

City of Donalsonville, Georgia

Financial Statements

For the Year Ended

May 31, 2018

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INTRODUCTORY SECTION

CITY OF DONALSONVILLE, GEORGIA
List of Elected and Appointed Officials
May 31, 2018

Elected Officials

Mayor	Dan Ponder
Council Member – District I, Post 1	Mitzy Moye
Council Member – District I, Post 2	Travis Brooks
Council Member – District I, Post 3	Ed Bond
Council Member – District II, Post 4	Flossie Smith
Council Member – District II, Post 5	Mitchell Blanks
Council Member – District II, Post 6	Lindsay C. Register, Sr.

Appointed Officials

City Manager	Steven Hicks
Attorney	Billy Grantham
Municipal Court Judge	Joshua Bell
Clerk	Christina Covers
Police Chief	Woodrow Blue, Jr
Fire Chief	Dean King
City Superintendent	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

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3-8 and the Pension Plan on pages 43-45 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 February 8, 2019, 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
February 13, 2019

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, 2018.

Financial Highlights

- The assets of the City of Donalsonville exceeded its liabilities at the close of the most recent fiscal year by \$13,850,227. Of this amount, (\$2,672,641) may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of \$5,578,128 from the prior year. This is largely due to some notes payables being refinanced with the Downtown Development Authority that is now an intergovernmental payable.
- The City's governmental activities net position increased by \$235,989 and the business-type activities decreased by \$274,651, for a total decrease in net position of \$38,662.
- As of the close of the current fiscal year, the City's governmental fund reported ending fund balance of \$613,660, a decrease of \$894,973 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$923,012, or 27% percent of total general fund expenditures. In the prior year, unassigned fund balance was 28% percent of total general fund expenditures.
- The City's total debt increased by \$319,552 during the current fiscal year.
- In the City's business-type activities, operating revenues decreased by \$3,316 from the prior year while operating expenses increased by \$191,854, for a total operating income decrease of \$195,170.
- The resources available for appropriation were \$228,650 less than budgeted for the general fund and our actual expenditures were \$221,922 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 9 and 10 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 six governmental funds. The general fund is a major fund, SPLOST V is a major 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 11 through 14 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 15 through 18 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 19 through 42 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 43-45 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 \$13,850,227 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (119 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	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 1,891,649	\$ 804,260	\$ 2,496,017	\$ 2,338,702	\$ 4,387,666	\$ 3,142,962
Capital assets	3,216,734	4,754,696	12,812,594	12,797,454	16,029,328	17,552,150
Total assets	5,108,383	5,558,956	15,308,611	15,136,156	20,416,994	20,695,112
Total deferred outflows of resources	136,551	128,649	7,498	7,583	144,049	136,232
Long-term liabilities outstanding	12,800	698,131	5,227,037	5,097,908	5,239,837	5,796,039
Other liabilities	672,735	426,060	484,288	494,313	1,157,023	920,373
Total liabilities	685,535	1,124,191	5,711,325	5,592,221	6,396,860	6,716,412
Total deferred inflows of resources	260,965	249,970	14,329	14,735	275,294	264,705
Net position:						
Net investment in capital assets	3,094,438	3,966,738	7,305,472	7,679,043	10,399,910	11,645,781
Restricted:	583,492	-	-	-	583,492	-
Unrestricted	620,504	346,706	2,284,983	1,857,740	2,905,487	2,204,446
Total net position	\$ 4,298,434	\$ 4,313,444	\$ 9,590,455	\$ 9,536,783	\$ 13,888,889	\$ 13,850,227

\$0 of the City's net position is restricted. The *unrestricted net position* of \$2,204,446 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 for both of the two categories of net position, for the government as a whole, as well as its governmental and business-type activities.

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Governmental activities. Governmental activities increased the City's net position by \$235,989. Key elements of this increase are as follows:

City of Donalsonville's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program revenues:						
Charges for services	\$ 703,754	\$ 744,797	\$ 1,344,510	\$ 1,341,194	\$ 2,048,264	\$ 2,085,991
Capital grants and contributions	491,050	603,298	211,461	14,000	702,511	617,298
Operating grants and contributions	202,557	42,518	-	-	202,557	42,518
General revenues:						
Property taxes	1,063,541	1,031,894	-	-	1,063,541	1,031,894
Other taxes	859,595	911,758	-	-	859,595	911,758
Other	59,423	32,902	5,020	1,094	64,443	33,996
Total revenues	3,379,920	3,367,167	1,560,991	1,356,288	4,940,911	4,723,455
Expenses:						
General government	848,660	779,152	-	-	848,660	779,152
Public safety	1,655,059	1,737,681	-	-	1,655,059	1,737,681
Highways/streets	437,849	464,158	-	-	437,849	464,158
Sanitation	392,295	398,117	-	-	392,295	398,117
Culture and development	1,676	1,976	-	-	1,676	1,976
Economic development	237,854	82,170	-	-	237,854	82,170
Interest on long-term debt	1,238	6,278	-	-	1,238	6,278
Water/Sewer fund	-	-	781,440	874,145	781,440	874,145
Gas fund	-	-	289,924	303,960	289,924	303,960
E-Donalsonville fund	-	-	-	114,480	-	114,480
Total expenses	3,574,631	3,469,532	1,071,364	1,292,585	4,645,995	4,762,117
Increase in net position before transfers	(194,711)	(102,365)	489,627	63,703	294,916	(38,662)
Transfers	350,000	338,354	(350,000)	(338,354)	-	-
Increase in net position	155,289	235,989	139,627	(274,651)	294,916	(38,662)
Net position - originally stated	4,372,985	4,298,434	9,518,742	9,590,455	13,891,727	13,888,889
Prior period adjustment	(229,840)	(220,979)	(67,914)	220,979	(297,754)	-
Net position beginning restated	4,143,145	4,077,455	9,450,828	9,811,434	13,593,973	13,888,889
Net position - 5/31/18	\$ 4,298,434	\$ 4,313,444	\$ 9,590,455	\$ 9,536,783	\$ 13,888,889	\$ 13,850,227

Business-type activities. Business-type activities decreased the City's net position by \$274,651, a decrease from the prior year in the amount of \$414,278.

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 \$613,660, a decrease of \$894,973 in comparison with the prior year. \$923,012 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 (\$4,150,549), the Gas Fund \$1,238,643, the Solid Waste Fund \$7,039, and E-Donalsonville Fund (\$114,480) for a total unrestricted net position of (\$3,019,347). 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 were changes between the original budget and the final amended budget in total revenues and appropriations.

	Original	Final	Variance
Property taxes	\$ 1,105,778	\$ 1,053,790	\$ (51,988)
Penalties and interest on taxes	5,000	48,475	43,475
Miscellaneous revenues	79,845	144,132	64,287
Total	<u>\$ 1,190,623</u>	<u>\$ 1,246,397</u>	<u>\$ 55,774</u>

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, 2018, amounts to \$17,552,150 (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 \$6,122,958.

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

	Governmental activities		Business-type activities		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 399,917	\$ 434,401	\$ 33,646	\$ 33,646	\$ 433,563	\$ 468,047
Buildings	655,409	2,035,235	24,924	24,924	680,333	2,060,159
Closing Costs	-	-	70,000	70,000	70,000	70,000
Improvements other than buildings	280,977	292,987	8,883	8,883	289,860	301,870
Machinery and equipment	2,785,588	3,505,891	504,702	504,702	3,290,290	4,010,593
Infrastructure	2,486,516	2,708,336	16,334,611	16,693,619	18,821,127	19,401,955
Construction in progress	485,624	-	108,000	83,076	593,624	83,076
Accumulated depreciation/amortization	(3,877,297)	(4,222,154)	(4,272,172)	(4,621,396)	(8,149,469)	(8,843,550)
Total	<u>\$ 3,216,734</u>	<u>\$ 4,754,696</u>	<u>\$ 12,812,594</u>	<u>\$ 12,797,454</u>	<u>\$ 16,029,328</u>	<u>\$ 17,552,150</u>

Additional information on the City's capital assets can be found in Note III C on pages 27-28 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 \$505,158 for its governmental funds and \$0 in the proprietary funds. Notes payable in the governmental funds were \$270,000 and proprietary funds were \$241,324. Bonds payable in the proprietary funds were \$5,142,242. 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	\$ 481,560	\$ 2,066,342	\$ 2,547,902	\$ 15,655
Receivables (net of allowance for uncollectibles)	186,178	96,133	282,311	-
Intergovernmental receivables	25,651	30,289	55,940	-
Prepays	108,681	30,335	139,016	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	2,190	115,603	117,793	-
Capital assets				
Land	434,401	33,646	468,047	-
Construction in progress	-	83,076	83,076	-
Buildings	2,035,235	24,924	2,060,159	-
Closing Costs	-	70,000	70,000	-
Improvements other than buildings	292,987	8,883	301,870	-
Machinery and equipment	3,505,891	504,702	4,010,593	-
Infrastructure	2,708,336	16,693,619	19,401,955	-
Accumulated depreciation/amortization	(4,222,154)	(4,621,396)	(8,843,550)	-
Total assets	5,558,956	15,136,156	20,695,112	15,655
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	128,649	7,583	136,232	-
Total of outflows of resources	128,649	7,583	136,232	-
LIABILITIES				
Accounts payable and other current liabilities	54,889	55,980	110,869	1,084
Bank Overdraft	5,962	5,816	11,778	-
Accrued interest payable	854	11,072	11,926	-
Liabilities payable from restricted assets	-	115,603	115,603	-
Noncurrent liabilities:				
Compensated absences	52,405	7,090	59,495	-
Net pension liability	222,123	13,093	235,216	-
Due within one year	89,827	285,659	375,486	-
Due in more than one year	698,131	5,097,908	5,796,039	-
Total liabilities	1,124,191	5,592,221	6,716,412	1,084
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	249,970	14,735	264,705	-
Total deferred inflows of resources	249,970	14,735	264,705	-
NET POSITION				
Net investment in capital assets	3,966,738	7,679,043	11,645,781	-
Unrestricted	346,706	1,857,740	2,204,446	14,571
Total net position	\$ 4,313,444	\$ 9,536,783	\$ 13,850,227	\$ 14,571

