Buildings	655,409	24,924	680,333	-
Closing Costs	-	70,000	70,000	-
Improvements other than buildings	280,977	8,883	289,860	-
Machinery and equipment	2,478,299	504,702	2,983,001	-
Infrastructure	2,356,300	15,820,153	18,176,453	-
Accumulated depreciation/amortization	(3,575,561)	(3,921,667)	(7,497,228)	-
Total assets	5,024,528	15,546,061	20,570,589	19,994
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	169,975	26,483	196,458	-
Total of outflows of resources	169,975	26,483	196,458	-
LIABILITIES				
Accounts payable and other current liabilities	92,743	65,652	158,395	1,810
Accrued interest payable	477	14,155	14,632	-
Liabilities payable from restricted assets	341	94,940	95,281	19,681
Noncurrent liabilities:				
Due within one year	31,611	276,481	308,092	-
Due in more than one year	83,987	5,507,163	5,591,150	-
Total liabilities	209,159	5,958,391	6,167,550	21,491
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	65,418	10,193	75,611	-
Net Pension Obligation	546,941	85,218	632,159	-
Total deferred inflows of resources	612,359	95,411	707,770	-
NET POSITION				
Net investment in capital assets	2,708,139	7,155,772	9,863,911	-
Restricted for:				
Economic development	715,032	-	715,032	-
Unrestricted	949,814	2,362,970	3,312,784	(1,497)
Total net position	\$ 4,372,985	\$ 9,518,742	\$ 13,891,727	\$ (1,497)

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2016

Functions/Programs	Expenditures	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business type Activities	Total	Downtown Development Authority
Primary government:								
Governmental activities:								
General government	\$ 835,345	\$ 93,635	\$ -	\$ 303,143	\$ (438,567)	\$ -	\$ (438,567)	\$ -
Public safety	1,433,559	112,765	-	6,047	(1,314,747)	-	(1,314,747)	-
Highways and streets	411,103	-	-	-	(411,103)	-	(411,103)	-
Sanitation	400,038	489,601	-	-	89,563	-	89,563	-
Economic development	24,523	-	-	-	(24,523)	-	(24,523)	-
Culture and recreation	1,876	-	-	-	(1,876)	-	(1,876)	-
Interest on long-term debt	3,608	-	-	-	(3,608)	-	(3,608)	-
Total governmental activities	3,110,052	696,001	-	309,190	(2,104,861)	-	(2,104,861)	-
Business-type activities:								
Water & Sewer	960,374	942,142	-	255,525	-	237,293	237,293	-
Gas	234,028	413,592	-	-	-	179,564	179,564	-
Total business-type activities	1,194,402	1,355,734	-	255,525	-	416,857	416,857	-
Total primary government	\$ 4,304,454	\$ 2,051,735	\$ -	\$ 564,715	\$ (2,104,861)	\$ 416,857	\$ (1,688,004)	\$ -
Components units:								
Downtown Development Authority	151,025	105,302	44,226	-	-	-	-	(1,497)
Total component units	\$ 151,025	\$ 105,302	\$ 44,226	\$ -	\$ -	\$ -	\$ -	\$ (1,497)
General revenues:								
Property taxes					948,972	-	948,972	-
Sales and use taxes					398,056	-	398,056	-
Franchise taxes					235,259	-	235,259	-
Business taxes					224,519	-	224,519	-
Interest and penalties on taxes					49,756	-	49,756	-
Unrestricted investment earnings					431	9,849	10,280	-
Gain/loss on sale of capital assets					8,423	-	8,423	-
Miscellaneous					8,588	-	8,588	-
Transfers					300,000	(300,000)	-	-
Total general revenues and transfers					2,174,004	(290,151)	1,883,853	-
Change in net position					69,143	126,706	195,849	(1,497)
Net position - beginning - as originally stated					4,598,653	9,437,971	14,036,624	-
Prior period adjustment					(294,811)	(45,935)	(340,746)	-
Net position - beginning - restated					4,303,842	9,392,036	13,695,878	-
Net position - ending					\$ 4,372,985	\$ 9,518,742	\$ 13,891,727	\$ (1,497)

The notes to the financial statements are an integral part of this statement.

CITY OF DONALSONVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2016

	<u>Major Funds</u>	<u>Non-Major Funds</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 711,903	\$ 693,064	\$ 1,404,967
Investments	508,355	-	508,355
Receivables (net of allowance for uncollectibles)	156,484	1,903	158,387
Intergovernmental	-	20,172	20,172
Due from other funds	100	17,686	17,786
Restricted assets:			
Cash and cash equivalents	271	-	271
Total assets	\$ 1,377,113	\$ 732,825	\$ 2,109,938
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 60,649	\$ 7	\$ 60,656
Accrued expenses	32,087	-	32,087
Due to other funds	-	17,786	17,786
Liabilities payable from restricted assets	271	-	271
Customer deposits	70	-	70
Total liabilities	93,077	17,793	110,870
Deferred inflows of resources			
Unavailable revenues	30,527	-	30,527
Total liabilities and deferred inflows of resources	123,604	17,793	141,397
Fund balances			
Restricted for:			
Special programs	-	715,032	715,032
Unassigned	1,253,507	-	1,253,507
Total fund balances	1,253,507	715,032	1,968,539
Total liabilities, deferred inflows of resources and fund balances	\$ 1,377,111	\$ 732,825	

Amounts reported for governmental activities in the statement
of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,823,737
Revenues that are earned, but unavailable are not reported in the funds.	185

Governmental funds recognized expenditures for insurance using this purchases method. However, the
Statement of Activities uses the accrual method and, thus, only the amount of insurance benefits are
recognized as expense when it is consumed. The unconsumed portion is recorded as an asset.

	108,454
Deferred Inflows - Pensions	(65,418)
Deferred Outflows - Pensions	169,975
Net Pension - Obligation	(546,941)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(116,074)
Other assets are not available to pay for current-period expenditures, and therefore are deferred in the funds.	30,527
Net position of governmental activities	\$ 4,372,984

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2016

	<u>Major Funds</u>	<u>Nonmajor Funds</u>	
		<u>Other</u>	<u>Total</u>
		<u>Governmental</u>	<u>Governmental</u>
	<u>General</u>	<u>Funds</u>	<u>Funds</u>
REVENUES			
Taxes:			
Property	\$ 961,927	\$ -	\$ 961,927
Sales	398,057	-	398,057
Franchise	235,259	-	235,259
Business	196,772	27,746	224,518
Penalties and interest on taxes	49,756	-	49,756
Licenses and permits	33,741	-	33,741
Intergovernmental	32,347	269,221	301,568
Charges for services	513,442	-	513,442
Fines	94,942	-	94,942
Investment earnings	6,683	3,308	9,991
Miscellaneous revenues	60,452	431	60,883
Total revenues	2,583,378	300,706	2,884,084
EXPENDITURES			
Current:			
General government	653,204	-	653,204
Public safety	1,382,783	-	1,382,783
Highways and streets	316,227	-	316,227
Sanitation	408,560	-	408,560
Economic development	-	24,524	24,524
Capital outlay:			
General government	96,236	193,627	289,863
Public safety	25,617	326,205	351,822
Highways and streets	-	151,722	151,722
Sanitation	-	6,586	6,586
Debt service:			
Principal	4,265	25,663	29,928
Interest	216	2,865	3,081
Total expenditures	2,887,108	731,192	3,618,300
Excess (deficiency) of revenues over (under) expenditures	(303,730)	(430,486)	(734,216)
OTHER FINANCING SOURCES (USES)			
Transfers	300,000	-	300,000
Sale of capital assets	8,423	-	8,423
Total other financing sources and uses	308,423	-	308,423
Net change in fund balances	4,693	(430,486)	(425,793)
Fund balances - beginning	1,248,814	1,145,518	2,394,332
Fund balances - ending	\$ 1,253,507	\$ 715,032	\$ 1,968,539

CITY OF DONALSONVILLE, 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 MAY 31, 2016

Amounts reported for governmental activities in the statement of activities (page 9)
are different because:

Net change in fund balances-total governmental funds (page 11)	\$ (425,793)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	530,492
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The issuance of long-term debt (e.g., leases, bonds) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	29,928
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Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(13,051)
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Net change in Revenues reported in statement of activities that do not provide current financial resources and are not reported as revenues in governmental funds.	(13,315)
--	----------

Governmental funds recognize expenditures for insurance using the purchase method. However, the Statement of Activities uses the consumption method and, thus, only the amount of insurance benefits consumed are recognized.	108,454
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Change in NPO and Deferred Inflows	(147,573)
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Change in net position of governmental activities (page 9)	\$ 69,142
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CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GOVERNMENTAL FUND
MAJOR - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,074,310	\$ 1,074,310	\$ 961,927	\$ (112,383)
Sales	330,370	330,370	398,057	67,687
Franchise	231,588	231,588	235,259	3,671
Business	188,100	188,100	196,772	8,672
Penalties and interest on taxes	5,000	5,000	49,756	44,756
Licenses and permits	22,277	22,277	33,741	11,464
Intergovernmental	-	-	32,347	32,347
Charges for services	508,100	508,100	513,442	5,342
Fines	95,500	95,500	94,942	(558)
Investment earnings	2,400	2,400	6,683	4,283
Miscellaneous revenues	60,665	60,665	60,452	(213)
Total revenues	2,518,310	2,518,310	2,583,378	65,068
EXPENDITURES				
Current:				
General government:				
Council	18,450	18,450	17,255	1,195
Manager	32,115	32,115	31,827	288
Judicial	12,043	12,245	12,245	-
Election	1,200	7,434	7,434	-
Finance and administration	564,398	648,232	648,232	-
Other - unclassified	20,000	32,447	32,447	-
Total general government	648,206	750,923	749,440	1,483
Public Safety:				
Police	943,447	943,447	851,847	91,600
Probation	40,249	46,793	46,793	-
Fire	517,698	517,698	509,760	7,938
Total public safety	1,501,394	1,507,938	1,408,400	99,538
Highways and streets:				
Maintenance	342,111	342,111	316,227	25,884
Total highway and streets	342,111	342,111	316,227	25,884
Sanitation	448,980	448,980	408,561	40,419
Debt service:				
Principal	-	-	4,265	(4,265)
Interest	-	-	216	(216)
Total debt service	-	-	4,481	(4,481)
Total expenditures	2,940,691	3,049,952	2,887,109	162,843
Excess of expenditures over revenues	(422,381)	(531,642)	(303,731)	227,911
OTHER FINANCING SOURCES (USES)				
Transfers in	292,217	292,217	300,000	7,783
Reserves	125,164	125,164	-	(125,164)
Sale of capital assets	5,000	5,000	8,423	3,423
Total other financing sources and uses	422,381	422,381	308,423	(113,958)
Net change in fund balance	-	(109,261)	4,693	113,953
Fund balances - beginning	1,248,814	1,248,814	1,248,814	-
Fund balances - ending	\$ 1,248,814	\$ 1,139,553	\$ 1,253,507	\$ 113,953

