CITY OF BLACKSHEAR, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia

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City of Blackshear, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2016

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Introductory Section

CITY OFFICIALS

MAYOR
Richard E. Larson

MAYOR PROTEM
Mary Lott Walker

COUNCIL

Melvin Johnson
Jerry Dixon
Keith Brooks
David Smith
Timmy Sapp

CITY CLERK
Susan Fowler

CITY JUDGE
Kenneth Futch

POLICE CHIEF
Chris Wright

FIRE CHIEF
Bucky Goble

CITY ATTORNEY
Adam Ferrell

PUBLIC WORKS SUPERVISOR
Donnie Harris

WATER AND SEWER SUPERVISOR
Donnis Harris

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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Certified Public Accountant
1025 Elizabeth Street
Blackshear, Georgia 31516

Telephone
(912) 449-5485

INDEPENDENT AUDITOR'S REPORT

To the City Council
Blackshear, Georgia

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Blackshear, Georgia, as of and for the year ended June 30, 2016, and the related notes 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 controls 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, each major fund, and the aggregate remaining fund information of the City of Blackshear, Georgia, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 pension information on pages 12-21 and 79-89 be presented to supplement the financial statements. Such information although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Blackshear, Georgia's basic financial statements. The combining, individual nonmajor fund financial statements, the budgetary comparison schedules for capital projects and the comparative financials statements for the general fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major capital project funds as well as the combining and individual fund statements of the non major funds and the comparative financial statements for the general fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements, themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the major capital project fund as well as the combining and individual fund statements and the comparative financial statements of the general fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reproting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 22, 2016 on my consideration of the City of Blackshear Georgia's internal controls over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my 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 the City of Blackshear's internal control over financial reporting.

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia
August 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis of the basic financial statements prepared by the City.

Management's Discussion and Analysis

Within this section of the City of Blackshear, Georgia (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the year ended June 30, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government.

FINANCIAL HIGHLIGHTS

The City's total assets exceeded its total liabilities by $14,407,133 (net position) for the year reported. This compares to the previous year when the total assets exceeded the total liabilities by $14,008,941

Total net position is comprised of the following:

1. Net Investment in Capital Assets, of $10,160,781 include property and equipment, net of accumulated depreciation, and reduced by outstanding debt related to the purchase and construction of capital assets.
2. Net position of $1,312,707 are restricted by constraints imposed upon the City by laws and regulations.
3. Unrestricted net position of $2,933,645 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
   laws and regulations.

The City's governmental funds reported total ending fund balance of $3,151,458 this year. This compares to the prior year ending fund balance, of $3,110,587 showing an increase of $40,871 during the current year.

At the end of the current year, unassigned fund balance for the General Fund was $1,815,453, or 82..9% of total General Fund expenditures.

Overall, the City of Blackshear, Georgia, is in a strong financial position.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 23-24 provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on pages 25-33. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Overview to the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government- wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification to the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the City's net position changed during the current year. All current year revenues and expenses are included *regardless of when cash is received or paid. An important purpose of the design of the statement* of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Governmental activities include general government, public safety, public works, culture and recreation and community development.

The City's financial reporting includes the funds of the City (primary government).

The Government-wide financial statements are presented on pages 23-24 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus Is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the required supplementary information for the general. fund Budgetary comparison for special revenue funds and capital project funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 25-29 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. These are enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as the water system, solid waste and revolving loans.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. Individual fund information for the non-major enterprise funds is found in combining and individual fund statements in a later section of this report.

The basic proprietary fund financial statements are presented on pages 30-33 of this report.

Notes to the basic financial statements:

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are on pages 34-76 of this report.

THE CITY AS A WHOLE

The City's combined net position were $14,407,133 at the end of June 30, 2016 and $14,008,941 at the end of June 30, 2015 for a increase of $398,192 during the year. The net position belonging to the Governmental Activities $8,131,393 and the Business-type Activities $6,275,740.

Table 1

	Governmental Activities		Business-type Activities		Total Primary Government	
	June '30		June '30		June '30	
	2015	2016	2015	2016	2015	2016
Current and other assets	$ 3,662,452	$ 3,517,012	$ 1,167,126	$ 1,206,916	$ 4,829,578	$ 4,723,928
Non-Current assets	5,471,493	5,666,548	6,997,984	6,761,420	12,469,477	12,427,968
Deferred outflows of resources	66,052	146,063	25,510	56,409	91,562	202,472
Total assets and deferred outflows of resources	9,199,997	9,329,623	8,190,620	8,024,745	17,390,617	17,354,368
Current Liabilities	134,679	70,334	485,675	507,191	620,354	577,525
Long term liabilities	639,809	727,072	1,686,011	1,225,365	2,325,820	1,952,437
Deferred inflows of resources	423,906	400,824	11,326	12,449	435,232	413,273
Total liabilities and deferred inflows of r	1,198,394	1,198,230	2,183,012	1,745,005	2,946,174	2,943,235
Net position:						
Net investment in capital assets	5,024,060	5,296,639	4,612,326	4,864,142	9,636,386	10,160,781
Restricted	1,164,450	1,198,801	179,583	113,906	1,344,033	1,312,707
Unrestricted (deficit)	1,813,093	1,635,953	1,215,699	1,297,692	3,028,792	2,933,645
Total net position	$ 8,001,603	$ 8,131,393	$ 6,007,608	$ 6,275,740	$ 14,009,211	$ 14,407,133

Net position of the City's governmental activities increase by $129,790 during the year ended June 30, 2016 compared to $616,366 for the year ended June 30, 2015

The net position of our business type activities increased by $268,402 for the year ended June 30, 2016 compared to $274,967 for the year ended June 30, 2015. This increase in the water and sewer was $233,127 the increase in solid waste $30,927 and the increase $4,348 in the revolving loan fund for the year ended June 30, 2016. The business type activities are used to support the continuing operations of the water and sewer, solid waste and revolving loan activities of the City.

Governmental Activities and Business Type Activities:

The City has net position for 2016 of $14,407,133 and in 2015 of $14,009,211

The City has an increase in net position for 2016 of $398,192 and in 2015 an increase of $891,333

The Governmental Activities recognized less revenue from grants in 2016 as compared to 2016. the other decrease in revenue and the increase in expenses was the result of timing differences.

The revenue decrease within the Business-type Activities and the increase in expenses was the result of timing differences in the recognition of revenue as well as expenses.

Table 2
Changes in Net Position of
Government and Business Type Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	June '30		June '30		June '30	
Revenues:	2015	2016	2015	2016	2015	2016
Program Revenues:						
Charges for services	$ 289,225	$ 256,125	$ 1,604,201	$ 1,681,436	$ 1,893,426	$ 1,937,561
Operating grants	-	-	-	-	-	-
Capital grants	849,583	624,880	-	-	849,583	624,880
General Revenues:						
Property taxes	1,222,178	1,176,565	-	-	1,222,178	1,176,565
Other taxes	839,850	883,666	-	-	839,850	883,666
Interest	5,902	2,607	1,651	139	7,553	2,746
Total Revenues	3,206,738	2,943,843	1,605,852	1,681,575	4,812,590	4,625,418
Expenses						
General government	238,237	274,632	-	-	238,237	274,632
Public safety	1,284,372	1,316,318	-	-	1,284,372	1,316,318
Public works	680,345	790,249	-	-	680,345	790,249
Culture and recreation	57,814	65,133	-	-	57,814	65,133
Community development	117,127	101,586	-	-	117,127	101,586
Interest	15,725	6,318	55,035	40,510	70,760	46,828
Revolving loan	-	-	-	-	-	-
Water and Sewer	-	-	1,169,899	1,362,352	1,169,899	1,362,352
Waste collection	-	-	302,703	270,128	302,703	270,128
Total expense	2,393,620	2,554,236	1,527,637	1,672,990	3,921,257	4,227,226
Excess (deficiency) before transfers and contributions	813,118	389,607	78,215	8,585	891,333	398,192
Gain on sale of capital assets	-	-	-	-	-	-
Transfers	(196,752)	(259,817)	196,752	259,817	-	-
Increase (decrease) in net position	$ 616,366	$ 129,790	$ 274,967	$ 268,402	$ 891,333	$ 398,192

The cost of all governmental activities this year was $2,554,236 compared to $2,383,620 last year. However, as shown in the Statement of Activities on page 24, the amount that our taxpayers ultimately financed for these activities through City taxes was $1,673,231 because some of the cost was paid by those who directly benefited from the programs $256,125 or by other governments and organizations that subsidized certain programs with grants and contribution $624,880

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by 4.72 percent $75,723 in 2016 compared to an decrease $30,343 in 2015 and expenses increased by 9.05 percent $145,353 in 2016 compared to a decrease by 9.70% $164,125 in 2015. The factors driving these results include:

The Water and Sewer had fewer repairs in 2015 as well as a decrease in the interest paid.

THE CITY'S FUNDS

As the City completed the year, its governmental funds as presented in the balance sheet on page 25 reported a combined fund balance of $3,151,458 which is an increase from last year's total of $3,110,587

General Fund Budgetary Highlights

The City Council did adjust the budget during the year ended June 30, 2016.

The City General Fund had a variance of $(54,134) in the revenue. The budget had total revenue of as originally adopted $2,303,138 and as amended $2,428,638 . The actual revenue was $2,374,504. The City Clerk, Mayor and the City Council is monitoring the budget to actual results monthly.

The City General Fund had a variance of $40,066 in expenditures. The budget as originally adopted had total expenditures of $2,105,105 and as amended $2,230,605.The actual expenditures were $2,190,539. The City Clerk, Mayor, City Council and department heads are monitoring the budget to actual results monthly.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2016 the City had $11,903,951 invested in a broad range of capital assets, including police and fire equipment, buildings, roads, bridges, and water and sewer lines. (See Table 4 below.) This amount represents a net decrease) including additions and deductions) of $2,322, or 0.02 percent, over last year. The decrease in net capital assets resulted from the depreciation expense was greater than the capital asset additions.