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018

Functions/Programs	Expenditures	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Unit Downtown Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 779,152	\$ 98,579	\$ -	\$ 356,568	\$ (324,005)	\$ -	\$ (324,005)	\$ -
Public safety	1,737,681	97,255	-	246,730	(1,393,696)	-	(1,393,696)	-
Highways and streets	464,158	-	-	-	(464,158)	-	(464,158)	-
Sanitation	398,117	548,963	-	-	150,846	-	150,846	-
Economic development	82,170	-	42,518	-	(39,652)	-	(39,652)	-
Culture and recreation	1,976	-	-	-	(1,976)	-	(1,976)	-
Interest on long-term debt	6,278	-	-	-	(6,278)	-	(6,278)	-
Total governmental activities	3,469,532	744,797	42,518	603,298	(2,078,919)	-	(2,078,919)	-
Business-type activities:								
Water & Sewer	874,145	976,639	-	14,000	-	116,494	116,494	-
Gas	303,960	364,555	-	-	-	60,595	60,595	-
E-Donalsonville	114,480	-	-	-	-	(114,480)	(114,480)	-
Total business-type activities	1,292,585	1,341,194	-	14,000	-	62,609	62,609	-
Total primary government	\$ 4,762,117	\$ 2,085,991	\$ 42,518	\$ 617,298	(2,078,919)	62,609	(2,016,310)	-
Components units:								
Downtown Development Authority	\$ 123,416	\$ 122,932	\$ -	\$ -	-	-	-	(484)
Total component units	\$ 123,416	\$ 122,932	\$ -	\$ -	-	-	-	(484)
General revenues:								
Property taxes					1,031,894	-	1,031,894	-
Sales and use taxes					397,546	-	397,546	-
Franchise taxes					214,659	-	214,659	-
Business taxes					246,400	-	246,400	-
Interest and penalties on taxes					53,153	-	53,153	-
Unrestricted investment earnings					341	1,094	1,435	-
Gain/loss on sale of capital assets					19,193	-	19,193	-
Miscellaneous					13,368	-	13,368	-
Transfers					338,354	(338,354)	-	-
Total general revenues and transfers					2,314,908	(337,260)	1,977,648	-
Change in net position					235,989	(274,651)	(38,662)	(484)
Net position - beginning - as orginally stated					4,298,434	9,590,455	13,888,889	15,055
Prior period adjustment					(220,979)	220,979	-	-
Net position - beginning - restated					4,077,455	9,811,434	13,888,889	15,055
Net position - ending					\$ 4,313,444	\$ 9,536,783	\$ 13,850,227	\$ 14,571

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

CITY OF DONALSONVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2018

	Major Funds		Non-Major Funds	
	General	SPLOST V Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 423,179	\$ 58,281	\$ 100	\$ 481,560
Receivables (net of allowance for uncollectibles)	183,632	-	2,545	186,177
Intergovernmental	-	25,651	-	25,651
Due from other funds	388,607	-	-	388,607
Restricted assets:				
Cash and cash equivalents	2,190	-	-	2,190
Total assets	\$ 997,608	\$ 83,932	\$ 2,645	\$ 1,084,185
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 53,536	\$ -	\$ 1,360	\$ 54,896
Bank Overdraft	-	-	5,962	5,962
Due to other funds	-	388,507	100	388,607
Total liabilities	53,536	388,507	7,422	449,465
Deferred inflows of resources				
Unavailable revenues	21,060	-	-	21,060
Total liabilities and deferred inflows of resources	74,596	388,507	7,422	470,525
Fund balances				
Unrestricted	-	(304,575)	(4,777)	(309,352)
Unassigned	923,012	-	-	923,012
Total fund balances	923,012	(304,575)	(4,777)	613,660
Total liabilities, deferred inflows of resources and fund balances	\$ 997,608	\$ 83,932	\$ 2,645	

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.

4,754,696

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.

108,681

Deferred Inflows - Pensions

(249,970)

Deferred Outflows - Pensions

128,649

Net Pension Liability

(222,123)

Accrued interest

(854)

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

(775,158)

Compensated absences and post closure cost

(65,205)

Other assets are not available to pay for current-period expenditures, and
therefore are deferred in the funds.

21,068

Net position of governmental activities

\$ 4,313,444

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2018

	Major Funds		Non-Major Funds	
		SPLOST V	Other	Total
	General	Capital Project Fund	Governmental Funds	Governmental Funds
REVENUES				
Taxes:				
Property	\$ 1,048,127	\$ -	\$ -	\$ 1,048,127
Sales	397,546	-	-	397,546
Franchise	214,659	-	-	214,659
Business	220,028	-	26,372	246,400
Penalties and interest on taxes	53,153	-	-	53,153
Licenses and permits	43,869	-	-	43,869
Intergovernmental	313,340	286,968	42,518	642,826
Charges for services	553,040	-	-	553,040
Fines	97,255	-	-	97,255
Investment earnings	9,931	-	193	10,124
Miscellaneous revenues	56,861	341	-	57,202
Total revenues	3,007,809	287,309	69,083	3,364,201
EXPENDITURES				
Current:				
General government	745,677	-	-	745,677
Public safety	1,645,364	-	-	1,645,364
Highways and streets	284,452	-	-	284,452
Sanitation	398,878	-	-	398,878
Economic development	-	-	82,170	82,170
Capital outlay:				
General government	-	73,294	-	73,294
Public safety	281,331	961,847	338,505	1,581,683
Highways and streets	84,542	380,044	-	464,586
Debt service:				
Principal	3,149	76,549	-	79,698
Interest	25	5,284	968	6,277
Total expenditures	3,443,418	1,497,018	421,643	5,362,079
Excess (deficiency) of revenues over (under) expenditures	(435,609)	(1,209,709)	(352,560)	(1,997,878)
OTHER FINANCING SOURCES (USES)				
Transfers	350,000	(11,623)	(24)	338,353
Capital leasing	64,287	681,072	-	745,359
Sale of capital assets	19,193	-	-	19,193
Total other financing sources and uses	433,480	669,449	(24)	1,102,905
Net change in fund balances	(2,129)	(540,260)	(352,584)	(894,973)
Total fund balance - beginning	925,141	235,685	347,807	1,508,633
Total fund balance - ending	\$ 923,012	\$ (304,575)	\$ (4,777)	\$ 613,660

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, 2018

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances-total governmental funds (page 12)	\$ (894,973)
--	--------------

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.	1,758,947
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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.	(665,662)
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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.	(8,270)
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Governmental funds defer all tax revenues not collected within 60 days of year-end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date.	(16,232)
--	----------

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.	(30,204)
---	----------

Change in NPO and Deferred Inflows/Outflows	92,383
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Change in net position of governmental activities (page 10)	\$ 235,989
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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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,105,778	\$ 1,053,790	\$ 1,048,127	\$ (5,663)
Sales	357,000	357,000	397,546	40,546
Franchise	234,500	234,500	214,659	(19,841)
Business	210,497	210,497	220,028	9,531
Penalties and interest on taxes	5,000	48,475	53,153	4,678
Licenses and permits	29,969	29,969	43,869	13,900
Intergovernmental	325,751	325,751	313,340	(12,411)
Charges for services	594,858	594,858	553,040	(41,818)
Fines	99,000	99,000	97,255	(1,745)
Investment earnings	2,954	2,954	9,931	6,977
Miscellaneous revenues	79,845	144,132	121,148	(22,984)
Total revenues	3,045,152	3,100,926	3,072,096	(28,830)
EXPENDITURES				
Current:				
General government:				
Council	25,900	25,900	18,600	7,300
Manager	86,660	88,963	88,863	100
Judicial	20,655	13,903	12,730	1,173
Election	16,800	16,800	11,683	5,117
Finance and administration	606,144	614,643	613,801	842
Total general government	756,159	760,209	745,677	14,532
Public Safety:				
Police	1,015,774	1,013,201	948,480	64,721
Probation	47,084	56,084	55,044	1,040
Fire	614,375	930,058	923,171	6,887
Total public safety	1,677,233	1,999,343	1,926,695	72,648
Highways and streets:				
Maintenance	344,097	439,344	368,994	70,350
Total highway and streets	344,097	439,344	368,994	70,350
Sanitation	435,493	426,203	398,878	27,325
Debt service:				
Principal	127,084	22,938	3,149	19,789
Interest	16,357	2,002	25	1,977
Total debt service	143,441	24,940	3,174	21,766
Total expenditures	3,356,423	3,650,039	3,443,418	206,621
Excess of expenditures over revenues	(311,271)	(549,113)	(371,322)	177,791
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	350,000	-
Overage/ Shortage	(43,729)	-	-	-
Reserves	-	180,400	-	(180,400)
Sale of capital assets	5,000	18,713	19,193	480
Total other financing sources and uses	311,271	549,113	369,193	(179,920)
Net change in fund balance	-	-	(2,129)	(2,129)
Fund balances - beginning	925,141	925,141	925,141	-
Fund balances - ending	\$ 925,141	\$ 925,141	\$ 923,012	\$ (2,129)

