CITY OF ADEL, GEORGIA
Annual Financial Report
For The Fiscal Year Ended
September 30, 2017

MEEKS CPA, LLP
CERTIFIED PUBLIC ACCOUNTANTS
Ocilla, Georgia

CITY OF ADEL, GEORGIA
Annual Financial Report
For The Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Balance Sheet - Governmental Funds	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position - Proprietary Funds	11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13
Notes to the Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	38
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Pension Plan	39
Schedule of City Contributions - Pension Plan	40
Notes to the Required Supplementary Information	41
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Major Governmental Funds	
General Fund	
Balance Sheet	44
Statement of Revenues, Expenditures and Changes in Fund Balances	45
Nonmajor Governmental Funds	
Combining Balance Sheet	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	50
Confiscated Assets Special Revenue Fund	
Balance Sheet	52
Statement of Revenues, Expenditures and Changes in Fund Balances	53
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	54
Technology Special Revenue Fund	
Balance Sheet	55
Statement of Revenues, Expenditures and Changes in Fund Balances	56
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	57
Adel-Cook County Recreation Special Revenue Fund	
Balance Sheet	58
Statement of Revenues, Expenditures and Changes in Fund Balances	59
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	60

CITY OF ADEL, GEORGIA
Annual Financial Report
For The Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS

	Page
SPLOST Capital Projects Fund	
Balance Sheet	61
Statement of Revenues, Expenditures and Changes in Fund Balances	62
SPLOST 2010 Capital Projects Fund	
Balance Sheet	63
Statement of Revenues, Expenditures and Changes in Fund Balances	64
CDBG Drainage Capital Projects Fund	
Balance Sheet	65
Statement of Revenues, Expenditures and Changes in Fund Balances	66
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	67
Transportation Enhancement Capital Projects Fund	
Balance Sheet	68
Statement of Revenues, Expenditures and Changes in Fund Balances	69
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	70
Recreation Project Capital Projects Fund	
Balance Sheet	71
Statement of Revenues, Expenditures and Changes in Fund Balances	72
Major Proprietary Funds	
Electric Enterprise Fund	
Statement of Net Position	74
Statement of Revenues, Expenses and Changes in Net Position	75
Statement of Cash Flows	76
Gas Enterprise Fund	
Statement of Net Position	77
Statement of Revenues, Expenses and Changes in Net Position	78
Statement of Cash Flows	79
Water Enterprise Fund	
Statement of Net Position	80
Statement of Revenues, Expenses and Changes in Net Position	81
Statement of Cash Flows	82
Sewer Enterprise Fund	
Statement of Net Position	83
Statement of Revenues, Expenses and Changes in Net Position	84
Statement of Cash Flows	85
Combined Public Utility System Enterprise Fund	
Statement of Net Position	86
Statement of Revenues, Expenses and Changes in Net Position	87
Statement of Cash Flows	88

CITY OF ADEL, GEORGIA
Annual Financial Report
For The Fiscal Year Ended September 30, 2017

TABLE OF CONTENTS

	Page
SUPPLEMENTAL SCHEDULES	
Schedule of Revenues - General Fund	90
Schedule of Expenditures - General Fund	91
Schedule of Projects Constructed with Special Sales Tax Proceeds	94
Schedule of Expenditures of Federal Awards	95
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*	96
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	98
Schedule of Findings and Questioned Costs	100

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Adel, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Adel, Georgia as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund

information of the City of Adel, Georgia, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and historical pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Adel, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, supplemental schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, supplemental schedules, and schedule of expenditures of federal awards 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 March 31, 2018, on our consideration of the City of Adel, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Adel, Georgia's internal control over financial reporting and compliance.

MEEKS CPA, LLP

Ocilla, Georgia
March 31, 2018

BASIC FINANCIAL STATEMENTS

CITY OF ADEL, GEORGIA
Statement of Net Position
September 30, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Primary Government	Economic Development Commission	Industrial Development Authority	Downtown Development Authority
ASSETS						
Cash and Cash Equivalents	$ 10,562,996	$ 4,976,784	$ 15,539,780	$ 284,508	$ 1,013,519	$ 9,988
Investments	--	7,647,827	7,647,827	--	--	--
Receivables (Net of Allowance for Uncollectibles)	1,514,648	1,203,542	2,718,190	280,000	109,335	51,482
Due from Component Units	922,543	--	922,543	--	--	--
Inventories	--	801,068	801,068	--	--	--
Property Held for Resale	--	--	--	--	6,589,460	115,191
Prepaid Items	89,720	23,226	112,946	--	--	--
Restricted Assets						
Cash and Cash Equivalents	81,186	--	81,186	--	--	--
Capital Assets Not Being Depreciated	211,141	1,107,738	1,318,879	--	--	--
Capital Assets Net of Accumulated Depreciation	4,262,779	10,183,084	14,445,863	--	57,146	--
Total Assets	17,645,013	25,943,269	43,588,282	564,508	7,769,460	176,661
DEFERRED OUTFLOWS OF RESOURCES						
Pension	788,970	399,322	1,188,292	--	--	--
Total Deferred Outflows of Resources	788,970	399,322	1,188,292	--	--	--
LIABILITIES						
Accounts Payable	227,232	977,010	1,204,242	--	--	--
Accrued Liabilities	30,198	12,210	42,408	4,128	--	--
Intergovernmental Payable	594	54,290	54,884	--	280,000	--
Unearned Revenue	--	9,248	9,248	--	--	--
Internal Balances	5,163,454	(5,163,454)	--	--	--	--
Due to Primary Government	--	--	--	--	755,870	166,673
Customer Deposits	750	495,748	496,498	--	--	--
Noncurrent Liabilities						
Due Within One Year	156,684	28,112	184,796	--	166,667	--
Due in More than One Year	1,420,577	1,332,284	2,752,861	--	--	--
Total Liabilities	6,999,489	(2,254,552)	4,744,937	4,128	1,202,537	166,673
DEFERRED INFLOWS OF RESOURCES						
Pension	460,684	225,688	686,372	--	--	--
Total Deferred Inflows of Resources	460,684	225,688	686,372	--	--	--
NET POSITION						
Net Investment in Capital Assets	4,255,150	10,308,920	14,564,070	--	57,146	--
Restricted						
Public Safety	82,351	--	82,351	--	--	--
Capital Outlay	865,701	--	865,701	--	--	--
Unrestricted	5,770,608	18,062,535	23,833,143	560,380	6,509,777	9,988
Total Net Position	$ 10,973,810	$ 28,371,455	$ 39,345,265	$ 560,380	$ 6,566,923	$ 9,988

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

CITY OF ADEL, GEORGIA
Statement of Activities
For the Year Ended September 30, 2017

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges For Services	PROGRAM REVENUES: Operating Grants & Contributions	PROGRAM REVENUES: Capital Grants & Contributions
Primary Government				
Governmental Activities				
General Government	$ 557,174	$ 25,698	$ 3,363	$ --
Judicial	28,146	955,551	--	--
Public Safety	3,495,760	5,726	1,144	--
Public Works	2,001,464	940,165	18,464	362,886
Culture and Recreation	509,758	84,192	435,781	--
Housing and Development	82,125	--	--	--
Interest on Long-Term Debt	8,096	--	--	--
Total Governmental Activities	6,682,523	2,011,332	458,752	362,886
Business-type Activities				
Electric	9,421,582	12,748,758	--	--
Gas	1,037,933	1,032,407	--	--
Sewer	801,991	1,216,341	--	--
Water	620,596	852,453	--	--
Total Business-Type Activities	11,882,102	15,849,959	--	--
Total Primary Government	$ 18,564,625	$ 17,861,291	$ 458,752	$ 362,886
Component Units				
Economic Development Commission	$ 894,630	$ --	$ 208,155	$ 166,667
Industrial Development Authority	61,942	466,498	--	516,667
Downtown Development Authority	11,199	--	2,000	5,000
Total Component Units	$ 967,771	$ 466,498	$ 210,155	$ 688,334
General Revenues				
Taxes				
Property				
Franchise				
General Sales and Use				
Selective Sales and Use				
Business				
Penalties and Interest on Delinquent Taxes				
Investment Income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Economic Development Commission	Industrial Development Authority	Downtown Development Authority
$ (528,113)	$ --	$ (528,113)			
927,405	--	927,405			
(3,488,890)	--	(3,488,890)			
(679,949)	--	(679,949)			
10,215	--	10,215			
(82,125)	--	(82,125)			
(8,096)	--	(8,096)			
(3,849,553)	--	(3,849,553)			
--	3,327,176	3,327,176			
--	(5,526)	(5,526)			
--	414,350	414,350			
--	231,857	231,857			
--	3,967,857	3,967,857			
(3,849,553)	3,967,857	118,304			
			$ (519,808)	$ --	$ --
			--	921,223	--
			--	--	(4,199)
			(519,808)	921,223	(4,199)
841,043	--	841,043	--	--	--
80,416	--	80,416	--	--	--
239,679	--	239,679	--	--	--
145,411	--	145,411	--	--	--
438,210	--	438,210	--	--	--
8,012	--	8,012	--	--	--
31,208	82,616	113,824	3,199	757	498
36,845	24,908	61,753	187	--	--
1,832,775	(1,832,775)	--	--	--	--
3,653,599	(1,725,251)	1,928,348	3,386	757	498
(195,954)	2,242,606	2,046,652	(516,422)	921,980	(3,701)
11,169,764	26,128,849	37,298,613	1,076,802	5,644,943	13,689
$ 10,973,810	$ 28,371,455	$ 39,345,265	$ 560,380	$ 6,566,923	$ 9,988

CITY OF ADEL, GEORGIA
Balance Sheet
Governmental Funds
September 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 8,881,267	$ 1,681,729	$ 10,562,996
Restricted Assets			
Cash and Cash Equivalents	--	81,186	81,186
Receivables (Net of Allowance for Uncollectibles)	1,391,553	123,095	1,514,648
Due from Other Funds	2,820,273	1,165	2,821,438
Due from Component Units	922,543	--	922,543
Total Assets	$ 14,015,636	$ 1,887,175	$ 15,902,811
LIABILITIES			
Accounts Payable	$ 223,258	$ 3,974	$ 227,232
Accrued Liabilities	30,198	--	30,198
Intergovernmental Payable	594	--	594
Due to Other Funds	7,975,200	9,692	7,984,892
Customer Deposits	750	--	750
Total Liabilities	8,230,000	13,666	8,243,666
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Property Taxes	639,956	--	639,956
Intergovernmental	--	46,347	46,347
Total Deferred Inflows of Resources	639,956	46,347	686,303
FUND BALANCES			
Nonspendable	1,214,892	--	1,214,892
Restricted	--	948,052	948,052
Assigned	203,967	879,110	1,083,077
Unassigned	3,726,821	--	3,726,821
Total Fund Balances	5,145,680	1,827,162	6,972,842
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,015,636	$ 1,887,175	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			4,473,920
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			686,303
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as expenditures in the funds.			89,720
Pension deferred outflows of resources are not due and payable in the current period and will be recognized as components of pension related expenses and contributions in future periods and therefore are not reported in the funds.			788,970
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Capital Leases		$ (170,848)	
Notes Payable		(535,258)	
Compensated Absences		(239,201)	
Net Pension Liability		(631,954)	
Total long-term liabilities			(1,577,261)
Pension deferred inflows of resources are not available to pay for current expenditures and will be recognized as components of pension related expenses in future periods and therefore are not reported in the funds.			(460,684)
Net Position of Governmental Activities			$ 10,973,810

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

CITY OF ADEL, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ 1,599,439	$ --	$ 1,599,439
Licenses and Permits	22,150	--	22,150
Intergovernmental	117,517	809,359	926,876
Charges for Services	945,212	84,192	1,029,404
Fines and Forfeitures	955,551	4,227	959,778
Investment Income	27,989	4,516	32,505
Contributions and Donations	1,144	--	1,144
Miscellaneous	36,845	--	36,845
Total Revenues	3,705,847	902,294	4,608,141
EXPENDITURES			
Current			
General Government	527,905	--	527,905
Judicial	28,146	--	28,146
Public Safety	3,498,521	17,748	3,516,269
Public Works	1,474,056	--	1,474,056
Culture and Recreation	40,271	458,251	498,522
Housing and Development	82,125	--	82,125
Capital Outlay	--	340,909	340,909
Debt Service	196,770	--	196,770
Total Expenditures	5,847,794	816,908	6,664,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,141,947)	85,386	(2,056,561)
OTHER FINANCING SOURCES (USES)			
Transfers In	1,832,775	99,554	1,932,329
Transfers Out	(16,996)	(82,558)	(99,554)
Notes Payable	495,961	--	495,961
Capital Leases	102,463	--	102,463
Total Other Financing Sources (Uses)	2,414,203	16,996	2,431,199
Net Change in Fund Balances	272,256	102,382	374,638
Fund Balances - Beginning	4,873,424	1,724,780	6,598,204
Fund Balances - Ending	$ 5,145,680	$ 1,827,162	$ 6,972,842

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

CITY OF ADEL, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2017

Amounts reported for governmental activities in the *Statement of Activities* are different because:	
Net change in fund balances - total governmental funds reported in the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds*	$ 374,638
Governmental funds report capital outlays as expenditures. However, in the *Statement of Activities* the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	228,166
Depreciation Expense	(471,421)
	(243,255)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) increases (decreases) net position.	
Cost of Capital Assets Sold/Disposed	(21,724)
Accumulated Depreciation	20,431
	(1,293)
Revenues in the *Statement of Activities* that do not provide current financial resources are not reported as revenues in the funds while revenues reported in the *Statement of Revenues, Expenditures and Changes in Fund Balances* are recognized as revenue of the previous period in the *Statement of Activities* and included in beginning net position.	
Taxes	153,332
Intergovernmental	(107,679)
	45,653
The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the *Statement of Activities*.	
Debt Issued or Incurred	
Capital Lease Financing	(102,463)
Issuance of Notes Payable	(495,961)
Principal Repayments	
Capital Leases	155,563
Notes Payable	33,111
	(409,750)
Expenses reported in the *Statement of Activities* that do not require the use of current financial resources are not reported as expenditures in governmental funds while expenditures reported in the *Statement of Revenues, Expenditures and Changes in Fund Balances* are recognized as expenses of the previous period in the *Statement of Activities* and included in beginning net position.	
Compensated Absences	(18,473)
Pensions	51,748
Prepaid Items	4,778
	38,053
Change in net position of governmental activities reported in the *Statement of Activities*	$ (195,954)