Table 4
Capital Assets at Year-End June 30, 2014 and 2013
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Primary Government	
	June '30		June '30		June '30	
	2016	2015	2016	2015	2016	2015
Land and construction in proç	$ 770,000	$ 770,000	$ 817,133	$ 644,147	$ 1,587,133	$ 1,414,147
Building and Improvements	588,365	635,014	4,997	7,487	593,362	642,501
Infrastructure	3,457,290	3,233,618	-	-	3,457,290	3,233,618
System and system improvements			5,510,051	5,877,924	5,510,051	5,877,924
Equipment	756,115	738,083	-	-	756,115	738,083
Totals	$ 5,571,770	$ 5,376,715	$ 6,332,181	$ 6,529,558	$ 11,903,951	$ 11,906,273

This year's major addition included:

> The City plans to continue to update its equipment within it's Governmental Activities as well as it's Business-type Activities, as well as a construction project for it's Waste Water Treatment Plant.

See note 5 on page 52 and page 53 of this report for additional information about the City's capital assets.

The City has entered into an agreement with the United States Department of Agriculture to upgrade and expand it's Waste Water Treatment Plant. The upgrade and expansion is estimated to cost approximately $7,737,000 and will be paid for with a grant of $2,070,000 and a loan of $5,667,000. However, these estimates may be adjusted as the construction continues.

Debt

At year-end, the City had $2,381,132 in bonds and notes outstanding verse $2,381,132 last year a increase of $90,795 or 3.96 percent --as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-type Activities		Primary Government	
	June '30		June '30		June '30	
	2016	2015	2016	2015	2016	2015
Leases	$ -	$ -	$ -	$ -	$ -	$ -
Revenue bonds (backed by water & sewer fee revenues)	-	-	751,425	966,256	751,425	966,256
Capital leases	35,254	68,804	-	-	35,254	68,804
Note payable	239,877	283,851	716,614	951,246	956,491	1,235,097
Compensated absences	169,500	110,975	-	-	169,500	110,975
Totals	$ 444,631	$ 463,630	$ 1,468,039	$ 1,917,502	$ 1,912,670	$ 2,381,132

The City did not issue any new debt during the year ended June 30, 2016.
The City does intend to issue new debt for the expansion of it's Waste Water Treatment Plant during the year ended June 30, 2017,

The City repaid debt during the year ended June 30, 2016 in the amount of $449,463 in its business type activities and $ 108,499 in its governmental activities.

See Note 8 on pages 57 - 64 for additional information about the City's long term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year June 30, 2017 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy.

The City is continuing to upgrade its water and sewer system, with a major expansion . to it's Waste Water Treatment System.

If these estimates are realized, the City's budgetary General Fund balance is expected to increase modestly by the close of June 30, 2017.

As for the City's business-type activities, we expect that the June 30, 2017 results will also improve based upon these decisions:

The State of Georgia unemployment rate is 12.4%, whereas the unemployment rate is 7.5% for the City of Blackshear.

Blackshear also features:

A modern library facility.
A modern community center.
The Better Hometown Program is very active within the City.
The Street Scape project In Downtown Blackshear is completed.
The City Park is undergoing extensive improvements.
Other improvements are continuing to be made within the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager's Office at City Hall, Blackshear, Georgia.

Basic Financial Statements

The basic financial statements include the government-wide statement of net position and government-wide statement of activities which include all of the primary government's governmental activities and business-type activities. In addition, the basic financial statements include the fund financial statements and the notes to the financial statements.

City of Blackshear, Georgia
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources:			
Current Assets			
Cash	$ 2,488,388	$ 927,364	$ 3,415,752
Receivables (net)	352,675	274,618	627,293
Intergovernmental receivables	665,399	-	665,399
Notes receivable	-	-	-
Prepaid	10,550	4,934	15,484
Total Current Assets	3,517,012	1,206,916	4,723,928
Non-Current Assets:			
Internal balances	94,778	(94,778)	-
Notes receivable	-	524,017	524,017
Capital assets :			
Land, improvements, and construction in progress	770,000	817,133	1,587,133
Other capital assets, net of depreciation	4,801,770	5,515,048	10,316,818
Total Non-Current Assets	5,666,548	6,761,420	12,427,968
Total assets	9,183,560	7,968,336	17,151,896
Deferred Outflows of Resources	146,063	56,409	202,472
Total Assets and Deferred Outflows of Resources	9,329,623	8,024,745	17,354,368
Liabilities and Deferred Inflow of Resources			
Current Liabilities			
Accounts payable and accrued expenses	16,218	47,198	63,416
Accured Interest	529	3,473	4,002
Intergovernmental	-	-	-
Due within one year	53,587	456,520	510,107
Total Current Liabilities	70,334	507,191	577,525
Long-term liabilities (net of current portion):			
Due in more than one year	221,544	1,011,519	1,233,063
Customer Deposits	-	88,075	88,075
Net Pension Liability	336,028	129,771	465,799
Compensated absences	169,500	-	169,500
Total long term liabilities	727,072	1,229,365	1,956,437
Deferred Inflows of Resources	400,824	12,449	413,273
Total Liabilities and Deferred Inflows or Resources	1,198,230	1,749,005	2,947,235
Net Position			
Net Investment in Capital Assets	5,296,639	4,864,142	10,160,781
Restricted for:			
Debt service	-	113,906	113,906
Capital projects	1,198,801	-	1,198,801
Public Safety	-	-	-
Unrestricted (deficit)	1,635,953	1,297,692	2,933,645
Total net position	$ 8,131,393	$ 6,275,740	$ 14,407,133

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

City of Blackshear, Georgia
Statement of Activities
For The Year Ended June 30, 2016

Functions/Programs	Expense	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
PRIMARY GOVERNMENT:							
Government activities:							
General government	$ 274,632	$ 69,375	$ -	$	$ (205,257)	$ -	$ (205,257)
Public safety	1,316,318	154,580	-	149,829	(1,011,909)	-	(1,011,909)
Public works	790,249	32,170	-	475,051	(283,028)	-	(283,028)
Culture and recreation	65,133	-	-	-	(65,133)	-	(65,133)
Community development	101,586	-	-	-	(101,586)	-	(101,586)
Interest on long-term debt	6,318	-	-	-	(6,318)	-	(6,318)
Total governmental activities	2,554,236	256,125	-	624,880	(1,673,231)	-	(1,673,231)
Business-type activities:							
Revolving loan	-	4,229	-	-	-	4,229	4,229
Solid Waste	270,128	248,313	-	-	-	(21,815)	(21,815)
Water & Sewer	1,402,862	1,428,894	-	-	-	26,032	26,032
Total business-type activities	1,672,990	1,681,436	-	-	-	8,446	8,446
Total primary government	$ 4,227,226	$ 1,937,561	$ -	$ 624,880	(1,673,231)	8,446	(1,664,785)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,176,565	-	1,176,565
Sales Taxes					396,363	-	396,363
Franchise taxes					284,396	-	284,396
Insurance premium tax					198,157	-	198,157
Other taxes					4,750	-	4,750
Gain on sale of capital assets					-	-	-
Interest earned					2,607	139	2,746
Total general revenues					2,062,838	139	2,062,977
Transfers					(259,817)	259,817	-
Total general revenues, special items, and transfers					1,803,021	259,956	2,062,977
Change in net position					129,790	268,402	398,192
Net position---beginning (Restated) See Note 3-A Page 50					8,001,603	6,007,338	14,008,941
Net position---ending					$ 8,131,393	$ 6,275,740	$ 14,407,133

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

City of Blackshear, Georgia
Balance Sheet
Governmental Funds
June 30, 2016

	General	Capital Project 2014 SPLOST	Capital Project CDBG 14p-x 113-2-2231	Other Govern-mental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 1,242,833	$ 682,032	$ 100	$ 563,423	$ 2,488,388
Receivables, net	352,675	-	-	-	352,675
Due from other funds	94,778	-	-	-	94,778
Intergovernmental	176,085	120,825	368,489	-	665,399
Prepaids	10,550	-	-	-	10,550
Inventories	-	-	-	-	-
Total Assets	$ 1,876,921	$ 802,857	$ 368,589	$ 563,423	$ 3,611,790
Liabilities and Deferred inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable and accruals	$ 16,218	$ -	$	$ -	$ 16,218
Due to other funds	-	-	-	-	-
Payable to other governments	-	-	-	-	-
Total Liabilities	16,218	-	-	-	16,218
Deferred Inflows of Resources	34,700	40,825	368,589	-	444,114
Total Liabilities and Deferred Inflows of Resources	50,918	40,825	368,589	-	460,332
Fund balances:					
Nonspendable	10,550	-	-	-	10,550
Restricted:					
Capital Projects	-	762,032	-	436,769	1,198,801
Public Safety	-	-	-		-
Committed					
Public Safety	-	-	-	13,955	13,955
Capital Projects	-	-	-	112,699	112,699
Assigned	-	-	-	-	-
Unassigned	1,815,453	-	-	-	1,815,453
Total Fund Balances	1,826,003	762,032	-	563,423	3,151,458
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 1,876,921	$ 802,857	$ 368,589	$ 563,423	$ 3,611,790

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

City of Blackshear, Georgia
Reconciliation of Total Governmental Fund
Balances to Net Position of Governmental Activities
For The Year Ended June 30, 2016

TOTAL GOVERNMENTAL FUND BALANCES		$ 3,151,458
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		
Cost	8,884,907	
Less accumulated depreciation	(3,313,137)	
Net capital assets		5,571,770
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Inflows Pension	(32,235)	
Outflows Pension	146,063	
Property taxes	13,800	
Grant	-	
Special Local Option Sales Tax	40,825	
Local Option Sales Tax	20,900	189,353
Liabilities, including notes and capital leases are not due and payable in the current period and therefore are not reported in the funds:		
Accrued Interest	(529)	
Notes payable	(239,877)	
Net Pension Liability	(336,028)	
Capital leases	(35,254)	
Compensated absences	(169,500)	(781,188)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 8,131,393