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2018

	Business-type Activities-Enterprise Funds				
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	TOTAL
ASSETS					
Current assets:					
Cash and cash equivalent	\$ 946,900	\$ 1,119,442	\$ -	\$ -	\$ 2,066,342
Interest receivable	6	-	-	-	6
Accounts receivable (net of allowance for uncollectibles)	83,631	12,496	-	-	96,127
Due from other funds	-	114,325	-	-	114,325
Intergovernmental receivable	-	-	30,289	-	30,289
Prepaid Expenses	24,900	5,435	-	-	30,335
Total current assets	1,055,437	1,251,698	30,289	-	2,337,424
Noncurrent assets:					
Restricted cash, cash equivalents, and investments:					
Customer deposits	95,605	19,998	-	-	115,603
Total restricted assets	95,605	19,998	-	-	115,603
Capital assets:					
Land	33,646	-	-	-	33,646
Buildings	24,924	-	-	-	24,924
Closing cost	70,000	-	-	-	70,000
Construction in progress	83,076	-	-	-	83,076
Improvements other than buildings	8,083	800	-	-	8,883
Machinery and equipment	355,779	148,923	-	-	504,702
Infrastructure	15,880,088	480,906	-	332,625	16,693,619
Less accumulated depreciation and amortization	(4,081,863)	(539,533)	-	-	(4,621,396)
Total capital assets (net of accumulated depreciation)	12,373,733	91,096	-	332,625	12,797,454
Total noncurrent assets	12,469,338	111,094	-	332,625	12,913,057
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows - Pension	7,583	-	-	-	7,583
Total of outflows of resources	7,583	-	-	-	7,583
Total assets and deferred outflows of resources	\$ 13,532,358	\$ 1,362,792	\$ 30,289	\$ 332,625	\$ 15,258,064

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2018

	Business-type Activities-Enterprise Funds				
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	TOTAL
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 28,881	\$ 9,510	\$ -	\$ 155	\$ 38,546
Due to other funds	-	-	-	114,325	114,325
Bank Overdraft	-	-	5,816	-	5,816
Accrued expenses	-	-	17,434	-	17,434
Accrued interest payable	11,072	-	-	-	11,072
Bonds payable- current	265,156	-	-	-	265,156
Notes payable - current	20,503	-	-	-	20,503
Total current liabilities	325,612	9,510	23,250	114,480	472,852
Noncurrent liabilities payable from restricted assets:					
Customer deposits payable	95,605	19,998	-	-	115,603
Total noncurrent liabilities payable from from restricted assets	95,605	19,998	-	-	115,603
Noncurrent liabilities:					
Bonds payable	4,877,087	-	-	-	4,877,087
Compensated Absences	3,545	3,545	-	-	7,090
Notes payable	220,821	-	-	-	220,821
Total noncurrent liabilities	5,101,453	3,545	-	-	5,104,998
Total liabilities	5,522,670	33,053	23,250	114,480	5,693,453
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Pension	14,735	-	-	-	14,735
Net Pension Liability	13,093	-	-	-	13,093
Total deferred inflows of resources	27,828	-	-	-	27,828
Total liabilities and deferred inflows of resources	5,550,498	33,053	23,250	114,480	5,721,281
NET POSITION					
Net investment in capital assets	7,255,322	91,096	-	332,625	7,679,043
Unrestricted	726,538	1,238,643	7,039	(114,480)	1,857,740
Total net position	7,981,860	1,329,739	7,039	218,145	9,536,783
Total liabilities, deferred inflows of resources & net position	\$ 13,532,358	\$ 1,362,792	\$ 30,289	\$ 332,625	\$ 15,258,064

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2018

	Business-type Activities-Enterprise Funds				
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	TOTAL
Operating revenues:					
Charges for sales and services:					
Water sales	\$ 451,089	\$ -	\$ -	\$ -	\$ 451,089
Sewer sales	461,533	-	-	-	461,533
Tap fees	8,180	-	-	-	8,180
Gas sales	-	364,555	-	-	364,555
Other services	55,837	-	-	-	55,837
Total operating revenues	976,639	364,555	-	-	1,341,194
Operating expenses:					
Costs of sales and services	260,392	209,145	-	114,480	584,017
Administration	79,097	84,974	-	-	164,071
Depreciation	339,406	9,818	-	-	349,224
Total operating expenses	678,895	303,937	-	114,480	1,097,312
Operating income	297,744	60,618	-	(114,480)	243,882
Nonoperating revenues (expenses):					
Investment earnings	64	1,030	-	-	1,094
Interest expense	(195,250)	(23)	-	-	(195,273)
Total nonoperating revenue (expense)	(195,186)	1,007	-	-	(194,179)
Income before contributions and transfers	102,558	61,625	-	(114,480)	49,703
Intergovernmental income	14,000	-	-	-	14,000
Transfers	(90,140)	(359,860)	-	111,646	(338,354)
Change in net position	26,418	(298,235)	-	(2,834)	(274,651)
Total net position - beginning	7,955,442	1,627,974	7,039	-	9,590,455
Prior period adjustment	-	-	-	220,979	220,979
Total net position - as restated	7,955,442	1,627,974	7,039	220,979	9,811,434
Total net position - ending	\$ 7,981,860	\$ 1,329,739	\$ 7,039	\$ 218,145	\$ 9,536,783

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2018

	Business-type Activities-Enterprise Funds				
	Major Funds				
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	E-Donalsonville Fund	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 973,520	\$ 376,559	\$ 10,870	\$ -	\$ 1,360,949
Payments to suppliers	(241,939)	(210,035)	(14,566)	(114,324)	(580,864)
Payments to employees	(79,097)	(84,974)	-	-	(164,071)
Net cash provided (used) by operating activities	652,484	81,550	(3,696)	(114,324)	616,014
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments to other funds	(90,140)	(474,185)	-	446,950	(117,375)
Net cash provided by noncapital and related financing activities	(90,140)	(474,185)	-	446,950	(117,375)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(101,459)	100,000	-	(332,626)	(334,085)
Proceeds from grants	14,000	-	-	-	14,000
Principal paid on capital debt	(120,594)	(2,962)	-	-	(123,556)
Interest paid on capital debt	(195,250)	(23)	-	-	(195,273)
Net cash used by capital and related financing activities	(403,303)	97,015	-	(332,626)	(638,914)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	64	1,030	-	-	1,094
Net cash provided by investing activities	64	1,030	-	-	1,094
Net increase (decrease) in cash and cash equivalents	159,105	(294,590)	(3,696)	-	(139,181)
Cash and cash equivalents - beginning of year	883,400	1,434,030	(2,120)	-	2,315,310
Cash and cash equivalents - ending of year (Including \$95,997 and \$19,995 for restricted cash in the water/sewer and gas funds respectively.)	\$ 1,042,505	\$ 1,139,440	\$ (5,816)	\$ -	\$ 2,176,129
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 297,745	\$ 60,618	\$ -	\$ (114,480)	\$ 243,883
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	339,405	9,818	-	-	349,223
(Increase) decrease in accounts receivable	(5,140)	11,586	10,870	-	17,316
(Increase) decrease in other receivable	-	28	-	-	28
(Increase) decrease in prepaid items	4,240	246	-	-	4,486
Increase (decrease) in customer deposits	2,021	390	-	-	2,411
Increase (decrease) in accounts payable	20,199	(1,271)	-	156	19,084
Increase (decrease) in compensated absences	134	137	-	-	271
Increase (decrease) in accrued expenses	(6,120)	(2)	(14,566)	-	(20,688)
Total adjustments	354,739	20,932	(3,696)	156	372,131
Net cash provided (used) by operating activities	\$ 652,484	\$ 81,550	\$ (3,696)	\$ (114,324)	\$ 616,014

NOTES TO THE FINANCIAL STATEMENTS

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

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, 2018

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

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. 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 E-Donalsonville fund does not meet the qualifications for a major fund, but management elected to treat it as a major fund. This Fund accounts for the expenses associated with the city's wireless internet service.

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.

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

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, 2018, uncollected property taxes amounted to \$62,042. 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 \$139,016.