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

CITY OF ADEL, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2017

	Business-type Activities - Enterprise Funds					
	Electric	Gas	Water	Sewer	Combined Public Utility System	Total Enterprise Funds
ASSETS						
Current Assets						
Cash and Cash Equivalents	$ 49,903	$ 66,372	$ 988,352	$ 42,185	$ 3,829,972	$ 4,976,784
Investments	7,647,827	--	--	--	--	7,647,827
Receivables (Net of Allowance for Uncollectibles)	1,037,073	26,719	45,260	91,159	3,331	1,203,542
Due from Other Funds	5,501,293	40,159	1,233,821	2,609,281	399	9,384,953
Inventories	623,086	23,225	148,863	5,894	--	801,068
Prepaid Items	8,495	2,753	5,638	6,340	--	23,226
Total Current Assets	14,867,677	159,228	2,421,934	2,754,859	3,833,702	24,037,400
Noncurrent Assets						
Capital Assets Not Being Depreciated	39,979	211,547	5,175	851,037	--	1,107,738
Capital Assets Net of Accumulated Depreciation	1,694,646	2,032,998	2,977,445	3,477,995	--	10,183,084
Total Noncurrent Assets	1,734,625	2,244,545	2,982,620	4,329,032	--	11,290,822
Total Assets	16,602,302	2,403,773	5,404,554	7,083,891	3,833,702	35,328,222
DEFERRED OUTFLOWS OF RESOURCES						
Pension	187,371	69,807	57,589	84,555	--	399,322
Total Deferred Outflows of Resources	187,371	69,807	57,589	84,555	--	399,322
LIABILITIES						
Current Liabilities						
Accounts Payable	784,349	66,299	74,265	52,097	--	977,010
Accrued Liabilities	6,133	2,037	1,552	2,488	--	12,210
Intergovernmental Payable	46,505	7,785	--	--	--	54,290
Due to Other Funds	508,121	1,861,912	1,087,047	764,419	--	4,221,499
Unearned Revenue	9,248	--	--	--	--	9,248
Customer Deposits	446,859	33,870	15,019	--	--	495,748
Notes Payable	--	--	--	28,112	--	28,112
Total Current Liabilities	1,801,215	1,971,903	1,177,883	847,116	--	5,798,117
Noncurrent Liabilities						
Compensated Absences	36,519	13,018	2,793	16,573	--	68,903
Net Pension Liability	145,343	54,114	44,628	65,506	--	309,591
Notes Payable	--	--	907,031	46,759	--	953,790
Total Noncurrent Liabilities	181,862	67,132	954,452	128,838	--	1,332,284
Total Liabilities	1,983,077	2,039,035	2,132,335	975,954	--	7,130,401
DEFERRED INFLOWS OF RESOURCES						
Pension	105,953	39,449	32,533	47,753	--	225,688
Total Deferred Inflows of Resources	105,953	39,449	32,533	47,753	--	225,688
NET POSITION						
Net Investment in Capital Assets	1,734,625	2,244,545	2,075,589	4,254,161	--	10,308,920
Unrestricted	12,966,018	(1,849,449)	1,221,686	1,890,578	3,833,702	18,062,535
Total Net Position	$ 14,700,643	$ 395,096	$ 3,297,275	$ 6,144,739	$ 3,833,702	$ 28,371,455

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

CITY OF ADEL, GEORGIA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds					
	Electric	Gas	Water	Sewer	Combined Public Utility System	Total Enterprise Funds
OPERATING REVENUES						
Charges for Services	$ 12,748,758	$ 1,032,407	$ 852,453	$ 1,216,341	$ --	$ 15,849,959
Total Operating Revenues	12,748,758	1,032,407	852,453	1,216,341	--	15,849,959
OPERATING EXPENSES						
Personal Services and Employee Benefits	752,221	289,061	235,119	332,323	--	1,608,724
Purchased/Contracted Services	392,075	72,433	98,562	132,431	--	695,501
Supplies	8,130,251	604,121	158,977	142,622	--	9,035,971
Depreciation	147,035	72,318	119,914	191,192	--	530,459
Total Operating Expenses	9,421,582	1,037,933	612,572	798,568	--	11,870,655
Operating Income (Loss)	3,327,176	(5,526)	239,881	417,773	--	3,979,304
NONOPERATING REVENUES (EXPENSES)						
Interest Revenue	136	--	--	--	14,245	14,381
Investment Earnings	68,235	--	--	--	--	68,235
Miscellaneous	--	610	--	24,298	--	24,908
Interest	--	--	(8,024)	(3,423)	--	(11,447)
Total Nonoperating Revenues (Expenses)	68,371	610	(8,024)	20,875	14,245	96,077
Income (Loss) Before Contributions and Transfers	3,395,547	(4,916)	231,857	438,648	14,245	4,075,381
Transfers Out	(1,498,025)	(79,250)	(62,850)	(192,650)	--	(1,832,775)
Changes in Net Position	1,897,522	(84,166)	169,007	245,998	14,245	2,242,606
Net Position - Beginning	12,803,121	479,262	3,128,268	5,898,741	3,819,457	26,128,849
Net Position - Ending	$ 14,700,643	$ 395,096	$ 3,297,275	$ 6,144,739	$ 3,833,702	$ 28,371,455

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

CITY OF ADEL, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds					
	Electric	Gas	Water	Sewer	Combined Public Utility System	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	$ 12,783,485	$ 1,052,088	$ 852,624	$ 1,240,519	$ --	$ 15,928,716
Payments to Suppliers	(8,456,691)	(650,643)	(232,509)	(238,745)	--	(9,578,588)
Payments to Employees	(781,793)	(297,024)	(241,867)	(342,329)	--	(1,663,013)
Net Cash Provided (Used) by Operating Activities	3,545,001	104,421	378,248	659,445	--	4,687,115
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers to Other Funds	(1,498,025)	(79,250)	(62,850)	(192,650)	--	(1,832,775)
Due from Other Funds	(1,686,024)	(4,430)	(214,516)	(567,523)	--	(2,472,493)
Due to Other Funds	20,102	380,809	(34,587)	139,088	--	505,412
Other	--	610	--	24,298	--	24,908
Net Cash Provided (Used) by Noncapital Financing Activities	(3,163,947)	297,739	(311,953)	(596,787)	--	(3,774,948)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Capital Debt	--	--	247,074	--	--	247,074
Acquisition and Construction of Capital Assets	--	(430,172)	(145,077)	(66,648)	--	(641,897)
Principal Paid on Capital Debt	--	--	--	(27,059)	--	(27,059)
Interest Paid on Capital Debt	--	--	(8,024)	(3,423)	--	(11,447)
Net Cash Provided (Used) by Capital and Related Financing Activities	--	(430,172)	93,973	(97,130)	--	(433,329)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Investments	(598,380)	--	--	--	--	(598,380)
Interest Received	136	--	--	--	14,268	14,404
Dividends Received	117,487	--	--	--	--	117,487
Net Cash Provided (Used) by Investing Activities	(480,757)	--	--	--	14,268	(466,489)
Net Increase (Decrease) in Cash and Cash Equivalents	(99,703)	(28,012)	160,268	(34,472)	14,268	12,349
Cash and Cash Equivalents - Beginning of Year	149,606	94,384	828,084	76,657	3,815,704	4,964,435
Cash and Cash Equivalents - End of Year	$ 49,903	$ 66,372	$ 988,352	$ 42,185	$ 3,829,972	$ 4,976,784

CITY OF ADEL, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds					
	Electric	Gas	Water	Sewer	Combined Public Utility System	Total Enterprise Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	$ 3,327,176	$ (5,526)	$ 239,881	$ 417,773	$ --	$ 3,979,304
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation Expense	147,035	72,318	119,914	191,192	--	530,459
(Increase) Decrease in Accounts Receivable	10,382	18,032	71	24,178	--	52,663
(Increase) Decrease in Inventories	101,732	12,272	3,845	596	--	118,445
(Increase) Decrease in Prepaid Items	(255)	(288)	734	919	--	1,110
(Increase) Decrease in Deferred Outflows of Resources	97,678	36,537	30,206	44,427	--	208,848
Increase (Decrease) in Accounts Payable	(35,842)	13,927	20,451	34,793	--	33,329
Increase (Decrease) in Accrued Liabilities	352	314	301	281	--	1,248
Increase (Decrease) in Compensated Absences Payable	(7,215)	287	62	210	--	(6,656)
Increase (Decrease) in Intergovernmental Payables	2,945	(1)	--	--	--	2,944
Deposits	21,400	1,650	100	--	--	23,150
Increase (Decrease) in Net Pension Liability	(173,888)	(64,982)	(53,695)	(78,943)	--	(371,508)
Increase (Decrease) in Deferred Inflows of Resources	53,501	19,881	16,378	24,019	--	113,779
Net Cash Provided (Used) by Operating Activities	$ 3,545,001	$ 104,421	$ 378,248	$ 659,445	$ --	$ 4,687,115
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Purchase of Capital Assets on Account	$ --	$ --	$ 14,838	$ --	$ --	$ 14,838
Net Increase (Decrease) in Fair Value of Investments	$ (48,252)	$ --	$ --	$ --	$ --	$ (48,252)
Transfer of Capital Assets to Inventory	$ --	$ --	$ 83,270	$ --	$ --	$ 83,270

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Adel, Georgia was incorporated in 1889 by an act of the General Assembly of Georgia. The City operates under the Mayor and Council-City Manager form of government. The City provides the following services: general administrative, public safety (police, fire, and inspections), public works (streets and sanitation), and utilities (electric, gas, water, and sewer).

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Units

The Cook County Economic Development Commission was established to provide economic development services for the benefit of the citizens of Cook County. Separate financial statements of the Economic Development Commission are not issued.

The Adel Industrial Development Authority was established to promote industrial development through the purchase and sale of land. Separate financial statements of the Industrial Development Authority are not issued.

The Downtown Development Authority of the City of Adel was established to revitalize and redevelop the downtown area of the City. Separate financial statements of the Downtown Development Authority are not issued.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The discretely presented component units are shown in separate columns in the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor

funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The *Electric Fund* accounts for electricity provided by the City to residents and businesses.

The *Gas Fund* accounts for natural gas provided by the City to residents and businesses.

The *Water Fund* accounts for water provided by the City to residents and businesses.

The *Sewer Fund* accounts for the sewer services provided by the City to residents and businesses.

The *Combined Public Utility System Fund* was used to account for electricity, natural gas, water and sewer services provided to City residents and businesses during the period revenue bonds were outstanding. All activities necessary to provide such services, including financing and related debt service, were included in this fund.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and

available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

State statutes authorize the City to invest in obligations of the State of Georgia or other states, obligations issued by the U.S. Government, obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States, obligations of any corporation of the U.S. Government, prime bankers' acceptances, the local government investment pool, repurchase agreements, and obligations of other political subdivisions of Georgia.

Investments for the City, as well as for its component units, are reported at fair value.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method in the proprietary fund. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the proprietary funds and as expenditures when paid in the governmental funds.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost which exceeds certain capitalization thresholds and an estimated useful life in excess of two years. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value

excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation. Land and construction in progress are not depreciated. The property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Capitalization Thresholds	Estimated Service Life
Buildings	$ 10,000	30-40
Machinery and Equipment	$ 5,000	5-20
Improvements	$ 5,000	10-20
Roads	$ 25,000	15-40
Bridges	$ 25,000	15-40
Sidewalks	$ 25,000	15-40
Electric System	$ 25,000	15-50
Gas System	$ 5,000	30
Water System	$ 5,000	30-40
Sewer System	$ 5,000	30-40

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has one type of item that qualifies for reporting in this category. It is the deferred outflows related to pensions reported in the government-wide and proprietary fund type statements of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The item, unavailable revenue, which arises only under a modified accrual basis of accounting, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is the deferred inflows related to pensions reported in the government-wide and proprietary fund type statements of net position.

7. Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balances Policies

Fund balance of governmental funds is reported in various classifications based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance includes amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority.

Assigned fund balance includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by board approval, commit fund balance. Once approved, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has authorized the Finance Director, City Manager, and Mayor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional

action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes were levied on August 21, 2017, payable December 15, 2017, and attached as an enforceable lien on property as of January 1, 2017. The billings are considered past due after December 15, 2017, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits, which are eligible for payment upon separation from City service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

All departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The City Manager and Finance Director prepare and submit a proposed budget to the Mayor and Council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by fund, department and expenditure category. The City's Finance Director may make transfers of appropriations within any fund. The adopted budget may be amended by formal action of the Mayor and Council when unexpected modifications are required in estimated revenues and appropriations. The legal level of budgetary control is the department level.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

As of September 30, 2017, the City's entire bank balance was insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. As of September 30, 2017, the Cook County Economic Development Commission's entire bank balance was insured or collateralized with securities held by the pledging financial institution's trust department or agent in the Commission's name. As of September 30, 2017, the $4,510 of Adel Industrial Development Authority's bank balance was uninsured or uncollateralized. As of September 30, 2017, the Downtown Development Authority's entire bank balance was insured or collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.

B. Investments

According to the City's Investment and Cash Management policy, the City shall seek to maximize safety through the following strategies:

1. All City investments shall be federally-insured or fully collateralized to protect investment principal and accrued interest. Emphasis shall be given to Category 1 collateralization (collateral securities held by the City or its agent in the City's name), which is preferable, or Category 2 (collateral securities held by the counter party's trust department or agent in the City's name). Category 3 (collateral not in the City's name) shall be avoided due to higher degree of risk.

2. Market risk shall be avoided by limiting investments to a maximum one year maturity, except for special circumstances where an interest rate differential and certainty of ability to hold the investment to maturity would justify a longer maturity. The City Manager shall approve any exceptions to the one-year maturity limit, and such exceptions will be disclosed to the City Council.

3. Undue credit risk shall be avoided by monitoring the financial condition of financial institutions participating in the City's investment program. Financial institutions shall provide a consolidated report of condition annually and the City shall review credit-worthiness at least annually.

