City of Blakely, Georgia

Financial Statements

For the Year Ended
December 31, 2018

CITY OF BLAKELY, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2018
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FOR THE YEAR ENDED DECEMBER 31, 2018
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Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
the City Council
2018 Audit Year City of Blakely, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Blakely, Georgia as of and for the year ended December 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 of 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 the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Blakely, Georgia as of December 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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule – General Fund on page 36 and the pension schedules on 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 and opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion of 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 Blakely, Georgia's basic financial statements. The CDBG schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Special Purpose Local Option Sales Tax is presented for purposes of additional analysis as required by the Official Code of Georgia 48-4-121, and is not a required part of the basic financial statements.

The CDBG schedules and the Schedule of Special Purpose Local Option Sales Tax are the responsibility of management and was derived from and related 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 procedure, 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 CDBG schedules and the Schedule of Special Purpose Local Option Sales Tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2019 on our consideration of the City of Blakely'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 Blakely's internal control over financial reporting and compliance.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
June 30, 2019

BASIC FINANCIAL STATEMENTS

CITY OF BLAKELY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets			
Cash, including time deposits	$ 445,630	$ 1,501,754	$ 1,947,384
Investments	-	3,614,208	3,614,208
Accounts receivable	615,992	2,832,758	3,448,750
Inventory	39,597	478,691	518,288
Prepaids	8,064	26,951	35,015
Total current assets	1,109,283	8,454,362	9,563,645
Noncurrent Assets			
Restricted assets:			
Cash	243,793	77,359	321,152
Non-depreciable assets	2,298,330	321,645	2,619,975
Capital assets (net)	3,017,032	17,441,921	20,458,953
Total noncurrent assets	5,559,155	17,840,925	23,400,080
Total assets	6,668,438	26,295,287	32,963,725
Deferred outflows of resources	255,966	146,109	402,075
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current Liabilities			
Accounts payable	195,051	1,307,795	1,502,846
Customer deposits	-	407,030	407,030
Short term debt	1,735,654	-	1,735,654
Intergovernmental Contract, current portion	140,000	-	140,000
Debt and lease payable, current portion	-	207,456	207,456
Bonds payable, current portion	-	450,000	450,000
Total current liabilities	2,070,705	2,372,281	4,442,986
Noncurrent liabilities			
Compensated absences	152,687	109,138	261,825
Landfill postclosure, less current portion	-	82,689	82,689
Net pension obligation	1,206,022	781,412	1,987,434
Intergovernmental Contract, less current portion	307,978	-	307,978
Debt and lease payable, less current portion	-	2,889,302	2,889,302
Bonds payable, less current portion	-	5,265,000	5,265,000
Total noncurrent liabilities	1,666,687	9,127,541	10,794,228
Total liabilities	3,737,392	11,499,822	15,237,214
Deferred inflows of resources	120,853	88,987	209,840
NET POSITION			
Net investment in capital assets	4,867,384	8,951,808	13,819,192
Restricted for:			
Capital and special projects	324,998	-	324,998
Bond debt payments	-	77,359	77,359
Unrestricted	(2,126,223)	5,823,420	3,697,197
Total Net Position	$ 3,066,159	$ 14,852,587	$ 17,918,746

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities Net (Expense)/ Revenue	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-Type Activities Net (Expense)/ Revenue	Total
Governmental Activities:							
General government	$ 1,950,605	$ 195,050	$ -	$ 891,370	$ (864,185)		$ (864,185)
Public works	580,282	20,280	-	150,447	(409,555)		(409,555)
Public safety	2,246,585	758,724	-	105,143	(1,382,718)		(1,382,718)
Interest	23,685	-	-	-	(23,685)		(23,685)
Total governmental activities	4,801,157	974,054	-	1,146,960	(2,680,143)		(2,680,143)
Business-type:							
Water & Sewer	2,110,222	1,749,849	-	-		$ (360,373)	(360,373)
Electric	7,156,348	9,671,184	-	-		2,514,836	2,514,836
Gas	1,291,095	1,409,149	-	-		118,054	118,054
Sanitation	1,306,433	1,268,302	-	-		(38,131)	(38,131)
Telecommunication	1,097,258	442,493	-	-		(654,765)	(654,765)
Total business-type activities	12,961,356	14,540,977	-	-		1,579,621	1,579,621
Totals	$ 17,762,513	$ 15,515,031	$ -	$ 1,146,960	(2,680,143)	1,579,621	(1,100,522)
General revenues:							
Property taxes					552,129	-	552,129
Insurance premium tax					363,249	-	363,249
Franchise tax					44,159	-	44,159
Sales tax					569,821	-	569,821
Other taxes					109,523	-	109,523
Interest and investment revenue					2,626	97,760	100,386
Miscellaneous income					60,895	-	60,895
Capital contributions					21,418	-	21,418
Transfers					1,598,114	(1,598,114)	-
Total general revenues and transfers					3,321,934	(1,500,354)	1,821,580
Change in net position					641,791	79,267	721,058
Net position - beginning - as previously reported					2,289,000	15,462,000	17,751,000
Prior period adjustment					135,368	(688,680)	(553,312)
Net position - beginning - as restated					2,424,368	14,773,320	17,197,688
Net position - ending					$ 3,066,159	$ 14,852,587	$ 17,918,746

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

CITY OF BLAKELY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash, including time deposits	$ 445,274	$ -	$ 445,274
Accounts receivable	77,690	212,040	289,730
Taxes receivable	316,230	10,031	326,261
Inventory	39,597	-	39,597
Restricted assets- cash	139,002	105,148	244,150
Total assets	$ 1,017,793	$ 327,219	$ 1,345,012
LIABILITIES			
Accounts payable	$ 182,862	$ 2,221	$ 185,083
Accrued liabilities	9,968	-	9,968
Short-term notes payable	1,735,654	-	1,735,654
Total liabilities	1,928,484	2,221	1,930,705
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	7,434	-	7,434
FUND BALANCES			
Unassigned	(918,125)	-	(918,125)
Restricted for:			
Capital projects	-	324,998	324,998
Total fund balances	(918,125)	324,998	(593,127)
Total liabilities, fund balances and deferred inflows	$ 1,017,793	$ 327,219	$ 1,345,012

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

CITY OF BLAKELY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2018

Total *fund* balances for governmental funds		$ (593,127)
Total *net position* reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land and construction in progress	2,298,330	
Other capital assets	8,715,287	
Total capital assets	11,013,617	
Accumulated depreciation	(5,698,255)	
Total Assets - net	5,315,362	5,315,362
Some of the City's revenues have been received and deferred under the modified accrual basis of accounting. These revenues are recognized under the accrual basis of accounting.		7,434
Governmental funds recognize expenditures for insurance using the 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 uncomsumed is recorded as a prepaid.		8,064
Long-term liabilities, including notes payable, capital leases payable, and compensated absences are not due and payable in the current period and therefore are reported in the funds.		(600,665)
Deferred Inflows - Pension		(120,853)
Deferred Outflows - Pension		255,966
Net Pension Obligation		(1,206,022)
Total net position of governmental activities		$ 3,066,159

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

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

	General Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	$ 1,593,958	$ 37,414	$ 1,631,372
Licenses and permits	112,696	-	112,696
Intergovernmental	253,089	718,023	971,112
Charges for services	191,824	-	191,824
Grants	-	488,324	488,324
Fines and forfeitures	64,517	-	64,517
Interest	2,626	508	3,134
Miscellaneous	103,275	248,228	351,503
Total revenues	2,321,985	1,492,497	3,814,482
EXPENDITURES			
Current:			
General government	501,024	47,810	548,834
Judicial	46,856	-	46,856
Public safety	1,832,574	714,144	2,546,718
Public works	521,156	-	521,156
Health & Welfare	23,069	-	23,069
Cultural & Recreation	141,805	-	141,805
Housing & Development	441,660	-	441,660
Capital outlay	2,163,575	191,893	2,355,468
Debt service:			
Principal	140,000	-	140,000
Interest	15,592	8,092	23,684
Total expenditures	5,827,311	961,939	6,789,250
Excess (deficiency) of revenue/expenditures	(3,505,326)	530,558	(2,974,768)
Other Financing Sources (Uses)			
Transfers in	2,665,906	315,324	2,981,230
Transfers out	(691,406)	(691,711)	(1,383,117)
Contributed contributions	21,418	-	21,418
Total other financing sources (uses)	1,995,918	(376,387)	1,619,531
Special item			
Proceeds from Sale of Capital Assets	1,500	-	1,500
Net Change in Fund Balance	(1,507,908)	154,171	(1,353,737)
Fund balance - beginning - as previously reported	590,000	165,035	755,035
Prior period adjustment	(217)	5,792	5,575
Fund balance - beginning - as restated	589,783	170,827	760,610
Fund balance - ending	$ (918,125)	$ 324,998	$ (593,127)

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

CITY OF BLAKELY, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds	$ (1,353,737)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
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. while governmental activities report depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,998,749
Note payments are reported as expenditures in the government funds, but reduces the liability in the statement of net assets.	140,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in government funds:	
Deferred compensation	(72,687)
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.	7,435
Governmental funds recognize expenditures for insurance using the purchases method. However, the Statement of Activities uses the consumption method and thus only the amount of insurance benefits consumed are recognized.	8,062
Change in NPO and Deferred Inflows	(86,031)
Change in net position of governmental activities	$ 641,791