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
Building improvements	20 years
Improvements other than buildings	20-50 years

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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 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

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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 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

CITY OF DONALSONVILLE, GEORGIA
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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

During the current fiscal year, the Hotel/Motel Tax Fund and SPLOST V Fund had deficits fund balances.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At year end, the City of Donalsonville's carrying amount of deposits was \$2,653,367 and the bank balance was \$2,678,941. All deposits are entirely insured or collateralized. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance of \$2,178,941 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	\$ 2,547,902
Restricted cash	117,794
Total Statement of Net Position	<u>\$ 2,665,696</u>
Less:	
Cash on hand	(550)
Total carrying amount	<u><u>\$ 2,665,146</u></u>

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CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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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:

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	Water & Sewer Fund	Gas Fund	Solid Waste Fund	Total
Receivables:							
Interest	\$ -	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 6
Taxes	138,200	-	2,546	-	-	-	140,746
Accounts	45,432	-	-	83,631	12,496	-	141,559
Intergovernmental	-	25,651	-	-	-	30,289	55,940
Total receivables	<u>\$ 183,632</u>	<u>\$ 25,651</u>	<u>\$ 2,546</u>	<u>\$ 83,637</u>	<u>\$ 12,496</u>	<u>\$ 30,289</u>	<u>\$ 338,251</u>

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CITY OF DONALSONVILLE, GEORGIA
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C. Capital assets

Capital assets for the year ended May 31, 2018 were as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 399,917	\$ 34,484	\$ -	\$ -	\$ 434,401
Construction in progress	485,624	-	(264,645)	(220,979)	-
Total capital assets, not being depreciated	885,541	34,484	(264,645)	(220,979)	434,401
Capital assets, being depreciated:					
Buildings	655,409	1,379,826	-	-	2,035,235
Improvements other than buildings	280,977	12,010	-	-	292,987
Machinery and equipment	2,785,588	757,503	(37,200)	(37,200)	3,505,891
Infrastructure	2,486,516	221,820	-	-	2,708,336
Total capital assets being depreciated	6,208,490	2,371,159	(37,200)	(37,200)	8,542,449
Less accumulated depreciation for:					
Buildings	(422,369)	(32,697)	-	-	(455,066)
Improvements other than buildings	(142,510)	(9,794)	-	-	(152,304)
Machinery and equipment	(2,152,660)	(252,321)	37,200	37,200	(2,367,781)
Infrastructure	(1,159,758)	(87,245)	-	-	(1,247,003)
Total accumulated depreciation	(3,877,297)	(382,057)	37,200	37,200	(4,222,154)
Total capital assets, being depreciated, net	2,331,193	1,989,102	-	-	4,320,295
Governmental activities capital assets, net	\$ 3,216,734	\$ 2,023,586	\$ (264,645)	\$ (220,979)	\$ 4,754,696

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CITY OF DONALSONVILLE, GEORGIA
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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 33,646	\$ -	\$ -	\$ -	\$ 33,646
Construction in progress	108,000	75,076	(100,000)	-	83,076
Total capital assets, not being depreciated	141,646	75,076	(100,000)	-	116,722
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	16,404,611	138,029	-	220,979	16,763,619
Total capital assets being depreciated	16,943,120	138,029	-	220,979	17,302,128
Less accumulated depreciation for:					
Buildings	(24,688)	(25)	-	-	(24,713)
Improvements other than buildings	(7,522)	(182)	-	-	(7,704)
Machinery and equipment	(431,120)	(10,017)	-	-	(441,137)
Infrastructure	(3,808,842)	(339,000)	-	-	(4,147,842)
Total accumulated depreciation	(4,272,172)	(349,224)	-	-	(4,621,396)
Total capital assets, being depreciated, net	12,670,948	(211,195)	-	220,979	12,680,732
Business-type activities capital assets, net	\$ 12,812,594	\$ (136,119)	\$ (100,000)	\$ 220,979	\$ 12,797,454

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

Governmental activities:

General government	\$ 46,681
Public safety	145,715
Highways and streets, including depreciation of general infrastructure assets	179,621
Sanitation	8,064
Culture and recreation	1,976
Total depreciation expense-governmental activities	<u>\$ 382,057</u>

Business-type activities:

Water/Sewer Fund	\$ 339,406
Gas Fund	9,818
Total depreciation expense-business-type activities	<u>\$ 349,224</u>

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CITY OF DONALSONVILLE, GEORGIA
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D. Interfund receivables, payables and transfers

The City uses interfund transfers for general operating purposes.

This activity is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
General	\$ 350,000	\$ -
SPLOST III	-	2
SPLOST IV	-	22
SPLOST V	-	11,622
Proprietary Fund:		
Water & Sewer	-	90,140
Gas	-	359,860
E-Donalsonville	111,646	-
	<u>\$ 461,646</u>	<u>\$ 461,646</u>

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

The composition of interfund balances as of May 31, 2018 is as follows:

	<u>Interfund Receivable (Due From)</u>	<u>Interfund Payable (Due To)</u>
General Fund:		
General	\$ 388,607	\$ -
CHIP Grant Fund	-	100
SPLOST V	-	388,507
Proprietary Fund:		
Gas	114,325	-
E-Donalsonville	-	114,325
	<u>\$ 502,932</u>	<u>\$ 502,932</u>

E. Leases

Operating Leases

The city has no operating leases at year ended May 31, 2018.

Capital Leases

The City of Donalsonville had 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. During the current fiscal year, both of these leases were paid off.

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of equipment with Ameris Bank dated May 19, 2017. The lease went into repayment on January 10, 2018 with the principal amount of \$466,165. The lease bears an interest rate at 70% of the Wall Street Journal prime rate or such other national publication selected by the lessor that quotes a standard rate if the Wall Street Journal is no longer published. The lease is payable at equal installments of \$5,771 (except for the final payment). The

CITY OF DONALSONVILLE, GEORGIA
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final installment, if not sooner paid, shall be due and payable on January 10, 2023. As of May 31, 2018, the principal balance was \$441,058.

Fiscal Year	Total	Principal	Interest
2019	\$ 69,258	\$ 59,827	\$ 9,431
2020	69,258	61,327	7,931
2021	69,258	62,736	6,522
2022	69,258	64,156	5,102
2023	227,223	193,012	34,211
Total	<u>\$ 504,255</u>	<u>\$ 441,058</u>	<u>\$ 63,197</u>

The City of Donalsonville has a lease agreement as lessee for financing the acquisition of equipment. The amount of the lease shall not exceed \$350,000 which is available for advance up to December 15, 2018. Each advance will bear an interest rate of 3.73% per annum beginning on the date of each such advance, calculated on the basis of a year of 360 days and the actual number of days elapsed. Beginning on January 10, 2019, and on the same day of each month until April 10, 2024, the Lessee will make monthly payments of principal of the lease amount and interest thereon at the rate of 3.73%, in equal amortized installments (except for the final payment which may be a different amount), until the lease amount is paid in full. The final installment, if not sooner paid, shall be due and payable on April 10, 2024. As of May 31, 2018, \$64,100 has been drawn.

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	\$ 899,983	\$ 108,046	\$ 25,517
Less: accumulated depreciation	(467,151)	(71,080)	(14,035)
Total	<u>\$ 432,832</u>	<u>\$ 36,966</u>	<u>\$ 11,482</u>
Current FY Depreciation	<u>\$ 54,447</u>	<u>\$ 10,182</u>	<u>\$ 2,552</u>

F. Long-term debt

Revenue Bonds

On December 1, 2017, the Downtown Development Authority of Donalsonville issued Series 2017 Revenue Bonds for the purpose of prepaying the outstanding bonds to the City from GEFA. The City entered into an Intergovernmental Installment Sale Agreement with the Downtown Development Authority by which the City has agreed to pay the bond debt installments under the Installment Sale Agreement arrangement until the full debt is satisfied.

	Balance 5/31/2017	Issued	Retired	Balance 5/31/2018	Due One Year
Series 2017, Water & Sewer Revenue Bond dated November 13, 2017 with interest currently at 2.49% beginning November 1, 2018 and ending November 1, 2032. Original loan \$5,142,242.	\$ -	\$ 5,142,242	\$ -	\$ 5,142,242	\$ 265,156
	<u>\$ -</u>	<u>\$ 5,142,242</u>	<u>\$ -</u>	<u>\$ 5,142,242</u>	<u>\$ 265,156</u>

CITY OF DONALSONVILLE, GEORGIA
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Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 442,862	\$ 265,156	\$ 177,706
2020	404,198	284,508	119,690
2021	404,215	291,653	112,562
2022	404,232	298,977	105,255
2023	404,249	306,485	97,764
2024-2028	1,994,064	1,623,863	370,201
2029-2033	2,230,165	2,071,600	158,565
Total	<u>\$ 6,283,985</u>	<u>\$ 5,142,242</u>	<u>\$ 1,141,743</u>

Notes payable

The City of Donalsonville has six (6) notes payable. One is by resolution of the City Council to the United States Department of Agriculture, one is resolution of the City Council to the Three Notch Electrical Management Corporation, and four are by resolution of the City Council to the Georgia Environmental Facilities Authority

Governmental Activities

Note one is dated December 13, 2013 with the USDA 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. As of May 31, 2018, the principal balance was \$0.

Note two is dated September 13, 2017 with Three Notch Electric Membership in the principal amount of \$300,000 and was used to help with payment of the new Fire Department. The note is interest free and payable in 10 annual payments of \$30,000. As of May 31, 2018, the principal balance was \$270,000.

Annual debt requirements to maturity on Note two are as follows:

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 30,000	\$ 30,000	\$ -
2020	30,000	30,000	-
2021	30,000	30,000	-
2022	30,000	30,000	-
2023	30,000	30,000	-
2024-2028	120,000	120,000	-
Total	<u>\$ 270,000</u>	<u>\$ 270,000</u>	<u>\$ -</u>

Business-type Activities

Note three 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. During the current fiscal year, the note was refinanced through the City of Donalsonville Downtown Development Authority.

Note four 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. During the current fiscal year, the note was refinanced through the City of Donalsonville Downtown Development Authority.