The City is a beneficiary of the Municipal Competitive Trust created in 1999 by the Municipal Electric Authority of Georgia (MEAG) and its member municipalities. The Trust provides a means for participants to deposit funds to be invested at the best prudent rates of return. The trustee has complete authority for management, investment and disbursement of the trust estate. The trustee may invest in all types of investments, which, under the laws of the State of Georgia, is legal for trust beneficiaries or MEAG to invest funds. The Trust accounts are held in Intermediate Tax Restricted, Intermediate Extended Maturity, Intermediate, and Short-Term portfolios. Investments in each of the portfolios consist primarily of U.S. Treasury securities, U.S. Government agency and agency-backed securities, and municipal bonds. The funds in the Flexible Operating accounts of the Trust are invested in securities that are not typically held to maturity. The City does not have any unfunded commitments related to its share of funds in the Flexible Operating account and has the right to withdraw part, or all, of its share of funds in this account at any time. The City's share of this account represents a current unrestricted asset of the City and is reported as a current asset of the Electric fund. The restrictive requirements of the City's share of funds in the other Trust accounts negate the recognition of those accounts until such time as the funds are disbursed for the direct benefit of the City. Any investment into or withdrawal from those accounts are reported as part of the operating expenses of the City in the year incurred. The Trust reports its portfolios at market value, using net asset value (unit price per share) to determine the account balance per beneficiary. The City reports its investment in the Flexible Operating account at fair value based on the net asset values determined by the trustee. The City's position in the accounts is the same as the value of the account shares.

At September 30, 2017 the City had the following investments measured at net asset value:

	# of Shares	Fair Value	Weighted Average Maturity (Months)
Municipal Competitive Trust			
Flexible Operating Account			
Short-term Portfolio	19,938.445	$ 1,997,832	2.44
Intermediate Portfolio	18,056.556	1,805,114	9.97
Intermediate Extended Portfolio	38,060.589	3,844,881	61.53
		$ 7,647,827	

C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Nonmajor Governmental Funds	Electric	Gas	Water	Sewer	Combined Public Utility System	Total
Interest	$ 5,996	$ 273	$ --	$ --	$ --	$ --	$ 3,331	$ 9,600
Taxes	785,434	--	--	--	--	--	--	785,434
Accounts	215,440	--	1,753,848	62,619	145,010	300,284	--	2,477,201
Intergovernmental	531,008	122,822	--	--	--	--	--	653,830
Gross Receivables	1,537,878	123,095	1,753,848	62,619	145,010	300,284	3,331	3,926,065
Less: Allowance for Uncollectibles	(146,325)	--	(716,775)	(35,900)	(99,750)	(209,125)	--	(1,207,875)
	$ 1,391,553	$ 123,095	$ 1,037,073	$ 26,719	$ 45,260	$ 91,159	$ 3,331	$ 2,718,190

The City executed a note with the United States Department of Agriculture under the Rural Economic Development Loan and Grant Program for a loan in the amount of $495,961. Through the program the City of Adel made a no-interest loan in the same amount to the City of Nashville, Georgia to finance expansion of their gas utility lines to promote economic development in the area. The loan is without interest and is to be repaid in monthly payments of $4,313. The balance at September 30, 2017 was $483,023 and is reported as an intergovernmental receivable.

Based on the payment schedule for intergovernmental receivables, $431,271 of the amount reported in the General Fund is not expected to be collected within the next year.

D. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 211,141	$ --	$ --	$ 211,141
Construction in Progress	1,166,155	--	(1,166,155)	--
Total Capital Assets, Not Being Depreciated	1,377,296	--	(1,166,155)	211,141
Capital Assets, Being Depreciated				
Buildings	2,428,977	--	--	2,428,977
Infrastructure	10,971,682	1,198,195	--	12,169,877
Improvements Other Than Buildings	1,409,051	--	--	1,409,051
Machinery and Equipment	4,472,300	196,126	(21,724)	4,646,702
Total Capital Assets, Being Depreciated	19,282,010	1,394,321	(21,724)	20,654,607
Less Accumulated Depreciation For				
Buildings	(1,751,678)	(43,199)	--	(1,794,877)
Infrastructure	(9,576,452)	(176,747)	--	(9,753,199)
Improvements Other Than Buildings	(985,534)	(30,251)	--	(1,015,785)
Machinery and Equipment	(3,627,174)	(221,224)	20,431	(3,827,967)
Total Accumulated Depreciation	(15,940,838)	(471,421)	20,431	(16,391,828)
Total Capital Assets, Being Depreciated, Net	3,341,172	922,900	(1,293)	4,262,779
Governmental Activities Capital Assets, Net	$ 4,718,468	$ 922,900	$ (1,167,448)	$ 4,473,920

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, Not Being Depreciated				
Land	$ 896,191	$ --	$ --	$ 896,191
Construction in Progress	3,494,532	43,489	(3,326,474)	211,547
Total Capital Assets, Not Being Depreciated	4,390,723	43,489	(3,326,474)	1,107,738
Capital Assets, Being Depreciated				
Buildings and System	22,144,597	3,532,931	--	25,677,528
Improvements Other Than Buildings	121,444	5,950	--	127,394
Machinery and Equipment	2,191,355	11,750	--	2,203,105
Total Capital Assets, Being Depreciated	24,457,396	3,550,631	--	28,008,027
Less Accumulated Depreciation For				
Buildings and System	(15,401,448)	(464,242)	--	(15,865,690)
Improvements Other Than Buildings	(85,793)	(2,781)	--	(88,574)
Machinery and Equipment	(1,807,243)	(63,436)	--	(1,870,679)
Total Accumulated Depreciation	(17,294,484)	(530,459)	--	(17,824,943)
Total Capital Assets, Being Depreciated, Net	7,162,912	3,020,172	--	10,183,084
Business-Type Activities Capital Assets, Net	$ 11,553,635	$ 3,063,661	$ (3,326,474)	$ 11,290,822

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

Governmental Activities	
General Government	$ 20,545
Public Safety	181,303
Public Works	253,469
Culture and Recreation	16,104
Total Depreciation Expense	$ 471,421
Business-type Activities	
Electric	$ 147,035
Gas	72,318
Water	119,914
Sewer	191,192
Total Depreciation Expense	$ 530,459

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2017 was as follows:

Due From / To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 9,692
General Fund	Water Enterprise Fund	1,087,047
General Fund	Gas Enterprise Fund	1,723,534
Nonmajor Governmental Funds	General Fund	1,165
Electric Enterprise Fund	General Fund	5,501,293
Gas Enterprise Fund	Electric Enterprise Fund	40,159
Water Enterprise Fund	Electric Enterprise Fund	405,074
Water Enterprise Fund	Gas Enterprise Fund	64,328
Water Enterprise Fund	Sewer Enterprise Fund	764,419
Sewer Enterprise Fund	General Fund	2,472,343
Sewer Enterprise Fund	Electric Enterprise Fund	62,888
Sewer Enterprise Fund	Gas Enterprise Fund	74,050
Combined Public Utility System Enterprise Fund	General Fund	399
		$ 12,206,391

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Gas Fund payable to the General Fund totaling $1,723,534 primarily consists of the unreimbursed costs of the gas line extension to Lenox. The General Fund payables to the Enterprise Funds totaling $7,973,636 primarily consist of unreimbursed collections of payments on utility customer accounts.

The composition of interfund transfers for the year ended September 30, 2017 was as follows:

Interfund Transfers:

Transfer In	Transfer Out	Amount
General Fund	Electric Enterprise Fund	$ 1,498,025
General Fund	Gas Enterprise Fund	79,250
General Fund	Water Enterprise Fund	62,850
General Fund	Sewer Enterprise Fund	192,650
Nonmajor Governmental Funds	General Fund	16,996
Nonmajor Governmental Funds	Nonmajor Governmental Funds	82,558
		$ 1,932,329

The General Fund received annually budgeted transfers of $1,832,775 from Enterprise Funds. The General Fund transferred $16,996 to a Nonmajor Governmental Fund to finance police technology expenditures. The SPLOST Fund transferred $82,558 to a Nonmajor Governmental Funds to finance capital projects.

F. Due From Component Units

The City loaned the Adel Industrial Development Authority $750,000, payable in 6 annual installments of $125,000 plus interest at 1%. The interest will be adjusted annually at ½% higher than the average interest rate of return on the City's investments. The balance outstanding at September 30, 2017 was $750,000 plus accrued interest of $5,870.

The City has made loans to the Downtown Development Authority of the City of Adel to finance property acquisitions and to finance loans made to local businesses in the downtown area of the City. The loan and interest balances outstanding at September 31, 2017 were $166,673.

Based on the payment schedules for the component unit receivables, $783,621 of the amount reported in the General Fund is not expected to be collected within the next year.

G. Lease Obligations

The City has entered into lease agreements as lessee for financing the acquisition of capital assets. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Amortization for the period is included in depreciation.

Capital assets subject to lease obligations at September 30, 2017 were as follows:

	Governmental Activities
Machinery and Equipment	$ 345,355
Less: Accumulated Depreciation	(120,501)
Total	$ 224,854

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

Year Ending September 30	Governmental Activities
2018	$ 84,981
2019	58,723
2020	36,732
Total Minimum Lease Payments	180,436
Less: Amounts Representing Interest	(9,588)
Present Value of Minimum Lease Payments	$ 170,848

H. Long-Term Debt

Notes Payable

On March 7, 2014, the City executed a note with the United States Department of Agriculture for the purchase of a mini pumper fire truck. The loan was in the amount of $94,213 to be repaid in sixty monthly payments of $1,714 with interest at 3.50%. The balance at September 30, 2017 was $29,963.

On August 21, 2015, the City executed a note with the United States Department of Agriculture for the purchase of police communications equipment. The loan was in the amount of $28,600 to be repaid in five annual payments of $6,357 with interest at 3.625%. The balance at September 30, 2017 was $17,959.

On February 27, 2017, the City executed a note with the United States Department of Agriculture under the Rural Economic Development Loan and Grant Program for a loan in the amount of $495,961. Through the program, the City of Adel made a no-interest loan in the same amount to the City of Nashville, Georgia to finance expansion of their gas utility lines to promote economic development in the area. The loan is without interest and is to be repaid in monthly payments of $4,313. The balance at September 30, 2017 was $487,336.

On March 18, 2015, the City executed a promissory note with the Georgia Environmental Finance Authority, Drinking Water State Revolving Fund, to finance a meter replacement project and other improvements. The City had drawn $907,031 at September 30, 2017. The loan amount is expected to be $1,145,872 payable in monthly amounts for 20 years at 1.31%. Repayment is expected to begin June 1, 2018 with an estimated monthly payment of $4,344. At September 30, 2017, the balance outstanding was $907,031.

On April 15, 2004, the City executed a promissory note with the Georgia Environmental Finance Authority for $387,218 with interest at 3.82% for the Wastewater Disinfection Upgrade. The note is being repaid in sixty quarterly payments of $8,508. At September 30, 2017, the balance outstanding was $74,871.

Debt service requirements to maturity for the notes payable as of September 30, 2017 were as follows:

Year Ending	Governmental Activities			Business-type Activities		
September 30	Principal	Interest	Total	Principal	Interest	Total
2018	$ 77,313	$ 1,376	$ 78,689	$ 28,112	$ 2,371	$ 30,483
2019	67,787	535	68,322	66,076	12,192	78,268
2020	58,079	31	58,110	58,756	11,150	69,906
2021	51,752	--	51,752	41,517	10,611	52,128
2022	51,752	--	51,752	42,064	10,064	52,128
2023 - 2027	228,575	--	228,575	218,785	41,855	260,640
2028 - 2032	--	--	--	233,587	27,053	260,640
2033 - 2037	--	--	--	249,390	11,250	260,640
2038 - 2042	--	--	--	43,615	265	43,880
Total	$ 535,258	$ 1,942	$ 537,200	$ 981,902	$ 126,811	$ 1,108,713

Two private companies conveyed 350 acres of land to the Industrial Development Authority for an industrial park site in exchange for an agreement to repay the companies $5,000 per acre for each acre of the park sold by the Authority at 6.5% interest. The agreement also required the Authority to re-convey to the companies any of the land not sold within 15 years. The Authority recorded an asset and a corresponding note payable for the land based upon the agreed upon price of $5,000 per acre. On October 18, 2011, the Authority re-negotiated the terms of the agreement to provide for payment in full for the property and a $165,000 reduction of principal. The note is being repaid in six annual payments of $166,667. At September 30, 2017, the balance outstanding was $166,667.

I. Changes in General Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$ 220,728	$ 18,473	$ --	$ 239,201	$ --
Net Pension Liability	1,309,662	896,451	(1,574,159)	631,954	--
Capital Leases	223,948	102,463	(155,563)	170,848	79,371
Notes Payable	72,408	495,961	(33,111)	535,258	77,313
	$ 1,826,746	$ 1,513,348	$ (1,762,833)	$ 1,577,261	$ 156,684
Business-type Activities					
Compensated Absences	$ 75,559	$ --	$ (6,656)	$ 68,903	$ --
Net Pension Liability	681,099	439,166	(810,674)	309,591	--
Notes Payable	761,887	247,074	(27,059)	981,902	28,112
	$ 1,518,545	$ 686,240	$ (844,389)	$ 1,360,396	$ 28,112
Industrial Development Authority					
Notes Payable	$ 333,334	$ --	$ (166,667)	$ 166,667	$ 166,667
	$ 333,334	$ --	$ (166,667)	$ 166,667	$ 166,667

For Governmental activities, claims and judgments, compensated absences, and pension liabilities are generally liquidated by the General Fund.

J. Pensions

Defined Benefit Plan

The City sponsors a defined benefit pension plan which provides retirement and death benefits to plan participants and beneficiaries. The plan, through execution of the adoption agreement, is an agent multiple-employer pension plan, administered by the Georgia Municipal Employees Benefit System (GMEBS). GMEBS, in its role as the Plan Sponsor, has the authority to amend the provisions of the GMEBS Master Plan and the elective provisions of the adoption agreement, as provided in Article XVIII, Section 2, of the GMEBS Master Defined Benefit Plan Document. The City has the authority to amend the adoption agreement, which defines the specific benefit provisions of the plan, as provided in Article XVIII, Section 1, of the GMEBS Master Defined Benefit Plan Document. The City's participation in the plan, benefit provisions, and other requirements are established by City ordinance. GMEBS issues a financial report that may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street SW, Atlanta, Georgia 30303.

Retirement benefits for regular employees are calculated as 2% of the employee's final average earnings (annual average of earnings for the 5 consecutive years of credited service preceding the participant's most recent termination in which participants earnings were the highest) multiplied by years of total credit service as an eligible regular employee. Regular employees are eligible for normal retirement benefits at age 65 with 5 years of total credited service or at age 55 with 30 years of total credited service. Normal retirement benefits for elected or appointed members of the City Council are calculated as $22 per month for each year of total credited service or major fraction thereof. Pre-retirement death benefits are payable monthly and are equal to the decreased monthly retirement benefit that would have otherwise been payable to the participant as if the 100% joint and survivor benefit had been elected.