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

City of Blackshear, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended June 30, 2016

Revenues	General	Capital Project 2014 SPLOST	Capital Project CDBG 14p-x 113-2-2231	Other Governmental Funds	Total Governmental Funds
Taxes	$ 2,207,794	$ -	$ -	$ 27,232	$ 2,235,026
Fines and forfeitures	146,114	-	-	8,466	154,580
Intergovernmental	5,000	479,740	111,556	49,929	646,225
Charges for services	3,692	-	-	-	3,692
Interest	2,460	528	-	4,209	7,197
Other	9,444	-	-	-	9,444
Total Revenues	2,374,504	480,268	111,556	89,836	3,056,164
Expenditures					
Current:					
General government	245,311	-	-	50	245,361
Public safety	1,188,695	-	-	4,536	1,193,231
Public works	636,604	-	-	-	636,604
Parks and recreation	18,343	-	-	27,232	45,575
Community development	101,586	-	-	-	101,586
Capital Outlay:					
General government	-	-	-	900	900
Public safety	-	750	-	241,916	242,666
Public works	-	138,410	-	60,048	198,458
Parks and recreation	-	6,774	-	-	6,774
Debt service:					
Principal	-	-	-	77,524	77,524
Interest and other charges	-	-	-	6,797	6,797
Total Expenditures	2,190,539	145,934	-	419,003	2,755,476
Excess (deficiency) of revenues over expenditures	183,965	334,334	111,556	(329,167)	300,688
Other Financing Sources (Uses)					
Inception of lease	-	-	-		-
Sale of general capital assets	-	-	-	-	-
Transfers in	-	-	-	193,803	193,803
Transfers out	(198,033)	(105,223)	(111,556)	(38,808)	(453,620)
Total financing Sources And Uses	(198,033)	(105,223)	(111,556)	154,995	(259,817)
Net Change in Fund Balance	(14,068)	229,111	-	(174,172)	40,871
Fund Balances Beginning	1,840,071	532,921	-	737,595	3,110,587
Fund Balances Ending	$ 1,826,003	$ 762,032	$ -	$ 563,423	$ 3,151,458

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

City of Blackshear, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2016

NET CHANGES IN FUND BALANCES TOTAL GOVERNMENTAL FUNDS			$ 40,871
Amounts reported for governmental activities in the statement of activities are different because:			
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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.			
Capital outlay	$	448,798	
Depreciation expense		(253,743)	195,055
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position deiffers from the change in fund balance by the net book value of assets sold.			
Cost of capital assets sold	$	-	
Less: accumulated depreciation		-	
Net book value of assets sold			-
Elimination of transfers between Governmental funds:			
Transfers in	$	193,803	
Transfers out		(193,803)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Taxes		(10,500)	
Grant		(85,365)	
Special Local Option Sales Tax		(15,500)	
Local Option Sales taxes		(955)	(112,320)
Issuance of long term debt provides current financial resources to governmental funds while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. The issuance of long term debt increases long term liabilities and the repayment of long term debt reduces long term liabilities in the statement of net position.			
Issuance of capital lease		-	
Accrued interest		479	
Repayment of long term debt		77,524	78,003
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Compensated absences		(58,526)	
Pension expense		(13,293)	(71,819)

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

City of Blackshear, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2016

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 129,790

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

City of Blackshear, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2016

Assets and Deferred Outflows of Resources Resources	Enterprise Funds Water and Sewer	Solid Waste	Revolving Loan	Totals
Current assets:				
Cash	$ 504,326	$ 65,295	$ 243,837	$ 813,458
Receivables, net	225,152	49,466	-	274,618
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid	4,934	-	-	4,934
Total Current Assets	734,412	114,761	243,837	1,093,010
Noncurrent assets:				
Restricted cash	113,906	-	-	113,906
Notes Receivable	391,107	-	132,910	524,017
Capital assets:				
Land and improvements	644,147	-	-	644,147
Construction in progress	172,986	-	-	172,986
Distribution, collection systems and		-		
Buildings and equipment	13,129,008	-	-	13,129,008
Less accumulated depreciation	(7,613,960)	-	-	(7,613,960)
Total Noncurrent Assets	6,837,194	-	132,910	6,970,104
Deferred Outflows of Resources	34,218	22,191		56,409
Total Assets and Deferred Outflows of Resources	$ 7,605,824	$ 136,952	$ 376,747	$ 8,119,523
Liabilities and Deferred Inflows of Resources and Net Position:				
Current liabilities:				
Accounts payable and accrued expenses	$ 29,103	$ 18,095	$ -	$ 47,198
Accrued interest bonds and notes	3,473	-	-	3,473
Due to other funds	94,778	-	-	94,778
Bonds, notes, and loans payable	456,520	-	-	456,520
Total Current Liabilities	583,874	18,095	-	601,969
Noncurrent liabilities:				
Customer deposits	88,075	-	-	88,075
Net pension liability	78,720	51,051		129,771
Bonds, notes, and loans payable	1,011,519	-	-	1,011,519
Total Noncurrent Liabilities	1,178,314	51,051	-	1,229,365
Total Liabilities	1,762,188	69,146	-	1,831,334
Deferred Inflows of Resources	7,552	4,897		12,449
Total Liabilities and Deferred Inflows of Resources	1,769,740	74,043	-	1,843,783
Net Position				
Net Investment in capital assets	4,864,142	-	-	4,864,142
Restricted for debt service	113,906	-	-	113,906
Unrestricted	858,036	62,909	376,747	1,297,692
Total Net Position	5,836,084	62,909	376,747	6,275,740
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 7,605,824	$ 136,952	$ 376,747	$ 8,119,523

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

City of Blackshear, Georgia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2016

	Enterprise Funds			
	Water and Sewer	Solid Waste	Revolving Loan	Totals
OPERATING REVENUES				
Charges for services	$ 1,263,864	$ 248,313	$ -	$ 1,512,177
Other service charges	165,030	-	-	-
Interest on Loans	-	-	4,229	4,229
TOTAL OPERATING REVENUES	1,428,894	248,313	4,229	1,516,406
OPERATING EXPENSES				
Personnel services	164,779	90,724	-	255,503
Contracted services	465,816	143,245	-	609,061
Repairs and maintenance	80,866	10,248	-	91,114
Other supplies and expense	236,735	25,911	-	262,646
Depreciation	414,156	-	-	414,156
TOTAL OPERATING EXPENSES	1,362,352	270,128	-	1,632,480
OPERATING INCOME (LOSS)	66,542	(21,815)	4,229	(116,074)
NONOPERATING INCOME (EXPENSES)				
Loans receivable write off	-	-	-	-
Interest revenue	20	-	119	139
Other	-	-	-	-
Interest expense	(40,510)	-	-	(40,510)
TOTAL NONOPERATING INCOME (EXPENSES)	(40,490)	-	119	(40,371)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	26,052	(21,815)	4,348	(156,445)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	216,779	-	-	216,779
Transfers In	-	62,446	-	62,446
Transfers Out	(9,704)	(9,704)	-	(19,408)
NET CAPITAL CONTRIBUTIONS AND TRANSFERS	207,075	52,742	-	259,817
CHANGE IN NET POSITION	233,127	30,927	4,348	103,372
				-
TOTAL NET POSITION BEGINNING (Restated)				
See Note 3-A Page 49	5,602,957	31,982	372,399	6,007,338
TOTAL NET POSITION ENDING	$ 5,836,084	$ 62,909	$ 376,747	$ 6,110,710

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

City of Blackshear, Georgia
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2016

	Enterprise Funds			
	Water and Sewer	Solid Waste	Revolving Loan	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 1,432,325	$ 244,956	$ 4,229	$ 1,681,510
Payments to suppliers	(764,497)	(180,182)	-	(944,679)
Payments to employees	(199,484)	(90,724)	-	(290,208)
Other receipts (payments)	-	-	-	-
Net cash provided by operating activities	468,344	(25,950)	4,229	446,623
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans receivable	-	-	14,831	14,831
Transfers In (Out)	(9,704)	52,742	-	43,038
Deferred Outflows	-	2,019	-	2,019
Net cash (used) by Noncapital Financing Activities	(9,704)	54,761	14,831	59,888
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	-	-	-
Proceeds from sale of equipment	-	-	-	-
Capital contributions	-	-	-	-
Acquisition and Construstion of Capital Assets	(216,799)	-	-	(216,799)
Principal paid on Revenue bonds & equipment debt	(449,463)	-	-	(449,463)
Tranfer in 2014 SPLOST & CDBG 14	216,779	-	-	216,779
Interest paid on Revenue bonds & equipment debt	(41,659)	-	-	(41,659)
Other receipts (payments)	24,356	-	-	24,356
Net cash (used) by capital and related financing activities	(466,786)	-	-	(466,786)
CASH FLOWS FROM INVESTING ACTIVITIES				
	-	-	-	-
Interest	20	-	119	139
Net cash provided by investing activities	20	-	119	139
Net (decrease) in cash and cash equivalents	(8,126)	28,811	19,179	39,864
BALANCES BEGINNING OF THE YEAR	626,358	36,484	224,658	887,500
BALANCES END OF THE YEAR	$ 618,232	$ 65,295	$ 243,837	$ 927,364
Displayed As:				
Cash	$ 504,326	$ 65,295	$ 243,837	$ 813,458
Restricted cash	113,906	-	-	113,906
CASH BALANCE END OF YEAR	$ 618,232	$ 65,295	$ 243,837	$ 927,364

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

City of Blackshear, Georgia
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2016

	Enterprise Funds			
	Water and Sewer	Solid Waste	Revolving Loan	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 66,542	$ (21,815)	$ 4,229	$ 48,956
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	414,156	-	-	414,156
Change in assets and liabilities:				
Receivables	3,431	(3,357)	-	74
Prepaid	-	-	-	-
Accounts and other payables	-	(778)	-	(778)
Accrued expenses	(15,785)	-	-	(15,785)
Deposits	-	-	-	-
Net cash provided by operating activities	$ 468,344	$ (25,950)	$ 4,229	$ 446,623

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Blackshear, Georgia
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City of Blackshear, Georgia
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The City of Blackshear, Georgia (the "City") is a Georgia municipal corporation and operates under a charter and a mayor/council form of government.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. For it enterprise funds, the City applies any FASB statements and interpretations issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

1-A. Reporting Entity

The reporting entity is comprised of the primary government, and other organizations that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level.