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2016

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalent	\$ 420,782	\$ 1,444,973	\$ (7,498)	\$ 1,858,257
Investments	293,215	191,161	-	484,376
Interest receivable	361	199	-	560
Accounts receivable (net of allowance for uncollectibles)	74,428	22,141	-	96,569
Intergovernmental receivable	-	-	46,537	46,537
Prepaid Expenses	19,811	5,595	-	25,406
Total current assets	808,597	1,664,069	39,039	2,511,705
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	26,483	-	-	26,483
Total of outflows of resources	26,483	-	-	26,483
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Customer deposits	75,635	19,305	-	94,940
Total restricted assets	75,635	19,305	-	94,940
Capital assets:				
Land	33,646	-	-	33,646
Buildings	24,924	-	-	24,924
Closing cost	70,000	-	-	70,000
Construction in progress	298,775	100,000	-	398,775
Improvements other than buildings	8,083	800	-	8,883
Machinery and equipment	355,779	148,923	-	504,702
Infrastructure	15,339,247	480,906	-	15,820,153
Less accumulated depreciation and amortization	(3,405,898)	(515,769)	-	(3,921,667)
Total capital assets (net of accumulated depreciation)	12,724,556	214,860	-	12,939,416
Total noncurrent assets	12,800,191	234,165	-	13,034,356
Total assets	\$ 13,635,271	\$ 1,898,234	\$ 39,039	\$ 15,572,544

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2015

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 13,577	\$ 8,198	\$ -	\$ 21,775
Accrued expenses	7,661	4,216	32,000	43,877
Accrued interest payable	14,151	4	-	14,155
Lease payable- current	8,723	4,362	-	13,085
Notes payable - current	263,396	-	-	263,396
Total current liabilities	307,508	16,780	32,000	356,288
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	10,193	-	-	10,193
Net Pension Obligation	85,218	-	-	85,218
Total deferred inflows of resources	95,411	-	-	95,411
Noncurrent liabilities payable from restricted assets:				
Customer deposits payable	75,635	19,305	-	94,940
Total noncurrent liabilities payable from from restricted assets	75,635	19,305	-	94,940
Noncurrent liabilities:				
Lease payable	5,925	2,962	-	8,887
Notes payable	5,498,276	-	-	5,498,276
Total noncurrent liabilities	5,504,201	2,962	-	5,507,163
Total liabilities	5,982,755	39,047	32,000	6,053,802
NET POSITION				
Net investment in capital assets	6,948,236	207,536	-	7,155,772
Unrestricted	704,280	1,651,651	7,039	2,362,970
Total net position	\$ 7,652,516	\$ 1,859,187	\$ 7,039	\$ 9,518,742
Total liabilities & net position	\$ 13,635,271	\$ 1,898,234	\$ 39,039	\$ 15,572,544

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2016

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 432,760	\$ -	\$ -	\$ 432,760
Sewer sales	444,786	-	-	444,786
Tap fees	3,100	-	-	3,100
Gas sales	-	413,592	-	413,592
Other services	61,496	-	-	61,496
Total operating revenues	942,142	413,592	-	1,355,734
Operating expenses:				
Costs of sales and services	289,471	190,403	-	479,874
Administration	237,631	28,768	-	266,399
Depreciation	259,511	14,643	-	274,154
Total operating expenses	786,613	233,814	-	1,020,427
Operating income	155,529	179,778	-	335,307
Nonoperating revenues (expenses):				
Government grants- CDBG	255,525	-	-	255,525
Investment earnings	4,537	5,312	-	9,849
Interest expense	(173,761)	(214)	-	(173,975)
Total nonoperating revenue (expense)	86,301	5,098	-	91,399
Income before contributions and transfers	241,830	184,876	-	426,706
Transfers	-	(300,000)	-	(300,000)
Change in net position	241,830	(115,124)	-	126,706
Total net position - beginning	7,456,621	1,974,311	7,039	9,437,971
	(45,935)	-	-	(45,935)
Total net position - ending	\$ 7,652,516	\$ 1,859,187	\$ 7,039	\$ 9,518,742

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2016

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 940,318	\$ 413,930	\$ 1,011	\$ 1,355,259
Payments to suppliers	(315,259)	(200,765)	(6,950)	(522,974)
Payments to employees	(237,631)	(28,768)	-	(266,399)
Net cash provided (used) by operating activities	387,428	184,397	(5,939)	565,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to other funds	-	(300,000)	-	(300,000)
Net cash provided by noncapital and related financing activities	-	(300,000)	-	(300,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(268,744)	(100,000)	-	(368,744)
Proceeds from grants	255,525	-	-	255,525
Principal paid on capital debt	(264,377)	(4,265)	-	(268,642)
Interest paid on capital debt	(173,761)	(212)	-	(173,973)
Net cash used by capital and related financing activities	(451,357)	(104,477)	-	(555,834)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Cashing in CD	204,829	641,222	-	11,072
Interest and dividends received	4,942	6,130	-	11,072
Net cash provided by investing activities	209,771	647,352	-	11,072
Net increase (decrease) in cash and cash equivalents	145,842	427,272	(5,939)	567,175
Cash and cash equivalents - beginning of year	350,575	1,037,006	(1,559)	1,386,022
Cash and cash equivalents - ending of year (Including \$75,163 and \$19,305 for restricted cash in the water/sewer and gas funds respectively.)	\$ 496,417	\$ 1,464,278	\$ (7,498)	\$ 1,953,197
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 155,529	\$ 179,778	\$ -	\$ 335,307
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	259,511	14,643	-	274,154
(Increase) decrease in accounts receivable	(3,982)	38	1,011	(2,933)
(Increase) decrease in prepaid items	(19,811)	(5,595)	-	(25,406)
Increase (decrease) in customer deposits	2,158	300	-	2,458
Increase (decrease) in accounts payable	(34,921)	(8,684)	(6,950)	(50,555)
Increase (decrease) in accrued expenses	28,944	3,917	-	32,861
Total adjustments	231,899	4,619	(5,939)	230,579
Net cash provided (used) by operating activities	\$ 387,428	\$ 184,397	\$ (5,939)	\$ 565,886

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Donalsonville is a municipal corporation governed by an elected mayor and six-member council and provides the following services: public safety, highways and streets, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities (water, sewer, natural gas and sanitation).

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Units. The Downtown Development Authority of Donalsonville assists local merchants with low interest loans for renovations of downtown properties. The authority consists of a board of seven directors appointed by the City Council. The authority is dependent upon the City at this time for revenue, and the City contributes one-half of the motel and hotel tax collected. The authority is presented as a governmental fund type. Separate financial statements may be obtained by contacting: Downtown Development Authority, P.O. Box 308, Donalsonville, Georgia 39845.

B. Government-wide and fund financial statements

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

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

The City does not allocate indirect costs.

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

C. Measurement focus, basis of accounting and financing 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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government'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 government reports the following major proprietary funds:

The water and sewer fund operates the water distribution system, the sewer treatment plant, sewage pumping stations and collection systems, and the sanitation collection within the City.

The gas fund operates the distribution of natural gas to the City residents.

The solid waste fund does not meet the qualifications for a major fund, but management elected to treat it as a major fund, as it is the only remaining proprietary fund. This Fund accounts for the expenses associated with the closure of a landfill and the revenues received from the city and county for these expenses per their agreement.

The government reports the following nonmajor governmental funds:

The *hotel/motel tax fund* is the government's only special revenue fund. This fund accounts for all hotel/motel tax revenue received and the accompanying expenditures.

The *SPLOST III fund* is the government's nonmajor capital project fund. This fund accounts for capital assets purchased by Seminole County for the City of Donalsonville using SPLOST funds or transfers of the City's portion.

The *SPLOST IV fund* is the government's nonmajor capital project fund. This fund accounts for all SPLOST revenue and the accompanying capital outlay.

The *SPLOST V fund* is the government's nonmajor capital project fund. This fund accounts for all SPLOST revenue and the accompanying capital outlay.

The *CHIP fund* is the government's nonmajor capital project fund. This fund accounts for all CHIP revenue and the accompanying expenditures.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities and net position or equity

1. Deposits and investments

The City of Donalsonville's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City has authorized its governing officials to maintain deposit investments with financial institutions. There were no legal or contractual violations in regard to these investments during the year.

Investments are stated at cost or amortized cost.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). 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."

CITY OF DONALSONVILLE, GEORGIA
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Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of the first day of October each year and are payable by December 21. Property taxes are recognized in income in October upon completion of the tax digest. At May 31, 2016, uncollected property taxes amounted to \$44,473. The City estimates that substantially all of the remaining balances will be received in the subsequent period. After December 21, applicable property will be subject to liens, penalty and interest.

3. *Inventories and prepaid items*

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and proprietary fund financial statements. In the governmental fund statements those prepaid are recognized when purchased.

Prepaid expenses of the City consist of insurance expenses. The City had prepaid insurance expenses totaling \$133,860.

4. *Restricted assets*

The City of Donalsonville's restricted assets are cash. They consist of customer deposits and confiscated funds held for the use of the Police Department.

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City had historical cost records of its infrastructure, thereby allowing us to record infrastructure acquired prior to implementing Statement 34. Capital assets are defined by the government as assets with an individual cost of \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lines:

<u>Assets</u>	<u>Years</u>
Buildings	40 years

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Building improvements	20 years
Improvements other than buildings	20-50 years
Public domain infrastructure	50 years
System infrastructure	30 years
Machinery and equipment	3 to 20 years
Trucks and tractors	4 to 10 years
Office equipment	5 to 15 years

6. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements.

7. *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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. *Categories and classifications of Fund Balance*

The City has implemented GASB 54 during fiscal year 2012 [Note IV. H. Fund Balance Determinations and Classifications]. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned.