Benefit terms provide for a variable annual cost-of-living adjustment, not to exceed 2%, in the amount of benefits being received by retired participants and beneficiaries, which shall be calculated and paid in accordance with the terms of the master plan.

At January 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	10
Active employees	137
	168

City employees are required to contribute 6.2% of their covered pay. The Board of Trustees of GMEBS has adopted an actuarial funding policy for determination of annual required contributions to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Annual contributions made in accordance with the funding policy, which requires a different funding level, will meet the minimum funding standards. The contribution requirements of employees and the City are established by City ordinance. For the year ended September 30, 2017, the City's actuarially determined contribution was $322,042.

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.75%
Inflation	3.25%
Salary increases	3.25% plus service based merit increases

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 actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	6.75 %
International Equity	20 %	7.45 %
Real Estate	10 %	4.55 %
Global Fixed Income	5 %	3.30 %
Domestic Fixed Income	20 %	1.75 %
Cash	0 %	0.00 %

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances - Beginning	$ 13,298,482	$ 11,307,721	$ 1,990,761
Changes for the Year			
Service Cost	305,219	--	305,219
Interest	1,011,616	--	1,011,616
Differences Between Expected and Actual Experience	(529,258)	--	(529,258)
Changes of Assumptions	--	--	--
Contributions - Employer	--	361,690	(361,690)
Contributions - Employee	--	226,569	(226,569)
Net Investement Income	--	1,267,315	(1,267,315)
Benefit Payments	(490,754)	(490,754)	--
Administrative Expense	--	(18,781)	18,781
Other Changes	--	--	--
Net Changes	296,823	1,346,039	(1,049,216)
Balances - Ending	$ 13,595,305	$ 12,653,760	$ 941,545

The following presents the City's net pension liability calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net Pension Liability	$ 2,681,157	$ 941,545	$ 475,543

For the year ended September 30, 2017, the City recognized pension expense of $268,091. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 214,634	$ 441,050
Changes in assumptions	585,156	245,322
Net difference between projected and actual earnings on pension plan investments	8,730	--
Contributions subsequent to the measurement date	379,772	--
	$ 1,188,292	$ 686,372

Contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the subsequent year. The other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30	
2018	$ 38,442
2019	38,442
2020	99,693
2021	33,781
2022	(88,210)
Thereafter	--
	$ 122,148

Defined Contribution Plan

The City also provides pension benefits for its employees through the City of Adel Defined Contribution Retirement Plan administered by Nationwide Retirement Solutions. In a defined contribution plan, benefits are paid solely on amounts contributed to the plan plus invested earnings. Employees are eligible to participate immediately upon becoming employed. An employee may elect to become a participant by executing a participation agreement and consenting to defer a portion of compensation by a reduction of salary of the annual deferral amount specified in the participation agreement. The administrator may establish a minimum deferral amount, currently 5% of compensation, and change such minimum deferral amounts from time to time. The City is not required to make employer contributions. All contribution and other requirements are established by City ordinance. For the year ended September 30, 2017, the City did not contribute to the plan and employee deferrals were $60,173.

K. Restricted Assets

The balances of the restricted asset accounts in the governmental and enterprise funds were as follows:

	Governmental Activities
Confiscated Funds	$ 40,644
Technology Account	40,542
	$ 81,186

L. Fund Balances

The classifications of fund balances of governmental funds at September 30, 2017 were as follows:

	General	Other Governmental Funds	Total Governmental Funds
Nonspendable			
Notes Receivable	$ 431,271	$ --	$ 431,271
Due from Component Units	783,621	--	783,621
	1,214,892	--	1,214,892
Restricted			
Public Safety	$ --	$ 82,351	$ 82,351
Capital Outlay	--	865,701	865,701
	--	948,052	948,052
Assigned			
Culture and Recreation	--	554,638	554,638
Capital Outlay	183,100	324,472	507,572
Other Purposes	20,867	--	20,867
	203,967	879,110	1,083,077
Unassigned, Reported In			
General Fund	3,726,821	--	3,726,821
	3,726,821	--	3,726,821
Total Fund Balances	$5,145,680	$ 1,827,162	$ 6,972,842

M. Tax Abatements

City property tax revenues were reduced by $102,583 under agreements entered into by the Adel Industrial Development Authority.

N. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. For workers compensation, the City carries commercial insurance. For other risks, the City is a member of the Georgia Interlocal Risk Management Agency. The agency operates under the authority of O.C.G.A. 36-85-1 et Seq. and administers group self-insurance funds which receive contributions from its members in order to pool the risks of general liability, motor vehicle liability, and property damage. Through participation in the agency, members jointly purchase insurance with other municipalities participating in and belonging to the agency and are coinsured under master policies with the total premium apportioned among the participants. The City is jointly and severally liable for all legal obligations of the funds which arise out of an event that occurs while the City is a member of the fund. The City's deductibles for insurance coverage start at $1,000 with various limits of liability up to $5,000,000 for liability and $24,007,247 for property.

O. Commitments and Contingencies

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies, federal and state, are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable

funds. In the opinion of City management, such disallowances, if any, will not be significant to the City's financial statements.

Intergovernmental Contracts - The City of Adel and the Tift County Hospital Authority (Hospital Authority) entered into a contract whereas the City of Adel will provide financial support to the Hospital Authority for the planning, development, construction, equipping and operation of a new facilities project consisting of an acute care hospital, long-term care beds, and a rural health clinic. Under the agreement, (1) the City shall pay to the Hospital Authority 360 equal monthly installments that, when discounted by a discount rate equal to the higher of (a) 3.376% or (b) the interest rate of any USDA Loan obtained by the Hospital Authority for the new facilities project, equals the net contribution for $4,000,000; (2) the City will waive all permit fees, if any, issued by the City in the construction of the new facilities; and (3) the City without cost to the Hospital Authority, will provide all utility connections to the new facilities. The Adel Industrial Development Authority (AIDA) and the Tift County Hospital Authority entered into a contract whereas the AIDA will contribute the site for the new facilities project including Forestry Service relocation costs. The site consists of 45.17 acres off I-75 comprised of the following parcels: 0040-022 (33.33 acres), 0040-004 (9.84 acres), and the current Forestry Service location, 0040-023 (2.00 acres). On March 5, 2018, the AIDA deeded parcels 0040-022 and 0040-004 to the Hospital Authority. The AIDA's costs of the parcels totaled approximately $418,728. The AIDA acquired 4 acres of property that it will exchange with the Forestry Service in order to acquire parcel 0040-023. The AIDA is currently in the process of facilitating the relocation of the Forestry Commission to its new location and will deed the remaining property after the exchange has been completed.

Electrical Power Contract - In March 1976, the City of Adel and the Municipal Electric Authority of Georgia (MEAG) entered into a contract under which MEAG is to provide bulk electrical power to the City. In return, the City agreed to pay its participant share of MEAG's cost of generating and transmitting power. The term of the contract will continue in full force until such time, not exceeding 50 years, as all of MEAG's bonds have been paid or until such time as MEAG is retired from service, whichever is later. Each member participant is responsible for their pro-rata share of MEAG's bonds until paid. MEAG is obligated to periodically review the rates it charges member cities for power purchases. MEAG Power is also required to determine at the end of each power supply year, the sufficiency of the amounts paid by participants to recover MEAG Power's applicable costs for the year. Recent year-end settlements have resulted in net billings to participants exceeding actual costs, reserve requirements, and other assessments. These settlements are finalized after the fiscal year-end and the amounts received in the current year are for the previous fiscal years settlement and are reported as part of the operating expenses of the City in the year the settlement is received.

Distribution and Marketing Business Unit Contracts - In November 1998, the City agreed to enter into a contract with MEAG in furtherance of its power sales contract. Continuing changes in the electric industry, such as deregulation of wholesale electric supply, and changes in retail structure created a need for a business unit to function as a division of MEAG to facilitate the delivery of distribution, marketing, and related services to member cities needing such services. Under the services contract with MEAG, the City received services related to electrical distribution such as training and safety, technical support, meter testing, and services related to marketing, such as pricing and sales support, energy services, major account support, and local economic development. In March 2009, the City entered into an agreement with Electric Cities of Georgia, Inc. to provide such services until June 30, 2012 and automatically extending for additional twelve month periods on each successive anniversary date of the contract.

Municipal Competitive Trust - On May 3, 1999, the City adopted Resolution 99-7 approving its execution of a trust agreement with MEAG and other member cities creating the Municipal Competitive Trust. The Competitive Trust was established to accumulate and grow, through common investment, a substantial fund to be utilized by the participants to mitigate the high fixed cost related to Plant Vogtle Unit Nos. 1 and 2 and the impacts that may result from the deregulation of the electric industry in Georgia. It was initially funded with certain rate stabilization and debt service reserve funds and was comprised of the Reserve Funded Debt, Credit Support Operating and Flexible Operating accounts. Participants currently contribute funds into the Flexible Operating, as well as the New Generation and Capacity Funding (discussed below) accounts on an elective basis. With the exception of the Flexible Operating account and the New Generation and Capacity Funding account, the funds in the Competitive Trust have been retained and invested in securities typically held to maturity. Changes impacting the balance in the Competitive Trust

result from investment earnings and additional participants' contributions, which are offset by scheduled distributions to participants.

During 2008 and 2009, several amendments to the terms of the Competitive Trust authorized MEAG Power, on behalf of the participants executing such amendments to, among other things:

Apply funds from certain Competitive Trust accounts for the purpose of lowering the participants' annual generation billings from MEAG Power during the period 2009 through 2018 (Trust Transfers); and

Establish the New Generation and Capacity Funding account to permit the participants to fund their share of the acquisition and construction costs of any future MEAG Power generation project joined by such participants (including the Vogtle Units 3&4 Projects), as well as funding of capacity purchases proposed by MEAG Power, purchase of additional entitlement shares or obligation shares of existing MEAG Power projects and for mitigation of certain bulk power supply cost increases.

If not otherwise expended, funds in the Credit Support Operating account and Reserve Funded Debt account may be withdrawn on or after December 31, 2018 and 2025, respectively, and funds in the New Generation and Capacity Funding Account may be withdrawn after January 1, 2037. An external trustee holds the funds in the Competitive Trust and maintains balances on an individual participant basis.

No beneficiary shall have any interest in the account of any other beneficiary. The City has the right to withdraw part, or all, of its share of funds in the Flexible Operating account at any time. Since the funds in this account represent a current unrestricted asset of the City, the balance is reported as a current asset in the balance sheet of the Electric fund. The restrictive requirements for use of the funds in the other accounts negate the recognition of those accounts until such time as the funds are disbursed for the direct benefit of the City. Any investment into or withdrawal from these accounts are reported as part of the operating expenses of the City in the year incurred.

Municipal Gas Authority of Georgia Contract - According to the terms of a contract, as amended, with Municipal Gas Authority of Georgia (MGAG), the City is committed to purchase gas supplies from MGAG through December 31, 2040. Pursuant to the agreement in order to finance project costs, MGAG was authorized to issue bonds in series through the close of business on December 31, 2014, with a maximum principal amount outstanding at any one time of $1,500,000,000 and a final maturity not to exceed 15 years from the date of issuance of each series. In the event that at any time project costs payable by MGAG are in excess of the revenues of the Authority available for the purpose of paying the same or reserve funds, the City is obligated to pay its share of such excess. The obligation of the City to make payments to the Authority under these contracts constitutes a general obligation of the City.

Telecommunications Project - In 1996, the City entered into an agreement as a participant in a Telecommunications Project with the Municipal Electric Authority of Georgia (MEAG) to construct a telecommunications system. MEAG owns, operates and maintains the Telecommunications Project. The Telecommunications Project consists of telecommunications facilities, fibers and other equipment acquired, constructed and installed by MEAG for the purpose of providing telecommunications capabilities to participants, and to Project One for the operation of the transmission facilities, and to others in order to achieve economies of scale and improve the economics of the Telecommunications Project. As a participant, the City's obligation share in the project is 3.6167%. Under the agreement, as amended, the City elected to prepay the amount it owed for Debt Service attributable to its interest in the Telecommunications Project.

P. Related Organizations

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Related organizations are described as follows:

Housing Authority of the City of Adel - The Authority administers Federal funding and/or other financing for improvement of housing conditions in the City. The five members of the governing board are appointed by the Mayor and Council. The City has no significant influence over management, budget, or policies of the Authority. The Authority reports independently.