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanititation Fund	Telecommunication Fund	Totals
Assets and Deferred Outflows or Resources						
Current assets:						
Cash	$ 254,324	$ -	$ -	$ -	$ 1,247,430	$ 1,501,754
Investments	-	3,614,208	-	-	-	3,614,208
Accounts receivable (net)	146,119	2,336,221	160,739	72,324	117,355	2,832,758
Prepaid insurance	19,492	2,105	621	2,641	2,092	26,951
Inventory	76,262	365,872	15,512	21,045	-	478,691
Noncurrent assets:						
Restricted asset - cash	77,359	-	-	-	-	77,359
Nondepreciable assets	178,447	2,000	-	141,198	-	321,645
Capital assets, net of accumulated depreciation	12,740,866	336,589	442,015	428,866	3,493,585	17,441,921
Total assets	13,492,869	6,656,995	618,887	666,074	4,860,462	26,295,287
Deferred Outflows	39,362	25,549	20,439	37,286	23,473	146,109
Total Assets & Deferred Outflows	$ 13,532,231	$ 6,682,544	$ 639,326	$ 703,360	$ 4,883,935	$ 26,441,396
Liabilities and Deferred Inflows of Resources						
Current Liabilities:						
Accounts payable	$ 41,421	$ 868,688	$ 152,062	$ 214,245	$ 31,379	$ 1,307,795
Customer deposits	106,739	253,827	46,464	-	-	407,030
Notes payable, current portion	-	-	-	-	187,589	187,589
Capital leases, current portion	-	-	-	19,867	-	19,867
Bonds payable, current portion	450,000	-	-	-	-	450,000
Noncurrent Liabilities:						
Landfill liability, less current portion	-	-	-	82,689	-	82,689
Compensated absences	31,965	25,171	27,759	2,644	21,599	109,138
Net pension liability	218,734	138,509	110,807	196,793	116,569	781,412
Notes payable, less current portion	-	-	-	-	2,847,182	2,847,182
Capital leases, less current portion	-	-	-	42,120	-	42,120
Bonds payable, less current portion	5,265,000	-	-	-	-	5,265,000
Total Liabilities	6,113,859	1,286,195	337,092	558,358	3,204,318	11,499,822
Deferred Inflows	25,742	15,962	12,770	22,146	12,367	88,987
Net Position						
Net investment in capital assets	7,204,313	338,589	442,015	508,077	458,814	8,951,808
Restricted for:						
Bond debt payments	77,359	-	-	-	-	77,359
Unrestricted (deficit)	110,958	5,041,798	(152,551)	(385,221)	1,208,436	5,823,420
Total Net Position	7,392,630	5,380,387	289,464	122,856	1,667,250	14,852,587
Total Liabilities, Deferred Inflows, & Net Position	$ 13,532,231	$ 6,682,544	$ 639,326	$ 703,360	$ 4,883,935	$ 26,441,396

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanititation Fund	Telecommunication Fund	Totals
Operating Revenues						
Charges for services	$ 1,740,251	$ 9,603,633	$ 1,362,265	$ 1,225,763	$ 182,301	$ 14,114,213
Other income	9,598	67,551	46,884	42,539	260,192	426,764
Total operating revenues	1,749,849	9,671,184	1,409,149	1,268,302	442,493	14,540,977
Operating Expenses						
Personnel services	544,076	561,180	283,476	522,030	395,351	2,306,113
Contract services and purchases for resale	115,912	6,425,358	86,440	104,035	157,887	6,889,632
Supplies, materials, and repairs	359,723	112,648	883,853	589,886	335,485	2,281,595
Depreciation & amortization	840,031	57,162	37,326	84,715	123,300	1,142,534
Total operating expenses	1,859,742	7,156,348	1,291,095	1,300,666	1,012,023	12,619,874
Operating income (loss)	(109,893)	2,514,836	118,054	(32,364)	(569,530)	1,921,103
Non-Operating Revenues (Expenses)						
Interest and investment revenue	3,280	88,760	-	-	5,720	97,760
Interest expense	(250,480)	-	-	(5,767)	(85,235)	(341,482)
Total nonoperating revenues (expenses)	(247,200)	88,760	-	(5,767)	(79,515)	(243,722)
Income (loss) before contributions and transfers	(357,093)	2,603,596	118,054	(38,131)	(649,045)	1,677,381
Transfers in/(out)	324,261	(2,189,419)	(223,251)	106,434	383,861	(1,598,114)
Change in net position	(32,832)	414,177	(105,197)	68,303	(265,184)	79,267
Net position - beginning - as previously reported	7,623,000	5,090,000	493,000	226,000	2,030,000	15,462,000
Prior period adjustment	(197,538)	(123,790)	(98,339)	(171,447)	(97,566)	(688,680)
Net position - beginning - as restated	7,425,462	4,966,210	394,661	54,553	1,932,434	14,773,320
Net position - ending	$ 7,392,630	$ 5,380,387	$ 289,464	$ 122,856	$ 1,667,250	$ 14,852,587

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanitation Fund	Telecommunication Fund	Totals
Cash flows from operating activities:						
Receipts from customers	$ 1,859,544	$ 8,167,965	$ 1,401,338	$ 1,264,474	$ 368,468	$ 13,061,789
Payments to suppliers	(461,911)	(6,489,655)	(894,611)	(537,499)	(516,560)	(8,900,236)
Payments to employees	(544,076)	(561,180)	(283,476)	(522,030)	(395,351)	(2,306,113)
Net cash provided by (used by) operating activities	853,557	1,117,130	223,251	204,945	(543,443)	1,855,440
Cash flows from noncapital financing activities:						
Transfers in (out)	324,261	(2,189,419)	(223,251)	106,434	383,861	(1,598,114)
Net cash provided (used) by noncapital financing activities	324,261	(2,189,419)	(223,251)	106,434	383,861	(1,598,114)
Cash flows from capital & related financing activities:						
Proceeds from capital debt	-	-	-	-	1,199,000	1,199,000
Additions to capital assets	(917,748)	(27,902)	-	(224,191)	-	(1,169,841)
Principal (paid) received on bond indebtedness	(430,000)	-	-	-	-	(430,000)
Principal (paid) received on note indebtedness	-	-	-	(81,421)	(165,229)	(246,650)
Interest paid on bonds payable	(250,480)	-	-	-	-	(250,480)
Interest paid on notes payable	-	-	-	(5,767)	(85,235)	(91,002)
Net cash used by capital & related financing activities	(1,598,228)	(27,902)	-	(311,379)	948,536	(988,973)
Cash flows from investing activities:						
Investment revenue	3,280	88,760	-	-	5,720	97,760
Net cash provided (used by) investing activities	3,280	88,760	-	-	5,720	97,760
Net increase (decrease) in cash	(417,130)	(1,011,431)	-	-	794,674	(633,887)
Cash & Cash Equivalents at Beginning of Year	748,813	4,625,639	-	-	452,756	5,827,208
Cash & Cash Equivalents at End of Year	$ 331,683	$ 3,614,208	$ -	$ -	$ 1,247,430	$ 5,193,321

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanititation Fund	Telecommunication Fund	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	$ (109,893)	$ 2,514,836	$ 118,054	$ (32,364)	$ (569,530)	$ 1,921,103
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	840,031	57,162	37,326	84,715	123,300	1,142,534
Change in assets & liabilities						
(Increase) decrease in current assets						
Accounts receivable	109,695	(1,503,219)	(7,811)	(3,828)	(74,025)	(1,479,188)
Prepaid	(19,492)	(2,105)	901	(2,641)	(2,092)	(25,429)
Inventories	(12,208)	(171,294)	(3,581)	14,980	-	(172,103)
(Decrease) increase in current liabilities						
Accounts payable	25,053	216,436	64,439	158,996	(34,955)	429,969
Accrued liabilities	7,332	(7,068)	3,556	(6,700)	6,927	4,047
Compensated absences	9,587	6,626	10,167	(8,213)	-	18,167
Customer deposits	3,452	5,756	200	-	6,932	16,340
Net Cash Provided by Operating Activities	$ 853,557	$ 1,117,130	$ 223,251	$ 204,945	$ (543,443)	$ 1,855,440
Noncash investing, capital, and financing activties:	* Beginning cash was restated to eliminate the prior year rounding to the nearest thousand dollars.					
There were capital assets transfer made between the various funds	$ -	$ -	$ -	$ -	$ -	$ -

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the year ended December 31, 2003, the City implemented the new financial reporting requirements of GASB Statement Nos. 33 and 34. As a result, an entirely new financial presentation format has been implemented. The City implemented GASB 54, which 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.

- Nonspendable Fund Balance: Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance: Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed Fund Balance: Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned Fund Balance: Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's clerk to assign fund balances.
- Unassigned Fund Balance: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Financial Reporting Entity
In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or a burden relationship exists. The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The City holds the corporate powers of the organization.
- The City appoints a voting majority of the organization's board.
- The City is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is fiscal dependency by the organization on the City.

Management of the City has determined that no organization meets the above requirement for inclusion, and as such, no component units are included in the City's reporting entity.

Government-wide Financial Statements
The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if they exist. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The types of transactions reported as program revenues of the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services, if they exist.

Fund Financial Statements
Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds Types

General Fund
The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Projects Funds
Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital outlay.

Proprietary Fund Types

Enterprise Fund
Enterprise funds are used to account for business-like activities provided to the general public, if they exist. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The economic measurement focus concerns determining cost as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Governmental Funds
All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resource measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition
In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advanced, deferred until expenditures are made.

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition
The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred and prepaid expenditures are recognized in governmental funds during the benefiting period rather than when purchased. However, principal and interest on long-term debt, which has not been matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Major Funds

Fund	Brief Description
General	Accounts for all activities except those legally or administratively required to be accounted for in other funds.
Enterprise Funds:	
Water and Sewer	Accounts for all revenues and expenditures of the water and sewer system.
Natural Gas	Accounts for all revenues and expenditures of the natural gas system.
Electric	Accounts for all revenues and expenditures of the electric system.
Solid-waste Transfer Facility	Accounts for all revenues and expenditures of the solid-waste transfer facility.
Telecommunications	Accounts for all revenue and expenditures of the Tele Communications and related assets.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus
On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend-able financial resources during a given period. These funds use fund balance as their measure of available spend-able financial resources at the end of the period.
b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.
c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments
For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 3.

Inter-fund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 5 for details of inter-fund transactions, including receivables and payables at year-end.

Inventories
Inventories consist of materials and supplies and are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The cost of inventories is expensed when consumed.