9. *Net Position*

Net investment in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of assets.

Restricted – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted – This amount is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

10. *Deferred Inflows/Outflows of Resources*

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an

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acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one of these items. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

11. Comparative data/reclassifications

Comparative total data for the prior year have not been presented.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to help insure fiscal responsibility and maintain a balanced budget. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and the Council. The budget is prepared by fund and department. The legal level of budgetary control is the department level. Transfers between departments require approval of governing council.

According to the Charter and Code of the City, the City Manager has the responsibility for developing both the annual budget and capital budget for the city, which is done in conjunction with input and assistance from the City Clerk. These two budgets are developed separately, and then combined into one budget document, with the budgets for capital expenditures being incorporated as line items in the budget for each general government department.

The budget process begins shortly after the results for the third quarter of the fiscal year are determined, usually in early March. Budget proposals or development forms are issued to department heads for those departments where the budget is developed outside City Hall, along with budget results for the department for the first three quarters of the year. The department heads then compare the performance numbers for their respective departments for the current fiscal year, along with the results of the last quarter of the previous fiscal year to their annual budget expenditures, and from that comparison they structure their budgets and make projections of budget and capital needs for the next fiscal year. When they have completed their projections, they return the budget development forms to the City Manager's office at City Hall.

The City Manager is, during this same period of time, completing the budget development forms for those sections of the budget that are developed within City Hall, such as revenues and general government expenditures, using comparative numbers and information from a budget development file maintained in City Hall where pertinent data is filed as it is gathered throughout the year. The City Manager must also compute the requirements for all sections of the budget dealing with lease/purchase and capital outlays or expenditures.

When the budget development forms for all departments have been turned in to, or completed by City Hall, they are combined into a draft budget document. At this point in the process, usually in early April, budget meetings are held with each department head to discuss their projected budget needs. This step is often completed when the budget development forms are returned. If it is determined during these meetings that adjustments need to be made to any line item in the budget, those adjustments are made and total projected budget expenditures are recalculated and compared with projected revenues to determine the projected ad valorem tax requirements. The projected ad valorem tax requirement is entered as a line item

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in the revenue section of the general fund budget. The completed document becomes the first draft of a proposed City budget for the next fiscal year.

When the proposed budget for the next fiscal year is completed, it is reproduced in quantity and distributed to the Mayor and Council for their review and study. Next, the first public hearing for the proposed budget is scheduled to review the budget and receive public input into the budgeting process. This is usually done in mid-to-late April. After this hearing is held, and input is received from both the public and the Mayor and Council, further refinements and helpful suggestions are incorporated and the second draft budget document is produced and distributed to the Mayor and Council. Of course, copies of the budget at each stage of the budget process are available for public review at City Hall at all times. Next, a final budget hearing is scheduled and advertised. When possible, this hearing is held in conjunction with the regularly scheduled meeting of the Mayor and Council in May. At this hearing, any final public input is received, and final refinements or changes to the budget are made by the Mayor and Council, after which the budget is adopted as the official budget for the City for the upcoming fiscal year which begins on June 1st of each year. Any changes to the budget thereafter must be adopted as amendments to the official city budget.

Encumbrance accounting is employed in governmental funds. Encumbrances recognize purchase orders, contracts, and other commitments for expenditures not fully expended at year end. The City's outstanding encumbrances do not constitute expenditures or liabilities. The commitments will be re-appropriated and honored during the subsequent year.

B. Deficit fund balance

All funds operated by the City of Donalsonville, Georgia had a positive fund balance as of May 31, 2016.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At year end, the City of Donalsonville's carrying amount of deposits was \$4,350,168 and the bank balance was \$4,184,095. All deposits are entirely insured or collateralized. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance of \$3,684,095 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$0 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name.

The following ties the carrying amounts to the Statement of Net Position:

Cash & cash equivalents	\$ 3,263,224
Investments	992,731
Restricted cash	95,211
Total Statement of Net Position	<u>\$ 4,351,166</u>
Less:	
Cash on hand	(998)
Total carrying amount	<u><u>\$ 4,350,168</u></u>

B. Receivables

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

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Receivables of the General Fund, Water and Sewer Fund and the Gas Fund are reported net of uncollectible amounts. Total uncollectible amounts related to receivables of the current period are as follows:

	Governmental			Business-type			
	General Fund	SPLOST V Fund	Hotel/Motel Fund	Sewer Fund	Gas Fund	Solid Waste Fund	Total
Receivables:							
Interest	\$ -	\$ -	\$ -	\$ 361	\$ 199	\$ -	\$ 560
Taxes	109,902	-	1,903	-	-	-	111,805
Accounts	44,162	-	-	74,428	22,141	-	140,731
Intergovernmental	-	20,172	-	-	-	46,537	66,709
Other	2,420	-	-	-	-	-	2,420
Gross receivables	156,484	20,172	1,903	74,789	22,340	46,537	322,225
Net total receivables	\$ 156,484	\$ 20,172	\$ 1,903	\$ 74,789	\$ 22,340	\$ 46,537	\$ 322,225

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C. Capital assets

Capital assets for the year ended May 31, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 143,184	\$ 256,733	\$ -	\$ 399,917
Construction in progress	-	228,396	-	228,396
Total capital assets, not being depreciated	<u>143,184</u>	<u>485,129</u>	<u>-</u>	<u>628,313</u>
Capital assets, being depreciated:				
Buildings	655,409	-	-	655,409
Improvements other than buildings	279,502	1,475	-	280,977
Machinery and equipment	2,324,436	308,656	(154,793)	2,478,299
Infrastructure	2,351,568	4,732	-	2,356,300
Total capital assets being depreciated	<u>5,610,915</u>	<u>314,863</u>	<u>(154,793)</u>	<u>5,770,985</u>
Less accumulated depreciation for:				
Buildings	(391,643)	(15,363)	-	(407,006)
Improvements other than buildings	(123,429)	(9,556)	-	(132,985)
Machinery and equipment	(1,929,849)	(165,496)	137,546	(1,957,799)
Infrastructure	(998,685)	(79,086)	-	(1,077,771)
Total accumulated depreciation	<u>(3,443,606)</u>	<u>(269,501)</u>	<u>137,546</u>	<u>(3,575,561)</u>
Total capital assets, being depreciated, net	<u>2,167,309</u>	<u>45,362</u>	<u>(17,247)</u>	<u>2,195,424</u>
Governmental activities capital assets, net	<u>\$ 2,310,493</u>	<u>\$ 530,491</u>	<u>\$ (17,247)</u>	<u>\$ 2,823,737</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 33,646	\$ -	\$ -	\$ 33,646
Construction in progress	* 7,911,519	268,745	(7,781,489)	398,775
Total capital assets, not being depreciated	<u>7,945,165</u>	<u>268,745</u>	<u>(7,781,489)</u>	<u>432,421</u>
Capital assets, being depreciated:				
Buildings	24,924	-	-	24,924
Improvements other than buildings	8,883	-	-	8,883
Machinery and equipment	504,702	-	-	504,702
Infrastructure	8,108,665	7,781,488	-	15,890,153
Total capital assets being depreciated	<u>8,647,174</u>	<u>7,781,488</u>	<u>-</u>	<u>16,428,662</u>
Less accumulated depreciation for:				
Buildings	(24,638)	(25)	-	(24,663)
Improvements other than buildings	(7,160)	(181)	-	(7,341)
Machinery and equipment	(390,773)	(22,203)	-	(412,976)
Infrastructure	(3,224,943)	(251,744)	-	(3,476,687)
Total accumulated depreciation	<u>(3,647,514)</u>	<u>(274,153)</u>	<u>-</u>	<u>(3,921,667)</u>
Total capital assets, being depreciated, net	<u>4,999,660</u>	<u>7,507,335</u>	<u>-</u>	<u>12,506,995</u>
Business-type activities capital assets, net	<u>\$ 12,944,825</u>	<u>\$ 7,776,080</u>	<u>\$ (7,781,489)</u>	<u>\$ 12,939,416</u>

CITY OF DONALSONVILLE, GEORGIA
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* The decrease in construction in progress is due to the completion of the water pollution project.

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

Governmental activities:

General government	\$ 33,806
Public safety	109,533
Highways and streets, including depreciaton of general infrastructure assets	112,935
Sanitation	11,351
Culture and recreation	1,876
Total depreciation expense-governmental activities	<u>\$ 269,501</u>

Business-type activities:

Water/Sewer Fund	\$ 259,510
Gas Fund	14,643
Total depreciation expense-business-type activities	<u>\$ 274,153</u>

D. Interfund receivables, payables and transfers

There was an interfund transfer between the General Fund and Gas Fund for general operating purposes.

This activity is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
General	\$ 300,000	\$ -
Proprietary Fund:		
Gas	-	300,000
	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The City uses inter-fund receivables/payables for general operating purposes. These inter-fund receivables/payables were repaid after fiscal year end.

The composition of interfund balances as of May 31, 2016 is as follows:

	<u>Interfund Receivable (Due From)</u>	<u>Interfund Payable (Due To)</u>
General Fund:		
General	\$ 100	\$ -
CHIP Grant Fund	-	100
SPLOST III	17,686	-
SPLOST V	-	17,686
	<u>\$ 17,786</u>	<u>\$ 17,786</u>

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E. Leases

Operating Leases

The city has no operating leases at year ended May 31, 2016.

Capital Leases

The City of Donalsonville has two (2) lease agreements as lessee for financing the acquisition of a John Deere Backhoe and a security camera system. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases for various funds are as follows:

	Governmental Activities	Water/Sewer Fund Activities	Gas Fund Activities
Asset:			
Machinery and equipment	\$ 452,634	\$ 108,046	\$ 25,517
Less: accumulated depreciation	(389,646)	(50,716)	(8,931)
Total	<u>\$ 62,988</u>	<u>\$ 57,330</u>	<u>\$ 16,586</u>
Current FY Depreciation	<u>\$ 23,898</u>	<u>\$ 10,182</u>	<u>\$ 2,552</u>

Governmental Activities

One (1) John Deere Backhoe- 25%

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the minimum lease payments.

Fiscal Year	Total	Principal	Interest
2017	\$ 4,481	\$ 4,362	\$ 119
2018	2,987	2,962	25
Total	<u>\$ 7,468</u>	<u>\$ 7,324</u>	<u>\$ 144</u>

One (1) Security Camera System

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the minimum lease payments.