Q. Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the South Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During its year ended September 30, 2017, the City paid $10,709 in such dues. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the regional commission in Georgia. The regional commission board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

Southern Georgia Regional Commission
327 West Savannah Ave.
Valdosta, Georgia 31601

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ADEL, GEORGIA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
REVENUES				
Taxes	$ 1,622,700	$ 1,680,225	$ 1,599,439	$ (80,786)
Licenses and Permits	17,000	22,125	22,150	25
Intergovernmental	97,975	117,475	117,517	42
Charges for Services	925,850	945,450	945,212	(238)
Fines and Forfeitures	900,000	955,525	955,551	26
Interest Revenue	17,000	27,975	27,989	14
Contributions and Donations	--	1,100	1,144	44
Miscellaneous	8,000	41,175	36,845	(4,330)
Total Revenues	3,588,525	3,791,050	3,705,847	(85,203)
EXPENDITURES				
Mayor and Council	128,475	126,450	126,305	145
Elections	3,000	2,175	2,160	15
Administration	532,175	515,923	515,923	--
Attorney	6,600	5,000	5,000	--
Judge	27,900	28,150	28,146	4
Police	2,459,975	2,329,955	2,329,955	--
Fire	1,187,225	1,174,175	1,173,788	387
Volunteer Fire	54,775	51,225	51,086	139
Animal Control	80,550	76,525	76,285	240
Street	663,350	658,700	658,363	337
Sanitation	900,475	798,950	798,610	340
Maintenance	137,775	79,300	79,073	227
Parks	27,100	6,925	6,471	454
Inspection	14,250	13,650	13,625	25
Total Expenditures	6,223,625	5,867,103	5,864,790	2,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,635,100)	(2,076,053)	(2,158,943)	(82,890)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,832,775	1,832,775	1,832,775	--
Notes Payable	--	495,961	495,961	--
Capital Leases	116,800	116,800	102,463	(14,337)
Total Other Financing Sources (Uses)	1,949,575	2,445,536	2,431,199	(14,337)
Net Change in Fund Balances	(685,525)	369,483	272,256	(97,227)
Fund Balances - Beginning	4,873,424	4,873,424	4,873,424	--
Fund Balances - Ending	$ 4,187,899	$ 5,242,907	$ 5,145,680	$ (97,227)

CITY OF ADEL, GEORGIA
Pension Plan
Schedule of Changes in the City's Net Pension Liability and Related Ratios
September 30, 2017

	2017	2016	2015
Total Pension Liability			
Service Cost	$ 305,219	$ 588,059	$ 591,133
Interest on Total Pension Liability	1,011,616	843,056	802,428
Changes of Benefit Terms	--	--	--
Differences Between Expected and Actual Experience	(529,258)	319,708	2,990
Changes of Assumptions	--	877,732	(490,645)
Benefit Payments	(490,754)	(416,440)	(346,903)
Net Change in Total Pension Liability	296,823	2,212,115	559,003
Total Pension Liability - Beginning	13,298,482	11,086,367	10,527,364
Total Pension Liability - Ending (a)	$ 13,595,305	$ 13,298,482	$ 11,086,367
Plan Fiduciary Net Position			
Contributions - Employer	$ 361,690	$ 381,714	$ 571,236
Contributions - Employee	226,569	231,993	374,429
Net Investment Income	1,267,315	123,989	1,055,047
Benefit Payments, Including Refunds of Employee Contributions	(490,754)	(416,440)	(346,903)
Administrative Expense	(18,781)	(21,513)	(16,530)
Other	--	--	--
Net Change in Plan Fiduciary Net Position	1,346,039	299,743	1,637,279
Plan Fiduciary Net Position - Beginning	11,307,721	11,007,978	9,370,699
Plan Fiduciary Net Position - Ending (b)	$ 12,653,760	$ 11,307,721	$ 11,007,978
City's Net Pension Liability - Ending (a) - (b)	$ 941,545	$ 1,990,761	$ 78,389
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.07%	85.03%	99.29%
Covered-Employee Payroll	$ 3,563,770	$ 3,552,948	$ 3,436,256
City's Net Pension Liability as a Percentage of Covered-Employee Payroll	26.42%	56.03%	2.28%

CITY OF ADEL, GEORGIA
Pension Plan
Schedule of City Contributions
September 30, 2017

	2017	2016	2015
Actuarially Determined Contribution	$ 322,042	$ 302,393	$ 376,573
Contributions in Relation to the Actuarially Determined Contribution	379,772	361,690	381,714
Contribution Deficiency (Excess)	$ (57,730)	$ (59,297)	$ (5,141)
Covered-Employee Payroll	$ 3,563,770	$ 3,552,948	$ 3,436,256
Contributions as a Percentage of Covered-Employee Payroll	10.66%	10.18%	11.11%

Notes to Schedule

Valuation date	January 1, 2016
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Net effective period of 22 years
Asset valuation method	Sum of actuarial value at the beginning of the 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.
Investment rate of return	7.75%
Inflation	3.25%
Salary increases	3.5% plus service based merit increases
Cost-of-living adjustment	2%
Retirement age	Earlier of 65 with 5 years of service or 55 with 30 years of service
Mortality	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The presentation of expenditures reported in the General Fund *Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* differs from the *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* due to the functional classification of certain expenditures. The following schedule presents a reconciliation of those amounts.

	Budget Schedule	Reconciliation	Governmental Fund Statement
EXPENDITURES			
Current			
General Government			
Mayor and Council	$ 126,305	$ --	$ 126,305
Elections	2,160	--	2,160
Administration	515,923	(121,483)	394,440
Attorney	5,000	--	5,000
	649,388	(121,483)	527,905
Judicial	28,146	--	28,146
Public Safety			
Police	2,329,955	(54,850)	2,275,105
Fire	1,173,788	(77,481)	1,096,307
Volunteer Fire	51,086	(262)	50,824
Animal Control	76,285	--	76,285
	3,631,114	(132,593)	3,498,521
Public Works			
Street	658,363	(2,372)	655,991
Sanitation	798,610	(63,818)	734,792
Maintenance	79,073	--	79,073
Other Public Works	--	4,200	4,200
	1,536,046	(61,990)	1,474,056
Culture and Recreation			
Parks	6,471	--	6,471
Other Culture and Recreation	--	33,800	33,800
	6,471	33,800	40,271
Housing and Development			
Inspection	13,625	--	13,625
Other Housing and Development	--	68,500	68,500
	13,625	68,500	82,125
Debt Service	--	196,770	196,770
Total Expenditures	5,864,790	(16,996)	5,847,794
OTHER FINANCING USES			
Transfers Out	--	16,996	16,996
Total	$ 5,864,790	$ --	$ 5,864,790

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Major Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It is used to account for and report all financial resources of the general government, except those required to be accounted for and reported in another fund.

CITY OF ADEL, GEORGIA
General Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 8,881,267	$ 7,656,036
Receivables (Net of Allowance for Uncollectibles)		
Interest	5,996	5,998
Taxes	757,434	643,457
Accounts	97,115	128,076
Intergovernmental	531,008	34,799
Due from Other Funds		
Adel-Cook County Recreation Special Revenue Fund	9,692	10,023
CDBG Drainage Project Capital Projects Fund	--	61,005
Transportation Enhancement Capital Projects Fund	--	61,994
Gas Enterprise Fund	1,723,534	1,398,053
Water Enterprise Fund	1,087,047	1,117,062
Due from Component Units	922,543	115,191
Total Assets	$ 14,015,636	$ 11,231,694
LIABILITIES		
Accounts Payable	$ 223,258	$ 130,487
Accrued Liabilities	30,198	27,369
Intergovernmental Payable	594	557
Due to Other Funds		
Confiscated Assets Special Revenue Fund	--	245
Technology Special Revenue Fund	1,165	250
Electric Enterprise Fund	5,501,293	3,815,269
Sewer Enterprise Fund	2,472,343	1,895,820
Combined Public Utility System Enterprise Fund	399	399
Customer Deposits	750	1,250
Total Liabilities	8,230,000	5,871,646
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue		
Property Taxes	639,956	486,624
Total Deferred Inflows of Resources	639,956	486,624
FUND BALANCES		
Nonspendable	1,214,892	115,191
Assigned	203,967	203,967
Unassigned	3,726,821	4,554,266
Total Fund Balances	5,145,680	4,873,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,015,636	$ 11,231,694

CITY OF ADEL, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Taxes	$ 1,599,439	$ 1,652,357
Licenses and Permits	22,150	19,100
Intergovernmental	117,517	76,033
Charges for Services	945,212	930,237
Fines and Forfeitures	955,551	690,486
Interest Revenue	27,989	20,755
Contributions and Donations	1,144	4,741
Miscellaneous	36,845	27,149
Total Revenues	3,705,847	3,420,858
EXPENDITURES		
Current		
General Government	527,905	519,483
Judicial	28,146	26,914
Public Safety	3,498,521	3,048,057
Public Works	1,474,056	1,938,284
Culture and Recreation	40,271	47,322
Housing and Development	82,125	82,251
Debt Service	196,770	257,331
Total Expenditures	5,847,794	5,919,642
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,141,947)	(2,498,784)
OTHER FINANCING SOURCES (USES)		
Transfers In		
Electric Enterprise Fund	1,498,025	1,243,221
Gas Enterprise Fund	79,250	61,996
Water Enterprise Fund	62,850	61,396
Sewer Enterprise Fund	192,650	93,971
Transfers Out		
Technology Special Revenue Fund	(16,996)	(13,189)
Proceeds of Capital Asset Dispositions	--	750
Notes Payable	495,961	--
Capital Leases	102,463	--
Total Other Financing Sources (Uses)	2,414,203	1,448,145
Net Change in Fund Balances	272,256	(1,050,639)
Fund Balances - Beginning	4,873,424	5,924,063
Fund Balances - Ending	$ 5,145,680	$ 4,873,424

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Confiscated Assets Fund - This fund is used to account for the funds received from cash confiscations and sales of capital assets acquired from drug raids.

Technology Fund - This fund is used to account for fines collected through the imposition of a technology surcharge.

Adel-Cook County Recreation Fund - This fund is used to account for the funds used to provide the parks and recreation program of the Cook County Countywide Recreation Board.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

1% Special Purpose Local Option Sales Tax (SPLOST) Fund - This fund is used to account for proceeds of the 1% special purpose local option sales tax used to finance capital projects.

1% Special Purpose Local Option Sales Tax (SPLOST) 2010 Fund - This fund is used to account for proceeds of the 1% special purpose local option sales tax used to finance capital projects, effective October 1, 2011 through September 30, 2017.

CDBG Drainage Project - This fund is used to account for the proceeds of a community development block grant used to finance a storm-water drainage project.

Transportation Enhancement - This fund is used to account for the proceeds of a Georgia Department of Transportation grant used to finance a pedestrian facilities project.

Recreation Project - This fund is used to account for the financial resources to be used to finance a major recreation facilities project.

CITY OF ADEL, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds			
	Confiscated Assets	Technology	Adel-Cook County Recreation	Total
ASSETS				
Cash and Cash Equivalents	$ --	$ --	$ 535,986	$ 535,986
Restricted Assets				
Cash and Cash Equivalents	40,644	40,542	--	81,186
Receivables	--	--	78,665	78,665
Due from Other Funds	--	1,165	--	1,165
Total Assets	$ 40,644	$ 41,707	$ 614,651	$ 697,002
LIABILITIES				
Accounts Payable	$ --	$ --	$ 3,974	$ 3,974
Due to Other Funds	--	--	9,692	9,692
Total Liabilities	--	--	13,666	13,666
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Intergovernmental	--	--	46,347	46,347
Total Deferred Inflows Of Resources	--	--	46,347	46,347
FUND BALANCES				
Restricted	40,644	41,707	--	82,351
Assigned	--	--	554,638	554,638
Total Fund Balances	40,644	41,707	554,638	636,989
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 40,644	$ 41,707	$ 614,651	$ 697,002

Capital Projects Funds						Total Nonmajor Governmental Funds
SPLOST	SPLOST 2010	CDBG Drainage	Transportation Enhancement	Recreation Project	Total	
$ 265,435	$ 555,836	$ --	$ --	$ 324,472	$ 1,145,743	$ 1,681,729
--	--	--	--	--	--	81,186
--	44,430	--	--	--	44,430	123,095
--	--	--	--	--	--	1,165
$ 265,435	$ 600,266	$ --	$ --	$ 324,472	$ 1,190,173	$ 1,887,175
$ --	$ --	$ --	$ --	$ --	$ --	$ 3,974
--	--	--	--	--	--	9,692
--	--	--	--	--	--	13,666
--	--	--	--	--	--	46,347
--	--	--	--	--	--	46,347
265,435	600,266	--	--	--	865,701	948,052
--	--	--	--	324,472	324,472	879,110
265,435	600,266	--	--	324,472	1,190,173	1,827,162
$ 265,435	$ 600,266	$ --	$ --	$ 324,472	$ 1,190,173	$ 1,887,175

CITY OF ADEL, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
September 30, 2017

	Special Revenue Funds			
	Confiscated Assets	Technology	Adel-Cook County Recreation	Total
REVENUES				
Intergovernmental	$ --	$ --	$ 492,581	$ 492,581
Charges for Services	--	--	84,192	84,192
Fines and Forfeitures	4,227	--	--	4,227
Interest Revenue	53	--	586	639
Total Revenues	4,280	--	577,359	581,639
EXPENDITURES				
Current				
Public Safety	2,752	14,996	--	17,748
Culture and Recreation	--	--	458,251	458,251
Capital Outlay	5,500	16,749	--	22,249
Total Expenditures	8,252	31,745	458,251	498,248
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,972)	(31,745)	119,108	83,391
OTHER FINANCING SOURCES (USES)				
Transfers In	--	16,996	--	16,996
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	--	16,996	--	16,996
Net Change in Fund Balances	(3,972)	(14,749)	119,108	100,387
Fund Balances - Beginning	44,616	56,456	435,530	536,602
Fund Balances - Ending	$ 40,644	$ 41,707	$ 554,638	$ 636,989

Capital Projects Funds						Total Nonmajor Governmental Funds
SPLOST	SPLOST 2010	CDBG Drainage	Transportation Enhancement	Recreation Project	Total	
$ --	$ 265,898	$ --	$ 50,880	$ --	$ 316,778	$ 809,359
--	--	--	--	--	--	84,192
--	--	--	--	--	--	4,227
416	881	--	--	2,580	3,877	4,516
416	266,779	--	50,880	2,580	320,655	902,294
--	--	--	--	--	--	17,748
--	--	--	--	--	--	458,251
--	308,221	--	10,439	--	318,660	340,909
--	308,221	--	10,439	--	318,660	816,908
416	(41,442)	--	40,441	2,580	1,995	85,386
--	--	61,005	21,553	--	82,558	99,554
(82,558)	--	--	--	--	(82,558)	(82,558)
(82,558)	--	61,005	21,553	--	--	16,996
(82,142)	(41,442)	61,005	61,994	2,580	1,995	102,382
347,577	641,708	(61,005)	(61,994)	321,892	1,188,178	1,724,780
$ 265,435	$ 600,266	$ --	$ --	$ 324,472	$ 1,190,173	$ 1,827,162

CITY OF ADEL, GEORGIA
Confiscated Assets Special Revenue Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Restricted Assets		
Cash and Cash Equivalents	$ 40,644	$ 44,861
Due from Other Funds		
General Fund	--	245
Total Assets	$ 40,644	$ 45,106
LIABILITIES		
Accounts Payable	$ --	$ 490
Total Liabilities	--	490
FUND BALANCES		
Restricted	40,644	44,616
Total Fund Balances	40,644	44,616
Total Liabilities and Fund Balances	$ 40,644	$ 45,106

CITY OF ADEL, GEORGIA
Confiscated Assets Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Fines and Forfeitures	$ 4,227	$ 12,646
Interest Revenue	53	49
Total Revenues	4,280	12,695
EXPENDITURES		
Current		
Public Safety	2,752	5,792
Capital Outlay	5,500	19,995
Total Expenditures	8,252	25,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,972)	(13,092)
Net Change in Fund Balances	(3,972)	(13,092)
Fund Balances - Beginning	44,616	57,708
Fund Balances - Ending	$ 40,644	$ 44,616

CITY OF ADEL, GEORGIA
Confiscated Assets Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Budget	Actual	Variance
REVENUES			
Fines and Forfeitures	$ 5,500	$ 4,227	$ (1,273)
Interest Revenue	--	53	53
Total Revenues	5,500	4,280	(1,220)
EXPENDITURES			
Current			
Public Safety	2,752	2,752	--
Capital Outlay	5,500	5,500	--
Total Expenditures	8,252	8,252	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,752)	(3,972)	(1,220)
Net Change in Fund Balances	(2,752)	(3,972)	(1,220)
Fund Balances - Beginning	44,616	44,616	--
Fund Balances - Ending	$ 41,864	$ 40,644	$ (1,220)