Discretely Presented Component Units - Based on the GASB criteria, the City has no entities that qualify as discretely presented component units.

Blended Component Units - Based on the GASB criteria, the City has no entities that qualify as blended component units.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements - The government-wide financial statements include a statement of net position and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finances annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds; governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to they purposes for which the may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following is the City's major governmental fund:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

Capital Project Funds:

The 2014 Special Local Option Sales Tax Fund is to account for the acquisition and construction of major facilities as required by the resolution.

Grant 14p-x-113-2-2231 Fund is to account for the construction per the grant documentation and budgets.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise funds. The following is the City's major Proprietary Funds:

Water and Sewer System Fund - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

Solid Waste Fund- To account for the collection of funds for the removal and disposal of yard and other waste material.

Revolving Loan Fund - To account for the loan activity within the employment incentive program.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses, including depreciation.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 4-c) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue form non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue:

Unearned Revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E. Assets, Liabilities and Fund Equity

1-E-1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Georgia law authorizes the City to invest in the following type of obligations:

Obligations of the State of Georgia or of any other states
Obligations of the United states Government
Obligations fully insured or guaranteed by the Government of governmental agency
Obligations of any corporation of the government
Prime bankers' acceptances
The State of Georgia local government investment pool (i.e., Georgia Fund I)
Repurchase agreements
Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

1-E-2. Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed.

1-E-3. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure in the year in which the services are consumed. At the fund reporting level, an equal amount of fund balance in reserved as this amount is not available for general appropriation.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-4 Receivables:

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Accounts receivable comprise the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The majority receivable for the City is property taxes and grant receivable. Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Property taxes are levied by the last quarter of the year in which they are assessed, or as soon after as deemed practical. Taxes are due and payable when levied. Property taxes are levied on all taxable real, public utility and personal property (including vehicles) located within the City. Assessed values for property tax purposes are determined by the Pierce County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Public utility assessed values are established by the State of Georgia. The City of Blackshear may place liens on property once the related tax payments become delinquent.

The property tax calendar is as follows:

Beginning of year for taxes	January 1, 2015
Levy date and Millage Rate Established	September 18, 2015
Real Property Assessment Notice Mailed	May 20, 2015
City digest approved by the State of Georgia	August 30, 2015
Real Property tax bill rendered	November 20, 2015
Real Property tax payment due	January 20, 2016

1-E-5. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement to net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-5. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consist of roads, bridges and water and sewer lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend as asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

The City of Blackshear is a Phase III Government in regards to the implementation of GASB 34. Therefore, the infrastructure included in these financial statements includes the infrastructure added since GASB 34 was implemented. Infrastructure prior to the implementation of GASB 34 is not included.

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	20 years	20 years
Buildings and plant	40 years	40 years
Machinery and equipment	5 - 10 years	5 - 30 years
Vehicles	8 years	8 years
Infrastructure	10 - 65 years	0
System Improvements Water & Sewer	0	30-40 Years

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003.

It is the City's policy to capitalize interest during construction. The interest is capitalized net of interest income from the proceeds of related tax exempt debt. Interest costs capitalized during the year ended June 30, 2016 was $0.00.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-6. Compensated Absences

Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only *"when due."*

1-E-7. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

1-E-8. Bond Premiums, Discounts and Issuance Cost

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable and bonds payable and bond issuance costs are expensed in the period incurred.

1-E-9. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance- Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-9. Fund Equity (Continued)

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because that are either (a) no in spendable form (I.E., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted or committed. Through resolution, the City Council has authorized the City's Mayor to assign fund balances.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund.

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

Committed
Assigned
Unassigned

Net Position- Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used (i.e., the amount the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted as described in the fund balance section above. All other net positions are reported as unrestricted .

The City applies restricted resources first when an expense is incurred for purposed for which both restricted and unrestricted net positions are available.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-10. Operating and non-operating revenues and expenses: Revenues and Expense

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and or services. Also included are all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first, then unrestricted resources as needed.

Expenditures/expenses:

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, governmental fund expenditures are classifies by character i.e. current (further classified by function), debt service, and capital outlay. Proprietary fund expenses are classified as operating and non-operating.

In the fund financial statements, governmental funds report expenditures of current financial resources. Proprietary funds report expenses relating to use of economic resources.

1-E-11. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-12. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement of repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-12. Interfund Activity (continue)

Policy for eliminating internal activity in government-wide statements:

Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

Internal activities- amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for for the net amount of transfers between governmental and business-type activities, which are reported as transfers-internal activities.

The effect of interfund services between funds is not eliminated in the statement of activities.

1-E-13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Stewardship, Compliance and Accountability

2-A. Budgetary Information - The City adopts an annual operating budget for the general fund and enterprise fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on the modified accrual basis of accounting. The budget for the enterprise funds are prepared on the accrual basis of accounting.

The City Charter established the fiscal year as the twelve-month period beginning July 1. The departments submit to the City Administer a budget of estimated expenditures for the ensuing fiscal year after which the City Administer subsequently submits a budget of estimated expenditures and revenues to the City Council by May 1.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The City follows these procedures in establishing budgetary data reflected in the financial statements:

Prior to May 1, the City Clerk prepares a proposed budget for the fiscal year commencing July 1.

The City Clerk submits the proposed budget to the Mayor and Council.

Public hearings are held to obtain taxpayer's comments.

The budget is legally enacted through the passage of a resolution.

All revisions to the budget must be submitted to the City Council for approval.

Budgetary appropriations lapse at the end of the fiscal year.

Encumbrances - The City does not use encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

The City Council may transfer funds from one object or purpose to another within the same department.

The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

3. Excess of Expenditures Over Appropriations

No fund had expenditures over appropriations for the year ended June 30, 2016.

Fund	Appropriation	Expenditures	Over-Appropriation

Note 4 - Detailed Notes on All Funds

4. Receivables

Receivables at June 30, 2016, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

The receivable between the general fund and the water and sewer fund is cash advanced to the water and sewer fund which will be repaid within one year.

NOTE 4. RECEIVABLES AND PAYABLES

Receivables

Receivables at June 30, 2016 were as follows:

	Accounts	Taxes	Due from Other Gov't	Notes	Interest	Total
Governmental activities:						
General	$ 7,540	$ 343,860	$ 176,085	$ -	$ 1,275	$ 528,760
Special revenue	-	-	-	-	-	-
Capital projects	-	-	489,314	-	-	489,314
Total governmental activities	$ 7,540	$ 343,860	$ 665,399	$ -	$ 1,275	$ 1,018,074
Business-type activities:.						
Water and Sewer	$ 225,152	$ -	$ -	$ -	$ -	$ 225,152
Solid Waste	49,466	-	-	-	-	49,466
Note Receivable	391,107	-	-	132,910	-	524,017
Total business-type activities	$ 665,725	$ -	$ -	$ 132,910	$ -	$ 798,635

Payables at June 30, 2016, were as follows:

Governmental activities:	Vendors	Salaries/ Benefits	Accrued Interest	Other	Total Payables
General	$ 16,218	$ -	$ -	$ -	$ 16,218
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Total governmental activities	$ 16,218	$ -	$ -	$ -	$ 16,218
Business-type activities:					
Water and Sewer	$ 29,103	$ -	$ 3,473	$ -	$ 32,576
Solid Waste	18,095	-	-	-	18,095
Revolving loan	-	-	-	-	-
Total business-type activities	$ 47,198	$ -	$ 3,473	$ -	$ 50,671

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government

Governmental activities--Net Position Invested in Capital Assets Net of Related Debts:

	Beginning Balance	Increase	Decrease	Ending Balance
Not being depreciated:				
Land	$ 770,000	$ -	$ -	$ 770,000
Being depreciated:				
Buildings	1,490,333		-	1,490,333
Equipment	2,497,245	115,233		2,612,478
Infrastructure	3,678,531	333,565	-	4,012,096
Totals	7,666,109	448,798	-	8,114,907
Less accumulated depreciation for:				
Buildings	855,319	46,649	-	901,968
Equipment	1,759,162	97,201		1,856,363
Infrastructure	444,913	109,893	-	554,806
Totals	3,059,394	253,743	-	3,313,137
Depreciable-net	4,606,715	195,055	-	4,801,770
Capital Assets-Net	5,376,715	195,055	-	5,571,770
Leases Payable	68,804		33,550	35,254
Note Payable	283,851	-	43,974	239,877
Totals	352,655	-	77,524	275,131
Capital Assets Net of Related Debt	$ 5,024,060	$ 195,055	$ 77,524	$ 5,296,639

Current year increases in the accumulated depreciation of the capital assets were allocated to the governmental functional activities as follows:

General government	$ 17,566
Police	52,983
Fire	27,548
Public Works	136,088
Parks	19,558
Total	$ 253,743

NOTE 5. CAPITAL ASSETS (CONT'D)

Business-type activities-Net Position Invested in Capital Assets Net of Related Debts:

	Beginning Balance	Increase	Decrease	Ending Balance
Not being depreciated:				
Construction in progress	$ -	$ 172,986	$ -	$ 172,986
Land	644,147	-	-	644,147
Total	644,147	172,986	-	817,133
Being depreciated:				
Buildings	74,717	-	-	74,717
System Improvements	13,010,498	43,793	-	13,054,291
Total	13,085,215	43,793	-	13,129,008
Less accumulated depreciation for:				
Buildings	67,230	2,490	-	69,720
Systems Improvements	7,132,574	411,666	-	7,544,240
Total	7,199,804	414,156	-	7,613,960
Depreciable-net	5,885,411	(370,363)	-	5,515,048
Capital Assets-Net	6,529,558	(197,377)	-	6,332,181
Notes Payable	535,513	-	210,006	325,507
Notes Payable	415,733	-	24,626	391,107
Revenue Bonds	966,256	-	214,831	751,425
Total	1,917,502	-	449,463	1,468,039
Capital Assets				
Net of Related Debt	$ 4,612,056	$ (197,377)	$ (449,463)	$ 4,864,142

NOTE 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows of Resources

Statement of Net Position:

In addition to assets, the statement of net position reports a separate section for deferred expenses. This separate financial statement element, *deferred outflows of resources,* represents a decrease in net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The City reports two of these items.