Fiscal Year	Total	Principal	Interest
2017	\$ 16,279	\$ 15,407	\$ 872
2018	16,279	15,849	430
Total	<u>\$ 32,558</u>	<u>\$ 31,256</u>	<u>\$ 1,302</u>

Total capital leases – governmental activities \$38,580

Business-type Activities

One (1) John Deere Backhoe- 75%

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the minimum lease payments.

CITY OF DONALSONVILLE, GEORGIA
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<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 13,443	\$ 13,085	\$ 358
2018	8,962	8,887	75
Total	<u>\$ 22,405</u>	<u>\$ 21,972</u>	<u>\$ 433</u>

Total capital leases – business-type activities \$21,972

F. Long-term debt

General Obligation Bonds

The city has no outstanding bonds at year ended May 31, 2016.

Notes payable

The City of Donalsonville has five (5) notes payable. One is by resolution of the City Council to the United States Department of Agriculture, and three are by resolution of the City Council to the Georgia Environmental Facilities Authority

Governmental Activities

Note one is dated December 13, 2013 in the principal amount of \$55,300 and was used for the purchase of three (3) police cars. The note bears an interest rate of 3.50% and is payable in 5 yearly installments of \$12,249. During the 2015-2016 fiscal year, one of these police cars was wrecked and the insurance proceeds went directly to principal in the amount of \$17,246.25.

Annual debt requirements to maturity on Note one, including \$608 of interest, are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 12,249	\$ 11,842	\$ 407
2018	5,952	5,751	201
Total	<u>\$ 18,201</u>	<u>\$ 17,593</u>	<u>\$ 608</u>

Total notes payable – governmental activities \$17,593

Business-type Activities

Note one is dated September 1, 2008 in the principal amount of \$383,895, and is being used for rehabilitation to the City's sewer main system. The note bears an interest rate of 2.88% and is payable in 240 monthly payments of \$2,106.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 25,273	\$ 17,947	\$ 7,326
2018	25,273	18,485	6,788
2019	25,273	19,024	6,249
2020	25,273	19,580	5,693
2021	25,273	20,151	5,122
2022-2026	126,365	109,927	16,438
2027-2029	56,959	56,959	1,998
Total	<u>\$ 309,689</u>	<u>\$ 262,073</u>	<u>\$ 49,614</u>

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Note two was originally dated March 8, 2010 and then converted on June 1, 2011 to an amortizing loan in the principal amount of \$159,074, and was used for rehabilitation to the City's sewer main system. The note bears an interest rate of 3.00% and is payable in 180 monthly payments of \$1,099.

Fiscal Year	Total	Principal	Interest
2017	\$ 13,182	\$ 9,880	\$ 3,302
2018	13,183	10,181	3,002
2019	13,182	10,490	2,692
2020	13,182	10,809	2,373
2021	13,182	11,138	2,044
2022-2026	65,913	60,984	4,929
2027	1,100	1,097	3
Total	\$ 132,924	\$ 114,579	\$ 18,345

Note three is dated February 2, 2012 and then converted on June 1, 2014 to an amortizing loan in the principal amount of \$5,500,000, and was used for the construction of the Waste Pollution Control Plant. The note bears an interest rate of 3.00% and is payable in 240 monthly payments of \$30,502.87.

Fiscal Year	Total	Principal	Interest
2017	\$ 366,034	\$ 215,869	\$ 150,165
2018	366,034	222,435	143,599
2019	366,034	229,201	136,833
2020	366,034	236,172	129,862
2021	366,035	243,356	122,679
2022-2026	1,830,172	1,332,414	497,758
2027-2031	1,830,172	1,547,755	282,417
2032-2034	1,098,179	1,076,697	21,482
Total	\$ 6,588,696	\$ 5,103,900	\$ 1,484,796

Note four was originally dated March 20, 2012 and then converted on January 1, 2014 to an amortizing loan in the principal amount of \$325,583, and was used for the conversion of the existing water meters to a radio read system is rehabilitation to the City's sewer main system. The note bears an interest rate of 2.00% and is payable in 179 monthly payments of \$2,095.

Fiscal Year	Total	Principal	Interest
2017	\$ 25,141	\$ 19,699	\$ 5,442
2018	25,141	20,097	5,044
2019	25,141	20,503	4,638
2020	25,141	20,916	4,225
2021	25,141	21,339	3,802
2022-2026	125,709	113,330	12,379
2027-2029	67,049	65,236	1,813
Total	\$ 318,463	\$ 281,120	\$ 37,343

CITY OF DONALSONVILLE, GEORGIA
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Changes in long-term liabilities

During the year ended May 31, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 33,658	\$ 59,923	\$ (46,648)	\$ 46,933	\$ -
Capital leases	57,832	-	(19,252)	38,580	19,769
Notes payable	44,987	-	(27,394)	17,593	11,842
Post closure costs					
Note V.H.	12,800	-	-	12,800	-
Governmental activities Long-term liabilities	<u>\$ 149,277</u>	<u>\$ 59,923</u>	<u>\$ (93,294)</u>	<u>\$ 115,906</u>	<u>\$ 31,611</u>
Business-type activities:					
Compensated absences	\$ -	\$ 8,801	\$ (1,342)	\$ 7,459	\$ -
Lease payable	34,767	-	(12,795)	21,972	13,085
Notes payable	6,017,519	-	(255,847)	5,761,672	263,396
Business-type activities Long-term liabilities	<u>\$ 6,052,286</u>	<u>\$ 8,801</u>	<u>\$ (269,984)</u>	<u>\$ 5,791,103</u>	<u>\$ 276,481</u>

Compensated absences and post closure costs of the City's governmental funds will generally be liquidated by the general fund. Long-term liabilities of the business-type activities will generally be paid from the fund that incurred the liability.

G. Restricted asset

There is no restrictions of net position.

The balances of the City's restricted asset accounts are as follows:

Customer deposit	\$ 95,010
Police department	271
Total restricted assets	<u>\$ 95,281</u>

H. Fund balance determination and classification

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" established that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a substantial portion of the fund's resources. If revenues are initially received in another fund, they should not be reported as revenues in the fund receiving them; instead, they should be recognized in the special revenue fund where they will be spent. *The proceeds from these special revenue sources should be expected to continue to comprise a substantial portion of inflows.*

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. Capital projects' funds exclude those types of capital related outflows financed by proprietary funds.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

The following classifications are used by the City:

General, Special Revenue and Capital Project Funds:

Restricted Fund Balance: the portion of a fund balance that reflects constraints placed on the use of resources other than nonspendable items that are either externally imposed by creditors {debt agreements, grantors, contributors, or laws or regulations of other governments}, or be imposed by law through constitutional provisions or enabling legislation.

Unassigned Fund Balance: that portion of a fund balance that includes amounts that do not fall into one of the above categories. The General Fund is the only fund that should report a positive unassigned balance.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balance, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds. The City does not have a formal minimum fund balance policy.

The composition of the Restricted Classification is as follows:

Special Programs Classification: Restricted Fund Balances

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Special Programs:			
Hotel/Motel Fund	\$ -	\$ 18,499	\$ 18,499
Total special programs	<u>\$ -</u>	<u>\$ 18,499</u>	<u>\$ 18,499</u>

Construction and Capital Outlay: Restricted Fund Balance

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Construction and Capital Outlay:			
SPLOST III	\$ -	\$ 248,686	\$ 248,686
SPLOST IV	-	334,118	334,118
SPLOST V		113,729	113,729
Total construction and capital outlay	<u>\$ -</u>	<u>\$ 696,533</u>	<u>\$ 696,533</u>

IV. OTHER INFORMATION

A. Risk Management

The City of Donalsonville is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all events of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund. The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:

Buildings and Contents (Blanket)	\$12,564,200
Automobile Physical Damage	Per Application on file with GIRMA

COVERAGE DESCRIPTION – CASUALTY:

Comprehensive General Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Automobile Liability	\$1,000,000
Errors and Omissions (Public Officials) Liability	\$1,000,000
Employee Benefits Liability	\$1,000,000

COVERAGE DESCRIPTION – CRIME:

Blanket Bond	\$500,000
Depositors Forgery	\$500,000
Money and Securities – Loss Inside & Outside the Premises	\$500,000

DEDUCTIBLE:

All coverages are subject to a per occurrence deductible of	\$1,000
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COVERAGE EXCEPTIONS:

None

COVERAGES SUBJECT TO A RETROACTIVE DATE: (unless stated otherwise in the Coverage Exceptions)

Public Officials Liability	12/01/87
Employee Benefits Liability	12/01/87
Pollution Liability	12/01/87

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Donalsonville must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay a claim for loss to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City of Donalsonville retains the first \$1,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$1,000 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

During the year ended May 31, 2016, the City paid one (1) claims (up to the \$1,000 deductible) totaling \$1,000. The City has not compiled a record of the claims paid up to the \$1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the \$1,000) which were outstanding and unpaid at May 31, 2016. No provisions have been made in the financial statements for the year ended May 31, 2016 for any estimate of potential unpaid claims.

The City of Donalsonville provides worker's compensation for its employees through GMA.

The City of Donalsonville also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

B. Related Party Transaction

The City has no outstanding contracts with any related parties.

C. Subsequent Events

There are no significant subsequent events that the City is aware of as of the date of the audit report.

D. Joint Ventures

The City is currently involved in a joint venture with Seminole County, Georgia for the operation of the Donalsonville-Seminole County Airport. The airport is financially independent of the City and County, and the governments do not retain an equity interest in the airport. All real estate is owned equally by the City and County governments, with the City's respective portion included in its capital assets. A copy of the joint venture's separate financial statements can be obtained from:

Christina Corvers, Secretary/Treasurer
P.O. Box 308
Donalsonville, Georgia

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

Under Georgia law, the County, in conjunction with other cities and counties in the eight-county west central Georgia area, is a member of the Southwest Georgia Regional Commission (SWGARC) and is required to pay annual dues thereto. During its year ended May 31, 2016, the city paid \$3,058 in such dues. Membership in SWGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the SWGARC in Georgia. The SWGARC 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 SWGARC. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P.O. Box 346
Camilla, Georgia 31730-0346

D. Employee retirement systems and pension plans

GASB 68 Implementation

Effective June 1, 2015, the City implemented the provisions of GASB 68, as required by the Governmental Accounting Standard Board. In conjunction with the implementation of Government Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, as well as Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - and amendment of GASB Statement No. 68*, the City is required to change its accounting treatment of pensions. The new standard establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Implementation of GASB 68 required a prior period adjustment. See Note 16 of the Notes to the Financial Statements.