CITY OF ADEL, GEORGIA
Technology Special Revenue Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Restricted Assets		
Cash and Cash Equivalents	$ 40,542	$ 56,776
Due from Other Funds		
General Fund	1,165	250
Total Assets	$ 41,707	$ 57,026
LIABILITIES		
Accounts Payable	$ --	$ 570
Total Liabilities	--	570
FUND BALANCES		
Restricted	41,707	56,456
Total Fund Balances	41,707	56,456
Total Liabilities and Fund Balances	$ 41,707	$ 57,026

CITY OF ADEL, GEORGIA
Technology Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
EXPENDITURES		
Current		
Public Safety	$ 14,996	$ 12,197
Capital Outlay	16,749	--
Total Expenditures	31,745	12,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,745)	(12,197)
OTHER FINANCING SOURCES (USES)		
Transfers In		
General Fund	16,996	13,189
Total Other Financing Sources (Uses)	16,996	13,189
Net Change in Fund Balances	(14,749)	992
Fund Balances - Beginning	56,456	55,464
Fund Balances - Ending	$ 41,707	$ 56,456

CITY OF ADEL, GEORGIA
Technology Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Budget	Actual	Variance
EXPENDITURES			
Current			
Public Safety	$ 14,996	$ 14,996	$ --
Capital Outlay	16,749	16,749	--
Total Expenditures	31,745	31,745	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,745)	(31,745)	--
OTHER FINANCING SOURCES (USES)			
Transfers In			
General Fund	12,600	16,996	4,396
Total Other Financing Sources (Uses)	12,600	16,996	4,396
Net Change in Fund Balances	(19,145)	(14,749)	4,396
Fund Balances - Beginning	56,456	56,456	--
Fund Balances - Ending	$ 37,311	$ 41,707	$ 4,396

CITY OF ADEL, GEORGIA
Adel-Cook County Recreation Special Revenue Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 535,986	$ 449,099
Receivables		
Interest	273	273
Intergovernmental	78,392	103,146
Total Assets	$ 614,651	$ 552,518
LIABILITIES		
Accounts Payable	$ 3,974	$ 3,819
Due to Other Funds		
General Fund	9,692	10,023
Total Liabilities	13,666	13,842
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue		
Intergovernmental	46,347	103,146
Total Deferred Inflows of Resources	46,347	103,146
FUND BALANCES		
Assigned	554,638	435,530
Total Fund Balances	554,638	435,530
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 614,651	$ 552,518

CITY OF ADEL, GEORGIA
Adel-Cook County Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Intergovernmental	$ 492,581	$ 334,476
Charges for Services	84,192	83,327
Interest Revenue	586	626
Total Revenues	577,359	418,429
EXPENDITURES		
Current		
Culture and Recreation	458,251	495,413
Capital Outlay	--	25,210
Total Expenditures	458,251	520,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	119,108	(102,194)
OTHER FINANCING SOURCES (USES)		
Transfers In		
Recreation Project Capital Projects Fund	--	23,891
Total Other Financing Sources (Uses)	--	23,891
Net Change in Fund Balances	119,108	(78,303)
Fund Balances - Beginning	435,530	513,833
Fund Balances - Ending	$ 554,638	$ 435,530

CITY OF ADEL, GEORGIA
Adel-Cook County Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2017

	Budget	Actual	Variance
REVENUES			
Intergovernmental	$ 417,700	$ 492,581	$ 74,881
Charges for Services	75,000	84,192	9,192
Interest Revenue	--	586	586
Total Revenues	492,700	577,359	84,659
EXPENDITURES			
Current			
Culture and Recreation	492,700	458,251	34,449
Total Expenditures	492,700	458,251	34,449
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	119,108	119,108
Net Change in Fund Balances	--	119,108	119,108
Fund Balances - Beginning	435,530	435,530	--
Fund Balances - Ending	$ 435,530	$ 554,638	$ 119,108

CITY OF ADEL, GEORGIA
SPLOST Capital Projects Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 265,435	$ 347,577
Total Assets	$ 265,435	$ 347,577
FUND BALANCES		
Restricted	$ 265,435	$ 347,577
Total Fund Balances	$ 265,435	$ 347,577

CITY OF ADEL, GEORGIA
SPLOST Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Interest Revenue	$ 416	$ 310
Total Revenues	416	310
Excess (Deficiency) of Revenues Over (Under) Expenditures	416	310
OTHER FINANCING SOURCES (USES)		
Transfers Out		
CDBG Drainage Project Capital Projects Fund	(61,005)	--
Transportation Enhancement Capital Projects Fund	(21,553)	--
Total Other Financing Sources (Uses)	(82,558)	--
Net Change in Fund Balances	(82,142)	310
Fund Balances - Beginning	347,577	347,267
Fund Balances - Ending	$ 265,435	$ 347,577

CITY OF ADEL, GEORGIA
SPLOST 2010 Capital Projects Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 555,836	$ 600,603
Receivables		
Intergovernmental	44,430	41,105
Total Assets	$ 600,266	$ 641,708
FUND BALANCES		
Restricted	$ 600,266	$ 641,708
Total Fund Balances	$ 600,266	$ 641,708

CITY OF ADEL, GEORGIA
SPLOST 2010 Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Intergovernmental	$ 265,898	$ 244,883
Interest Revenue	881	570
Total Revenues	266,779	245,453
EXPENDITURES		
Capital Outlay	308,221	--
Total Expenditures	308,221	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,442)	245,453
Net Change in Fund Balances	(41,442)	245,453
Fund Balances - Beginning	641,708	396,255
Fund Balances - Ending	$ 600,266	$ 641,708

CITY OF ADEL, GEORGIA
CDBG Drainage Capital Projects Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
LIABILITIES		
Due to Other Funds		
General Fund	$ --	$ 61,005
Total Liabilities	--	61,005
FUND BALANCES		
Unassigned	--	(61,005)
Total Fund Balances	--	(61,005)
Total Liabilities and Fund Balances	$ --	$ --

CITY OF ADEL, GEORGIA
CDBG Drainage Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Intergovernmental	$ --	$ 122,846
Total Revenues	--	122,846
EXPENDITURES		
Capital Outlay		
Engineering	--	2,691
Flood and Drainage	--	16,597
Administration	--	21,905
Contingencies	--	119
Total Expenditures	--	41,312
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	81,534
OTHER FINANCING SOURCES (USES)		
Transfers In		
SPLOST Capital Projects Fund	61,005	--
Total Other Financing Sources (Uses)	61,005	--
Net Change in Fund Balances	61,005	81,534
Fund Balances - Beginning	(61,005)	(142,539)
Fund Balances - Ending	$ --	$ (61,005)

CITY OF ADEL, GEORGIA
CDBG Drainage Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended September 30, 2017

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Intergovernmental	$ 490,000	$ 481,342	$ --	$ 481,342
Total Revenues	490,000	481,342	--	481,342
EXPENDITURES				
Capital Outlay				
Engineering	50,700	60,975	--	60,975
Flood and Drainage	438,000	451,247	--	451,247
Administration	29,400	29,405	--	29,405
Contingencies	21,900	720	--	720
Total Expenditures	540,000	542,347	--	542,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(61,005)	--	(61,005)
OTHER FINANCING SOURCES (USES)				
Transfers In				
SPLOST Capital Projects Fund	50,000	--	61,005	61,005
Total Other Financing Sources (Uses)	50,000	--	61,005	61,005
Net Change in Fund Balances	$ --	$ (61,005)	61,005	$ --
Fund Balances - Beginning			(61,005)	
Fund Balances - Ending			$ --	

CITY OF ADEL, GEORGIA
Transportation Enhancement Capital Projects Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Receivables		
Intergovernmental	$ --	$ 50,880
Total Assets	$ --	$ 50,880
LIABILITIES		
Due to Other Funds		
General Fund	$ --	$ 61,994
Total Liabilities	--	61,994
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue		
Intergovernmental	--	50,880
Total Deferred Inflows of Resources	--	50,880
FUND BALANCES		
Unassigned	--	(61,994)
Total Fund Balances	--	(61,994)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ --	$ 50,880

CITY OF ADEL, GEORGIA
Transportation Enhancement Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Intergovernmental	$ 50,880	$ 199,120
Total Revenues	50,880	199,120
EXPENDITURES		
Capital Outlay	10,439	291,150
Total Expenditures	10,439	291,150
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,441	(92,030)
OTHER FINANCING SOURCES (USES)		
Transfers In		
SPLOST Capital Projects Fund	21,553	--
Total Other Financing Sources (Uses)	21,553	--
Net Change in Fund Balances	61,994	(92,030)
Fund Balances - Beginning	(61,994)	30,036
Fund Balances - Ending	$ --	$ (61,994)

CITY OF ADEL, GEORGIA

Transportation Enhancement Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended September 30, 2017

	Project Authorization	Prior Years	Current Year	Total To Date
REVENUES				
Intergovernmental	$ 250,000	$ 199,120	$ 50,880	$ 250,000
Total Revenues	250,000	199,120	50,880	250,000
EXPENDITURES				
Capital Outlay	312,500	323,614	10,439	334,053
Total Expenditures	312,500	323,614	10,439	334,053
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,500)	(124,494)	40,441	(84,053)
OTHER FINANCING SOURCES (USES)				
Transfers In				
General Fund	62,500	62,500	--	62,500
SPLOST Capital Projects Fund	--	--	21,553	21,553
Total Other Financing Sources (Uses)	62,500	62,500	21,553	84,053
Net Change in Fund Balances	$ --	$ (61,994)	61,994	$ --
Fund Balances - Beginning			(61,994)	
Fund Balances - Ending			$ --	

CITY OF ADEL, GEORGIA
Recreation Project Capital Projects Fund
Balance Sheet
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 324,472	$ 321,892
Total Assets	$ 324,472	$ 321,892
FUND BALANCES		
Assigned	$ 324,472	$ 321,892
Total Fund Balances	$ 324,472	$ 321,892

CITY OF ADEL, GEORGIA
Recreation Project Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Interest Revenue	$ 2,580	$ 2,624
Total Revenues	2,580	2,624
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,580	2,624
OTHER FINANCING SOURCES (USES)		
Transfers Out		
Adel-Cook County Recreation Special Revenue Fund	--	(23,891)
Total Other Financing Sources (Uses)	--	(23,891)
Net Change in Fund Balances	2,580	(21,267)
Fund Balances - Beginning	321,892	343,159
Fund Balances - Ending	$ 324,472	$ 321,892

Major Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City's Council is that costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's Council has decided that periodic determination of net income is appropriate for accountability purposes.

Electric Fund - This fund is used to account for electricity provided to City residents and businesses.

Gas Fund - This fund is used to account for natural gas provided to City residents and businesses.

Water Fund - This fund is used to account for water provided to City residents and businesses.

Sewer Fund - This fund is used to account for sewer services provided to City residents and businesses.

Combined Public Utility System Authority Fund - This fund was originally used to account for electricity, natural gas, water and sewer services provided to City residents and businesses during the period revenue bonds were outstanding. All activities necessary to provide such services, including financing and related debt service, were included in this fund.

CITY OF ADEL, GEORGIA
Electric Enterprise Fund
Statement of Net Position
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 49,903	$ 149,606
Investments	7,647,827	7,098,699
Receivables (Net of Allowance for Uncollectibles)		
Accounts	1,037,073	1,047,455
Due from Other Funds		
General Fund	5,501,293	3,815,269
Inventories	623,086	724,818
Prepaid Items	8,495	8,240
Total Current Assets	14,867,677	12,844,087
Noncurrent Assets		
Capital Assets Not Being Depreciated		
Land	39,979	39,979
Construction in Progress	--	685,137
Capital Assets Net of Accumulated Depreciation		
Buildings and System	5,132,398	4,447,261
Improvements Other than Buildings	64,306	64,306
Machinery and Equipment	1,201,511	1,201,511
Accumulated Depreciation	(4,703,569)	(4,556,534)
Total Capital Assets Net of Accumulated Depreciation	1,734,625	1,881,660
Total Noncurrent Assets	1,734,625	1,881,660
Total Assets	16,602,302	14,725,747
DEFERRED OUTFLOWS OF RESOURCES		
Pension	187,371	285,049
Total Deferred Outflows of Resources	187,371	285,049
LIABILITIES		
Current Liabilities		
Accounts Payable	784,349	820,191
Accrued Liabilities	6,133	5,781
Intergovernmental Payable	46,505	43,560
Due to Other Funds		
Gas Enterprise Fund	40,159	31,157
Water Enterprise Fund	405,074	393,974
Sewer Enterprise Fund	62,888	62,888
Unearned Revenue	9,248	9,248
Customer Deposits	446,859	425,459
Total Current Liabilities	1,801,215	1,792,258
Noncurrent Liabilities		
Compensated Absences	36,519	43,734
Net Pension Liability	145,343	319,231
Total Noncurrent Liabilities	181,862	362,965
Total Liabilities	1,983,077	2,155,223
DEFERRED INFLOWS OF RESOURCES		
Pension	105,953	52,452
Total Deferred Inflows of Resources	105,953	52,452
NET POSITION		
Investment In Capital Assets	1,734,625	1,881,660
Unrestricted	12,966,018	10,921,461
Total Net Position	$ 14,700,643	$ 12,803,121

CITY OF ADEL, GEORGIA
Electric Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for Services	$ 12,748,758	$ 12,248,629
Total Operating Revenues	12,748,758	12,248,629
OPERATING EXPENSES		
Personal Services and Employee Benefits	752,221	861,967
Purchased/Contracted Services	392,075	354,924
Supplies	8,130,251	7,965,935
Depreciation	147,035	156,627
Total Operating Expenses	9,421,582	9,339,453
Operating Income (Loss)	3,327,176	2,909,176
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	136	113
Investment Earnings	68,235	172,955
Total Nonoperating Revenues (Expenses)	68,371	173,068
Income (Loss) Before Contributions and Transfers	3,395,547	3,082,244
Transfers Out		
General Fund	(1,498,025)	(1,243,221)
Changes in Net Position	1,897,522	1,839,023
Net Position - Beginning	12,803,121	10,964,098
Net Position - Ending	$ 14,700,643	$ 12,803,121