The deferred outflows of resources are reported in the Statement of Net Postion in the Governmental Activities and the Business-type Activities as follows:

NOTE 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

Statement of Net Position:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflow of Resources-Pensions	$ 146,063	$ 56,409	$ 202,472

The reporting requirements of GASB 68 Accounting and Financial Reporting for Pensions and is timing difference between the September 30, 2015 year end of the Actuarial Valuation and Review of the Georgia Municipal Employees Benefit System and the June 30, 2016 of the City.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred 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 ill not be recognized as an inflow of resources (revenue) until that time. The City reports three of these items.

The Deferred Inflows of Resources are reported on the Governmental Funds Balance Sheet as follows:

Governmental Activities:

CDBG 14p-x-113-2-2231	368,589
Deferred Inflow of Resources-Pensions	32,235
Total Governmental Activities	400,824

Business-Type Activities:

Deferred Inflow of Resources-Pensions	$ 12,449

Governmental Funds:
Balance Sheet

General Fund:

Local Option Sales Tax	$ 20,900
Property Taxes	13,800
Total General Fund	$ 34,700

NOTE 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)

Deferred Inflows of Resources

2014 SPLOST:

Special Local Option Sales Taxes	$ 40,825

CDBG 14p-x-113-2-2231:

Defered Grant Revenue	$ 368,589

These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

NOTE 7. INTERFUND BALANCES AND ACTIVITY

Transfers:

Interfund balances at June 30, 2016 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Fund Transferred From:	Fund Transferred To:	Amount	Purpose
General Fund	Solid Waste Fund	$ 62,446	To pay current operations.
General Fund	Capital Improvement Fund	135,587	To purchase capital assets
Water and Sewer Fund	Multi Purpose Building	9,704	To provide for payment of note
Solid Waste	Capital Improvement Fund	9,704	To purchase capital assets
Capital Improvement Fund	Multi Purpose Building	38,808	To provide for payment of note
2014 SPLOST	Water and Sewer Fund	105,223	To transfer the capital assets provided to the water and sewer fund by the 2014 SPLOST fund. All expenditures were made with the 2014 SPLOST fund.
CDBG 14p-x-113-2-2231	Water and Sewer Fund	111,556	To transfer the capital assets provided to the water and sewer fund by the CDBG14-p fund. All expenditures were made with the CDBG14-p fund.

Interfund Balances:

Receivable Fund:	Payable Fund	Amount
General fund	Water and Sewer Fund	$ 94,778

All interfund balances are due either to timing differences within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2017.

NOTE 8. LONG-TERM OBLIGATIONS

Governmental Activities:	Outstanding 7/1/2015	Additions	Deductions	Outstanding 6/30/2016	Due In one year	Due In more than one year
Note payable	$ 283,851	-	$ 43,974	$ 239,877	$ 36,245	$ 203,632
Capital lease	5,300	-	5,300	-	-	-
Capital lease	11,461	-	11,461	-	-	-
Capital lease	52,043		16,789	35,254	17,342	17,912
Compensated absences	110,975	89,500	30,975	169,500	-	169,500
Total governmental activities	$ 463,630	$ 89,500	$ 108,499	$ 444,631	$ 53,587	$ 391,044

Notes Payable:

The City entered into a note with the United States Department of Agriculture in April of 2002 for the purpose of constructing a Multi Purpose Building to house the City Fire, Police and Public Works. The original principal portion of the loan was $606,000. The repayment is as follows: $28,785 due April 16, 2003 with $4,043 due the 16th of each month thereafter for a period of 20 years at 4.750%.

Year Ended	Principal	Interest	Total Princ & Interest
6/30/2017	$ 36,245	$ 12,271	$ 48,516
6/30/2018	37,568	10,948	48,516
6/30/2019	38,891	9,625	48,516
6/30/2020	40,214	8,302	48,516
6/30/2021	40,214	8,302	48,516
6/30/2022-2026	46,745	52,625	99,370
6/30/2027-2031	-	-	-
Totals	$ 239,877	$ 102,073	$ 341,950

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

The City entered into a capital lease with Branch Bank & Trust on May 6, 2013 for the purpose to providing a police car video system. The original principal portion is $20,895. The payment amounts are $5,463.79 with the first payment due on May 6, 2013 and the final payment due on May 6, 2016.The interst rate portion of the lease is 3.080%. The Police Car Video System has a book basis of $14,115 (Cost of $20,895 less accumulated depreciation of $6,780).

Year Ended	Principal	Interest	Total
6/30/2017	$ -	-	-
6/30/2018	-	-	-
6/30/2019	-	-	-
6/30/2020	-	-	-
6/30/2021	-	-	-
6/30/2022-2026	-	-	-
6/30/2027-2031	-	-	-

The City entered into a capital lease with Branch Bank & Trust on May 6, 2013 for the purpose to providing a police car video system. The original principal portion is $20,895. The payment amounts are $5,463.79 with the first payment due on May 6, 2013 and the final payment due on May 6, 2016.The interst rate portion of the lease is 3.080%. The Police Car Video System has a book basis of $14,115 (Cost of $20,895 less accumulated depreciation of $6,780).

Year Ended	Principal	Interest	Total
6/30/2017	$ -	-	-
6/30/2018	-	-	-
6/30/2019	-	-	-
6/30/2020	-	-	-
6/30/2021	-	-	-
6/30/2022-2026	-	-	-
6/30/2027-2031	-	-	-
Totals	$ -	$ -	$ -

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

Capital Lease:

The City entered into a capital lease with Branch Bank & Trust on June 1, 2015 for the purpose to providing 1 2015 Ford Pursuit Sedan and 1 2015 Ford F 150 Police vehicles. The original prinicipal portion is $52,043 . The payment amounts are $18,501.60 with the first payment due on June 2, 2016 and the final payment due on June 1, 2018. The interst rate portion of the lease is 3.29%. The 2 Police Vehicles has a book basis os $48,326 (Cost of $52,043 less accumulated depreciation of $3,717).

Year Ended	Principal	Interest	Total Princ & Interest
6/30/2017	$ 17,342	1,160	18,502
6/30/2018	17,912	590	18,502
6/30/2019	-	-	-
6/30/2020	-	-	-
6/30/2021	-	-	-
6/30/2022-2026	-	-	-
6/30/2027-2031	-	-	-
Totals	$ 35,254	$ 1,750	$ 37,004

Compensated Absences:

	Balance 6/30/15	Additions	Deductions	Balance 6/30/2016
Compensated absences:	$ 110,975	$ 89,500	$ 30,975	$ 169,500

The compensated absences are expected to be paid from the fund benefited.

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

Business type activities:

Business type activities:	Outstanding 7/1/2015	Additions	Deductions	Outstanding 6/30/2016	Due In one year	Due In more than one year
Note payable	$ 535,513	$ -	$ 210,006	$ 325,507	$ 213,579	$ 111,928
Bond payable	966,256	-	214,831	751,425	221,504	529,921
Note Payable	415,733	-	24,626	391,107	21,437	369,670
Total business type activitie	$ 1,917,502	$ -	$ 449,463	$ 1,468,039	$ 456,520	$ 1,011,519

The following schedules represent the annual requirements to amortize the notes outstanding at June 30, 2016.

Georgia Environmental Facilities Authority note 98-L74-WQ: The original issue date was March 1, 2000 with a maturity date of December 1, 2017. The payments are due quarterly in the amount of $54,402.89 with an interest rate of 1.68%. The original amount of the note was $2,666,732.04. The purpose of the note was to update and improve the water and sewer system.

Year Ended	Interest Rate	Principal	Interest	Total Requirement
6/30/2017	1.68%	213,579	3,761	217,340
6/30/2018	1.68%	111,928	532	112,460
6/30/2019	1.68%	-	-	-
6/30/2020	1.68%	-	-	-
6/30/2021	1.68%	-	-	-
6/30/2022-2026	1.68%	-	-	-
6/30/2027-2031	1.68%	-	-	-
Totals		$ 325,507	$ 4,293	$ 329,800

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

Water and Sewer Promissory Note entered August 4, 2004 in the amount of $2,500,000. Issued at an interest rebate of 4.10% for the purpose of paying off GEFA Loans and providing funding for the additional construction of the sewer treatment facilities. The bonds will mature on June 1, 2020. The bonds will be interest only thru June 1, 2006 then 52 quarterly installments to be paid on March 1, June 1, September 1 and December 1.