Plan description. The City maintains an agent multiple employee defined benefit pension plan with the Georgia Municipal Employees Benefit System (GMEBS). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Participation in the plan was approved by resolution of the City Council. The benefits provided by the plan, as well as the obligation to contribute to the plan, can only be amended by the approval of the City Council. Employees are not required to contribute to the plan. The Plan is not included in the City's financial statement. A financial report is available by contacting Towers Perrin, Atlanta, Georgia.

The City also participates in the State of Georgia Police Officer's Annuity Program. The City makes no contribution to this plan. Contributions are collected by the City as an agent for this fund through its municipal court system. This plan is administered through the State and is not included in the City's financial statements.

Funding Policy. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in paragraphs 9 – 10 of GASB statement 27. These contributions are determined under the projected unit credit actuarial cost method. The annual recommended contribution is the sum of the normal cost and the level dollar amortization of the unfunded actuarial liability. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period varies for the bases, with a net effective amortization period of 10 years. The current rate of contribution for the City is 10.13% of annual covered payroll. Annual covered payroll for May 31, 2016 was \$1,330,209.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

Annual Pension Cost. The City's annual pension administrative cost of \$13,160 was determined as part of the July 1, 2016 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included:

Valuation Date:	July 1, 2016
Actuarial Cost Method:	Projected Unit Credit Cost
Assets Valuation Method:	See paragraph below
Amortization Method:	Closed level dollar for remaining unfunded liability
Remaning Amortization Period:	10 years
Actuarial Assumptions:	
-assumed rate of return on assets	7.75% per year
-expected future salary increases	3.25% plus service based merit increases
-merit of seniority	not applicable
-post-retirement benefit increases	not applicable

The asset valuation method used to determine the actuarial value of assets is the sum of the actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

The City's contribution for the current year was \$153,584.

The significant actuarial assumptions used to complete the actuarial accrued liability and the annual recommended contribution of the plan meet the Actuarial Standard of Practice No. 4, Measuring Pension Obligations, establishing generally accepted actuarial principles and practices.

Eleven-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) Obligation</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension</u>
5/31/2006	9,077	100%	0
5/31/2007	9,473	100%	0
5/31/2008	9,467	100%	0
5/31/2009	9,388	100%	0
5/31/2010	9,695	100%	0
5/31/2011	9,840	100%	0
5/31/2012	9,902	100%	0
5/31/2013	10,149	100%	0
5/31/2014	10,421	100%	0
5/31/2015	13,160	100%	0
5/31/2016	13,160	100%	0

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) - Entry Age (b)	(Surplus) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
5/1/2009	1,530,812	2,579,407	1,048,595	59.35%	994,559	105.43%
7/1/2010	2,009,034	2,764,220	755,186	72.68%	874,890	86.32%
7/1/2011	2,089,726	2,863,400	773,674	72.98%	892,544	86.68%
7/1/2012	2,193,765	3,045,023	851,258	72.04%	924,758	92.05%
7/1/2013	2,338,711	2,984,144	645,433	78.37%	928,523	69.51%
7/1/2014	2,503,793	2,957,826	454,033	84.65%	1,011,111	44.90%
7/1/2015	2,695,652	3,034,448	338,796	88.84%	1,138,480	29.76%
7/1/2016	2,836,848	3,039,962	203,114	93.32%	1,330,209	15.27%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Community Development Block Grant

The City received a community development block grant in the amount of \$468,727 dated September 5, 2014 for water and sewer improvements. During the fiscal year ended May 31, 2016, there were expenditures of \$255,525. Grant revenues and expenditures were audited in accordance with standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

G. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its solid waste landfill and to perform certain maintenance and monitoring functions at the site for a period of five years. This 5-year period is an exception to the 30-year period for monitoring landfills granted to those sites which are not contaminating groundwater and which cease to accept solid waste as of April 8, 1994. The City qualified for this exception. Although closure and postclosure care costs will be paid after the date that the landfill stopped accepting waste, the City reports a portion of these costs as an operating expense in this fiscal year, and the balance of the current estimated closure and postclosure costs are recorded as a liability in the Solid Waste Fund, an Enterprise Fund of the City. Estimates must be used and these estimates may change on account of a variety of factors including inflation or deflation, technology, or applicable laws or regulations.

The City and Seminole County, Georgia have an agreement in which the County contributes 60% of the closure and post-closure cost. An intergovernmental receivable is recorded for 60% of the current estimated cost.

The current estimated closure and post-closure cost at May 31, 2016 for the governmental fund is \$12,800. No capacity remains to calculate the annual accrual due to the closure of the landfill.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2016

H. Motel/Hotel Tax

The City of Donalsonville collected 5% motel taxes and is in compliance with OCGA 48-13-51. The City collected \$27,746 in taxes and expended \$24,524 for economic development, which is 88% of taxes collected. The balance is restricted for economic development.

I. Change in Accounting Principal

The City of Donalsonville has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, through which accounting for pension plans and the related disclosure requirements were modified. A restatement to the June 1, 2015 beginning net position was required to recognize this change in accounting principle. The resulting adjustment is as follows:

	Governmental Activites	Business-Type Activities
Beginning net position, June 1, 2015, as previously reported	\$ 4,598,653	\$ 9,437,971
Change in accounting principle for the implementation of GASB Statement No. 68	<u>(294,811)</u>	<u>(45,935)</u>
Beginning net position, June 1, 2015, as restated	<u><u>\$ 4,303,842</u></u>	<u><u>\$ 9,392,036</u></u>

**CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION**

**GEORGIA MUNICIPAL EMPLOYEES BENEFIT
RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
May 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Surplus) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
5/1/1997	1,055,787	1,063,829	8,042	99.2%	590,983	1.4%
5/1/1998	1,140,733	1,125,256	(15,477)	101.4%	683,275	-2.3%
5/1/1999	1,444,749	1,179,956	(264,793)	122.4%	699,879	-37.8%
5/1/2000	1,538,952	1,213,938	(325,014)	126.8%	744,745	-43.6%
5/1/2001	1,600,356	1,355,105	(245,251)	118.1%	785,588	-31.2%
5/1/2002	1,667,800	1,459,460	(208,340)	114.3%	764,460	-27.3%
5/1/2003	1,696,898	1,578,367	(118,531)	107.5%	783,793	-15.1%
5/1/2004	1,768,947	1,700,100	(68,847)	104.0%	794,117	-8.7%
5/1/2005	1,858,452	1,829,141	(29,311)	101.6%	826,157	-3.5%
5/1/2006	1,964,731	2,067,492	102,761	95.0%	869,531	11.8%
5/1/2007	2,093,845	2,254,944	161,099	92.9%	932,545	17.3%
5/1/2008	2,233,980	2,433,050	199,070	91.8%	900,150	22.1%
5/1/2009	1,530,812	2,579,407	1,048,595	59.3%	994,559	105.4%
7/1/2010	2,009,034	2,764,220	755,186	72.7%	874,890	86.3%
7/1/2011	2,089,726	2,863,400	773,674	73.0%	892,544	86.7%
7/1/2012	2,193,765	3,045,023	851,258	72.0%	924,758	92.1%
7/1/2013	2,338,711	2,984,144	645,433	78.4%	928,523	69.5%
7/1/2014	2,508,065	2,957,826	449,761	84.8%	1,011,111	44.5%
7/1/2015	2,695,652	3,034,448	338,796	88.8%	1,138,480	29.8%
7/1/2016	2,836,848	3,039,962	203,114	93.3%	1,330,209	15.3%

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2016

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

	<u>2017</u>	<u>2016</u>
Service cost	\$ 60,905	\$ 49,358
Interest	248,392	241,276
Differences between expected and actual experience	(32,025)	26,355
Changes of assumption	914	(30,497)
Benefit payments, including refunds of employee contributions	(201,022)	(188,321)
Net change in total pension liability	<u>77,164</u>	<u>98,171</u>
Total Pension Liability as of beginning	<u>3,305,565</u>	<u>3,207,394</u>
Total Pension Liability as of ending (a)	<u><u>\$ 3,382,729</u></u>	<u><u>\$ 3,305,565</u></u>
Employer contributions	\$ 153,584	\$ 178,075
Employee contributions (including buyback)	-	-
Net investment income	(12,774)	259,710
Benefit payments, including refunds of employer contributions	(201,022)	(188,321)
Administrative expense	(8,525)	(9,515)
Net Change in fiduciary net position	<u>(68,737)</u>	<u>239,949</u>
Plan fiduciary net position - beginning	<u>2,819,307</u>	<u>2,579,358</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,750,570</u></u>	<u><u>\$ 2,819,307</u></u>
Net Pension Liability - ending: (a)-(b)	<u><u>\$ 632,159</u></u>	<u><u>\$ 486,258</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	81.31%	85.29%
Covered-employee payroll	\$ 1,330,209	\$ 1,138,480
Net pension liability as a percentage of covered-employee payroll	47.52%	42.71%

Note: This schedule will present 10 years of information once the data is available.

**CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2016**

SCHEDULE OF CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	*	\$ 152,956
Contributions in relation to the actuarially determined contribution	*	153,584 **
Contribution deficiency (excess)	*	(628)
Covered-employee payroll	*	1,138,480 ***
Contributions as a percentage of covered employee payroll	*	13.49%

** 2016 information will be determined after fiscal year end and will be included in the 2017 valuation report.*

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

**** 2015 covered payroll is based on data collected as of February 28, 2015 for the 2015 actuarial valuation.*

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2016

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date	The actuarially determined contribution was determined as of July 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending May 31, 2018.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	
age 65-69	60%
70 and over	100%
Mortality	RP-2000-Combined

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Taxes:				
General property taxes				
Real property	\$ 987,810	\$ 987,810	\$ 867,447	\$ (120,363)
Motor vehicle	73,000	73,000	86,840	13,840
Mobile home	3,500	3,500	3,388	(112)
Real estate transfers/ intangible	10,000	10,000	4,252	(5,748)
Electric	193,188	193,188	196,891	3,703
Cable	22,000	22,000	22,646	646
Telephone	16,400	16,400	15,722	(678)
Total general property taxes	1,305,898	1,305,898	1,197,186	(108,712)
General sales and use taxes				
Local option sales and use	244,170	244,170	311,493	67,323
Total general sales and use taxes	244,170	244,170	311,493	67,323
Selective sales and use taxes				
Alcoholic beverage excise	86,200	86,200	86,564	364
Total selective sales and use taxes	86,200	86,200	86,564	364
Business taxes				
Business and occupation	45,100	45,100	44,078	(1,022)
Insurance	143,000	143,000	152,694	9,694
Total business taxes	188,100	188,100	196,772	8,672
Penalties and interest on delinquent taxes				
General property - real	5,000	5,000	49,756	44,756
Total penalties and interest on delinquent taxes	5,000	5,000	49,756	44,756
Total taxes	1,829,368	1,829,368	1,841,771	12,403
Licenses and permits:				
Business licenses and permits				
General business licenses	11,277	11,277	19,652	8,375
Alcoholic beverage licenses	2,000	2,000	-	(2,000)
Total business licenses and permits	13,277	13,277	19,652	6,375
Non-business licenses and permits				
Building structures and equipment	9,000	9,000	14,089	5,089
Total non-business licenses and permits	9,000	9,000	14,089	5,089
Total licenses and permits	22,277	22,277	33,741	11,464

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Intergovernmental revenues:				
State government grants	-	-	32,347	32,347
Intergovernmental revenues	-	-	32,347	32,347
Charges for services:				
General government				
Election fees	100	100	-	(100)
Public safety				
School crossing guard	4,000	4,000	3,246	(754)
Fire Recovery	2,000	2,000	20,595	
Utilities				
Sanitation fees	502,000	502,000	489,601	(12,399)
Total charges for services	508,100	508,100	513,442	(13,253)
Fines and forfeitures:				
Fines	58,500	58,500	69,387	10,887
Board fees	-	-	59	59
Probation	37,000	37,000	25,496	(11,504)
Total fines and forfeitures	95,500	95,500	94,942	(558)
Investment income:				
Interest revenue	2,400	2,400	6,683	4,283
Total investment income	2,400	2,400	6,683	4,283
Miscellaneous revenue:				
Rents	56,665	56,665	56,648	(17)
Other	4,000	4,000	3,804	(196)
Total miscellaneous revenue	60,665	60,665	60,452	(213)
Other financing sources:				
Transfers	292,217	292,217	300,000	7,783
Reserve	125,164	125,164	-	(125,164)
Sale of capital assets	5,000	5,000	8,423	3,423
Total other financing sources	422,381	422,381	308,423	(113,958)
Total revenues and other financing sources	\$ 2,940,691	\$ 2,940,691	\$ 2,891,801	\$ (67,485)

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT		
General government				
Legislative				
Mayor and council	\$ 18,450	\$ 18,450	\$ 17,255	\$ 1,195
Executive				
City manager salary	22,380	22,380	28,307	(5,927)
City manager benefits	5,735	5,735	3,520	2,215
City manager travel	4,000	4,000	-	4,000
Elections	1,200	7,434	7,434	-
General administration				
Advertising	2,500	2,500	11,484	(8,984)
Chamber of Commerce	15,000	15,000	15,000	-
Christmas lights	500	500	520	(20)
City park	750	750	812	(62)
Computer support	54,000	54,000	67,297	(13,297)
Dues and subscriptions	10,000	10,000	11,465	(1,465)
Insect fogging	5,000	5,000	7,244	(2,244)
Janitorial	3,500	3,500	3,534	(34)
Library support	300	300	-	300
Machine Lease/Purchase	-	-	1,829	(1,829)
Materials and supplies	3,000	3,000	16,018	(13,018)
Miscellaneous	4,500	4,500	5,193	(693)
Postage	3,500	3,500	2,570	930
Printing	2,500	2,500	2,271	229
Professional fees	68,950	68,950	96,175	(27,225)
S.W. GA R.D.C.	3,500	3,500	-	3,500
Salaries	60,585	60,585	59,807	778
Telephone	4,000	4,000	11,116	(7,116)
Travel	30,000	30,000	55,252	(25,252)
Law	-	-	3,863	(3,863)
Human resources				
Health insurance costs	24,655	24,655	5,791	18,864
Retirement costs	240,000	231,534	153,581	77,953
Social security costs	6,234	6,234	4,578	1,656
Risk management				
Insurance	17,424	17,424	16,596	828
General government buildings and plant				
Heat, lights and water	11,000	21,894	21,894	-
Repairs building and equipment	8,000	6,875	6,875	-
Repairs building - rental property	1,000	3,678	3,678	-
Capital outlay	4,000	96,300	96,236	64
Total general government	636,163	738,678	737,195	1,483

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Judicial				
Salaries	8,400	8,400	8,031	369
Social security costs	643	643	614	29
Professional services	3,000	3,202	3,600	(398)
Total judicial	12,043	12,245	12,245	-
Public safety				
Police department				
Police administration				
Dues and Subscriptions	-	-	1,500	(1,500)
Gas and oil	45,000	45,000	33,153	11,847
Insurance	60,000	60,000	53,863	6,137
Materials and supplies	22,000	22,000	23,019	(1,019)
Miscellaneous	1,000	1,000	866	134
Postage	1,000	1,000	35	965
Printing	250	250	255	(5)
Telephone	7,000	7,000	7,429	(429)
Uniforms	3,000	3,000	20,191	(17,191)
Salaries	538,468	538,468	494,362	44,106
Employee benefits	137,980	137,980	99,257	38,723
Other Services	4,500	4,500	4,811	(311)
Crime control and investigation				
Employee testing	250	250	-	250
DUI test charges	250	250	10	240
Jailer services	48,000	48,000	42,660	5,340
Medical	2,500	2,500	347	2,153
Prisoner meals	16,000	16,000	3,206	12,794
Drug Task Force	6,000	6,000	5,564	436
Traffic control				
Power - traffic signs	850	850	-	850
Police training				
Travel and school	5,000	5,000	12,015	(7,015)
Police stations and buildings				
Heat, lights and water	8,400	8,400	8,384	16
Repairs building and equipment	30,000	30,000	19,802	10,198
Capital outlay	6,000	6,000	21,117	(15,117)
Total police department	943,448	943,448	851,846	91,602
Probation Department				
Probation administration				
Salaries	36,732	43,276	43,538	(262)
Employee benefits	3,517	3,517	3,255	262
Total probation department	40,249	46,793	46,793	-

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Fire Department				
Fire administration				
Freight	100	100	34	66
Telephone	4,000	4,000	6,512	(2,512)
Gas and oil	6,100	6,100	7,088	(988)
Insurance	30,000	30,000	27,914	2,086
Linen service	500	500	50	450
Materials and supplies	13,000	13,000	18,517	(5,517)
Miscellaneous	1,000	1,000	1,107	(107)
Salaries	339,502	339,502	326,394	13,108
Employee benefits	86,996	86,996	73,117	13,879
Uniforms	4,500	4,500	6,444	(1,944)
Fire fighting				
Fire hydrant rental	2,000	2,000	616	1,384
Fire training				
Travel and school	5,500	5,500	6,129	(629)
Medical services				
Medical	500	500	267	233
Heat, lights and water	10,000	10,000	9,387	613
Repairs building and equipment	10,000	10,000	21,684	(11,684)
Capital outlay	4,000	4,000	4,500	(500)
Total fire department	517,698	517,698	509,760	7,938
Total public safety	1,501,395	1,507,939	1,408,399	99,540
Public works				
Street department				
Street administration				
Equipment rental	500	500	-	500
Freight	50	50	-	50
Gas and oil	19,000	19,000	10,599	8,401
Insurance	41,000	41,000	25,658	15,342
Machine hire	100	100	183	(83)
Materials and supplies	3,000	3,000	863	2,137
Miscellaneous	500	500	220	280
Telephone/Internet	-	-	719	(719)
Roadways and walkways				
Repairs and maintenance - other	32,000	32,000	39,166	(7,166)
Salaries	135,293	135,293	136,447	(1,154)
Employee benefits	34,668	34,668	35,264	(596)
Repairs	1,000	1,000	-	1,000
Exterior lighting	72,000	72,000	65,865	6,135

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Flood control	1,000	1,000	-	1,000
Street signs	1,000	1,000	1,243	(243)
Tree service	1,000	1,000	-	1,000
Capital outlay	-	-	-	-
Total street department	342,111	342,111	316,227	25,884
Sanitation department				
Sanitation administration				
Salaries	185,537	185,537	185,857	(320)
Employee benefits	47,543	47,543	57,486	(9,943)
Heat, lights and water	100	100	-	100
Repairs and maintenance	20,200	20,200	13,673	6,527
Miscellaneous	500	500	-	500
Machinery Lease/ Purchase	12,000	12,000	1,000	11,000
Materials and supplies	2,000	2,000	2,545	(545)
Insurance	45,000	45,000	25,658	19,342
Gas and oil	34,000	34,000	18,788	15,212
Postage	1,100	1,100	1,060	40
Sewage collection and disposal				
Postclosure costs	-	-	4,953	(4,953)
Tipping fees to Seminole County	96,000	96,000	97,541	(1,541)
Capital outlay	5,000	5,000	-	5,000
Total sanitation department	448,980	448,980	408,561	40,419
Total public works	448,980	448,980	724,788	66,303
Debt service				
Principal	-	-	4,265	(4,265)
Interest	-	-	216	(216)
Total debt service	-	-	4,481	(4,481)
Total expenditures	\$ 2,940,692	\$ 3,049,953	\$ 2,887,108	\$ 162,845

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Hotel/Motel Taxes- This fund is used to account for the monies received in taxes from the local hotels and motels. These taxes are used for economic development.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

CHIP- This fund is used for the collection of Grant Revenues.

SPLOST III- This fund is used to account for activities of the SPLOST 2003 referendum.

SPLOST IV- This fund is used to account for activities of the SPLOST referendum.

SPLOST V- This fund is used to account for activities of the SPLOST referendum.