CITY OF ADEL, GEORGIA
Electric Enterprise Fund
Statement of Cash Flows
For the Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 12,783,485	$ 12,316,621
Payments to Suppliers	(8,456,691)	(8,269,169)
Payments to Employees	(781,793)	(823,330)
Net Cash Provided (Used) by Operating Activities	3,545,001	3,224,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(1,498,025)	(1,243,221)
Due from Other Funds	(1,686,024)	(861,880)
Due to Other Funds	20,102	22,544
Net Cash Provided (Used) by Noncapital Financing Activities	(3,163,947)	(2,082,557)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	--	(723,803)
Net Cash Provided (Used) by Capital and Related Financing Activities	--	(723,803)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(598,380)	(622,659)
Interest Received	136	113
Dividends Received	117,487	97,321
Net Cash Provided (Used) by Investing Activities	(480,757)	(525,225)
Net Increase (Decrease) in Cash and Cash Equivalents	(99,703)	(107,463)
Cash and Cash Equivalents - Beginning of Year	149,606	257,069
Cash and Cash Equivalents - End of Year	$ 49,903	$ 149,606
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 3,327,176	$ 2,909,176
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	147,035	156,627
(Increase) Decrease in Accounts Receivable	10,382	24,737
(Increase) Decrease in Inventories	101,732	(16,436)
(Increase) Decrease in Prepaid Items	(255)	1,029
(Increase) Decrease in Deferred Outflows of Resources	97,678	(226,783)
Increase (Decrease) in Accounts Payable	(35,842)	67,097
Increase (Decrease) in Accrued Liabilities	352	(5,782)
Increase (Decrease) in Unearned Revenue	--	168
Increase (Decrease) in Compensated Absences Payable	(7,215)	10,569
Increase (Decrease) in Intergovernmental Payables	2,945	(11,183)
Increase (Decrease) in Customer Deposits	21,400	54,270
Increase (Decrease) in Net Pension Liability	(173,888)	307,343
Increase (Decrease) in Deferred Inflows of Resources	53,501	(46,710)
Net Cash Provided (Used) by Operating Activities	$ 3,545,001	$ 3,224,122
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Net Increase (Decrease) in Fair Value of Investments	$ (48,252)	$ 75,634

CITY OF ADEL, GEORGIA
Gas Enterprise Fund
Statement of Net Position
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 66,372	$ 94,384
Receivables (Net of Allowance for Uncollectibles)		
Accounts	26,719	44,751
Due from Other Funds		
Electric Enterprise Fund	40,159	31,157
Water Enterprise Fund	--	4,572
Inventories	23,225	35,497
Prepaid Items	2,753	2,465
Total Current Assets	159,228	212,826
Noncurrent Assets		
Capital Assets Not Being Depreciated		
Construction in Progress	211,547	1,803,492
Capital Assets Net of Accumulated Depreciation		
Buildings and System	2,913,870	1,197,572
Machinery and Equipment	206,199	206,199
Accumulated Depreciation	(1,087,071)	(1,014,753)
Total Capital Assets Net of Accumulated Depreciation	2,244,545	2,192,510
Total Noncurrent Assets	2,244,545	2,192,510
Total Assets	2,403,773	2,405,336
DEFERRED OUTFLOWS OF RESOURCES		
Pension	69,807	106,344
Total Deferred Outflows of Resources	69,807	106,344
LIABILITIES		
Current Liabilities		
Accounts Payable	66,299	358,191
Accrued Liabilities	2,037	1,723
Intergovernmental Payable	7,785	7,786
Due to Other Funds		
General Fund	1,723,534	1,398,053
Water Enterprise Fund	64,328	--
Sewer Enterprise Fund	74,050	83,050
Customer Deposits	33,870	32,220
Total Current Liabilities	1,971,903	1,881,023
Noncurrent Liabilities		
Compensated Absences	13,018	12,731
Net Pension Liability	54,114	119,096
Total Noncurrent Liabilities	67,132	131,827
Total Liabilities	2,039,035	2,012,850
DEFERRED INFLOWS OF RESOURCES		
Pension	39,449	19,568
Total Deferred Inflows of Resources	39,449	19,568
NET POSITION		
Investment In Capital Assets	2,244,545	2,192,510
Unrestricted	(1,849,449)	(1,713,248)
Total Net Position	$ 395,096	$ 479,262

CITY OF ADEL, GEORGIA
Gas Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for Services	$ 1,032,407	$ 897,592
Total Operating Revenues	1,032,407	897,592
OPERATING EXPENSES		
Personal Services and Employee Benefits	289,061	315,622
Purchased/Contracted Services	72,433	71,904
Supplies	604,121	474,777
Depreciation	72,318	30,110
Total Operating Expenses	1,037,933	892,413
Operating Income (Loss)	(5,526)	5,179
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous	610	--
Total Nonoperating Revenues (Expenses)	610	--
Income (Loss) Before Contributions and Transfers	(4,916)	5,179
Transfers Out		
General Fund	(79,250)	(61,996)
Changes in Net Position	(84,166)	(56,817)
Net Position - Beginning	479,262	536,079
Net Position - Ending	$ 395,096	$ 479,262

CITY OF ADEL, GEORGIA
Gas Enterprise Fund
Statement of Cash Flows
For the Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 1,052,088	$ 891,975
Payments to Suppliers	(650,643)	(546,244)
Payments to Employees	(297,024)	(299,004)
Net Cash Provided (Used) by Operating Activities	104,421	46,727
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(79,250)	(61,996)
Due from Other Funds	(4,430)	54,628
Due to Other Funds	380,809	1,389,533
Other	610	--
Net Cash Provided (Used) by Noncapital Financing Activities	297,739	1,382,165
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(430,172)	(1,453,234)
Net Cash Provided (Used) by Capital and Related Financing Activities	(430,172)	(1,453,234)
Net Increase (Decrease) in Cash and Cash Equivalents	(28,012)	(24,342)
Cash and Cash Equivalents - Beginning of Year	94,384	118,726
Cash and Cash Equivalents - End of Year	$ 66,372	$ 94,384
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (5,526)	$ 5,179
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	72,318	30,110
(Increase) Decrease in Accounts Receivable	18,032	(12,558)
(Increase) Decrease in Inventories	12,272	(2,184)
(Increase) Decrease in Prepaid Items	(288)	50
(Increase) Decrease in Deferred Outflows of Resources	36,537	(84,809)
Increase (Decrease) in Accounts Payable	13,927	2,571
Increase (Decrease) in Accrued Liabilities	314	(1,891)
Increase (Decrease) in Compensated Absences Payable	287	5,698
Increase (Decrease) in Intergovernmental Payables	(1)	281
Increase (Decrease) in Customer Deposits	1,650	6,660
Increase (Decrease) in Net Pension Liability	(64,982)	114,702
Increase (Decrease) in Deferred Inflows of Resources	19,881	(17,082)
Net Cash Provided (Used) by Operating Activities	$ 104,421	$ 46,727
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Purchase of Capital Assets on Account	$ --	$ 305,819

CITY OF ADEL, GEORGIA
Water Enterprise Fund
Statement of Net Position
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 988,352	$ 828,084
Receivables (Net of Allowance for Uncollectibles)		
Accounts	45,260	45,331
Due from Other Funds		
Electric Enterprise Fund	405,074	393,974
Gas Enterprise Fund	64,328	--
Sewer Enterprise Fund	764,419	625,331
Inventories	148,863	69,438
Prepaid Items	5,638	6,372
Total Current Assets	2,421,934	1,968,530
Noncurrent Assets		
Capital Assets Not Being Depreciated		
Land	5,175	5,175
Construction in Progress	--	1,005,903
Capital Assets Net of Accumulated Depreciation		
Buildings and System	7,190,545	6,107,997
Improvements Other than Buildings	10,253	10,253
Machinery and Equipment	371,433	371,433
Accumulated Depreciation	(4,594,786)	(4,474,872)
Total Capital Assets Net of Accumulated Depreciation	2,982,620	3,025,889
Total Noncurrent Assets	2,982,620	3,025,889
Total Assets	5,404,554	4,994,419
DEFERRED OUTFLOWS OF RESOURCES		
Pension	57,589	87,795
Total Deferred Outflows of Resources	57,589	87,795
LIABILITIES		
Current Liabilities		
Accounts Payable	74,265	38,976
Accrued Liabilities	1,552	1,251
Due to Other Funds		
General Fund	1,087,047	1,117,062
Gas Enterprise Fund	--	4,572
Customer Deposits	15,019	14,919
Total Current Liabilities	1,177,883	1,176,780
Noncurrent Liabilities		
Compensated Absences	2,793	2,731
Net Pension Liability	44,628	98,323
Notes Payable	907,031	659,957
Total Noncurrent Liabilities	954,452	761,011
Total Liabilities	2,132,335	1,937,791
DEFERRED INFLOWS OF RESOURCES		
Pension	32,533	16,155
Total Deferred Inflows of Resources	32,533	16,155
NET POSITION		
Net Investment in Capital Assets	2,075,589	2,365,932
Unrestricted	1,221,686	762,336
Total Net Position	$ 3,297,275	$ 3,128,268

CITY OF ADEL, GEORGIA
Water Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for Services	$ 852,453	$ 851,681
Total Operating Revenues	852,453	851,681
OPERATING EXPENSES		
Personal Services and Employee Benefits	235,119	261,683
Purchased/Contracted Services	98,562	147,385
Supplies	158,977	175,163
Depreciation	119,914	112,693
Total Operating Expenses	612,572	696,924
Operating Income (Loss)	239,881	154,757
NONOPERATING REVENUES (EXPENSES)		
Interest	(8,024)	(1,763)
Debt Issuance Costs	--	(6,684)
Gain (Loss) on Disposition of Capital Assets	--	2,002
Total Nonoperating Revenues (Expenses)	(8,024)	(6,445)
Income (Loss) Before Contributions and Transfers	231,857	148,312
Transfers Out		
General Fund	(62,850)	(61,396)
Changes in Net Position	169,007	86,916
Net Position - Beginning	3,128,268	3,041,352
Net Position - Ending	$ 3,297,275	$ 3,128,268

CITY OF ADEL, GEORGIA
Water Enterprise Fund
Statement of Cash Flows
For the Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 852,624	$ 853,907
Payments to Suppliers	(232,509)	(364,362)
Payments to Employees	(241,867)	(255,601)
Net Cash Provided (Used) by Operating Activities	378,248	233,944
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(62,850)	(61,396)
Due from Other Funds	(214,516)	(159,918)
Due to Other Funds	(34,587)	824,672
Net Cash Provided (Used) by Noncapital Financing Activities	(311,953)	603,358
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Capital Debt	247,074	659,957
Acquisition and Construction of Capital Assets	(145,077)	(744,082)
Principal Paid on Capital Debt	--	(26,261)
Interest Paid on Capital Debt	(8,024)	(1,763)
Bond Issue Cost Paid	--	(6,684)
Proceeds from Sales of Capital Assets	--	22,000
Net Cash Provided (Used) by Capital and Related Financing Activities	93,973	(96,833)
Net Increase (Decrease) in Cash and Cash Equivalents	160,268	740,469
Cash and Cash Equivalents - Beginning of Year	828,084	87,615
Cash and Cash Equivalents - End of Year	$ 988,352	$ 828,084
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 239,881	$ 154,757
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	119,914	112,693
(Increase) Decrease in Accounts Receivable	71	1,021
(Increase) Decrease in Inventories	3,845	11,363
(Increase) Decrease in Prepaid Items	734	(897)
(Increase) Decrease in Deferred Outflows of Resources	30,206	(66,776)
Increase (Decrease) in Accounts Payable	20,451	(52,280)
Increase (Decrease) in Accrued Liabilities	301	(2,272)
Increase (Decrease) in Compensated Absences Payable	62	711
Increase (Decrease) in Customer Deposits	100	1,205
Increase (Decrease) in Net Pension Liability	(53,695)	94,035
Increase (Decrease) in Deferred Inflows of Resources	16,378	(19,616)
Net Cash Provided (Used) by Operating Activities	$ 378,248	$ 233,944
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Purchase of Capital Assets on Account	$ 14,838	$ --
Transfer of Capital Assets to Inventory	$ 83,270	$ --

CITY OF ADEL, GEORGIA
Sewer Enterprise Fund
Statement of Net Position
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 42,185	$ 76,657
Receivables (Net of Allowance for Uncollectibles)		
Accounts	91,159	115,337
Due from Other Funds		
General Fund	2,472,343	1,895,820
Electric Enterprise Fund	62,888	62,888
Gas Enterprise Fund	74,050	83,050
Inventories	5,894	6,490
Prepaid Items	6,340	7,259
Total Current Assets	2,754,859	2,247,501
Noncurrent Assets		
Capital Assets Not Being Depreciated		
Land	851,037	851,037
Capital Assets Net of Accumulated Depreciation		
Buildings and System	10,440,715	10,391,767
Improvements Other than Buildings	52,835	46,885
Machinery and Equipment	423,962	412,212
Accumulated Depreciation	(7,439,517)	(7,248,325)
Total Capital Assets Net of Accumulated Depreciation	4,329,032	4,453,576
Total Noncurrent Assets	4,329,032	4,453,576
Total Assets	7,083,891	6,701,077
DEFERRED OUTFLOWS OF RESOURCES		
Pension	84,555	128,982
Total Deferred Outflows of Resources	84,555	128,982
LIABILITIES		
Current Liabilities		
Accounts Payable	52,097	17,304
Accrued Liabilities	2,488	2,207
Due to Other Funds		
Water Enterprise Fund	764,419	625,331
Notes Payable	28,112	27,060
Total Current Liabilities	847,116	671,902
Noncurrent Liabilities		
Compensated Absences	16,573	16,363
Net Pension Liability	65,506	144,449
Notes Payable	46,759	74,870
Total Noncurrent Liabilities	128,838	235,682
Total Liabilities	975,954	907,584
DEFERRED INFLOWS OF RESOURCES		
Pension	47,753	23,734
Total Deferred Inflows of Resources	47,753	23,734
NET POSITION		
Net Investment in Capital Assets	4,254,161	4,351,646
Unrestricted	1,890,578	1,547,095
Total Net Position	$ 6,144,739	$ 5,898,741