Year Ended	Interest Rate	Principal	Interest	Total Requirement
6/30/2017	4.10%	221,504	27,546	249,050
6/30/2018	4.10%	230,727	18,323	249,050
6/30/2019	4.10%	236,668	12,382	249,050
6/30/2020	4.10%	62,526	2,750	65,276
6/30/2021	4.10%	-	-	-
6/30/2022-2026	4.10%	-	-	-
6/30/2027-2031	4.10%	-	-	-
Totals		$ 751,425	$ 61,001	$ 812,426

Water and Sewer Promissary Note: Issued February 8, 2011 in the amount of $498,000.00 at an interest rebate of 3.25% for the purpose of providing water and sewer to a school for the Board of Education. The note is with the United States Department of Agriculture. The City then entered into an Intergovernmental Contract with the Board of Education on March 17, 2011 whereby the Board of Education will pay the City $498,000 at a reate of 3.25% in equal monthly installmets of $2,829.00 monthly for a period of twenty years. The City is responsible to the United States Department of Agriculture to pay monthly installments of $2,829.00 monthly for a period of 20 years with the first payment to be due on March 8, 2011 and continue as provided below:

Year Ended	Interest Rate	Principal	Interest	Total Requirement
6/30/2017	3.25%	21,437	12,511	33,948
6/30/2018	3.25%	22,145	11,803	33,948
6/30/2019	3.25%	22,874	11,074	33,948
6/30/2020	3.25%	23,630	10,318	33,948
6/30/2021	3.25%	22,874	9,562	32,436
6/30/2022-2026	3.25%	130,368	39,372	169,740
6/30/2027-2031	3.25%	147,779	16,402	164,181
6/30/2032-2037	3.25%	-	-	-
Totals		$ 391,107	$ 111,042	$ 502,149

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

The following requirements are made by the bond contract:

A. Pledge of Revenues
The Revenues Bonds are secured by a pledge of all gross revenues of the system and impact fees.

B. Establishment of Various Accounts
1. Revenue Fund Account - to pay all operating and maintenance costs of the system.

2. Sinking Fund Account - to pay principal and interest coming due during the current fiscal year. The amounts in this account are restricted by the bond resolution. Since the amounts are derived from operating revenues and are restricted, a corresponding revenues has been established in the retained earnings.

C. Investment Restrictions
The resolution provides that all monies in the above funds and accounts may only be invested in direct obligations of the U.S. Government, or in obligations unconditionally guaranteed by the U.S. Government. All funds are required to be deposited in federally insured institutions.

D. Other Covenants
The resolution provides for several covenants, such as required revenue rates, annual audit, minimum insurance levels, and exemption form federal income tax. As of June 30, 2014 all of the requirements for the Sinking Fund and Revenue Accounts had been met.

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

Annual debt service requirements to amortize all obligations outstanding, as of June 30, 2016 are as follows:

Governmental Type Activities

Year Ending June 30	Capital Lease		Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	17,342	1,160	36,245	12,271	53,587	13,431
2018	17,912	590	37,568	10,948	55,480	11,538
2019	-	-	38,891	9,625	38,891	9,625
2020	-	-	40,214	8,302	40,214	8,302
2021	-	-	40,214	8,302	40,214	8,302
2022-2026	-	-	46,745	52,625	46,745	52,625
2027-2030	-	-	-	-	-	-
2031-2035			-	-	-	-
	$ 35,254	$ 1,750	$ 239,877	$ 102,073	$ 275,131	$ 103,823

Business Type Activities

Year Ending June 30	Bonds		Note Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 221,504	$ 27,546	$ 235,016	$ 16,272	$ 456,520	$ 43,818
2018	230,727	18,323	134,073	12,335	364,800	30,658
2019	236,668	12,382	22,874	11,074	259,542	23,456
2020	62,526	2,750	23,630	10,318	86,156	13,068
2021			22,874	9,562	22,874	9,562
2022-2026	-	-	130,368	39,372	130,368	39,372
2027-2030	-	-	147,779	16,402	147,779	16,402
2031-2035	-	-	-	-	-	-
	$ 751,425	$ 61,001	$ 716,614	$ 115,335	$ 1,468,039	$ 176,336

NOTE 8. LONG-TERM OBLIGATIONS (CONT'D)

Capitalization of Interest

Interest costs incurred in the Water and Sewer and Solid Waste Enterprise Funds during construction are capitalized, net of interest income from the proceeds of related tax exempt debt, as part of the cost of the related assets of the Water and Sewer Enterprise Fund.

Interest costs on long-term incurred and capitalized during the year ended June 30, 2016 were as follows:

	Total Interest Costs Incurred	Interest Costs Capitalized	Net Interest Expense
Business-type activities:			
Water and Sewer Fund	$ 55,035	$ -	$ 55,035
Solid Waste Fund	-	-	-
Totals	$ 55,035	$ -	$ 55,035

Note 9. PENSIONS

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the City of Blackshear's Pension Plan (CBPP) and additions to/deduction from CBPP's fiduciary net position have been determined on the same basis as they are reported by CBPP. For this purpose, payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description--The City contributes to the City of Blackshear Retirement Plan, which participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer defined benefit pension plan. O.C.G.A. Section 47-5-1 et Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GEMBS to the respective employer entities. For the City of Blackshear Retirement Plan, that authority rests with the City of Blackshear, Georgia. It is the responsibility of GMEBS to function as the investment and administrative agent for the City of Blackshear, Georgia with respect to the pension plan. GMEBS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employee Benefit Systems, 201 Pryor Street, SW, Atlanta, Georgia 30303 or calling (404) 688-0472.

Benefits Provided. CBPP provides retirement, disability, and death benefits. Retirement benefits are determined as 1.25 percent of the employee's final 3-year average compensation times the employee's years of service. Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits. As a result of this change, all Employees are now included in the valuation. Elected officials are not covered. The employees are vested after five years. The normal retirement age is sixty five plus five years with the early retirement age being fifty five plus ten years.

Note 9. PENSIONS

Contributions - The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet the applicable state funding standards. Under the City of Blackshear's Pension Plan, the City makes 100% of the contributions to the plan. The contractually required contributions, which are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported the net pension liability. The amount recognized by the City as the net pension liability were as follows:

City's Net Pension Liability:	
Governmental Activities	$ 336,028
Business-Type Activities	129,771
total Net Pension Liability	$ 465,799

The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's net pension liability was based on the projection of the City's long-term contributions to the pension plan. Actuarially determined at September 30, 2015.

For the year ended June 30, 2016 the City recognized pension expense of $91,690.

Note 9. PENSIONS

Net Pension Liability: Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balances at September 30, 2014 (*)	$ 1,654,292	$ 1,313,798	$ 340,494
Changes for the year:			
Service Cost	35,999	-	35,999
Interest	124,541	-	124,541
Differences between expected and actual experiences	41,770	-	41,770
contributions--employer	-	66,805	(66,805)
Contributions--employee	-	-	-
Net investment income	-	16,150	(16,150)
Benefit payments, including refunds of employee contributions	(94,611)	(94,611)	-
Administrative expense	-	(5,950)	5,950
Other	-	-	-
Net Changes	107,699	(17,606)	125,305
Balances at September 30, 2015 (**)	$ 1,761,991	$ 1,296,192	$ 465,799

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	$ 677,980	$ 465,799	$ 289,230

(*) Entry age Normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014.. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending June 30, 2015.

(**) Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal yer ending June 30, 2016.

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

Note 9. PENSIONS

Deferred Outflows/Inflows of resources related to pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 65,357	$ -
Changes in assumptions		(4,032)
Net difference between projected and actual earnings on investments	41,031	-
Employer contributions October 1, 2015 thru June 30, 2016	96,084	
Total	$ 202,472	$ (4,032)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension:

	Year Established	Outstanding Balance at July 1, 2015	Amount Recognized During FYE June 30, 2016	Outstanding Balance at June 30, 2016
Fiscal year Outflows				
Demographic	2,015	42,588	10,647	31,941
Demographic	2,016	41,770	8,354	33,416
Investment	2,016	84,361	16,873	67,488
Total Outflows		168,719	35,874	132,845
Fiscal year Inflows				
Investment	2,015	(35,276)	(8,819)	(26,457)
Assumption Change	2,015	(5,376)	(1,344)	(4,032)
Total Inflows		(40,652)	(10,163)	(30,489)
Total		128,067	25,711	102,356

For the Year Ended June 30:	
2017	25,710
2018	25,710
2019	25,710
2020	25,226
Thereafter	-

Note 9. PENSIONS

Valuation Date:	The actuarially determined contribution rate was determined as of January 1, 2015, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2016
Actuarial Cost Method	Projected Unit Cost
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, necessary, to be within 20% of market value.

Actuarial assumptions:

Net investment rate of return		7.75%	On-going basis, based on long-term expected rate of return on pension plan investments.
Projected salary increases		3.25% plus service based merit increases	
Retirement Age	Normal Retirement age		65 with 5 years of service
	Early Retirement age		55 with 10 years of service
Social security wage base increase:		3.25%	
Cost of living adjustments		0.00%	

Membership of the Plan:

The valuation was mede with respect to the following data:

Pensioners as of the valuation date (including 2 beneficiaries	20
Participants inactive during year ended December 31, 2015 with vested rights	16

Note 9. PENSIONS

Participants active during the year ended December 31, 2015 (including 0 elected officials)			34
Fully vested		19	
Not vested		15	
The actuarial factors as of the valuation date are as follows:			
Normal cost, including administrative expenses			$ 49,445
Present value of future benefits			2,045,555
Actuarial accrued liability:			1,610,404
Pensioners and beneficiaries	$	779,656	
Inactive participants with vested rights		225,462	
Active participants		605,286	
Actuarial value of assets ($1,296,192 at market value)			1,393,127
Unfunded/(Surplue) actuarial accrued liability			$ 217,277

Note 9. PENSIONS

The determination of the recommended contribution is as follows:	Year Beginning Jan. 1, 2016	Year Beginning Jan. 1, 2015
Total benefit normal cost	$ 41,067	$ 37,167
Administrative expenses	8,378	6,352
Expected employee contributions	-	-
Employer normal cost	49,445	43,519
Actuarial accrued liability at valuation date	1,610,404	1,512,940
Actuarial value of assets at valuation date	1,393,127	1,335,464
Unfunded/(surplus) actuarial accrued liability	217,277	177,476
Payment on unfundeed/(surplus) actuarial accrued liability*	30,844	25,194
Fully funding credit	-	-
Recommended mid-year contribution at valuation date	80,289	63,713
Adjustment to fiscal year **	3,053	2,613
Total recommended mid-year contribution, for fiscal year	$ 83,342	$ 71,326
Total recommended contribution as a percentage of expected payroll	6.95%	5.93%

* Details of the amortization payment are show in Section 5, Exhibit II of the Actuarial Valuation and Review Report dated January 1, 2016.