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May 31, 2018

Note five 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. During the current fiscal year, the note was refinanced through the City of Donalsonville Downtown Development Authority.

Note six 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. As of May 31, 2018, the principal balance was \$241,324.

<u>Fiscal Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 25,141	\$ 20,503	\$ 4,638
2020	25,141	20,916	4,225
2021	25,141	21,339	3,802
2022	25,141	21,769	3,372
2023	25,142	22,209	2,933
2024-2028	125,709	117,951	7,758
2029	16,762	16,637	125
Total	<u>\$ 268,177</u>	<u>\$ 241,324</u>	<u>\$ 26,853</u>

Changes in long-term liabilities

During the year ended May 31, 2018, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 44,787	\$ 86,994	\$ (79,376)	\$ 52,405	\$ -
Capital lease not in re-payment	85,093	64,287	(85,280)	64,100	-
Capital leases	18,812	466,165	(43,919)	441,058	59,827
Notes payable	5,591	300,000	(35,591)	270,000	30,000
Post closure costs					
Note V.H.	12,800	-	-	12,800	-
Governmental activities					
Long-term liabilities	<u>\$ 167,083</u>	<u>\$ 917,446</u>	<u>\$ (244,166)</u>	<u>\$ 840,363</u>	<u>\$ 89,827</u>
Business-type activities:					
Compensated absences	\$ 6,823	\$ 18,347	\$ (18,080)	\$ 7,090	\$ -
Lease payable	8,887	-	(8,887)	-	-
Bonds payable	-	5,142,242	-	5,142,242	265,156
Notes payable	5,498,235	-	(5,256,911)	241,324	20,503
Business-type activities					
Long-term liabilities	<u>\$ 5,513,945</u>	<u>\$ 5,160,589</u>	<u>\$ (5,283,878)</u>	<u>\$ 5,390,656</u>	<u>\$ 285,659</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.

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CITY OF DONALSONVILLE, GEORGIA
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G. Restricted asset

There is no restrictions of net position.

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

Customer deposit	\$ 115,603
Police department	2,190
Total restricted assets	<u>\$ 117,793</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.

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.

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

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

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 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)	\$16,290,550
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.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
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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.
- 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, 2018, the City paid one (1) claim (up to the \$1,000 deductible) totaling \$105. 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, 2018. No provisions have been made in the financial statements for the year ended May 31, 2018 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.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

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

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, 2018, the city paid \$2,901 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

E. Employee retirement systems and pension plans

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 the Burgess Building, 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.

Employees covered by benefit terms. At May 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	24
Active employees	<u>40</u>
	<u><u>88</u></u>

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

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

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 8.96% of annual covered payroll. Annual covered payroll for May 31, 2018 was \$1,308,205.

Net Investment Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00%	6.71%
International equity	20.00%	7.71%
Real estate	10.00%	5.21%
Global Fixed income	5.00%	3.36%
Domestic Fixed income	20.00%	2.11%
Cash	0.00%	
Total	<u>100.00%</u>	

Rate of Return: 7.50% On-going basis, based on long-term expected rate of return on pension plan investments.

Significant actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

The significant actuarial assumptions used in the current valuation, as of July 1, 2018 are:

Net Investment Rate of Return	7.50 % per year
Projected Salary Increases	2.75 % plus service based merit
Cost of Living Adjustments	0.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonable reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

CITY OF DONALSONVILLE, GEORGIA
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Net Pension Liability. The components of the net pension liability of participating entities were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balance at May 31, 2017 *	\$ 3,399,113	\$ 3,070,601	\$ 328,512
Changes for the year:			
Service Cost	67,055	-	67,055
Interest	256,165	-	256,165
Difference between expected and actual experience	5,540	-	5,540
Contributions - employer	-	151,408	(151,408)
Contributions - employee	-	-	-
Net Investment Income	-	338,040	(338,040)
Benefit Payments, including refunds of employee contributions	(187,529)	(187,529)	-
Administrative Expense	-	(13,476)	13,476
Other	53,916	-	53,916
Net Changes	195,147	288,443	(93,296)
Balance at May 31, 2018 **	\$ 3,594,260	\$ 3,359,044	\$ 235,216

*Entry Age Normal liabilities calculated using ages and service months as of July 1, 2017 are used to measure TPL as of May 31, 2017. The balances as of May 31, 2017 constitute measurements of the NPL for the fiscal year ending May 31, 2018.

**Entry Age Normal liabilities calculated using ages and service months as of July 1, 2018 are used to measure TPL as of May 31, 2018. The balances as of May 31, 2018 constitute measurements of the NPL for the fiscal year ending May 31, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decreases 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 632,343	\$ 235,216	\$ (103,482)

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

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

Pension expense for the year ended May 31, 2019.

Service Cost	\$ 67,055
Interest on TPL	256,165
Employee contributions	-
Administrative expenses	13,476
Expected return on assets	(236,050)
Expensed portion of current year period differences between expected and actual experience in TPL	1,385
Expensed portion of current year period assumption changes	13,479
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(20,398)
Current year recognition of deferred inflows and outflows established in prior years	(39,772)
Total expense	<u>\$ 55,340</u>

Deferred outflows/inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,155	\$ (68,638)
Changes in assumptions	40,437	-
Net differences between projected and actual earnings on pension plan investments.	-	(104,427)
Total	<u>\$ 44,592</u>	<u>\$ (173,065)</u>

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CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Projected recognition of deferred outflows/(inflows).

	Year Established	Outstanding Balance at June 1, 2018	Amount Recognized During FYE May 31, 2019	Outstanding Balance at May 31, 2019
Fiscal Year Outflows				
Demographic	2016	\$ 6,589	\$ 6,589	\$ -
Investment	2017	137,460	45,820	91,640
Demographic	2019	5,540	1,385	4,155
Assumption Change	2019	53,916	13,479	40,437
Total Outflows		<u>203,505</u>	<u>67,273</u>	<u>136,232</u>
Fiscal Year Inflows				
Investment	2016	(24,230)	(12,115)	(12,115)
Assumption Change	2016	(7,624)	(7,624)	-
Demographic	2017	(16,012)	(8,006)	(8,006)
Demographic	2018	(90,948)	(30,316)	(60,632)
Investment	2018	(136,480)	(34,120)	(102,360)
Investment	2019	(101,990)	(20,398)	(81,592)
Total Inflows		<u>(377,284)</u>	<u>(112,579)</u>	<u>(264,705)</u>
Total		<u>\$ (173,779)</u>	<u>\$ (45,306)</u>	<u>\$ (128,473)</u>

Deferred Outflows/(Inflows) Recognized in Future Years

	2020	2021	2022	2023
Fiscal Year Outflows				
Demographic	\$ -	\$ -	\$ -	\$ -
Investment	45,820	45,820	-	-
Demographic	1,385	1,385	1,385	-
Assumption Change	13,479	13,479	13,479	-
Total Outflows	<u>60,684</u>	<u>60,684</u>	<u>14,864</u>	<u>-</u>
Fiscal Year Inflows				
Investment	(12,115)	-	-	-
Assumption Change	-	-	-	-
Demographic	(8,006)	-	-	-
Demographic	(30,316)	(30,316)	-	-
Investment	(34,120)	(34,120)	(34,120)	-
Investment	(20,398)	(20,398)	(20,398)	(20,398)
Total Inflows	<u>(104,955)</u>	<u>(84,834)</u>	<u>(54,518)</u>	<u>(20,398)</u>
Total	<u>\$ (44,271)</u>	<u>\$ (24,150)</u>	<u>\$ (39,654)</u>	<u>\$ (20,398)</u>

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

Table of Plan Coverage as of Valuation Date

	For Valuation as of		Change From Prior Year
Category	July 1, 2018	July 1, 2017	
Active participants in valuation			
Number of employees	36	38	-5.3%
Number of elected officials	4	7	-41.9%
Average age	49.2	47.6	N/A
Average service	10.3	9.5	N/A
Total valuation payroll	\$ 1,308,205	\$ 1,339,942	-2.4%
Average valuation payroll	36,339	35,262	3.1%
Account balances	N/A	N/A	N/A
Total active vested participants	27	29	-6.9%
Vested terminated participants	24	18	33.3%
Retired participants			
Number in pay status	17	16	6.3%
Average age	75.2	73.8	N/A
Average monthly benefit	\$ 813	\$ 860	-5.5%
Disabled participants			
Number in pay status	1	1	0.0%
Average age	64	63	N/A
Average monthly benefit	\$ 1,108	\$ 1,108	0.0%
Beneficiaries	6	7	-14.3%

F. Community Development Block Grant

The City received a community development block grant in the amount of \$500,000 dated October 7, 2017, for water system improvements. During the fiscal year ended May 31, 2018, there were expenditures of \$22,000.

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.

CITY OF DONALSONVILLE, GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
May 31, 2018

The current estimated closure and post-closure cost at May 31, 2018, for the governmental fund is \$17,434. No capacity remains to calculate the annual accrual due to the closure of the landfill.

H. Motel/Hotel Tax

The City of Donalsonville collected 5% motel taxes and is in compliance with OCGA 48-13-51. The City collected \$26,372 in taxes and expended \$39,652 for economic development, which is 33% more than taxes collected.