Receivables
In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets
General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net

position. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net position and in the individual proprietary funds.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the Governmental –Wide financial statements. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The City has chosen not to capitalize infrastructure acquired prior to implementation of Statement 34.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follow: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years. The capitalization threshold for capital assets is $5,000.

Government-wide Statements
In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

General Fund:	
Equipment	2-15 years
Buildings & Infrastructure	35-50 years
Enterprise Funds:	
Water and Sewer:	
Plant, tanks, wells, and extensions	35-50 years
Natural Gas System:	
Distribution system	40 years
Machinery and equipment	2-15 years
Electrical System:	
Distribution system	40 years
Transformers and equipment	2-20 years
Solid-Waste Transfer Facility:	
Equipment	7 years

Fund Financial Statements
In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets
Restricted assets include cash and investments of the proprietary or governmental funds that are legally restricted as to their use. Primarily, restricted assets are related to bond reserve, sinking fund requirements & bond ordinance. The City's policy is to first apply restricted resources when an expense is incurred for the purpose for which both restricted and unrestricted net assets are available. Restricted assets at December 31, 2018, consist of cash on deposit for payment of indebtedness related to the 2009 Water Treatment Revenue Bonds in the Water and Sewer Fund and funds for Special Purpose Local Option Sales Tax, Transportation Special Purpose Local Option Sales Tax, Community Development Building Grants, and Local Maintenance and Improvement Grants.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.
All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital leases, notes payable, accrued compensated absences, and a court-assessed judgment if applicable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences
On the modified accrual basis of accounting, accumulated vacation leave benefits, liabilities of the governmental and proprietary fund types are recognized when payable.

Accumulated sick leave benefits are not recorded. These benefits are paid only upon employee illness and the amount payable at December 31, 2018 cannot be reasonably estimated.

Equity Classifications

Government-wide Statements
Equity is classified as net position and displayed in three components:

a. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
b. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net position—All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements
Governmental fund equity is classified as fund balance. Fund balance is further classified as unassigned, assigned, committed, restricted and non- spendable. Proprietary fund equity is classified the same as in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Special Local Option Sales Tax
The City receives sales tax revenue from Early County, Georgia, for the purpose of making capital improvements, improvements on sidewalks, streets, and repair of equipment for the maintenance of these expenses.

Property Tax
Under State law, municipalities may levy a property tax. Property taxes are levied in the fall of each year (September 15 for the current year taxes) based on the assessed value of property on the previous January 1. The due date for these taxes was December 20 and the lien date was the following March 1. Taxes are collected throughout the year. Receivables are not recorded when levied. Taxes not expected to be collected within sixty days after the end of the year are not recorded as deferred revenue.

The City levied property during the year ended December 31, 2018. The total amount of property tax receivable was $273,792.

Operating and Non-Operating Revenues and Expenses
Operating revenues and expenses for proprietary funds and general fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related

to capital and related financing, non-capital financing, or investing activities. All other revenues and expenses not defined above are considered non-operating revenues and expenses.

Expenditures/Expenses
In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:	**Current (further classified by function)**
	Debt Service
	Capital Outlay

Proprietary Fund—By Operating and Non-operating
In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Inter-fund Transfers
Permanent re-allocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows. Annual budgets are adopted for all City funds. Under state law, the City Clerk submits an annual budget to the Council for consideration and approval no later than December 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

Fund	Required By
Community Development Block Grant	Agreement and O.C.G.A.
SPLOST Capital Improvement Fund	Agreement and O.C.G.A.
TSPLOST Capital Improvement Fund	Agreement and O.C.G.A.
E-911 Special Revenue Fund	Agreement and O.C.G.A.
General Fund	O.C.G.A.
Water and Sewer Enterprise Fund	Agreement and O.C.G.A.
Natural Gas System Enterprise Fund	Agreement and O.C.G.A.
Electric Enterprise Fund	Agreement and O.C.G.A
Solid-Waste Transfer Facility Enterprise Fund	Agreement and O.C.G.A.
Telecommunication Enterprise Fund	Agreement and O.C.G.A.
Hotel/Motel Tax Fund	Agreement and O.C.G.A.

DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Georgia or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3, all deposits were fully insured or collateralized.

Investments of the City whose population exceeds 3,000, according to the latest census information, are limited by state law to the following:

a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged.
b. Certificates of deposit or savings accounts that is either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper, and repurchase agreements with certain limitations.
d. City, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations.
f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous items a., b., c., and d.

REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Community Development Block Grant	Agreement and O.C.G.A.
SPLOST Capital Improvement Fund	Agreement and O.C.G.A.
TSPLOST Capital Improvement Fund	Agreement and O.C.G.A.
E-911 Special Revenue Fund	Agreement and O.C.G.A.
General Fund	O.C.G.A.
Water and Sewer Enterprise Fund	Agreement and O.C.G.A.
Natural Gas System Enterprise Fund	Agreement and O.C.G.A.
Electric Enterprise Fund	Agreement and O.C.G.A
Solid-Waste Transfer Facility Enterprise Fund	Agreement and O.C.G.A.
Telecommunication Enterprise Fund	Agreement and O.C.G.A.
Hotel/Motel Tax Fund	Agreement and O.C.G.A.

For the year ended December 31, 2018, the City complied, in all material respects.

DEBT RESTRICTIONS AND COVENANTS

Revenue Bonds Payable
The ordinance providing for the issuance of bonds provides for the establishment of various funds which must be maintained for debt service, construction, cash reserves, etc. As of December 31, 2018, the City was in compliance with the provisions of the 2009 Water Treatment Revenue Bonds Ordinance that requires assets to be accumulated in a restricted account for the payment of future debt service. The Ordinance requires monthly sinking fund deposits to the Combined Utility Sinking Fund. Such deposits are being made on a monthly basis to the Sinking Fund. As a result, the City had appropriated sufficient amounts in the Sinking Fund as of December 31, 2018.

DEFICIT FUND BALANCE

The General Fund had a negative fund balance of $918,125.

NOTE 3 - CASH AND INVESTMENTS

The City does not have a formal investment policy for interest rates, credit, concentration or credit or custodial credit risks.

Deposits

As of December 31, 2018, the carrying amount of the City's bank deposits was $2,268,892 and the respective bank balances totaled $2,975,096. Of the total bank balance, $525,000 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $2,450,096 was collateralized with pooled securities held by the financial institution's trust departments. These securities are held in the name of the financial institution and not that of the City.

INVESTMENTS

Municipal Electric Authority of Georgia (MEAG) Trust
On April 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (The Trust).

The Trust was created by MEAG in anticipation of future deregulation of the electric industry which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electric systems of political subdivisions which are wholesale power customers of MEAG, such as City of Blakely. MEAG expects that after such legislation is effective, market rates for power will result which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to deposit funds to be invested at the best prudent rates of return and be applied, in accordance with the provisions of the Trust to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Blakely, and within the account the account creates the following sub-accounts in which the City of Blakely participates:

1. Flexible Operating Trust Account - This type of sub-account may be funded from contributions by the City, from the City's Discretionary Reserve Fund with MEAG, or from any other available funds.

   According to Trust provisions, the City has the following withdrawal rights with respect to this Fund:

   > The City also has the right to borrow, if certain conditions are met, part or all of the funds in the Flexible Operating Trust Account for the purpose of paying the cost of any capital expenditure, provided that the City executes and delivers to the Trustee a promissory note and such other documents reasonably satisfactory to MEAG in which the City agrees to repay the withdrawn amount to the Trustee.

   The balance of this account on December 31, 2018, is $3,007,112.

2. Credit Support Operating Trust Account - This type of sub account may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds.

   According to Trust provisions, the City has the following withdrawal rights with respect to this fund:

   > Prior to the anticipated actual deregulation date, the City shall have the right to cause the Trustee to use funds from the credit Support Operating Trust Account to reduce, or as credit against, its monthly billings (i) to mitigate wholesale rate increases which have an impact of greater than 20% on the City's wholesale cost in any year, (ii) to mitigate the adverse impact of any wholesale cost increase which results from the phase-out of special rates in any year, and (iii) to mitigate the impact of wholesale costs which exceed the system average wholesale cost by more than 20% in any year, all as set forth in a certificate of the City and MEAG.

   The balance of the account was transferred on October 14, 2015 and did not have a balance as of December 31, 2018. Since the City's right to control these funds is contingent upon future events, these funds are not recorded as an asset in the City's financial statements.

3. Reserve Funded Debt Trust – This type of sub account may be funded from contributions by MEAG from any funds it has available for such purposes.

According to the Trust provisions, the City has no right to withdraw amounts from the Reserve Funded Debt Trust Account unless MEAG consents in writing thereto, and in the event MEAG should consent to a withdrawal, the withdrawn funds must be applied to the outstanding balance of the City's current monthly billing on account of its entitlement or obligation share(s) under its Power Sales Contract(s) of MEAG's Annual Project Generation Fixed Charges.

The balance of the account on December 31, 2018, is $8,621. Since the City has no right to control these funds, these funds are not recorded as an asset in the City's financial statements.