** Fiscal Year Begins July 1, 2016

Mortality Rates:

Healthy: RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward tow years for males and one year for females.

Disabled: RP-2000 Disabled Retiree Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

Note 9. PENSIONS

Plan termination basis (all lives) 1994 Group Annuity Reserving Unisex Table

The RP-2000 mortality tables were determined to contain sufficient provisions appropriate to reasonably reflect future mortality improvements based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

Net Investment Return:

On-going basis: 7.75% on-going basis, vased on long-term expected rate of return on pension plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real Estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Plan termination basis: 2.86% (30 year Treasury Securities Rate as of August, 2015, published in September, 2015; 3.20% last year)

Note 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The City joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

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

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

To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.

To select a person to serve as a Member representative.

To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all records, including but not limited to financial records, which relate to the purposes of GIRMA.

To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim make against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.

To assist and cooperate in the defense and settlement of claims against the City.

To furnish full cooperation to GIRMA'S attorneys claims adjuster, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.

To furnish to GIRMA such budget, operating and underwriting information as may be requested.

Note 10 - RISK MANAGEMENT (Continued)

To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any fund established by GIRMA being required to pay claim for loss or injuries to municipal property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

The City retains the first $2,500 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to $2,500 deductible.

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

Georgia Municipal Association Worker's Compensation Self-Insurance: The Liability of the fund to the employees of any employer City of Patterson is specifically limited to such obligations as are imposed by applicable state laws against the employer for worker's compensation and/or employer's liability.

As part of these risk pools, the City is obligated to pay all contributions and assessments as described by the pools. To cooperate with the pools agents and attorneys. To follow loss reduction procedures established by funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay claim of loss. The City is also to allow the pools agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigations arising out to any claim made against the City within the scope of loss protection furnished by the funds.

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

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

Note 11 - CONTINGENT LIABILITIES

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 12 - LANDFILL

The Georgia Environmental Protection Division has completed its evaluation of the technical and administrative data for the closure of the City's landfill.

The closure was in accordance with the provisions of the Gorgia Comprehensive Solid Waste Management Act O.C.G.A., 12-8-20 and the rules for Solid Waste Management Chapter 391-3-4.

The closure is conditioned upon the City complying with the conditions of monitoring as set by the Environmental Protection Division Department of Natural Resources for a period of five (5) years.

The City has completed its five (5) year monitoring period with no adverse finding.

After closing the City landfill, the City used the Pierce County landfill until Pierce County closed its landfill. The City then contracted with Broadcast Environmental for the transport and disposal of its solid waste.

The City contracts with Southland Waste for the collection and disposal of its solid waste.

13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other municipalities and counties in the South Georgia is a member of the Southern Georgia Regional Commission Council (RCC). The RCC is comprised of 18 counties in the Southern Georgia area. Membership in the RCC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of the RCC in Georgia. The RDC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RCC. During its year ended June 30, 2016, the City paid $4,436 in RCC dues. Separate financial statements for the RCC are available from:

Southern Georgia Regional Commission Council
3395 Harris Road
Waycross, Georgia 31503

14. RELATED ORGANIZATION:

The Houding Authority of the City is considered a related organization based upon the criteria of GASB Statement 10. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authortiy of the City of Blackshear, Georgia is a related organization.

15. Subsequent Events:

the City has started a project to it's Waste Water Treatment Plant as follows:

The project will consist of wastewater treatment plant improvements, land application system upgrades, infiltration/inflow reduction involving gravity sewer pipeline rehabilitation, and demolition of two existing wastewater treatment facilities.

The expected project cost is $7,737,000. The project is to be funded by the United States Department of Agriculture Rural Development. The project funding will be as follows:

Loan	$ 5,667,000
Grant	2,070,000
Total	$ 7,737,000

The interest rate will be the lower of the rate in effect at the time of loan approval or the time of the loan closing, unless the City requests otherwise.

For planning purposes the loan repayment is scheduled over a period of 40 years. Payments will be equal 480 amortized installments beginning one month after closing.

The loan will require a Debt Service Reserve, and a Short-Lived Asset Reserve be established.

The complete description of the project as well as the Grant, Loan and Reserve requirements is detailed in the Letter and other documents from the United States Department of Agriculture.

At June 30, 2016 the City was involved in four legal actions. The City will contest the cases vigorously. For two (2) of these actions, the City has retained the services of defense counsel employed by the City's liability insurer. One has had a verdict rendered in favor of the City. On one the City has received an ante item notice; as of August 22, 2016 nothing further has been received on this legal action.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

GENERAL FUND

A MAJOR FUND

The General Fund is the principal fund of the City and is used to account for all activities except those required to be accounted for in another fund.

City of Blackshear, Georgia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 2,102,138	$ 2,227,638	$ 2,207,794	$ (19,844)
Intergovernmental	4,800	4,800	5,000	200
Fines and forfeitures	178,100	178,100	146,114	(31,986)
Charges for services	5,600	5,600	3,692	(1,908)
Other	10,000	10,000	9,444	(556)
Interest	2,500	2,500	2,460	(40)
Total Revenues	2,303,138	2,428,638	2,374,504	(54,134)
Expenditures				
Current:				
General government:	241,822	254,322	245,311	9,011
Public safety:	1,228,175	1,217,675	1,188,695	28,980
Public works:	500,831	636,831	636,604	227
Culture and recreartion	16,496	18,996	18,343	653
Community development	117,781	102,781	101,586	1,195
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	2,105,105	2,230,605	2,190,539	40,066
Excess of revenues over (under) expenditures Taxes	198,033	198,033	183,965	(14,068)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	(198,033)	(198,033)	(198,033)	-
TOTAL OTHER FINANCING SOURCES (USES)	(198,033)	(198,033)	(198,033)	-
Net change in fund balance	-	-	(14,068)	(14,068)
FUND BALANCE BEGINNING			1,840,071	1,840,071
FUND BALANCE ENDING	$ -	-	$ 1,826,003	$ 1,826,003

City of Blackshear, Georgia
Notes to the Budgetary Comparison Schedule
For The Year Ended June 30, 2016

The City's budget is prepared on the modified accrual basis for all governmental funds. The budget for the enterprise funds is prepared on the accrual basis. The budgets for all funds is prepared in accordance with Generally Accepted Accounting Principles as applied to a government.

The City prepares budgets for the funds as follows:

Governmental Funds:

Major Governmental Funds:
- General Fund

Capital Project Funds:
- 2014 SPLOST
- CDBG 14p-x-113-2-2231

Non-Major Governmental Funds:

Special Revenue Funds:
- Police Fines and Forfeitures
- Hotel Motel Tax

Capital Project Funds:
- 2008 SPLOST Fund
- Multi Purpose Building
- Capital Improvement Fund
- CDBG 12p-x-113-2-5458

Enterprise Funds:

Major Enterprise Funds:
- Water and Sewer Fund
- Solid Waste Fund
- Revolving Loan Fund

Expenditures in excess of appropriations:	Appropriations:	Expenses	Variance
Water and Sewer Fund	$ 1,296,729	$ 1,362,352	$ (65,623)

Required Supplementary Information

Pension Plan

City of Blackshear, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007

The numbers shown are based on a September 30, 2014 measurement date which would make them applicable to the Fiscal Year Beginning July 1, 2014 and ending June 30, 2015.

Total Pension Liability:		
Service Cost	$ 35,999	$ 30,984
Interest	124,541	116,188
Difference between expected and actual experience	41,770	53,235
Benefits payments, including refunds of employee contributions	(94,611)	(77,186)
Other	-	(6,720)
Net change in total pension liability	107,699	116,501
Total pension liability:		
Beginning	1,654,292	1,537,791
Ending (a)	$ 1,761,991	$ 1,654,292

(Historical Information prior to implementation of GASB 67/68 is not required)

City of Blackshear, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Plan fiduciary net position:										
Contributions--employer	$ 66,805	$ 61,286								
Contributions--employee	-	-								
Net investment income	16,150	136,157								
Benefits payments, including refunds of employee contributions	(94,611)	(77,186)								
Administrative expense	(5,950)	(4,662)								
Other	-	-								
Net change in Fiduciary net position	(17,606)	115,595								
Plan fiduciary net position:										
Beginning	1,313,798	1,198,203								
Ending (b)	$ 1,296,192	$ 1,313,798								

(Historical Information prior to implementation of GASB 67/68 is not required)

City of Blackshear, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City's net pension liability ending: (a) - (b)	$ 465,799	$ 340,494								
Plan fiduciary net position as a percentage of total pension liability	73.56%	79.42%								
Covered employee payroll	$ 1,180,197	$ 1,183,453								
Net pension liability as a percentage of covered employee payroll	39.47%	28.77%								

(Historical Information prior to implementation of GASB 67/68 is not required)

City of Blackshear, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Schedule of Contributions:										
Actuarially determined contribution	*	$ 65,298								
Contributions in relation to the actuarially determined contribution	*	$ 65,298								
Contribution deficiency (excess)	*	$ -								
Covered-employee payroll	*	$ 1,183,453								
Contribution as a percentage of covered employee payroll	*	5.52%								

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

City of Blackshear, Georgia
Notes to Required Supplementary Information
Employees Pension Plan
Last 10 Fiscal Years *

Notes to Schedule of Contributions:

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

City of Blackshear, Georgia
Notes to Required Supplementary Information
Employees Pension Plan
Last 10 Fiscal Years *

Notes to Schedule of Contributions:

Actuarial Assumptions:

Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	
Employees	65-70
Inactive vested participants	65
Mortality	
Healthily	RP-2000 Combined Healthily Mortality Table for sex-distinct rates, set forward two years for males and one year for females.
Disabled:	RP-200 Disabled Retiree Mortality Table with sex-distinct rates.
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table.
	The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

City of Blackshear, Georgia
Notes to Required Supplementary Information
Employees Pension Plan
Last 10 Fiscal Years *

Actuarial Valuation History for Notes to Schedules:

Changes in assumptions:

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for Employees, for the Fiscal Year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's Net Pension Liability, is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the Fiscal Year ending in 2015 and later reflect the following assumptions changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set forward for males and the one-year set forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 36% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation assumption was decreased from 3.50% to 3.25%.