I. Prior Period Adjustment

The City of Donalsonville moved capital assets related to the SOZO project from the General Fund to the E-Donalsonville Fund. The resulting adjustments are as follows:

	Governmental Activities	Business-Type Activities
Beginning net position, June 1, 2017, as previously reported	\$ 4,298,434	\$ 9,590,455
Prior Period Adjustment	<u>(220,979)</u>	<u>220,979</u>
Beginning net position, June 1, 2017, as restated	<u>\$ 4,077,455</u>	<u>\$ 9,811,434</u>

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2018

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service cost	\$ 67,055	\$ 68,145	\$ 60,905	\$ 49,358
Interest	256,165	254,974	248,392	241,276
Differences between expected and actual experience	5,540	(121,264)	(32,025)	26,355
Changes of assumption	53,916	-	-	-
Changes in benefit terms	-	-	914	(30,497)
Benefit payments, including refunds of employee contributions	(187,529)	(185,471)	(201,022)	(188,321)
Net change in total pension liability	195,147	16,384	77,164	98,171
Total Pension Liability as of beginning	3,399,113	3,382,729	3,305,565	3,207,394
Total Pension Liability as of ending (a)	<u>\$ 3,594,260</u>	<u>\$ 3,399,113</u>	<u>\$ 3,382,729</u>	<u>\$ 3,305,565</u>
Employer contributions	\$ 151,408	\$ 138,429	\$ 153,584	\$ 178,075
Employee contributions (including buyback)	-	-	-	-
Net investment income	338,040	381,392	(12,774)	259,710
Benefit payments, including refunds of employer contributions	(187,529)	(185,471)	(201,022)	(188,321)
Administrative expense	(13,476)	(14,319)	(8,525)	(9,515)
Net Change in fiduciary net position	288,443	320,031	(68,737)	239,949
Plan fiduciary net position - beginning	3,070,601	2,750,570	2,819,307	2,579,358
Plan fiduciary net position - ending (b)	<u>\$ 3,359,044</u>	<u>\$ 3,070,601</u>	<u>\$ 2,750,570</u>	<u>\$ 2,819,307</u>
Net Pension Liability - ending: (a)-(b)	<u>\$ 235,216</u>	<u>\$ 328,512</u>	<u>\$ 632,159</u>	<u>\$ 486,258</u>
Plan's fiduciary net position as a percentage of the total pension liability	93.46%	90.34%	81.31%	85.29%
Covered-employee payroll	\$ 1,308,205	\$ 1,339,942	\$ 1,330,209	\$ 1,138,480
Net pension liability as a percentage of covered-employee payroll	17.98%	24.52%	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, 2018**

SCHEDULE OF CONTRIBUTIONS FOR LAST TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	*	\$ 138,824
Contributions in relation to the actuarially determined contribution	*	151,408 **
Contribution deficiency (excess)	*	(12,584)
Covered-employee payroll	*	1,339,942 ***
Contributions as a percentage of covered employee payroll	*	11.30%

** 2019 information will be determined after fiscal year end and will be included in the 2019 valuation report.*

*** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly 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.*

**** 2018 covered payroll is based on data collected as of February 28, 2017, for the 2017 actuarial valuation.*

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2018

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date	The actuarially determined contribution was determined as of July 1, 2018, 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, 2020.
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 11 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	7.50%
Projected Salary Increases	2.75% 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, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Taxes:				
General property taxes				
Real property	\$ 1,006,584	\$ 954,596	\$ 949,734	\$ (4,862)
Motor vehicle	84,000	84,000	85,524	1,524
Mobile home	4,200	4,200	2,883	(1,317)
Timber	-	-	1,811	1,811
Real estate transfers/ intangible	10,994	10,994	8,175	(2,819)
Franchise				
Electric	196,000	196,000	178,261	(17,739)
Cable	22,500	22,500	24,898	2,398
Telephone	16,000	16,000	11,500	(4,500)
Total general property taxes	1,340,278	1,288,290	1,262,786	(25,504)
General sales and use taxes				
Local option sales and use	270,000	270,000	305,964	35,964
Total general sales and use taxes	270,000	270,000	305,964	35,964
Selective sales and use taxes				
Alcoholic beverage excise	87,000	87,000	91,582	4,582
Total selective sales and use taxes	87,000	87,000	91,582	4,582
Business taxes				
Business and occupation	45,100	45,100	43,906	(1,194)
Insurance	165,397	165,397	176,122	10,725
Total business taxes	210,497	210,497	220,028	9,531
Penalties and interest on delinquent taxes				
General property - real	5,000	48,475	53,153	4,678
Total penalties and interest on delinquent taxes	5,000	48,475	53,153	4,678
Total taxes	1,912,775	1,904,262	1,933,513	29,251
Licenses and permits:				
Business licenses and permits				
General business licenses	12,000	12,000	21,657	9,657
Alcoholic beverage licenses	2,000	2,000	-	(2,000)
Total business licenses and permits	14,000	14,000	21,657	7,657
Non-business licenses and permits				
Building structures and equipment	15,969	15,969	22,212	6,243
Total non-business licenses and permits	15,969	15,969	22,212	6,243
Total licenses and permits	29,969	29,969	43,869	13,900

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Intergovernmental revenues:				
School/county grants	40,000	40,000	25,000	(15,000)
Fire truck grants	243,810	243,810	243,810	-
State government grants	41,941	41,941	44,530	2,589
Intergovernmental revenues	325,751	325,751	313,340	(12,411)
Charges for services:				
Public safety				
School crossing guard	3,200	3,200	2,893	(307)
Fire Recovery	3,006	3,006	1,184	(1,822)
Utilities				
Sanitation fees	588,652	588,652	548,963	(39,689)
Total charges for services	594,858	594,858	553,040	(41,818)
Fines and forfeitures:				
Fines	74,000	74,000	62,740	(11,260)
Probation	25,000	25,000	14,615	(10,385)
Confiscated Assets	-	-	8,867	8,867
State Forfeitures	-	-	11,033	11,033
Total fines and forfeitures	99,000	99,000	97,255	(1,745)
Investment income:				
Interest revenue	2,954	2,954	9,931	6,977
Total investment income	2,954	2,954	9,931	6,977
Miscellaneous revenue:				
Rents	73,335	73,335	51,816	(21,519)
Other	6,510	70,797	69,332	(1,465)
Total miscellaneous revenue	79,845	144,132	121,148	(22,984)
Other financing sources:				
Transfers	350,000	350,000	350,000	-
Reserve	-	180,400	-	(180,400)
Sale of capital assets	5,000	18,713	19,193	480
Total other financing sources	355,000	549,113	369,193	(179,920)
Total revenues and other financing sources	\$ 3,400,152	\$ 3,650,039	\$ 3,441,289	\$ (208,750)

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT		
General government				
Legislative				
Mayor and council	\$ 25,900	\$ 25,900	\$ 18,600	\$ 7,300
Executive				
City manager salary	73,602	75,737	82,637	(6,900)
City manager benefits	6,158	6,326	6,226	100
City manager travel	6,900	6,900	-	6,900
Elections	16,800	16,800	11,683	5,117
General administration				
Advertising	10,560	10,138	8,893	1,245
Chamber of Commerce	30,000	46,700	33,970	12,730
Christmas lights	525	500	-	500
City park	750	720	9,745	(9,025)
Computer support	59,939	59,939	90,803	(30,864)
Dues and subscriptions	10,000	9,600	9,525	75
Janitorial	3,384	3,384	3,384	-
Library support	320	320	-	320
Machine Lease/Purchase	1,380	5,500	6,000	(500)
Materials and supplies	16,000	15,360	8,462	6,898
Miscellaneous	5,000	4,800	3,407	1,393
Postage	3,200	3,200	3,651	(451)
Printing	2,500	2,400	1,714	686
Professional fees	42,500	40,900	55,563	(14,663)
S.W. GA R.D.C.	3,000	9,917	9,917	-
Salaries	107,005	99,320	100,249	(929)
Telephone	3,120	3,120	4,563	(1,443)
Employee Benefits	4,743	4,743	969	3,774
Travel	56,783	54,512	45,845	8,667
Law	5,000	4,800	8,505	(3,705)
Human resources				-
Health insurance costs	13,774	28,422	20,133	8,289
Retirement costs	161,515	142,822	142,558	264
Social security costs	10,073	9,485	8,874	611
Risk management				
Insurance	8,839	8,839	8,273	566
General government buildings and plant				-
Heat, lights and water	20,429	20,429	19,472	957
Repairs building and equipment	19,805	19,013	4,607	14,406
Repairs building - rental property	1,000	960	4,719	(3,759)
Capital outlay	5,000	4,800	-	4,800
Total general government	735,504	746,306	732,947	13,359