4. New Generation and Capacity Funding Account – This type of sub account may be funded from contributions by MEAG from any of its own funds that is has available for such purposes, including funds contained within the MEAG Flexible Operating Trust Account. According to Trust provisions, the City shall at any time have the right to cause the Trustee to use funds from the New Generation and Capacity Funding Account for any or all of the following purposes:

   i. To be applied as a credit against the City's obligation share of either Costs of Acquisition and Construction or that portion of Project Annual Costs consisting of Other Annual Costs of the Plant Vogtle Additional Units Non-PPA Project, the Plant Vogtle Additional Units PPA Project and the Plant Vogtle Additional Units PPA-2 Project, without the consent of MEAG, or that portion of Project Annual Costs consisting of Annual Fixed Costs of the Plant Vogtle Additional Units Non-PPA Project, the Plant Vogtle Additional Units PPA Project, and the Plant Vogtle Additional Units PPA-2 Project, with the consent of MEAG, which will not be withheld unless there are adverse federal tax consequences that impact the City.
   ii. To be applied as a credit against the City's obligation share of either Costs of Acquisition and Construction or that portion of Project Annual Costs consisting of Other Annual Costs of any future generation project created by MEAG after the effective date of the Amendment, without the consent of MEAG, or that portion of Project Annual Costs consisting of Annual Fixed Costs of any future generation project created by MEAG after the effective date of the Amendment, with the consent of MEAG.
   iii. In the event MEAG provides the City with the option of paying interest expense incurred in connection with the construction of any generation project prior to commercial operation date and to the extent that such payments do not result in adverse federal tax consequences that impact the City, to be applied as a credit against any capital contributions committed to by such Beneficiary in connection with exercising such option.
   iv. To be applied as a credit against capacity charges incurred by the City in connection with power purchase agreements entered into by MEAG for the purpose of meeting the supplemental power needs of the City.
   v. As payment to MEAG to mitigate that portion of any budgeted Bulk Power Supply cost increases incurred by the City in a Power Supply Year which exceeds the City's prior year's budgeted Bulk Power Supply costs by greater than twelve percent (12%).

The balance of the account on December 31, 2018, is $607,096.

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NOTE 4 - ACCOUNTS RECEIVABLE

Operating Funds Receivable
Accounts receivable at December 31, 2018 are as follows:

SPLOST	$ 61,400
TSPLOST	80,096
Property Taxes	273,792
Hotel/Motel Taxes	10,031
LOST	42,438
	467,757
E-911	70,544
General Fund Receivables	77,690
	148,234
Gas Fund	160,739
Water & Sewer Fund	146,119
Electrical Fund	2,336,221
Telecommunications Fund	117,355
Sanitation Fund	72,324
	2,832,758
Total	$ 3,448,749

NOTE 5 - INTERFUND TRANSFERS

During the course of normal operations, numerous transactions take place between funds such as expenditures or transfers of resources to provide services, service debt or construct assets. These inter-fund transactions are eliminated and no interest is charged on such transfers.

Transfers

	TRANSFERS IN								
TRANSFERS OUT	General Fund	E-911	SPLOST Capital Project	Water & Sewer	Electric System	Natural Gas	Sanitation	Telecom	Total
General Fund	$ -	$ 143,016	$ 162,666	$ -	$ -	$ 1,863	$ -	$ 383,861	$ 691,406
Hotel/Motel	12,073	-	-	-	-	-	-	-	12,073
Splost Capital Project	-	-	-	91,676	17,000	-	115,103	-	223,779
CDBG Fund	-	-	-	455,859	-	-	-	-	455,859
Water & Sewer	285,325	-	-	-	-	-	-	-	285,325
Electrical System	1,939,533	9,642	-	62,051	-	194,074	1,120	-	2,206,420
Natural Gas	419,187	-	-	-	-	-	-	-	419,187
Sanitation	9,788	-	-	-	-	-	-	-	9,788
	$ 2,665,906	$ 152,658	$ 162,666	$ 609,586	$ 17,000	$ 195,937	$ 116,223	$ 383,861	$ 4,303,837

$12,073 was transferred to the general fund from the Hotel/Motel Fund in accordance with state law.

$17,000 was transferred to the Electric Fund from the SPLOST fund for equipment purchased per the referendum.

$91,676 was transferred to the Water and Sewer Fund from the SPLOST fund for qualified capital purchases per the referendum.

$115,103 was transferred to the Landfill Fund from the SPLOST fund for qualified capital purchases per the referendum.

$455,859 was transferred from the CDBG Capital Projects fund to the Water and Sewer Fund for qualified grant capital expenditures.

$166,666 was transferred from the General Fund into the SPLOST Fund to help fund the fire station capital purchases.

All other transfers were made for general operating purposes.

NOTE 6 - CAPITAL ASSETS

Capital assets by fund type are summarized as follows:

Governmental Activities:

	Balance as of 12/31/17		Additions	Deductions	Balance as of 12/31/18
General Fund:					
Nondepreciable assets:					
Land	$ 132,719	*	$ -	$ -	$ 132,719
Construction in progress	245,725	*	1,919,886	-	2,165,611
Total nondepreciable assets	378,444		1,919,886	-	2,298,330
Depreciable assets:					
Infrastructure	2,746,262	*	-	-	2,746,262
Buildings	2,263,567	*	53,388	-	2,316,955
Machinery & equipment	3,574,358	*	232,840	-	3,807,198
Total depreciable assets	8,584,187		-	-	8,870,415
Accumulated depreciation:					
Infrastructure	(1,954,612)	*	(34,748)	-	(1,989,360)
Buildings	(663,208)	*	(53,999)	-	(717,207)
Machinery & equipment	(3,028,199)	*	(118,617)	-	(3,146,816)
Total accumulated depreciation	(5,646,019)		(207,364)	-	(5,853,383)
Total depreciable assets, net	2,938,168		-	-	3,017,032
Total general government assets	$ 3,316,612		$ -	$ -	$ 5,315,362

* Beginning balances adjusted do to various reasons including prior year assets being omitted, accumulated depreciation being misstated, and no longer rounding balances to the nearest thousands.

Business-type activities:

	Balance as of 12/31/17		Additions	Deductions	Balance as of 12/31/18
Water and Sewer Enterprise Fund:					
Nondepreciable assets					
Land	$ 2,500	*	$ -	$ -	$ 2,500
Construction in Progress	73,460	*	103,487	-	176,947
Total nondepreciable assets	75,960		103,487	-	179,447
Depreciable assets					
Plant, systems, & equipment	21,511,491	*	814,262	-	22,325,753
Total depreciable assets	21,511,491		814,262	-	22,325,753
Accumulated depreciation:					
Plant, systems, & equipment	(8,746,675)	*	(839,212)	-	(9,585,887)
Total accumulated depreciation	(8,746,675)		(839,212)	-	(9,585,887)
Total depreciable assets, net	12,764,816		(24,950)	-	12,739,866
Total water & sewer fund assets	$ 12,840,776		$ 78,537	$ -	$ 12,919,313

	Balance as of 12/31/17		Additions	Deductions	Balance as of 12/31/18
Natural Gas Enterprise Fund:					
Depreciable assets					
Plant, systems, & equipment	$ 687,587	*	$ -	$ -	$ 687,587
Total depreciable assets	687,587		-	-	687,587
Accumulated depreciation:					
Plant, systems, & equipment	(208,247)	*	(37,325)	-	(245,572)
Total accumulated depreciation	(208,247)		(37,325)	-	(245,572)
Total depreciable assets, net	479,340		(37,325)	-	442,015
Total natural gas fund assets	$ 479,340		$ (37,325)	$ -	$ 442,015
Electric Enterprise Fund:					
Nondepreciable assets					
Land	$ 2,000	*	$ -	$ -	$ 2,000
Total nondepreciable assets	2,000		-	-	2,000
Depreciable assets					
Plant, systems, & equipment	2,328,853	*	27,903	-	2,356,756
Total depreciable assets	2,328,853		27,903	-	2,356,756
Accumulated depreciation:					
Plant, systems, & equipment	(1,963,005)	*	(57,162)	-	(2,020,167)
Total accumulated depreciation	(1,963,005)		(57,162)	-	(2,020,167)
Total depreciable assets, net	365,848		(29,259)	-	336,589
Total electric fund assets	$ 367,848		$ (29,259)	$ -	$ 338,589
Solid Waste Transfer Facility Enterprise Fund:					
Nondepreciable assets					
Land	$ 141,198	*	$ -	$ -	$ 141,198
Total nondepreciable assets	141,198		-	-	141,198
Depreciable assets					
Plant, systems, & equipment	2,783,499	*	224,190	-	3,007,689
Total depreciable assets	2,783,499		224,190	-	3,007,689
Accumulated depreciation:					
Plant, systems, & equipment	(2,494,107)	*	(84,716)	-	(2,578,823)
Total accumulated depreciation	(2,494,107)		(84,716)	-	(2,578,823)
Total depreciable assets, net	289,392		139,474	-	428,866
Total solid waste transfer faciltiy fund assets	$ 430,590		$ 139,474	$ -	$ 570,064
Tele-Communication Enterprise Fund:					
Nondepreciable assets					
Construction in Progress	$ 1,360,405	*	$ -	$ (1,360,405)	$ -
Total nondepreciable assets	1,360,405		-	(1,360,405)	-
Depreciable assets					
Plant, systems, & equipment	2,287,054	*	1,360,485	-	3,647,539
Total depreciable assets	2,287,054		1,360,485	-	3,647,539
Accumulated depreciation:					
Plant, systems, & equipment	(30,654)	*	(123,300)	-	(153,954)
Total accumulated depreciation	(30,654)		(123,300)	-	(153,954)
Total depreciable assets, net	2,256,400		1,237,185	-	3,493,585
Total tele-communication fund assets	$ 3,616,805		$ 1,237,185	$ (1,360,405)	$ 3,493,585

*Beginning balances adjusted do to no longer rounding to the nearest thousands.

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation was charged to functions as follows:

Governmental activities		
General government	$	77,037
Public Safety		27,138
Public Works		83,345
Housing and Development		12,726
Culture and Recreation		7,118
Business-type activities		
Water & sewer fund		839,212
Natural gas fund		37,325
Electric fund		57,162
Solid-waste transfer facility fund		84,716
Tele-Communication fund		123,300
	$	1,349,079

NOTE 7 - LONG TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	Balance, December 31, 2017		Additions	Reductions	Balance, December 31, 2018	Amounts Due Within One Year
Governmental Fund Type:						
Compensated absences	$ 80,000		$ 144,551	$ 71,864	$ 152,687	$ -
Intergovernmental contract	587,978	*	-	140,000	447,978	140,000
Totals	$ 667,978		$ 144,551	$ 211,864	$ 600,665	$ 140,000
Proprietary Funds:						
Landfill postclosure liability	$ 99,000		$ -	$ 16,311	$ 82,689	$ 16,000
Compensated absences	85,000		78,348	54,210	109,138	-
Notes payable	2,000,968	*	1,199,032	165,229	3,034,771	187,589
Capital leases payable	143,407	*	-	81,420	61,987	19,867
Bonds payable	6,145,000		-	430,000	5,715,000	450,000
Totals	$ 8,473,375		$ 1,277,380	$ 747,170	$ 9,003,585	$ 673,456

* Balance added to reflect Intergovernmental Contract that was omitted in prior year and to adjust notes payable and capital leases due to no longer rounding to the nearest thousands.