CITY OF DONALSONVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
May 31, 2016

	Special Revenue Funds		Capital Project Funds					Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Total	CHIP Fund	SPLOST III	SPLOST IV	SPLOST V	Total	
ASSETS								
Current assets:								
Cash and cash equivalent	\$ 16,603	\$ 16,603	\$ 100	\$ 231,000	\$ 334,118	\$ 111,243	\$ 676,461	\$ 693,064
Accounts receivable (net of allowance for uncollectibles)	1,903	1,903	-	-	-	-	-	1,903
Intergovernmental	-	-	-	-	-	20,172	20,172	20,172
Due from other funds	-	-	-	17,686	-	-	17,686	17,686
Total current assets	18,506	18,506	100	248,686	334,118	131,415	714,319	732,825
Total assets	18,506	18,506	100	248,686	334,118	131,415	714,319	732,825
LIABILITIES								
Current liabilities:								
Accounts payable	7	7	-	-	-	-	-	7
Due to other funds	-	-	100	-	-	17,686	17,786	17,786
Total current liabilities	7	7	100	-	-	17,686	17,786	17,793
FUND BALANCE								
Restricted for:								
Special programs	18,499	18,499	-	248,686	334,118	113,729	696,533	715,032
Total fund balance	18,499	18,499	-	248,686	334,118	113,729	696,533	715,032
Total liabilities and fund balance	\$ 18,506	\$ 18,506	\$ 100	\$ 248,686	\$ 334,118	\$ 131,415	\$ 714,319	\$ 732,825

CITY OF DONALSONVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	<u>Special Revenue Fund</u>		<u>Capital Project Fund</u>					Total Nonmajor Governmental Funds
	Hotel/Motel Tax Fund	Total	CHIP Fund	SPLOST III	SPLOST IV	SPLOST V	Total	
Revenues:								
Hotel/Motel tax	\$ 27,746	\$ 27,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,746
Intergovernmental revenues	-	-	-	-	5,525	263,696	269,221	269,221
Investment Earnings	-	-	-	1,733	1,575	-	3,308	3,308
Miscellaneous revenues	-	-	-	-	-	431	431	431
Total revenues	27,746	27,746	-	1,733	7,100	264,127	272,960	300,706
Expenditures:								
Economic development	24,524	24,524	-	-	-	-	-	24,524
Capital outlay	-	-	-	281,608	228,846	167,686	678,140	678,140
Debt service:							-	-
Principal	-	-	-	-	-	25,663	25,663	25,663
Interest	-	-	-	-	-	2,865	2,865	2,865
Total expenditures	24,524	24,524	-	281,608	228,846	196,214	706,668	731,192
Excess of revenues over (under) expenditures	3,222	3,222	-	(279,875)	(221,746)	67,913	(433,708)	(430,486)
Net change in fund balances	3,222	3,222	-	(279,875)	(221,746)	67,913	(433,708)	(430,486)
Fund balance- beginning	15,277	15,277	-	528,561	555,864	45,816	1,130,241	1,145,518
Fund balance- ending	\$ 18,499	\$ 18,499	\$ -	\$ 248,686	\$ 334,118	\$ 113,729	\$ 696,533	\$ 715,032

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR - SPECIAL REVENUE FUND
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED MAY 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Hotel/Motel taxes	\$ 23,000	\$ 23,000	\$ 27,746	\$ 4,746
Total revenues	23,000	23,000	27,746	4,746
EXPENDITURES				
Current:				
Economic development	23,000	24,523	24,523	-
Total expenditures	23,000	24,523	24,523	-
Net change in fund balance	-	(1,523)	3,223	4,746
Fund balances - beginning	15,276	15,276	15,276	15,276
Fund balances - ending	\$ 15,276	\$ 13,753	\$ 18,499	\$ 20,022

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
May 31, 2016

Special Purpose Local Option Sales Tax #3

Project No.	Project Description	Original Estimated Costs	Current Estimated Cost	Prior Years	Current Year	Total	Percentage of Completion
1	Police Dept Vehicles	\$ 100,000	\$ 115,475	\$ 87,896	\$ -	\$ 87,896	76.12%
2	Industrial Park Improvements	350,000	377,136	377,136	281,608	658,744	174.67%
	Totals	\$ 450,000	\$ 492,611	\$ 465,032	\$ 281,608	\$ 746,640	

Special Purpose Local Option Sales Tax #4

Project No.	Project Description	Original Estimated Costs	Current Estimated Cost	Adjusted Prior Years	Current Year	Total	Percentage of Completion
1	General government	\$ 125,000	\$ 125,000	\$ 47,667	\$ 43,627	\$ 91,294	73.04%
2	Police department	190,000	190,000	213,883	8,677	222,560	117.14%
3	Fire department	275,000	275,000	161,209	18,234	179,443	65.25%
4	Sanitation department	285,000	285,000	46,871	6,586	53,457	18.76%
5	Street improvements	513,000	513,000	489,124	151,722	640,846	124.92%
7	Water & Sewer improvements	600,000	600,000	531,951	-	531,951	88.66%
6	Capital structures- fire station	250,000	250,000	-	-	-	0.00%
	Totals	\$ 2,238,000	\$ 2,238,000	\$ 1,490,705	\$ 228,846	\$ 1,719,551	

Special Purpose Local Option Sales Tax #5

Project No.	Project Description	Original Estimated Costs	Current Estimated Cost	Adjusted Prior Years	Current Year	Total	Percentage of Completion
1	LMIG Program	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	0.00%
2	Industrial Park expansion & improvements	200,000	200,000	-	-	-	0.00%
3	Services Expansion (Gas, Water, Sewer)	125,000	125,000	-	-	-	0.00%
4	Fire Station	100,000	100,000	-	-	-	0.00%
5	Sanitation Department capital outlay	156,158	156,158	-	-	-	0.00%
6	Fire Department capital outlay	256,158	256,158	-	-	-	0.00%
7	Street Department capital outlay	406,158	406,158	-	-	-	0.00%
8	Police Department capital outlay	206,158	206,158	-	17,686	17,686	8.58%
9	General Government capital outlay	107,260	107,260	-	150,000	150,000	139.85%
10	Community Enrichment Program	406,158	406,158	-	-	-	0.00%
	Totals	\$ 2,163,050	\$ 2,163,050	\$ -	\$ 167,686	\$ 167,686	

Reconciliation of current year SPLOST expenditures to the Statement of Revenue, Expenses, and Changes in Fund Balances

Current year expenditures as shown above	\$ 678,140
Retirement of debt	24,895
Interest expense	3,633
Total current year SPLOST expenditures	<u>\$ 706,668</u>

GRANT SCHEDULES

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 14p-x-125-2-5661
SCHEDULE OF SOURCE AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2016

Program funds allocated	\$ 468,727
Less funds drawn down by recipient through May 31, 2014	<u>(8,000)</u>
Funds still available from HUD, June 1, 2015	460,727
Less funds drawn down by recipient through May 31, 2015	<u>(263,525)</u>
Funds still available from HUD, June 1, 2016	<u><u>724,252</u></u>
Total program funds held by recipient available for disposition June 1, 2015	-
Total program funds drawn down by recipient	263,525
Less expenses paid with program funds	<u>(263,525)</u>
Total program funds held by recipient available for disposition May 31, 2015	<u><u>\$ -</u></u>

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 14p-x-125-2-5661
PROJECT COST SCHEDULE
FOR THE FISCAL YEAR ENDED MAY 31, 2016

Activity	Approved Budget	Current Expenditures	Accumulated Expenditures To Date	Unexpended Budget
P-03J-02 Sewer Facilities	\$ 400,560	\$ 240,525	\$ 240,525	\$ 160,035
C-022-00 Contingencies	40,056	-	-	40,056
A-21A-00 Administration	28,111	15,000	23,000	5,111
	<u>\$ 468,727</u>	<u>\$ 255,525</u>	<u>\$ 263,525</u>	<u>\$ 205,202</u>

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
MAY 31, 2016

	<u>May 31, 2016</u>
Governmental funds capital assets:	
Land	\$ 399,917
Construction in progress	228,396
Buildings	655,409
Improvements other than buildings	280,977
Machinery and equipment	2,478,299
Infrastructure	2,356,300
Total governmental funds capital assets	<u><u>\$ 6,399,298</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$ 6,399,298
Total governmental funds capital assets	<u><u>\$ 6,399,298</u></u>

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
MAY 31, 2016

Function and Activity	Land	Construction In Progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total
General government:							
Finance and administration	\$ 51,933	\$ 187,436	\$ 464,284	\$ 13,417	\$ 355,814	\$ -	\$ 1,072,884
Other - unclassified	42,151	-	35,695	145,693	17,504	23,660	264,703
Total general government	94,084	187,436	499,979	159,110	373,318	23,660	1,337,587
Public safety:							
Police	-	10,760	130,521	42,770	564,753	-	748,804
Fire	256,733	30,200	6,044	13,302	705,927	-	1,012,206
Total public safety	256,733	40,960	136,565	56,072	1,270,680	-	1,761,010
Highways and streets:							
Maintenance	-	-	10,313	-	419,653	-	429,966
Street system	2,500	-	-	-	137,425	2,332,640	2,472,565
Total highways and streets	2,500	-	10,313	-	557,078	2,332,640	2,902,531
Sanitation	600	-	8,552	3,095	272,223	-	284,470
Culture and recreation	46,000	-	-	62,700	5,000	-	113,700
Total governmental funds capital assets	\$ 399,917	\$ 228,396	\$ 655,409	\$ 280,977	\$ 2,478,299	\$ 2,356,300	\$ 6,399,298

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	Governmental Funds Capital Assets June 1, 2015	Additions	Deletions	Transfer between Departments	Governmental Funds capital Assets May 31, 2016
Function and Activity					
General government:					
Finance and administration	\$ 783,022	\$ 289,862	\$ -	\$ -	\$ 1,072,884
Other - unclassified	264,703	-	-	-	264,703
Total general government	1,047,725	289,862	-	-	1,337,587
Public safety:					
Police	786,781	47,480	85,457	-	748,804
Fire	707,864	304,342	-	-	1,012,206
Total public safety	1,494,645	351,822	85,457	-	1,761,010
Highways and streets:					
Maintenance	429,966	-	-	-	429,966
Street system	2,330,408	151,722	9,565	-	2,472,565
Total highways and streets	2,760,374	151,722	9,565	-	2,902,531
Sanitation	337,655	6,586	59,771	-	284,470
Culture and recreation	113,700	-	-	-	113,700
Total governmental funds capital assets	\$ 5,754,099	\$ 799,992	\$ 154,793	\$ -	\$ 6,399,298