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Judicial				
Salaries	16,400	11,400	11,400	-
Social security costs	1,255	1,255	872	383
Professional services	3,000	1,248	458	790
Total judicial	20,655	13,903	12,730	1,173
Public safety				
Police department				
Police administration				
Gas and oil	48,061	48,061	52,273	(4,212)
Insurance	25,345	25,345	19,920	5,425
Materials and supplies	34,000	32,640	39,660	(7,020)
Miscellaneous	1,000	960	914	46
Postage	200	200	149	51
Printing	250	240	-	240
Telephone	8,000	8,000	8,275	(275)
Uniforms	5,000	4,800	4,994	(194)
Salaries	618,633	609,633	581,657	27,976
Employee benefits	164,988	181,296	181,217	79
Other Services	20,000	19,860	20,888	(1,028)
Crime control and investigation				
Employee testing	200	200	63	137
DUI test charges	250	250	50	200
Jailer services	40,000	39,000	271	38,729
Medical	2,000	1,500	-	1,500
Prisoner meals	5,000	4,500	1,920	2,580
State Forfeiture Expense	-	-	15,301	
Drug Task Force	6,000	3,000	(5,867)	8,867
Traffic control				
Power - traffic signs	850	816	-	816
Police training				
Travel and school	10,000	9,600	10,792	(1,192)
Police stations and buildings				
Heat, lights and water	10,997	10,997	10,521	476
Repairs building and equipment	10,000	7,503	5,482	2,021
Capital outlay	5,000	4,800	-	4,800
Total police department	1,015,774	1,013,201	948,480	80,022
Probation Department				
Probation administration				
Salaries	43,867	48,991	47,951	1,040
Employee benefits	3,217	7,093	7,093	-
Total probation department	47,084	56,084	55,044	1,040

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Fire Department				
Fire administration				
Freight	500	480	78	402
Telephone	2,800	2,800	8,199	(5,399)
Gas and oil	6,168	6,168	8,543	(2,375)
Insurance	12,074	12,074	11,499	575
Linen service	1,000	960	1,330	(370)
Materials and supplies	15,500	47,493	47,215	278
Postage	150	150	147	3
Dues & Subscriptions	1,000	960	1,229	(269)
Miscellaneous	4,500	4,320	4,285	35
Salaries	376,103	403,459	391,463	11,996
Employee benefits	147,820	129,949	126,958	2,991
Uniforms	6,500	6,240	7,308	(1,068)
Fire training				
Travel and school	7,500	7,200	7,020	180
Medical services				
Medical	1,000	960	937	23
Heat, lights and water	11,760	11,760	12,239	(479)
Repairs building and equipment	12,000	11,520	13,390	(1,870)
Capital outlay	8,000	283,565	281,331	2,234
Total fire department	614,375	930,058	923,171	6,887
Total public safety	1,677,233	1,999,343	1,926,695	87,949
Public works				
Street department				
Street administration				
Equipment rental	500	480	-	480
Freight	50	50	-	50
Gas and oil	15,000	15,000	16,464	(1,464)
Insurance	12,073	12,073	3,360	8,713
Machine hire	100	100	-	100
Materials and supplies	3,000	2,880	3,178	(298)
Miscellaneous	500	480	15	465
Telephone/Internet	800	800	771	29
Roadways and walkways				
Repairs and maintenance - other	24,000	23,040	31,769	(8,729)
Salaries	138,465	138,465	112,069	26,396
Employee benefits	67,509	81,643	38,643	43,000
Repairs	1,000	960	-	960
Exterior lighting	71,000	69,075	77,657	(8,582)

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Flood control	1,000	960	-	960
Street signs	1,600	1,536	526	1,010
Tree service	1,500	1,500	-	1,500
Insect Fogging	6,000	5,760	-	5,760
Capital outlay	-	84,542	84,542	-
Total street department	344,097	439,344	368,994	70,350
Sanitation department				
Sanitation administration				
Salaries	152,135	152,135	143,326	8,809
Employee benefits	70,585	89,731	80,784	8,947
Heat, lights and water	100	100	-	100
Repairs and maintenance	20,000	10,000	10,622	(622)
Miscellaneous	500	480	-	480
Machinery Lease/ Purchase	12,000	6,000	-	6,000
Materials and supplies	2,000	1,920	10,843	(8,923)
Insurance	12,073	12,073	5,336	6,737
Gas and oil	25,000	25,000	19,408	5,592
Postage	1,100	1,100	1,132	(32)
Sewage collection and disposal				
Postclosure costs	-	-	9,682	(9,682)
Tipping fees to Seminole County	125,000	117,664	117,745	(81)
Capital outlay	15,000	10,000	-	10,000
Total sanitation department	435,493	426,203	398,878	27,325
Total public works	779,590	865,547	767,872	97,675
Debt service				
Principal	127,084	22,938	3,149	19,789
Interest	16,357	2,002	25	1,977
Total debt service	143,441	24,940	3,174	21,766
Other financing sources				
Overage/Shortage	43,729	-	-	-
Total other financing sources	43,729	-	-	-
Total expenditures	\$ 3,400,152	\$ 3,650,039	\$ 3,443,418	\$ 221,922

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.

CITY OF DONALSONVILLE, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
May 31, 2018

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>				Total Non-major Governmental Funds
	Hotel/Motel Tax Fund	Total	CHIP Fund	SPLOST III	SPLOST IV	Total	
ASSETS							
Current assets:							
Cash and cash equivalent	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ 100	\$ 100
Accounts receivable (net of allowance for uncollectibles)	2,545	2,545	-	-	-	-	2,545
Total current assets	2,545	2,545	100	-	-	100	2,645
Total assets	2,545	2,545	100	-	-	100	2,645
LIABILITIES							
Current liabilities:							
Accounts payable	1,360	1,360	-	-	-	-	1,360
Due to other funds	-	-	100	-	-	100	100
Bank Overdraft	5,962	5,962	-	-	-	-	5,962
Total current liabilities	7,322	7,322	100	-	-	100	7,422
FUND BALANCE							
Restricted for:							
Special programs	-	-	-	-	-	-	-
Unrestricted	(4,777)	(4,777)	-	-	-	-	(4,777)
Total fund balance	(4,777)	(4,777)	-	-	-	-	(4,777)
Total liabilities and fund balance	\$ 2,545	\$ 2,545	\$ 100	\$ -	\$ -	\$ 100	\$ 2,645

CITY OF DONALSONVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	<u>Special Revenue Fund</u>		<u>Capital Project Fund</u>				Total Non-major Governmental Funds
	Hotel/Motel Tax Fund	Total	CHIP Fund	SPLOST III	SPLOST IV	Total	
Revenues:							
Hotel/Motel tax	\$ 26,372	\$ 26,372	\$ -	\$ -	\$ -	\$ -	\$ 26,372
Intergovernmental revenues	-	-	42,518	-	-	42,518	42,518
Investment Earnings	-	-	-	13	180	193	193
Total revenues	26,372	26,372	42,518	13	180	42,711	69,083
Expenditures:							
Economic development	39,652	39,652	42,518	-	-	42,518	82,170
Capital outlay	-	-	-	41,153	297,352	338,505	338,505
Debt service:							
Interest	-	-	-	-	968	968	968
Total expenditures	39,652	39,652	42,518	41,153	298,320	381,991	421,643
Excess of revenues over (under) expenditures	(13,280)	(13,280)	-	(41,140)	(298,140)	(339,280)	(352,560)
Other financing sources (uses)							
Transfers out	-	-	-	(2)	(22)	(24)	(24)
Total other financing sources (uses)	-	-	-	(2)	(22)	(24)	(24)
Net change in fund balances	(13,280)	(13,280)	-	(41,142)	(298,162)	(339,304)	(352,584)
Fund balance- beginning	8,503	8,503	-	41,142	298,162	339,304	347,807
Fund balance- ending	\$ (4,777)	\$ (4,777)	\$ -	\$ -	\$ -	\$ -	\$ (4,777)

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Hotel/Motel taxes	\$ 31,870	\$ 31,870	\$ 26,372	\$ (5,498)
Miscellaneous Revenue	7,915	7,915	-	(7,915)
Total revenues	39,785	39,785	26,372	(13,413)
EXPENDITURES				
Current:				
Economic development	39,785	39,785	39,652	133
Total expenditures	39,785	39,785	39,652	133
Net change in fund balance	-	-	(13,280)	(13,280)
Fund balances - beginning	8,503	8,503	8,503	8,503
Fund balances - ending	\$ 8,503	\$ 8,503	\$ (4,777)	\$ (4,777)

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
May 31, 2018

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	\$ 87,896	\$ 87,896	\$ -	\$ 87,896	100.00%
2	Industrial Park Improvements	350,000	908,151	866,998	41,153	908,151	100.00%
	Totals	\$ 450,000	\$ 996,047	\$ 954,894	\$ 41,153	\$ 996,047	

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	\$ 102,020	\$ 102,020	\$ -	\$ 102,020	100.00%
2	Police department	190,000	222,560	222,560	-	222,560	100.00%
3	Fire department	275,000	331,253	200,200	131,053	331,253	100.00%
4	Sanitation department	285,000	53,457	53,457	-	53,457	100.00%
5	Street improvements	513,000	812,981	646,682	166,299	812,981	100.00%
7	Water & Sewer improvements	600,000	531,950	531,951	-	531,951	100.00%
6	Capital structures- fire station	250,000	-	-	-	-	100.00%
	Totals	\$ 2,238,000	\$ 2,054,221	\$ 1,756,870	\$ 297,352	\$ 2,054,222	

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	-	961,847	961,847	375.49%
7	Street Department capital outlay	406,158	406,158	102,279	380,044	482,323	118.75%
8	Police Department capital outlay	206,158	206,158	133,515	-	133,515	64.76%
9	General Government capital outlay	107,260	107,260	151,770	73,294	225,064	209.83%
10	Community Enrichment Program	406,158	406,158	-	-	-	0.00%
	Totals	\$ 2,163,050	\$ 2,163,050	\$ 387,564	\$ 1,415,185	\$ 1,802,749	