Governmental Funds

On August 7, 2018, the City approved to enter into an intergovernmental agreement to pay back overpayments from March 2013 through June 2017 of Title Ad Valorem Tax. The overpayment was $587,978 at 0% payable in 3 annual installments of $140,000 starting January 15, 2018 and one final payment of $167,978. The balance of this note on December 31, 2018 was $447,978.

Annual installment requirements are as follows:

Year Ending	Principal	Interest	Totals
2019	$ 140,000	$ -	$ 140,000
2020	140,000	-	140,000
2021	167,978	-	167,978
Total	$ 447,978	$ -	$ 447,978

Proprietary Funds

On January 26, 2017, the City obtained a loan from Ameris Bank, for an Intergovernmental contract between South Georgia Regional Information Technology Authority and the City of Blakely, GA. The total loan was for $3,200,000 at 2.73% payable in 180 monthly payments of $22,342 beginning February 26, 2018. The balance of this note on December 31, 2018 was $3,034,771.

Annual note requirements are as follows:

Year Ending	Principal	Interest	Totals
2019	$ 187,589	$ 80,514	$ 268,103
2020	192,774	75,328	268,102
2021	198,104	69,999	268,103
2022	203,580	64,522	268,102
2023	209,208	58,895	268,103
2024-2028	1,136,054	204,457	1,340,511
2029-2032	907,462	45,790	953,252
Total	$ 3,034,771	$ 599,505	$ 3,634,276

On August 14, 2014, the City obtained a loan from their Georgia Municipal Association, Master Lease, for the purchase of a 2014 Freightliner Heil Refuse Truck. The total loan was for $148,061 at 3.3% payable in five annual payments of $32,635 beginning August 14, 2015. The balance of this note on December 31, 2018 was $0.

On September 16, 2016, the City obtained a loan from their Georgia Municipal Association, Master Lease, for the purchase of a 2016 Kenworth Grapple Truck. The total loan was for $100,000 at 3.25% payable in five annual payments of $21,992 beginning September 16, 2017. The balance of this note on December 31, 2018 was $61,987.

Annual capital lease requirements are as follows:

Year Ending	Principal	Interest	Totals
2019	$ 19,867	$ 2,448	$ 22,315
2020	20,652	1,664	22,316
2021	21,468	848	22,316
Total	$ 61,987	$ 4,960	$ 66,947

Bonds Payable

On January 1, 2009, the City of Blakely, Georgia issued $7,965,000 of its General Obligation Bonds (Sewer Project), Series 2009A with annual interest rates ranging from 2.0% to 4.35%. The proceeds will be used to expand the Plant Street Facility capacity from 1.312 Million Gallons per Day (MGD) to 2.0 MGD, replacing the current operations building and upgrading other operating systems and equipment. The Bonds are direct general obligations to the City and are payable from the levy of an ad valorem tax, without limitation as to rate or amount, levied on all taxable property including all real property, within the City subject to taxation for general obligation bond purposes. The balance as of December 31, 2018 was $5,715,000.

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Annual future debt service requirements for the maturity of the Series 2009A Bonds are as follows:

Year Ending	Principal	Interest	Totals
2019	$ 450,000	$ 233,280	$ 683,280
2020	475,000	215,280	690,280
2021	505,000	197,943	702,943
2022	525,000	178,753	703,753
2023	555,000	158,278	713,278
2024-2028	3,205,000	425,196	3,630,196
Total	$ 5,715,000	$ 1,408,730	$ 7,123,730

NOTE 8 - SHORT TERM DEBT

Summary of Short-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018
Governmental Fund Type:				
Short-term Payable	$ -	$ 1,735,654	$ -	$ 1,735,654
Totals	$ -	$ 1,735,654	$ -	$ 1,735,654

On March 1, 2018 the City entered into a financing agreement with Bank of Early to borrow $3,397,000 to construct a new Fire Department Complex which will house the Fire Department, E-911 and the Police Department. The interest rate on this note is 4%, which is to be repaid principal and interest by December 31, 2018. The City made multiple draws on the note during the year totaling $1,735,654. On December 12, 2018 this note was modified with a new maturity date of April 30, 2019. The balance as of December 31, 2018 was $1,735,654.

Compensated Absences
Compensated absences will be liquidated by the prospective funds they are recorded in. The funds used to liquidate compensated absences are the General Fund, the Water and Sewer Enterprise Fund, the Electric Enterprise Fund, the Solid-Waste Enterprise Fund, the Natural Gas Enterprise Fund and Tele-Communication Fund.

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NOTE 9 - PROGRAM REVENUES

General government		
Business licenses, fees, and other charges for services	$	209,108
Public Works		
Shop fees	$	20,280
Public Safety		
E911 revenue	$	538,628
Fines & forfeitures and other charges for services	$	220,096
Water & Sewer Fund		
Water & sewer services	$	1,749,849
Natural Gas Fund		
Natural gas fees	$	1,409,149
Electric Fund		
Electric fees	$	9,671,184
Solid-Waste Transfer Fund		
Landfill fees	$	1,224,556
Tele-Communication Fund		
Telecom Fees	$	442,493

NOTE 10 - PENSION PLAN

The Plan is a defined benefit plan and is administered by the Georgia Municipal Association. 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. All full-time employees are eligible to participate in the City's noncontributory defined benefit pension plan after completion of one year of service. Benefits vest after five years of service, and participants become eligible to retire at age 65 with 5 years of participation in the plan.

The City of Blakely, Georgia is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee pension plan administered by the Board of Trustees of the System. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: Georgia Municipal Association, The Burgess Building, 201 Pryor Street, SW, Atlanta, GA 30303-3606

As of July 1, 2018, the date of the most recent actuarial valuation, there were 154 participants consisting of the following:

Beneftts for retired participants and beneficiaries	73
Terminated vested participants	39
Active vested employees	42
Total	154

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%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
Total	100%	

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

Funding Policy

The City is required to contribute an actuarially determined amount monthly to the Plan's trust. The contribution amount is determined using the actuarial methods and assumptions approved by the Board of Trustees, and must satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interests on these amounts from the valuation date to the date contributions are paid. The recommended current rate of contribution for the City is 12.53% of annual covered payroll. Employees are not required to contribute to the Plan.

Actuarial Valuation Information

Valuation Date	July 1, 2018
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 10% of the amount of the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of living adjustment	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.

Funded Plan Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Acturial Accrued Liability (AAL) (b)	(Surplus) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Percentage of Covered Payroll* [(b) - (a)] / (c)
7/1/2009	$ 3,374,773	$ 4,651,571	$ 1,276,798	72.55%	$2,420,588	52.75%
7/1/2010	4,352,992	5,128,916	775,924	84.87%	2,442,031	31.77%
7/1/2011	4,548,338	5,542,325	993,987	82.07%	2,372,901	41.89%
7/1/2012	4,752,815	5,967,154	1,214,339	79.65%	2,687,152	45.19%
7/1/2013	5,001,653	6,125,955	1,124,302	81.65%	2,382,583	47.19%
7/1/2014	5,215,550	6,490,633	1,275,083	80.36%	2,046,450	62.31%
7/1/2015	5,387,571	6,550,042	1,162,471	82.25%	2,154,375	53.96%
7/1/2016	5,542,708	6,634,929	1,092,221	83.54%	2,306,454	47.35%
7/1/2017	5,698,962	6,776,177	1,077,215	84.10%	2,761,606	39.01%
8/1/2017	5,855,687	7,396,711	1,541,024	79.17%	2,762,964	55.77%

Change in the Net Pension Liability

		Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at March 31, 2017	*	$ 7,051,350	$ 5,363,518	$ 1,687,832
Changes for the year:				
Service cost		102,481	-	102,481
Interest		526,086	-	526,086
Difference between expected and actual expenses		448,552	-	448,552
Employer contributions		-	282,769	(282,769)
Employee contributions		-	-	-
Net investment income		-	656,846	(656,846)
Benefit payments		(526,294)	(526,294)	-
Administrative expense		-	(20,195)	20,195
Other changes		141,903	-	141,903
Net Changes		692,728	393,126	299,602
Balance at March 31, 2018	**	$ 7,744,078	$ 5,756,644	$ 1,987,434

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

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 2,800,826	$ 1,987,434	$ 1,297,509

Pension expense for the year ended December 31, 2018		
Service cost	$	102,481
Interest on TPL		526,086
Employee contributions		-
Administrative expenses		20,195
Expected return on assets		(405,453)
Expensed portion of current year period differences between expected and actual experience in TPL		149,518
Expensed portion or current year period assumption changes		47,301
Expensed portion of current year period differences between projected and actual investment earnings		(50,277)
Current year recognition of deferred inflows and outflows established in prior years.		13,827
Total expense	$	403,678

Deferred outflows/inflows of resources related to pensions

	Deferred Outflows of Resources	Deferred Inlfows of Resources
Difference between expected and actual experience	$ 307,473	$ -
Changes in assumptions	94,602	-
Net difference between projected and actual earnings on pension plan investments	-	(209,840)
Total	$ 402,075	$ (209,840)

Projected recognition of derred outflow s/(inflow s)