CITY OF ADEL, GEORGIA
Sewer Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for Services	$ 1,216,341	$ 1,137,963
Total Operating Revenues	1,216,341	1,137,963
OPERATING EXPENSES		
Personal Services and Employee Benefits	332,323	360,966
Purchased/Contracted Services	132,431	118,250
Supplies	142,622	152,919
Depreciation	191,192	180,936
Total Operating Expenses	798,568	813,071
Operating Income (Loss)	417,773	324,892
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous	24,298	--
Interest	(3,423)	(5,342)
Total Nonoperating Revenues (Expenses)	20,875	(5,342)
Income (Loss) Before Contributions and Transfers	438,648	319,550
Capital Contributions	--	542,347
Transfers Out		
General Fund	(192,650)	(93,971)
Changes in Net Position	245,998	767,926
Net Position - Beginning	5,898,741	5,130,815
Net Position - Ending	$ 6,144,739	$ 5,898,741

CITY OF ADEL, GEORGIA
Sewer Enterprise Fund
Statement of Cash Flows
For the Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 1,240,519	$ 1,157,328
Payments to Suppliers	(238,745)	(269,335)
Payments to Employees	(342,329)	(340,144)
Net Cash Provided (Used) by Operating Activities	659,445	547,849
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to Other Funds	(192,650)	(93,971)
Due from Other Funds	(567,523)	(471,501)
Due to Other Funds	139,088	142,087
Other	24,298	--
Net Cash Provided (Used) by Noncapital Financing Activities	(596,787)	(423,385)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(66,648)	(11,052)
Principal Paid on Capital Debt	(27,059)	(52,308)
Interest Paid on Capital Debt	(3,423)	(5,342)
Net Cash Provided (Used) by Capital and Related Financing Activities	(97,130)	(68,702)
Net Increase (Decrease) in Cash and Cash Equivalents	(34,472)	55,762
Cash and Cash Equivalents - Beginning of Year	76,657	20,895
Cash and Cash Equivalents - End of Year	$ 42,185	$ 76,657
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 417,773	$ 324,892
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	191,192	180,936
(Increase) Decrease in Accounts Receivable	24,178	19,365
(Increase) Decrease in Inventories	596	1,820
(Increase) Decrease in Prepaid Items	919	1,025
(Increase) Decrease in Deferred Outflows of Resources	44,427	(99,852)
Increase (Decrease) in Accounts Payable	34,793	(1,011)
Increase (Decrease) in Accrued Liabilities	281	(2,774)
Increase (Decrease) in Compensated Absences Payable	210	10,784
Increase (Decrease) in Net Pension Liability	(78,943)	138,506
Increase (Decrease) in Deferred Inflows of Resources	24,019	(25,842)
Net Cash Provided (Used) by Operating Activities	$ 659,445	$ 547,849
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of Capital Assets from Governmental Funds	$ --	$ 542,347

CITY OF ADEL, GEORGIA
Combined Public Utility System Enterprise Fund
Statement of Net Position
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 3,829,972	$ 3,815,704
Receivables (Net of Allowance for Uncollectibles)		
Interest	3,331	3,354
Due from Other Funds		
General Fund	399	399
Total Current Assets	3,833,702	3,819,457
Total Assets	3,833,702	3,819,457
NET POSITION		
Unrestricted	3,833,702	3,819,457
Total Net Position	$ 3,833,702	$ 3,819,457

CITY OF ADEL, GEORGIA
Combined Public Utility System Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended September 30, 2017 and 2016

	2017	2016
NONOPERATING REVENUES (EXPENSES)		
Interest Revenue	$ 14,245	$ 13,625
Total Nonoperating Revenues (Expenses)	14,245	13,625
Changes in Net Position	14,245	13,625
Net Position - Beginning	3,819,457	3,805,832
Net Position - Ending	$ 3,833,702	$ 3,819,457

CITY OF ADEL, GEORGIA
Combined Public Utility System Enterprise Fund
Statement of Cash Flows
For the Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from Other Funds	$ --	$ 1
Net Cash Provided (Used) by Noncapital Financing Activities	--	1
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	14,268	13,297
Net Cash Provided (Used) by Investing Activities	14,268	13,297
Net Increase (Decrease) in Cash and Cash Equivalents	14,268	13,298
Cash and Cash Equivalents - Beginning of Year	3,815,704	3,802,406
Cash and Cash Equivalents - End of Year	$ 3,829,972	$ 3,815,704

SUPPLEMENTAL SCHEDULES

CITY OF ADEL, GEORGIA
General Fund
Schedule of Revenues
For the Years Ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Taxes		
Real Property	$ 570,880	$ 680,801
Personal Property	115,263	109,667
Real Estate Transfer (Intangible)	1,568	1,736
Franchise	80,416	79,629
General Sales and Use	239,679	220,719
Selective Sales and Use	145,411	141,112
Business		
Business and Occupation	79,939	80,927
Insurance Premium	332,792	307,232
Financial Institution	25,479	21,230
Penalties and Interest on Delinquent Taxes	8,012	9,304
	1,599,439	1,652,357
Licenses and Permits		
Business	22,150	19,100
	22,150	19,100
Intergovernmental	117,517	76,033
Charges for Services		
General Government	3,548	4,139
Public Safety	1,499	870
Public Works	940,165	925,228
	945,212	930,237
Fines and Forfeitures	955,551	690,486
Interest Revenue	27,989	20,755
Contributions and Donations	1,144	4,741
Miscellaneous	36,845	27,149
Total Revenues	$ 3,705,847	$ 3,420,858

CITY OF ADEL, GEORGIA
General Fund
Schedule of Expenditures
For the Years Ended September 30, 2017 and 2016

	2017	2016
EXPENDITURES		
Current		
General Government		
Mayor and Council		
Personal Services and Employee Benefits	$ 60,708	$ 61,495
Purchased/Contracted Services	60,935	48,933
Supplies	4,662	1,264
Total Mayor and Council	126,305	111,692
Elections		
Purchased/Contracted Services	2,160	3,341
Total Elections	2,160	3,341
Administration		
Personal Services and Employee Benefits	220,201	197,573
Purchased/Contracted Services	111,291	154,379
Supplies	54,857	38,359
Other Costs	8,091	8,139
Total Administration	394,440	398,450
Attorney		
Purchased/Contracted Services	5,000	6,000
Total Attorney	5,000	6,000
Total General Government	527,905	519,483
Judicial		
Judge		
Purchased/Contracted Services	28,146	26,914
Total Judge	28,146	26,914
Total Judicial	28,146	26,914
Public Safety		
Police		
Personal Services and Employee Benefits	1,440,440	1,340,451
Purchased/Contracted Services	163,413	122,178
Supplies	127,639	115,678
Capital Outlay	170,100	--
Other Costs	373,513	301,647
Total Police	2,275,105	1,879,954
Fire		
Personal Services and Employee Benefits	967,631	939,660
Purchased/Contracted Services	47,779	58,999
Supplies	43,049	41,630
Capital Outlay	37,848	3,736
Total Fire	1,096,307	1,044,025

CITY OF ADEL, GEORGIA
General Fund
Schedule of Expenditures
For the Years Ended September 30, 2017 and 2016

	2017	2016
Volunteer Fire		
Personal Services and Employee Benefits	48,316	45,808
Purchased/Contracted Services	709	834
Supplies	1,799	1,373
Total Volunteer Fire	50,824	48,015
Animal Control		
Personal Services and Employee Benefits	49,285	50,602
Purchased/Contracted Services	9,972	7,994
Supplies	17,028	17,467
Total Animal Control	76,285	76,063
Total Public Safety	3,498,521	3,048,057
Public Works		
Street		
Personal Services and Employee Benefits	229,990	262,439
Purchased/Contracted Services	224,688	109,746
Supplies	179,712	182,840
Capital Outlay	21,601	507,304
Total Street	655,991	1,062,329
Sanitation		
Personal Services and Employee Benefits	382,967	401,064
Purchased/Contracted Services	295,310	300,636
Supplies	47,388	40,363
Capital Outlay	4,127	31,593
Other Costs	5,000	5,000
Total Sanitation	734,792	778,656
Maintenance		
Personal Services and Employee Benefits	67,148	79,436
Purchased/Contracted Services	3,922	4,910
Supplies	8,003	8,753
Total Maintenance	79,073	93,099
Other Public Works		
Other Costs	4,200	4,200
Total Other Public Works	4,200	4,200
Total Public Works	1,474,056	1,938,284

CITY OF ADEL, GEORGIA
General Fund
Schedule of Expenditures
For the Years Ended September 30, 2017 and 2016

	2017	2016
Culture and Recreation		
Parks		
Purchased/Contracted Services	1,539	1,517
Supplies	4,932	12,005
Total Parks	6,471	13,522
Other Culture and Recreation		
Other Costs	33,800	33,800
Total Other Culture and Recreation	33,800	33,800
Total Culture and Recreation	40,271	47,322
Housing and Development		
Inspection		
Purchased/Contracted Services	1,375	1,501
Other Costs	12,250	12,250
Total Inspection	13,625	13,751
Other Housing and Development		
Other Costs	68,500	68,500
Total Other Housing and Development	68,500	68,500
Total Housing and Development	82,125	82,251
Debt Service	196,770	257,331
Total Expenditures	$ 5,847,794	$ 5,919,642

CITY OF ADEL, GEORGIA
Schedule of Projects Constructed with Special Sales Tax Proceeds
For the Year Ended September 30, 2017

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2005 Sales Tax Referendum	$ 1,431,823	$ 1,431,823				93%
(1) Water, Sewer and Natural Gas			$ 404,956	$ --	$ 404,956	
(2) Road, Streets and Bridges			848,807	82,558	931,365	
(3) Administrative Facilities			--	--	--	
(4) Public Safety Facilities			--	--	--	
	$ 1,431,823	$ 1,431,823	$ 1,253,763	$ 82,558	$ 1,336,321	
SPLOST Capital Projects Fund						
Total Expenditures				$ --		
Transfers Out				82,558		
				$ 82,558		
2010 Sales Tax Referendum	$ 1,400,000	$ 1,400,000				57%
(1) Water, Sewer and Natural Gas			$ --	$ --	$ --	
(2) Road, Streets and Bridges			483,494	308,221	791,715	
(3) Administrative Facilities			--	--	--	
(4) Public Safety Facilities			--	--	--	
	$ 1,400,000	$ 1,400,000	$ 483,494	$ 308,221	$ 791,715	
SPLOST 2010 Capital Projects Fund						
Total Expenditures				$ 308,221		
				$ 308,221		

CITY OF ADEL, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

Federal Grantor/Pass-Through Grantor/Program Or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Rural Economic Development Loan	10.854	652519645	$ 495,961
Total U.S. Department of Agriculture			495,961
U.S. Department of Transportation			
Pass-through Program From			
Georgia Department of Transportation			
Transportation Enhancement	20.205	TEE-10585	50,880
Total U.S. Department of Transportation			50,880
U.S. Environmental Protection Agency			
Loan From			
Georgia Environmental Finance Authority			
Drinking Water State Revolving Fund	66.468	DWSRF 12-004	247,074
Total U.S. Environmental Protection Agency			247,074
U.S. Department of Homeland Security			
Pass-through Program From			
Georgia Emergency Management Agency			
FEMA Disaster Grant	97.036	4297-DR-GA	18,464
Total U.S. Department of Homeland Security			18,464
Total Expenditures of Federal Awards			$ 812,379

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of City of Adel, Georgia and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of City of Adel, Georgia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of City of Adel, Georgia.

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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

To the Honorable Mayor and City Council
City of Adel, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Adel, Georgia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise City of Adel, Georgia's basic financial statements, and have issued our report thereon dated March 31, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Adel, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do

not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

MEEKS CPA, LLP

Ocilla, Georgia
March 31, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Adel, Georgia

Report on Compliance for Each Major Federal Program

We have audited City of Adel, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Adel, Georgia's major federal programs for the year ended September 30, 2017. City of Adel, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Adel, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Adel, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Adel, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Adel, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the

accompanying schedule of findings and questioned costs as items 2017-001 through 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

City of Adel, Georgia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Adel, Georgia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City of Adel, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Adel, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Adel, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-002 that we consider to be significant deficiencies.

City of Adel, Georgia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Adel, Georgia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MEEKS CPA, LLP

Ocilla, Georgia
March 31, 2018

CITY OF ADEL, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified?	___ yes	_x_ none reported
Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified?	_x_ yes	___ none reported
Type of auditor's report issued on compliance for major programs:	unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_x_ yes	___ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.854	U.S. Department of Agriculture Rural Economic Development Loan

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	___ yes	_x_ no

CITY OF ADEL, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2017

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Questioned Costs

2017-001

CFDA Number:	10.854
Title:	Rural Economic Development Loan
Agency:	U.S. Department of Agriculture
Federal Award Number(s) and Year(s):	652519645 (2017)
Category of Finding:	Procurement

Criteria:
2 CFR section 200.318(c)(1) states:
"(c)(1)The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. […]"

Condition and Context:
During our review of compliance with the uniform guidance requirements, we noted that the City's code of conduct policy did not include written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts in fiscal year 2017.

Cause:
The City was unaware that this grant was subject to the requirements of the Uniform Guidance, thus did not implement changes during fiscal year 2017.

Effect:
Failure to have the written standards of conduct may result in noncompliance with Uniform Guidance requirements.

Questioned Costs:
There are no questioned costs.

Recommendation:
We recommend that the City identify grants that are subject to Uniform Guidance on a timely basis to ensure all compliance requirements are met and develop written standards of conduct that include the standards required by 2 CFR section 200.318(c)(1).

Views of Responsible Officials and Planned Corrective Action:
The City has identified federal grants subject to the Uniform Guidance and will develop written standards of conduct in accordance with the requirements of 2 CFR section 200.318(c)(1).

2017-002

CFDA Number:	10.854
Title:	Rural Economic Development Loan
Agency:	U.S. Department of Agriculture
Federal Award Number(s) and Year(s):	652519645 (2017)
Category of Finding:	Procurement

Criteria:
2 CFR section 200.319(c) states:
"(c) The non-Federal entity must have written procedures for procurement transactions. […]"

Condition and Context:
During our review of compliance with the uniform guidance requirements, we noted that the City's written procedures did not include each relevant provision required by §§ 200.326 Contract provisions.

Cause:
The City was unaware that this grant was subject to the requirements of the Uniform Guidance, thus did not implement changes during fiscal year 2017.

Effect:
Failure to have adequate written procedures for procurement transactions may result in noncompliance with Uniform Guidance requirements.

Questioned Costs:
There are no questioned costs.

Recommendation:
We recommend that the City identify grants that are subject to Uniform Guidance on a timely basis to ensure all compliance requirements are met and develop adequate written policies and procedures for procurement transactions.

Views of Responsible Officials and Planned Corrective Action:
The City has identified federal grants subject to the Uniform Guidance and will develop written policies and procedures which include the relevant provisions required by §§ 200.326 Contract provisions.