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

Current year expenditures as shown above	\$ 1,753,690
Retirement of debt	76,549
Interest expense	6,252
Total current year SPLOST expenditures	<u>\$ 1,836,491</u>

GRANT SCHEDULES

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 16p-x-125-2-5846
SCHEDULE OF SOURCE AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

Program funds allocated	\$ 500,000
Less funds drawn down by recipient through May 31, 2017	<u>(8,000)</u>
Funds still available from HUD, June 1, 2017	492,000
Less funds drawn down by recipient through May 31, 2018	<u>(14,000)</u>
Funds still available from HUD, June 1, 2018	<u><u>\$ 478,000</u></u>
Total program funds held by recipient available for disposition June 1, 2017	\$ -
Total program funds drawn down by recipient	14,000
Less expenses paid with program funds	<u>(14,000)</u>
Total program funds held by recipient available for disposition May 31, 2018	<u><u>\$ -</u></u>

**CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 16p-x-125-2-5846
PROJECT COST SCHEDULE
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Activity	Approved Budget	Current Expenditures	Accumulated Expenditures To Date	Unexpended Budget
P-03J-01 Water Facilities	\$ 455,385	\$ -	\$ -	\$ 455,385
C-022-00 Contingencies	14,615	-	-	14,615
A-21A-00 Administration	30,000	14,000	22,000	8,000
	<u>\$ 500,000</u>	<u>\$ 14,000</u>	<u>\$ 22,000</u>	<u>\$ 478,000</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, 2018

	<u>May 31, 2018</u>
Governmental funds capital assets:	
Land	\$ 434,401
Buildings	2,035,235
Improvements other than buildings	292,987
Machinery and equipment	3,505,891
Infrastructure	2,708,336
Total governmental funds capital assets	<u><u>\$ 8,976,850</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$ 8,976,850
Total governmental funds capital assets	<u><u>\$ 8,976,850</u></u>

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
MAY 31, 2018

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total
General government:						
Finance and administration	\$ 86,417	\$ 464,284	\$ 13,417	\$ 372,280	\$ -	\$ 936,398
Other - unclassified	42,151	40,141	145,693	17,504	23,660	269,149
Total general government	128,568	504,425	159,110	389,784	23,660	1,205,547
Public safety:						
Police	-	130,520	53,530	687,228	-	871,278
Fire	256,733	1,381,424	13,302	1,092,929	-	2,744,388
Total public safety	256,733	1,511,944	66,832	1,780,157	-	3,615,666
Highways and streets:						
Maintenance	-	10,313	-	419,653	-	429,966
Street system	2,500	1,250	-	619,827	2,684,677	3,308,254
Total highways and streets	2,500	11,563	-	1,039,480	2,684,677	3,738,220
Sanitation	600	8,552	3,095	288,470	-	300,717
Culture and recreation	46,000	-	62,700	8,000	-	116,700
Total governmental funds capital assets	\$ 434,401	\$ 2,036,484	\$ 291,737	\$ 3,505,891	\$ 2,708,337	\$ 8,976,850

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, 2018

	Governmental Funds Capital Assets June 1, 2017	Additions	Deletions	Governmental Funds capital Assets May 31, 2018
Function and Activity				
General government:				
Finance and administration	\$ 1,118,063	\$ 88,160	\$ 269,825	\$ 936,398
Other - unclassified	264,703	4,446	-	269,149
Total general government	<u>1,382,766</u>	<u>92,606</u>	<u>269,825</u>	<u>1,205,547</u>
Public safety:				
Police	864,633	17,405	10,760	871,278
Fire	1,326,880	1,667,572	250,064	2,744,388
Total public safety	<u>2,191,513</u>	<u>1,684,977</u>	<u>260,824</u>	<u>3,615,666</u>
Highways and streets:				
Maintenance	429,966	-	-	429,966
Street system	2,672,369	639,706	3,821	3,308,254
Total highways and streets	<u>3,102,335</u>	<u>639,706</u>	<u>3,821</u>	<u>3,738,220</u>
Sanitation	<u>300,717</u>	<u>-</u>	<u>-</u>	<u>300,717</u>
Culture and recreation	<u>116,700</u>	<u>-</u>	<u>-</u>	<u>116,700</u>
Total governmental funds capital assets	<u><u>\$ 7,094,031</u></u>	<u><u>\$ 2,417,289</u></u>	<u><u>\$ 534,470</u></u>	<u><u>\$ 8,976,850</u></u>

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	Total
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
2017	848,660	1,655,059	437,849	392,295	237,854	1,676	1,238	781,440	289,924	4,645,995
2018	779,152	1,737,681	464,158	398,117	82,170	1,976	6,278	874,145	303,960	4,647,637

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	Unrestricted Investment Income	Miscellaneous	Total
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
2017	2,048,264	202,557	702,511	1,966,337	5,721	15,521	4,940,911
2018	2,085,991	42,518	617,298	1,943,652	1,435	32,561	4,723,455

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEARS ENDED
MAY 31, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009

	Fiscal Year Ended 5/31/2018	Fiscal Year Ended 5/31/2017	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
General Fund										
Revenues:										
Property taxes	\$ 1,048,127	\$ 1,056,775	\$ 961,927	\$ 986,576	\$ 918,075	\$ 902,387	\$ 894,838	\$ 850,818	\$ 825,870	\$ 784,211
Sales tax	397,546	399,750	398,057	364,973	410,532	507,488	512,336	482,361	476,520	473,957
Other taxes	487,840	474,746	481,787	456,918	419,900	413,964	420,587	424,306	405,155	409,956
Licenses and permits	43,869	43,280	33,741	34,515	23,325	17,848	27,888	13,065	55,364	21,026
Charges for services	553,040	537,230	513,442	500,713	497,128	486,628	461,099	458,492	460,967	457,025
Fines and forfeitures	97,255	69,364	94,942	121,064	181,149	119,256	172,241	144,941	147,220	96,258
Interest	9,931	9,663	6,683	7,953	8,241	12,445	20,008	31,811	33,781	46,079
Miscellaneous and intergovernmental	389,394	264,333	101,222	112,556	148,783	86,870	96,174	147,269	212,484	429,173
Total revenues	\$ 3,027,002	\$ 2,855,141	\$ 2,591,801	\$ 2,585,268	\$ 2,607,133	\$ 2,546,886	\$ 2,605,171	\$ 2,553,063	\$ 2,617,361	\$ 2,717,685
Expenditures:										
General government	\$ 748,851	\$ 850,730	\$ 753,921	\$ 525,433	\$ 483,052	\$ 477,763	\$ 593,117	\$ 427,933	\$ 378,936	\$ 436,587
Recreation department	-	-	-	-	-	1,054	325	634	125	306
Police department	948,480	961,599	851,848	941,590	1,047,541	799,252	853,503	849,018	877,205	842,886
Probation department	55,044	52,055	46,793	38,011	36,734	34,936	32,994	34,377	33,938	-
Fire department	923,171	633,528	509,760	489,644	481,762	472,879	470,909	466,047	480,563	477,945
Street department	368,994	404,664	316,227	375,111	355,732	327,627	317,270	346,347	277,826	617,657
Sanitation department	398,878	401,090	408,561	446,301	438,768	443,331	464,772	462,341	438,907	448,057
Housing and development	-	-	-	-	-	-	-	-	-	-
Park Pavillion	-	-	-	-	-	-	-	5,000	-	-
Total expenditures	\$ 3,443,418	\$ 3,303,666	\$ 2,887,110	\$ 2,816,090	\$ 2,843,589	\$ 2,556,842	\$ 2,732,890	\$ 2,591,697	\$ 2,487,500	\$ 2,823,438

CITY OF DONALSONVILLE, GEORGIA
MISCELLANEOUS STATISTICAL DATA
May 31, 2018
"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	22.29
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, 2018
"UNAUDITED"

Utility rates:

Water: Residential Equivalency Unit Fee of \$8.32
Commercial Equivalency Unit Fee of \$17.64 and up depending on consumption.
\$2.70 per thousand gallons used between 0 and 5,000 gallons.
\$2.86 per thousand gallons used between 5,001 and 10,000 gallons.
\$2.96 per thousand gallons used between 10,001 and 15,000 gallons.
\$3.12 per thousand gallons used between 15,001 and 20,000 gallons.
\$3.33 per thousand gallons used between 20,001 and 25,000 gallons.
\$3.54 per thousand gallons used for 25,001 gallons and over.

Sewer: Residential Equivalency Unit Fee of \$10.40
Commercial Equivalency Unit Fee of \$21.80 and up depending on consumption.
\$3.02 per thousand gallons used between 0 and 5,000 gallons.
\$3.12 per thousand gallons used between 5,001 and 10,000 gallons.
\$3.22 per thousand gallons used between 10,001 and 15,000 gallons.
\$3.44 per thousand gallons used between 15,001 and 20,000 gallons.
\$3.54 per thousand gallons used between 20,001 gallons and 25,000 gallons.
\$3.64 per thousand gallons used for 25,001 gallons and over.

Sanitation: \$22.50 flat rate - residential
\$30.00 - \$2,042.40 - commercial (based on \$3.85 cu/yd per pickup)

Gas: \$2.37 minimum
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

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Georgia Society of Certified Public Accountants

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

Honorable Mayor and Members of
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, the aggregate discretely presented component units and each major fund of the City of Donalsonville as of and for the year ended May 31, 2018, 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 February 13, 2019.

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
February 13, 2019

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.