	Year Establisted	Outstanding Balance January 1, 2018	Recognized During FYE December 31, 2018	Outstanding Balance December 31, 2018	2019	2020	2021	2022	2023	2024 and Thereafter
Fiscal Year Outflow s:										
Investment	2016	227,445	75,815	151,630	75,815	75,815	-	-	-	-
Demograpic	2017	16,878	8,439	8,439	8,439	-	-	-	-	-
Demograpic	2018	448,552	149,518	299,034	149,517	149,517	-	-	-	-
Assumption Change	2018	141,903	47,301	94,602	47,301	47,301	-	-	-	-
Total Outflow s:		834,778	281,073	553,705	281,072	272,633	-	-	-	-
Fiscal Year Inflow s:										
Investment	2015	(37,746)	(18,873)	(18,873)	(18,873)	-	-	-	-	-
Demograpic	2016	(4,394)	(4,394)	-	-	-	-	-	-	-
Investment	2017	(188,640)	(47,160)	(141,480)	(47,160)	(47,160)	(47,160)	-	-	-
Investment	2018	(251,393)	(50,277)	(201,116)	(50,279)	(50,279)	(50,279)	(50,279)	-	-
Total Inflow s		(482,173)	(120,704)	(361,469)	(116,312)	(97,439)	(97,439)	(50,279)	-	-
Total		352,605	160,369	192,236	164,760	175,194	(97,439)	(50,279)	-	-

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NOTE 11 - COMMITMENTS AND CONTINGENCIES

Compensated Absences
The City permits employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from service with the City. The estimated current portion of the liability for vested vacation benefits attribute to the City's governmental fund is recorded as an expenditure and liability. The long-term portion is recorded as a long term debt. The amounts attribute to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

Risk Management and Litigation
The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of asset; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The Cty attorney has advised that legal actions in process or pending should not materially affect the financial position of the City. The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance coverage from commercial insurance companies.

Pursuant to provisions of the Official Code of Georgia Annotated, the City of Blakely became a member of the GMA Inter-local Risk Management Agency. The agency established 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 government. The agency is to defend and protect in accordance with the member government contracts and related coverage descriptions any member of the agency against liability or loss.

Blakely, Georgia must participate at all times in at least one fund that is established by the agency. Other responsibilities of the City are as follows:

1. To pay all contributions, assessments or other sums due the agency at such times and in such amounts as shall be established by the agency;
2. To select a person to serve as a member representative;
3. To allow the agency and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purpose of the agency to represent the City;
4. To allow attorneys appointed by the agency 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 established by the agency;
5. To assist and cooperate in the defense and settlement of claims against the City;
6. To furnish full cooperation to the agency's attorneys, claims adjusters, service company, and any agent, employee, officer or independent contractor of the agency relating to the purposes of the agency;
7. To follow all loss reduction and prevention procedures established by the agency;
8. To furnish to the agency such budget, operating and underwriting information as may be requested; and
9. To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the agency or any fund established by the agency being required to pay claim for loss or injuries to City 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.

Blakely, Georgia retains up to the first $5,000 of each risk of loss in the form of a deductible. The City files all claims with the agency and the agency bills the City for any loss up to the deductible.

Pursuant to provisions of the Official Code of Georgia Annotated, Blakely, Georgia became a member of the GMA-GSIWCF (a Workers' Compensation Self-Insurance Fund). The liability of the fund to the employees of any employer (Blakely, Georgia is specifically limited to such obligations as are imposed by the applicable state laws against the employer for workers' compensation and/or employers' liability.)

As part of these risks pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the findings being required to pay any claims of loss. The City is also to allow the pools'

agents and attorney to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding of compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Compliance with Legal Provisions
The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 12 - DEFERRED COMPENSATION PLAN

The City participates in the ACCG 457 Deferred Compensation Plan for the City of Blakely (the Plan), a defined contribution plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Government Employee Benefits Corporation of Georgia (GEBCorp). The Plan is available to all full-time City employees, and permits them to defer a portion of their salary until future years. During 2014, the City contributed $10 per weekly pay period for each employee that participated in the plan and deferred at least $10 per week. Distributions from the Plan are not available to employees until termination, retirement, death, disability or unforeseeable emergency. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted to any other purpose.

Participation in the Plan was approved by resolution of the City Council. Plan provisions are established and may be amended by GEBCorp.

For the year ended December 31, 2018, actual contributions by the City and Plan participants were $32,970 and $61,675 respectively.

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

The City stopped accepting solid waste at its landfill site April 8, 1994. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The $99,000 reported in the long-term debt as a landfill post closure liability at December 31, 2018, represents the projected annual cost to perform annually recurring post closure care for the approximately six years remaining. Due to changes in technology, monitoring period, laws or regulations these costs may change in the future. The City intends to and expects to be able to finance post closure costs from current financial resources.

Prior to 1998, the City had expected its required monitoring period to be five years from April 8, 1994. In 1998 the City determined that its monitoring period would probably extend past the original five-year period and determined that an extension of the estimate to thirty years would be appropriate.

NOTE 14 - POWER SALES CONTRACT

In July 1976 the City of Blakely entered into a contract with the Municipal Electric Authority of Georgia (MEAG). The purpose of the agreement was to secure electric power supply from MEAG. MEAG consented to provide this power supply to the City of Blakely in return for the City's promise to pay its share of MEAG's cost of generating and transmitting electrical power.

The term of the contract will continue in full force until such time, not exceeding fifty years, as all of MEAG's bonds and the interest thereon have been paid or provision for payment has been made or until such time as the MEAG Project is retired from service, whichever is later.

MEAG has issued bonds to generate funds for the purpose of building generation and transmission plants. Each participant, such as the City of Blakely, is responsible for their prorata share of those bonds until they are paid or deferred.

NOTE 15 - RELATED ORGANIZATION

The City's related organization, Housing Authority, is excluded from the financial reporting entity because the City's accountability does not extend beyond making board appointments. The Housing Authority of the City of Blakely, Georgia is a related organization of the City of Blakely. The five citizens who serve as the governing board of the Housing Authority are appointed by the mayor and approved by the City Council. The City has no significant influence over the management, budget or policies of the Housing Authority. Audited financial statements are available from the Housing Authority.

NOTE 16 - JOINT VENTURES

Southwest Georgia Regional Commission
City of Blakely, in conjunction with fifty- seven other cities and counties in the southwest Georgia area, participates in the Southwest Georgia Regional Commission. Membership in an RC is required by Code of Georgia Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The City of Blakely paid membership dues to the Southwest Georgia Regional Commission for the year ended December 31, 2018. The RC Board membership includes a representative of the membership governments who is selected by the respective governing body. Georgia law also provides that the member governments are liable for any debts or obligations of an RC beyond its resources. Financial statements are available from the RC at 30 West Broad Street, Camilla, Georgia 31730.

Early County Department of Public Safety
On September 12, 2000, the City executed, together with Early County, Georgia and the Sheriff of Early County, Georgia the "Intergovernmental contract for Law Enforcement Cooperation". The purpose of this agreement is to consolidate each party's respective law enforcement services for economy, efficiency and other benefits. The agreement establishes the "Early County Department of Public Safety" ("Department") which is now the common administrative unit of the parties for providing local law enforcement services in their respective jurisdictions. The law enforcement personnel, vehicles, equipment and facilities of the parties were brought together for consolidates ownership, supervision, activities and use through the Department.

The Department is administered by the "Early County – Municipal Board of Public Safety (Board) created by the agreement. The Board is comprised of seven members made up as follows:

Ex-officio members:
Mayor of Blakely or a designee
Chair of the Early County Board of Commissioners or a designee Sheriff

Appointed members:
Two members appointed by the City Council of Blakely
Two members appointed by the Early County Board of Commissioners

The Department is responsible for preparing and recommending a detailed budget to the parties to the agreement in cooperation with the Sheriff. The City of Blakely is required to contribute 40 percent of the approved budget and Early County is required to contribute 60 percent of the approved budget.

Financial statements for the Department for the year ended December 31, 2018 are available from the Early County Department of Public Safety, P.O. Box 939, Blakely, Georgia 39823.

During the 2018 Audit Year, the City of Blakely ceased operations with the Early County Department of Public Safety.

NOTE 17 - HOTEL/MOTEL TAX

The City of Blakely has imposed a 5% hotel/motel tax on lodging facilities with the City. Revenues collected during the year ended December 31, 2018, were $37,414. Of this amount, $15,310 was paid to the Court Square Development Authority to promote tourism within the City of Blakely, Georgia.

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS

The City of Blakely offers continued health care insurance to eligible retirees under federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

COBRA continuation coverage is the temporary extension of group health plan coverage that must be offered to certain Plan Participants and their eligible family members (called "Qualified Beneficiaries") at group rates. The right to COBRA continuation coverage is triggered by the occurrence of a life event that results in the loss of coverage under the terms of the Plan (the "Qualifying Event"). The coverage must be identical to the Plan to the Plan coverage that the Qualified Beneficiary had immediately before the Qualifying Event, or if the coverage has been changed, the coverage must be identical to the coverage provided to similarly situated active employees who have not experienced a Qualifying Event.

The City of Blakely serves as the Plan Administrator for a Consolidated Omnibus Budget Reconciliation, COBRA, plan. The plan allows eligible employees to retain health insurance coverage not retiring from the City of Blakely. Qualified Beneficiaries include any individual who, on the day before a Qualifying Event, is covered under Plan by virtue of being on that day either a covered Employee, the Spouse of a covered Employee, or a Dependent child of a covered Employee. The Plan is financed as on a pay-as-you-go- basis by each Plan participant.

NOTE 19 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Section 1200.112 and 2300.106L of GASB Standards requires that material violations of finance - related and contractual provisions be disclosed. The City was in violation of the following State statute during the year ending December 31, 2018:

Law Section - O.C.G.A. 36-81-3 & 36-81-5

The City exceeded its budget at the "legal level of control" in the following department(s):

Department	Fund	Balance Over Budget
Fire	General	$ 1,572,476
E-911	General, SRF	$ 13,194

NOTE 20 - SUBSEQUENT EVENT

As of the date of this report, July 11, 2019, there are no subsequent events that would materially affect the financial statements and require disclosures.