SUPPLEMENTAL INFORMATION

**CITY OF DONALSONVILLE, GEORGIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
CURRENT FISCAL YEAR**

Fiscal Year	General Government	Public Safety	Highways and Streets	Sanitation	Economic Develop- ment	Culture and Recreation	Interest on Long-term Debt	Water and Sewer	Gas	Solid Waste	Total
2005	300,241	1,047,284	323,953	438,148	24,311	2,768	190	454,408	507,710	-	3,099,013
2006	311,648	1,129,600	359,311	435,491	27,643	3,152	1,950	545,923	593,214	-	3,407,932
2007	315,953	1,186,472	325,425	430,802	24,679	2,433	5,030	555,329	421,808	-	3,267,931
2008	345,283	1,279,194	360,527	449,038	25,391	1,995	3,887	534,762	415,053	-	3,415,130
2009	343,289	1,342,750	372,948	470,757	27,509	1,968	4,764	544,662	465,337	-	3,573,984
2010	457,455	1,411,835	358,725	476,272	25,144	1,788	3,936	603,043	335,511	-	3,673,709
2011	375,167	1,377,738	370,045	478,855	23,296	2,796	3,116	559,678	300,628	-	3,491,319
2012	421,542	1,396,574	393,880	479,363	18,634	2,844	2,583	611,305	304,992	-	3,631,717
2013	472,076	1,381,243	391,088	461,133	8,468	3,429	2,174	672,834	333,236	-	3,725,681
2014	472,903	1,515,834	384,076	439,377	21,311	2,386	3,784	799,204	322,060	-	3,960,935
2015	547,621	1,567,906	440,192	459,045	24,322	2,376	3,943	858,534	298,161	-	4,202,100
2016	835,345	1,433,559	411,103	400,038	24,523	1,876	3,608	960,374	234,028	-	4,304,454

CITY OF DONALSONVILLE, GEORGIA
GOVERNMENT-WIDE REVENUES
CURRENT FISCAL YEAR

Program Revenues				General Revenues				
Fiscal Year	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Investment Income	Miscellaneous	Total
2005	1,476,326	-	153,394	1,326,890	-	56,885	2,195	3,015,690
2006	553,395	-	23,538	1,460,515	-	46,869	2,355	2,086,672
2007	554,918	-	16,386	1,568,462	-	63,293	1,193	2,204,252
2008	626,919	-	341,604	1,721,671	-	67,892	26,508	2,784,594
2009	679,321	-	246,906	1,755,721	-	49,646	1,990	2,733,584
2010	1,730,552	-	-	2,267,396	-	-	-	3,997,948
2011	708,102	-	402,011	1,795,492	-	29,643	428	2,935,676
2012	712,612	-	406,643	1,839,957	-	19,540	20,650	2,999,402
2013	671,573	-	423,719	1,857,232	-	12,147	8,745	2,973,416
2014	753,443	13,048	404,793	1,767,865	-	8,223	8,094	2,955,466
2015	708,924	9,320	709,273	1,824,388	-	431	19,601	3,271,937
2016	2,051,735	-	564,715	1,856,562	-	10,280	17,011	4,500,303

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEARS ENDED
MAY 31, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006

	Fiscal Year Ended 5/31/2016	Fiscal Year Ended 5/31/2015	Fiscal Year Ended 5/31/2014	Fiscal Year Ended 5/31/2013	Fiscal Year Ended 5/31/2012	Fiscal Year Ended 5/31/2011	Fiscal Year Ended 5/31/2010	Fiscal Year Ended 5/31/2009	Fiscal Year Ended 5/31/2008	Fiscal Year Ended 5/31/2007	Fiscal Year Ended 5/31/2006
General Fund											
Revenues:											
Property taxes	\$ 961,927	\$ 986,576	\$ 918,075	\$ 902,387	\$ 894,838	\$ 850,818	\$ 825,870	\$ 784,211	\$ 795,695	\$ 733,764	\$ 656,228
Sales tax	398,057	364,973	410,532	507,488	512,336	482,361	476,520	473,957	493,297	493,934	450,044
Other taxes	481,787	456,918	419,900	413,964	420,587	424,306	405,155	409,956	404,935	382,653	356,146
Licenses and permits	33,741	34,515	23,325	17,848	27,888	13,065	55,364	21,026	19,079	15,373	14,753
Charges for services	513,442	500,713	497,128	486,628	461,099	458,492	460,967	457,025	417,998	367,004	358,684
Fines and forfeitures	94,942	121,064	181,149	119,256	172,241	144,941	147,220	96,258	90,158	75,341	87,693
Interest	6,683	7,953	8,241	12,445	20,008	31,811	33,781	46,079	67,892	63,293	46,869
Miscellaneous and intergovernmental	101,222	112,556	148,783	86,870	96,174	147,269	212,484	429,173	453,518	161,284	112,590
Total revenues	\$ 2,591,801	\$ 2,585,268	\$ 2,607,133	\$ 2,546,886	\$ 2,605,171	\$ 2,553,063	\$ 2,617,361	\$ 2,717,685	\$ 2,742,572	\$ 2,292,646	\$ 2,083,007
Expenditures:											
General government	\$ 753,921	\$ 525,433	\$ 483,052	\$ 477,763	\$ 593,117	\$ 427,933	\$ 378,936	\$ 436,587	\$ 328,876	\$ 296,127	\$ 288,943
Recreation department	-	-	-	1,054	325	634	125	306	127	358	1,076
Police department	851,847	941,590	1,047,541	799,252	853,503	849,018	877,205	842,886	821,009	739,498	727,300
Probation department	46,793	38,011	36,734	34,936	32,994	34,377	33,938	-	-	-	-
Fire department	509,760	489,644	481,762	472,879	470,909	466,047	480,563	477,945	450,757	414,458	376,552
Street department	316,227	375,111	355,732	327,627	317,270	346,347	277,826	617,657	777,286	253,364	308,984
Sanitation department	408,561	446,301	438,768	443,331	464,772	462,341	438,907	448,057	428,516	429,117	528,250
Housing and development	-	-	-	-	-	-	-	-	-	-	27,643
Park Pavillion	-	-	-	-	-	5,000	-	-	-	-	-
Total expenditures	\$ 2,887,109	\$ 2,816,090	\$ 2,843,589	\$ 2,556,842	\$ 2,732,890	\$ 2,591,697	\$ 2,487,500	\$ 2,823,438	\$ 2,806,571	\$ 2,132,922	\$ 2,258,748

CITY OF DONALSONVILLE, GEORGIA
MISCELLANEOUS STATISTICAL DATA
May 31, 2016
"UNAUDITED"

Description	Data
Date of incorporation	1897
Date first charter adopted	1897
Date present charter adopted	1997
Form of government:	
Type: Mayor	
Council - six (6) members	
City Manager	
Term of office:	
Mayor - four (4) year term	
Council members - four (4) year term	
Area:	4 sq miles
Community facilities	
Sewer system:	
Miles of sanitary sewers	44
Number of lift stations	6
Daily average treatment (gal)	400,000
Maximum treatment plant capacity (gal)	1,000,000
Number of disposal plants	1
Number of service connections	1,120
Water system:	
Miles of water mains	50
Daily average consumption (gal)	700,000
Plant capacity (gal)	2,000,000
Number of service connections	1,200
Deep wells	2
Number of fire hydrants	202
Gas system:	
Miles of gas lines	24
Daily average consumptions (MCF)	250
Plant capacity (MCF)	500
Number of service connections	305
Number of street lights	480
Miles of streets:	
Streets - paved	49

CITY OF DONALSONVILLE, GEORGIA
CURRENT RATE SCHEDULE
May 31, 2016
"UNAUDITED"

Utility rates:

Water:

Residential Equivalency Unit Fee of \$7.00
Commercial Equivalency Unit Fee of \$10.00 and up depending on consumption.
\$2.40 per thousand gallons used between 0 and 5,000 gallons.
\$2.55 per thousand gallons used between 5,001 and 10,000 gallons.
\$2.65 per thousand gallons used between 10,001 and 15,000 gallons.
\$2.80 per thousand gallons used between 15,001 and 20,000 gallons.
\$2.95 per thousand gallons used for 20,001 gallons and over.

Sewer:

Residential Equivalency Unit Fee of \$9.00
Commercial Equivalency Unit Fee of \$10.00 and up depending on consumption.
\$2.70 per thousand gallons used between 0 and 5,000 gallons.
\$2.80 per thousand gallons used between 5,001 and 10,000 gallons.
\$2.90 per thousand gallons used between 10,001 and 15,000 gallons.
\$3.10 per thousand gallons used between 15,001 and 20,000 gallons.
\$3.20 per thousand gallons used between 20,001 gallons and 25,000 gallons.
\$3.30 per thousand gallons used for 25,001 gallons and over.

Sanitation:

\$18.75 flat rate - residential
\$25.00 - \$1,702.00 - commercial (based on \$3.85 cu/yd per pickup)

Gas:

\$2.37 minimum
\$1.30 to \$2.00 per 100 cubic feet average
Gas price based on spot market price and distributed costs
Gas price varies month-to-month based on market cost

Perry L. Henry, LLC
Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standard generally accepted in the United States of America and 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 Donalsonville as of and for the year ended May 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Donalsonville's financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control Over Financial Reporting

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

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

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

consider to be material weaknesses. However, material weakness may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2015-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Donalsonville'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 test disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Donalsonville's Response to Findings

The City of Donalsonville's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Donalsonville's response was not subjected to the auditing procedure 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.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
November 30, 2016

City of Donalsonville, Georgia
Schedule of Findings and Responses
May 31, 2016

2015-1

Condition:

The City does not have adequate separation of duties in various functions of the City.

Criteria:

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

- (1) financial reporting,
- (2) effectiveness and efficiency of operation, and
- (3) compliance with applicable laws and regulations.

Cause:

There is an insufficient number of staff to properly segregate functions of all transaction cycles.

Effect:

The City will be exposed to increased risk that the financial statements will be materially misstated whether by error or intentionally could occur and not be detected in a timely manner.

Recommendation:

The City should monitor the control environment and continue to strengthen controls where cost effective.

Management's Response:

Management agrees. A corrective action plan will be issued under a separate cover.