NOTE 21 – SPECIAL PURPOSE LOCAL OPTIONS SALES TAX REFERENDUM

On July 5, 2016, a referendum was held to determine whether to impose a 1% Special Purpose Local Option Sales Tax in Early County, Georgia. This referendum was passed with part of the revenue collected being designated for the City of Blakely as detailed on the "Schedule of Special Purpose Local Option Sales Taxes" as listed in the Table of Contents. The tax period for this referendum is not to exceed six (6) years.

On February 6, 2018, a referendum was held to determine whether to impose a 1% Transportation Special Purpose Local Option Sales Tax in Early County, Georgia. This referendum was passed with part of the revenue collected being designated for the City of Blakely as detailed on the "Schedule of Transportation Special Purpose Local Option Sales Taxes" as listed in the Table of Contents. The tax period for this referendum is not to exceed five (5) years.

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NOTE 21 - PRIOR PERIOD ADJUSTMENT

	Governmental Funds			Business-Type Funds					
Description	General	Non-Major	Govt Wide	Water & Sewer	Electric	Gas	Sanitation	Telecom	Business-Type
Compensated Absences from E-911 Balance Sheet	$ -	$ (5,976)	$ (5,976)	$ -	$ -	$ -	$ -	$ -	$ -
To restate fund balance/retained earning to eliminate effect of rounding to nearest thousand dollar	217	184	(410)	563	681	(148)	(906)	(921)	(731)
To restate retained earning to put allocated portion of Net Pension Liability in Business-Type Funds	-	-	(689,413)	196,975	123,109	98,487	172,353	98,487	689,411
Proposed entry to book TAVT liability to the Long-term Government-wide Statement of Net Assets	-	-	587,978	-	-	-	-	-	-
To restate net assets for a 2016 automobile purchased for E-911 but never booked to the Statement of Net Assets	-	-	(27,546)	-	-	-	-	-	-
Total Adjustments	$ 217	$ (5,792)	$ (135,368)	$ 197,538	$ 123,790	$ 98,339	$ 171,447	$ 97,566	$ 688,680

CITY OF BLAKELY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Positive (Negative)
REVENUES				
Taxes				
Property	$ 903,700	$ 961,700	$ 907,945	$ (53,755)
Sales	681,000	681,000	641,855	(39,145)
Franchise	38,000	38,000	44,159	6,159
Licenses and permits	90,000	115,000	112,696	(2,304)
Intergovernmental	58,000	133,143	253,089	119,946
Charges for services	196,713	196,713	191,824	(4,889)
Fines and forfeitures	90,000	90,000	64,517	(25,483)
Interest revenue	3,000	3,000	2,626	(374)
Miscellaneous	242,500	292,500	103,275	(189,225)
Total revenues	2,302,913	2,511,056	2,321,986	(189,070)
EXPENDITURES				
Current:				
General government:				
Finance and administration	1,276,502	1,484,602	917,365	567,237
Total general government	1,276,502	1,484,602	917,365	567,237
Judicial				
Recorder's court	60,000	50,000	46,856	3,144
Total judicial	60,000	50,000	46,856	3,144
Public works:				
Highways and streets	505,458	490,058	412,573	77,485
Maintenance and shop	183,490	194,190	194,125	65
Tota public works	688,948	684,248	606,698	77,550
Public safety:				
Police	1,303,000	895,400	890,572	4,828
Fire	1,043,316	1,064,216	2,636,692	(1,572,476)
Total public safety	2,346,316	1,959,616	3,527,264	(1,567,648)
Health & Welfare:				
Welfare	4,800	4,800	4,800	-
Community services	24,500	24,500	18,269	6,231
Total health & welfare	29,300	29,300	23,069	6,231
Cultural & Recreation:				
Recreation	115,000	115,000	105,416	9,584
Libraries	35,000	36,500	36,389	111
Total cultural & recreation	150,000	151,500	141,805	9,695
Housing & Development:				
Building Inspection	233,085	616,585	548,663	67,922
Total housing & development	233,085	616,585	548,663	67,922
Total current expenditures	4,784,151	4,975,851	5,811,720	(835,869)
Debt service:				
Interest	-	23,300	15,592	7,708
Total debt service	-	23,300	15,592	7,708
Total expenditures	4,784,151	4,999,151	5,827,312	(828,161)
Excess (deficiency) of revenues over expenditures	(2,481,238)	(2,488,095)	(3,505,326)	639,091
OTHER FINANCING SOURCES (USES)				
Capital Contributions	-	-	21,418	21,418
Transfers In	134,000	134,000	2,661,598	2,527,598
Transfers (out)	-	-	(687,098)	(687,098)
Total other financing sources and uses	134,000	134,000	1,995,918	1,861,918
SPECIAL ITEMS				
Sale of capital assets	3,500	3,500	1,500	(2,000)
Net Change in Fund Balance	$ (2,343,738)	$ (2,350,595)	$ (1,507,908)	$ 842,687

CITY OF BLAKELY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

Budget and Budgetary Accounting

The City prepares its annual operating budget under the provisions of the Georgia Code. In accordance with those provisions, the following process is used to adopt the annual budget:

a. Prior to December 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no late than 15 days prior to the beginning of the budget year.
c. Subsequent to the public hearings but no later than seven days prior to January 1, the budget is legally enacted through the passage of a resolution by the City Council.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of State Law, except funds of public trust or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. State statutes recognize the following object categories as the minimum legal level of control by department.

- Personal Services
- Materials and Supplies
- Other Services and Charges
- Capital Outlay
- Debt Service
- Inter-fund Transfers

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between department and object categories require the approval of the City Council.

The City prepared and adopted a legal annual budget for all governmental funds.

Budgetary Accounting

The annual operating budgets of governmental funds are prepared and presented on the cash basis of accounting.

Budget Requirements

There were no supplemental or decreases in budget appropriations made and approved by the City Council.

City of Blakely, Georgia
GASB 67/68 Reporting Information
December 31, 2018

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

	2018	2017
Service cost	$ 102,481	$ 83,207
Interest	526,086	517,206
Differerences between expected and actual experience	448,552	25,318
Changes of assumption	141,903	-
Changes in benefit terms	-	-
Benefit payments, including refunds of employee contributions	(526,294)	(496,014)
Net change in total pension liability	692,728	129,717
Total Pension Liability as of beginning	7,051,350	6,921,633
Total Pension Liability as of ending (a)	$ 7,744,078	$ 7,051,350
Employer contributions	$ 282,769	$ 290,555
Employee contributions	-	-
Net investment income	656,846	612,785
Benefit payments, including refunds of employer contributions	(526,294)	(496,014)
Administrative expense	(20,195)	(21,770)
Other	-	-
Net Change in fiduciary net position	393,126	385,556
Plan fiduciary net position - beginning	5,363,518	4,977,962
Plan fiduciary net position - ending (b)	$ 5,756,644	$ 5,363,518
Net Pension Liability - ending: (a)-(b)	$ 1,987,434	$ 1,687,832
Plan's fiduciary net position as a percentage of the total pension liability	74.34%	76.06%
Covered-employee payroll	$ 2,762,964	$ 2,761,601
Net pension liability as a percentage of covered-employee payroll	71.93%	61.12%

City of Blakely, Georgia
Required Supplementary Information - Pension Plan
December 31, 2018

SCHEDULE OF CONTRIBUTIONS

	2018	2017	
Actuarially determined contribution	*	280,339	
Contributions in relation to the actuarially determined contribution	*	282,328	**
Contribution deficiency (excess)	*	(1,989)	
Covered-employee payroll	*	2,761,601	***
Contributions as a percentage of coveredemployee payroll	*	10.22%	

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

City of Blakely, Georgia
Required Supplementary Information - Pension Plan
December 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 December 31, 2019.

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	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	N/A
Retirement Age	
age 65-69	50%
70 and over	100%
Mortality	RP-2000-Combined

CITY OF BLAKELY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Capital Improvement Projects Funds			Special Revenue Funds		
	SPLOST Fund	TSPLOST Fund	Community Development Block Grant Fund	E-911 Fund	Hotel/Motel Tax Fund	Total Funds
ASSETS						
Accounts receivable	$ 61,400	$ 80,096	$ -	$ 70,544	$ -	$ 212,040
Taxes receivable	-	-	-	-	10,031	10,031
Restricted assets- cash	104,792	-	-	356	-	105,148
Total assets	$ 166,192	$ 80,096	$ -	$ 70,900	$ 10,031	$ 327,219
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 2,221	$ -	$ 2,221
Total liabilities	-	-	-	2,221	-	2,221
FUND BALANCES						
Restricted for:						
Capital projects	166,192	80,096	-	68,679	10,031	324,998
Total fund balances	166,192	80,096	-	68,679	10,031	324,998
Total liabilities and fund balances	$ 166,192	$ 80,096	$ -	$ 70,900	$ 10,031	$ 327,219

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

CITY OF BLAKELY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Capital Improvement Projects Funds			Special Revenue Funds		
	SPLOST	TSPLOST	Community Development Block Grant	E-911	Hotel/Motel Tax	Total Funds
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ 37,414	$ 37,414
Intergovernmental	347,527	80,096	-	290,400	-	718,023
Grants	-	-	488,324	-	-	488,324
Interest	508	-	-	-	-	508
Miscellaneous	-	-	-	248,228	-	248,228
Total revenues	348,035	80,096	488,324	538,628	37,414	1,492,497
EXPENDITURES						
Current:						
General government	-	-	32,500	-	15,310	47,810
Public safety	-	-	-	714,144	-	714,144
Capital outlay	191,325	-	-	568	-	191,893
Debt service:						
Interest	-	-	-	8,092	-	8,092
Total expenditures	191,325	-	32,500	722,804	15,310	961,939
Excess (deficiency) of revenue/expenditures	156,710	80,096	455,824	(184,176)	22,104	530,558
Other Financing Sources (Uses)						
Transfers in	162,666	-	-	152,658	-	315,324
Transfers out	(223,779)	-	(455,859)	-	(12,073)	(691,711)
Total other financing sources (uses)	(61,113)	-	(455,859)	152,658	(12,073)	(376,387)
Net Change in Fund Balance	95,597	80,096	(35)	(31,518)	10,031	154,171
Fund balance - beginning - as previously reported	71,000	-	35	94,000	-	165,035
Prior period adjustment	(405)	-	-	6,197	-	5,792
Fund balance - beginning - as restated	70,595	-	35	100,197	-	170,827
Fund balance - ending	$ 166,192	$ 80,096	$ -	$ 68,679	$ 10,031	$ 324,998

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

CITY OF BLAKELY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget-Positive (Negative)
REVENUES				
Hotel/Motel Tax	$ 32,000	$ 32,000	$ 37,414	$ 5,414
Total revenues	32,000	32,000	37,414	5,414
EXPENDITURES				
Court Square Development	15,000	15,400	15,310	90
Total expenditures	15,000	15,400	15,310	90
Excess (deficiency) or revenues over expenditures	17,000	16,600	22,104	5,324
TRANSFERS				
Transfers	-	-	(12,073)	(12,073)
Total transfers	$ -	$ -	(12,073)	$ (12,073)
Net change in fund balance			10,031	
Fund balance - beginning			-	
Fund balance - ending			$ 10,031	

CITY OF BLAKELY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
E-911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
Intergovernmental	$ 537,375	$ 537,375	$ 290,400	$ (246,975)
Miscellaneous	-	-	248,228	248,228
Total revenues	537,375	537,375	538,628	1,253
EXPENDITURES				
Current:				
Public safety	672,350	700,950	714,144	(13,194)
Capital outlay	1,000	1,000	568	432
Debt service:				
Interest	-	15,800	8,092	7,708
Total expenditures	673,350	717,750	722,804	(5,054)
Excess (deficiency) or revenues over expenditures	(135,975)	(180,375)	(184,176)	6,307
TRANSFERS				
Transfers	-	-	152,658	152,658
Total transfers	$ -	$ -	152,658	$ 152,658
Net change in fund balance			(31,518)	
Fund balance - beginning - as previously reported			94,000	
Prior period adjustment			6,197	
Fund balance - beginning - as restated			100,197	
Fund balance - ending			$ 68,679	

STATE REPORTING REQUIREMENTS

CITY OF BLAKELY, GEORGIA
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2018

Line No.		O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one):		
	__X__ Special Revenue Fund ____ Enterprise Fund		
	Expenditures (UCOA Activity 3800)		
2	Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	_____		$ _____
	_____		$ _____
	_____		$ _____
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	$ _____
3b	Purchase costs	46-5-134(f)(1)(A)	$ 568
3c	Maintenance costs	46-5-134(f)(1)(A)	$ 999
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$ _____
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	$ 375,896
5b	Employee benefits	46-5-134(f)(1)(C)	$ 173,500
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ 3,818
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	$ 18
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	$ _____
8b	Purchase costs	46-5-134(f)(1)(F)	$ _____

9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	$ -
9b	Purchase costs	46-5-134(f)(1)(G)	$ -
9c	Maintenance costs	46-5-134(f)(1)(G)	$
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	$
11b	Purchase costs	46-5-134(f)(1)(I)	$
11c	Maintenance costs	46-5-134(f)(1)(I)	$
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$ 4,032
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2(B)(ii)	$
13b	Purchase costs	46-5-134(f)(2(B)(ii)	$
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	$
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2(B)(iv)	$
15b	Purchase costs	46-5-134(f)(2(B)(iv)	$
15c	Maintenance costs	46-5-134(f)(2(B)(iv)	$
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2(B)(v)	$ 8,092

16b	Purchase costs	46-5-134(f)(2(B)(v)	$
16c	Maintenance costs	46-5-134(f)(2(B)(v)	$

17 Other expenditures not included in Lines 2 through 16 above.
Identify by object and purpose.

Utilities & Telephone	$ 110,100
General Supplies and Materials	$ 6,008
Travel	$ 6,007
Dues	$ 2,722
Advertising	$ 393
Contractual Cost	$ 28,284

18 Total Expenditures (total of all amounts reported on Lines 2 through 17 above) $ 720,437

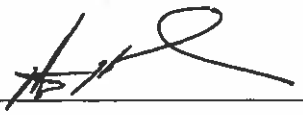
Reconciling Note:

Non-Allowable Items	
Professional Fees	2,367
Total Expenditures on Combining Statement of Revenues, Expenditures & Changes in Fund Balance	$ 722,804

Non-allowable expenditures were paid with funds transferred into the E-911 Fund from the General Fund.

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official  Date 6/30/19

Print Name of Chief Elected Official Anthony Howard

Title of Chief Elected Official Chairperson

Signature of Clerk Melinda Crook Date 6/30/19

Print Name of Clerk Melinda Crook Melinda Crook

CITY OF BLAKELY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Amended Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Construction of, improvements to, equipment for, and alterations of, street and sidewalk projects, city buildings and facilities, public safety, infrastructure for telecomumications, water water treatement facilities and sanitary water system.	$ 3,001,000	$ 3,001,000				
Equipment Purchases			$ -	$ 215,488	$ 215,488	
Water Projects			-	91,616	91,616	
Property			-	108,000	108,000	
	$ 3,001,000	$ 3,001,000	$ -	$ 415,104	$ 415,104	13.83%

CITY OF BLAKELY, GEORGIA
TRANSPORTATION SCHEDULE OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2018

Project	Original Estimated Cost	Amended Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Total	$ 1,650,550	$ 1,650,550	$ -	$ -	$ -	0.00%

CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SOURCE AND APPLICATION OF FUNDS SCHEDULE

December 31, 2018	Grant # 16p-x-049-2-5835	
Total Grant Funds allocated to recipient		$ 500,000
Less: Total Program Year 2017 funds drawn down by receipient		44,181
Less: Total Program Year 2018 funds drawn down by receipient		455,819
Funds still available from Grant Resources		$ -
Total Grant funds held at Year-End		$ -
Total Program Year 2017 funds drawn down and received by recipient		$ 44,181
Total Program Year 2018 funds drawn down and received by recipient		455,819
Less: Funds applied and expended to Program Year 2017 costs		44,181
Less: Funds applied and expended to Program Year 2018 costs		455,819
	TOTAL PROGRAM YEAR 2018 FUNDS HELD BY RECIPIENT	$ -

CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
BUDGET TO ACTUAL FUNDS SCHEDULE

Grant # 16p-x-049-2-5835

December 31, 2018

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Current Period Expenditures	Prior Period Expenditures	Grand Total Expenditures to Date	Questioned Costs
Contingencies - Unprogramed Funds	C-022-00	$ 42,514	$ 42,514	$ -	$ 42,514	$ -
Engineering - Water/Sewer Improvements	T-03J-00	45,802	21,621	24,181	45,802	-
Sewer Facilities	P-03J-02	381,684	381,684	-	381,684	-
Administration	A-21A-00	30,000	10,000	20,000	30,000	-
TOTAL		$ 500,000	$ 455,819	$ 44,181	$ 500,000	$ -

CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SOURCE AND APPLICATION OF FUNDS SCHEDULE

December 31, 2018	Grant # 18b-x-049-2-5984	
Total Grant Funds allocated to recipient		$ 1,000,000
Less: Total Program Year 2018 funds drawn down by receipient		32,500
Funds still available from Grant Resources		$ 967,500
Total Grant funds held at Year-End		$ -
Total Program Year 2018 funds drawn down and received by recipient		32,500
Less: Funds applied and expended to Program Year 2018 costs		32,500
	TOTAL PROGRAM YEAR 2018 FUNDS HELD BY RECIPIENT	$ -

CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
BUDGET TO ACTUAL FUNDS SCHEDULE

December 31, 2018

Grant # 18b-x-049-2-5984

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Current Period Expenditures	Prior Period Expenditures	Grand Total Expenditures to Date	Questioned Costs
Acquisition of Property (Public)	H-001-01	$ 5,000	$ -	$ -	$ -	$ -
Clearance	H-004-00	20,000	-	-	-	-
Contingencies-Unprogramed Funds	C-022-00	34,852	-	-	-	-
Sewer Facilities	P-03J-02	137,253	-	-	-	-
Street Improvements	P-03K-01	129,350	-	-	-	-
Flood and Drainage Facilities	P-03K-02	85,000	-	-	-	-
Rehabilitation of Private Properties	H-14A-01	65,875	-	-	-	-
Reconstruction of Private Properties	H-14A-02	452,670	-	-	-	-
Administration	A-21A-00	70,000	32,500	-	32,500	-
TOTAL		$ 1,000,000	$ 32,500	$ -	$ 32,500	$ -

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

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 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 Blakely, Georgia

We have audited, in accordance with the auditing standard generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Blakely as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Blakely's financial statements, and have issued our report thereon dated June 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Blakely'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 Blakely's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blakely'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 one certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item *2018-1* that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Blakely'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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item *2018-2*.

The City of Blakely's Response to Findings

The City of Blakely's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Blakely'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
June 30, 2018

2018-1

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.

Condition:

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

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 and will continue to evaluate and seek opportunities to improve and strengthen segregation of duties.

2018-2

Condition:

The City was in violation of State budget statutes for the year ended December 31, 2018 because certain departmental expenditures exceeded their budget at the legal level of control. The Georgia Statutes define the legal level of control, at a minimum, to be at the departmental level. The departments and the budget analysis follow:

Department	Fund	Balance Over Budget
Fire	General	$ 1,572,476
E-911	SRF	$ 13,194

Criteria:

State budget statutes require departmental expenditures to not exceed their budget at the legal level of control.

Cause:

Expenditures exceeded the budget and were not amended enough to avoid excesses.

Effect:

The City was in violation of O.C.G.A. 36-81-3.

Recommendation:

Continue to emphasize management of expenditures and periodic comparison to the budget.

Management's Response:

Management agrees with finding and will periodically monitor budget and make amendments as necessary.