Actuarial Valuation History for Notes to Schedules:

Changes in assumptions: (Continued)

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes:

Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

NON-MAJOR GOVERNMENTAL FUNDS

Funds generally used to account for tax supported activities which include the non-major governmental funds and the capital project funds of the City.

City of Blackshear, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash	$ 13,955	$ 549,468	$ 563,423
Intergovernmental Receivable	-	-	-
Tax receivable (net of	-	-	-
allowance for uncollectibles)	-	-	-
Interest receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total Assets	$ 13,955	$ 549,468	$ 563,423
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ -
Total Liabilities	-	-	-
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflow of Resources	-	-	-
Fund Balances			
Restricted:			
Public safety	-		-
Capital Projects	-	436,769	436,769
Committed:			
Public safety	13,955	-	13,955
Capital Projects	-	112,699	112,699
TOTAL FUND BALANCE	13,955	549,468	563,423
TOTAL LIABILITIES AND FUND BALANCES	$ 13,955	$ 549,468	$ 563,423

City of Blackshear, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ 27,232	$ -	$ 27,232
Intergovernmental	-	49,929	49,929
Fines and Forfeitures	8,466	-	8,466
Interest	5	4,204	4,209
Recreation	-	-	-
Other	-	-	-
Total Revenues	35,703	54,133	89,836
Expenditures:			
Current:			
General Government	-	50	50
Public Safety	4,536	-	4,536
Public Works	-	-	-
Culture and recreation	27,232	-	27,232
Capital Outlay:			
General Government	-	900	900
Public Safety	-	241,916	241,916
Public Works	-	60,048	60,048
Debt Service:			
Principal	-	77,524	77,524
Interest	-	6,797	6,797
Total Expenditures	31,768	387,235	419,003
Excess of Revenues Over (Under) Expenditures	3,935	(333,102)	(329,167)
Other Financing Sources			
Inception of lease	-	-	-
Transfers In	-	193,803	193,803
Transfers (Out)	-	(38,808)	(38,808)
Total Other Financing Sources	-	154,995	154,995
Net Change in Fund Balances	3,935	(178,107)	(174,172)
Fund Balance Beginning	10,020	727,575	737,595
Fund Balance Ending	$ 13,955	$ 549,468	$ 563,423

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditures for particular purposes.

The City's Non-Major Special Revenue Funds are as follows:

Police Confiscations
Hotel/Motel Tax Fund

NON-MAJOR SPECIAL REVENUE FUNDS

Police Confiscation Fund: To account for the cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Hotel/Motel Tax Fund: To account for the cash received from the hotel/motel tax.

City of Blackshear, Georgia
All Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds		
	Police Confiscations	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash	$ 13,955	$ -	$ 13,955
Intergovernmental Receivables	-	-	-
Receivable - Other	-	-	-
Receivable - Grant	-	-	-
Taxes Receivables	-	-	-
Due from Other Funds	-	-	-
Total Assets	$ 13,955	$ -	$ 13,955
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts Payable and accruals	$ -	$ -	$ -
Total Liabilities	-	-	-
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflow of Resources	-	-	-
Fund Balances			
Restricted:			
Capital Projects	-	-	-
Committed:			
Captial projects	13,955	-	13,955
Total Fund Balances	13,955	-	13,955
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 13,955	$ -	$ 13,955

City of Blackshear, Georgia
All Nonmajor Special Revenue Funds
Combing Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Special Revenue Funds		
	Police Confiscations	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues			
Taxes	$ -	$ 27,232	$ 27,232
Fines and forfeitures	8,466	-	8,466
Other revenue	-	-	-
Interest	5	-	5
Total Revenues	8,471	27,232	35,703
Expenditures			
Current:			
Public Safety	4,536	-	4,536
Culture & Recreation	-	27,232	27,232
Capital Outlay:			
Public Safety	-	-	-
Public Works	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	4,536	27,232	31,768
Excess (Deficiency) of Revenues over (under) Expenditu	3,935	-	3,935
Other Financial Resources (Uses)			
Inception of lease	-	-	-
Transfer In	-	-	-
Transfers (Out)	-	-	-
Total Other Financial Resources (Uses)	-	-	-
Excess Revenues Over (under) Expenditures and Other Financial Sources (uses)	3,935	-	3,935
Net Changes in Fund Balances	3,935	-	3,935
Fund Balances Beginning	10,020	-	10,020
Fund Balances Ending	$ 13,955	$ -	$ 13,955

City of Blackshear, Georgia
Police Confiscations
Balance Sheet
June 30, 2016

ASSETS:	
Cash	$ 13,955
TOTAL ASSETS	$ 13,955
LIABILITIES AND FUND BALANCE:	
LIABILITIES	
Accounts Payable	$ -
TOTAL LIABILITIES	-
FUND BALANCES	
Restricted:	
Public safety	13,955
TOTAL FUND BALANCES	13,955
TOTAL LIABILITIES AND FUND BALANCES	$ 13,955

City of Blackshear, Georgia
Police Confiscations
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES:	$	$	$	$
Fines and forfeitures	9,500	9,500	8,466	(1,034)
Interest	5	5	5	-
TOTAL REVENUES	9,505	9,505	8,471	(1,034)
EXPENDITURES:				
Current:				
Public safety	5,000	5,000	4,536	464
Capital Outlay:				
Public Safety	4,505	4,505	-	4,505
TOTAL EXPENDITURES	9,505	9,505	4,536	4,969
Excess (deficiency) of Revenues over (under) Expenditures	-	-	3,935	3,935
NET CHANGE IN FUND BALANCE	-	-	3,935	3,935
FUND BALANCE BEGINNING	10,020	10,020	10,020	-
FUND BALANCE ENDING	$ 10,020	$ 10,020	$ 13,955	$ 3,935

City of Blackshear, Georgia
Hotel/Motel Tax Fund
Balance Sheet
June 30, 2016

ASSETS:	
Cash	$ -
TOTAL ASSETS	$ -
LIABILITIES AND FUND BALANCE:	
LIABILITIES	
Accounts Payable	$ -
TOTAL LIABILITIES	-
FUND BALANCES	
Restricted:	
Public safety	-
TOTAL FUND BALANCES	-
TOTAL LIABILITIES AND FUND BALANCES	$ -

City of Blackshear, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES:	$	$	$	$
Taxes	28,000	28,000	27,232	(768)
Interest	-	-	-	-
TOTAL REVENUES	28,000	28,000	27,232	(768)
EXPENDITURES:				
Current:				
Culture and recreation	28,000	28,000	27,232	768
Capital Outlay:				
Culture and recreation	-	-	-	-
TOTAL EXPENDITURES	28,000	28,000	27,232	768
Excess (deficiency) of Revenues over (under) Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE BEGINNING	-	-	-	-
FUND BALANCE ENDING	$ -	$ -	$ -	$ -

NON-MAJOR CAPITAL PROJECTS FUNDS

The Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary of trust funds.

The City's Non-Major Capital Project Funds are as follows:

Multiple Purpose Building Fund
Capital Improvement Fund
CDBG 12p-x-113-2-5458
2008 SPLOST

NON-MAJOR CAPITAL PROJECTS FUNDS

Multi Purpose Building Fund:	To account for funds for the City's Multi Purpose Building.
Capital Improvement Fund:	To account for funds accumulated for the purpose of purchasing and maintaining major capital assets.
CDBG 12p-x-113-2-5458	To account for funds provided by the CDBG 12p-x-113-2-5458 and for the use of these funds in accordance with the Grant agreement.
2008 SPLOST	To account for funds provided by the 2008 SPLOST, to be used as provided by the 2008 SPLOST documents.

City of Blackshear, Georgia
All Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2016

	Capital Project Funds				
	Multiple Purpose Building	Capital Improvements Fund	CDBG 12p x-113-2 5458	2008 SPLOST	Total Nonmajor Capital ProJect Funds
Assets					
Cash	$ 3,992	$ 108,607	$ 100	$ 436,769	$ 549,468
Intergovernmental Receivables	-	-	-	-	-
Receivable - Other	-	-	-	-	-
Receivable - Grant	-	-	-	-	-
Taxes Receivables	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Total Assets	$ 3,992	$ 108,607	$ 100	$ 436,769	$ 549,468
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts Payable and accruals	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-
Deferred Inflows of Resources	-	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	-	-	-	-	-
Fund Balances					
Restricted:					
Capital Projects	-	-	-	436,769	436,769
Committed:					
Captial projects	3,992	108,607	$ 100	$ -	112,699
Total Fund Balances	3,992	108,607	$ 100	$ 436,769	549,468
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 3,992	$ 108,607	$ 100	$ 436,769	$ 549,468

City of Blackshear, Georgia
All Nonmajor Capital Project Funds
Combing Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Capital Project Funds				
	Multiple Purpose Building	Captial Improvements Fund	CDBG 12p x-113-2 5458	2008 SPLOST	Total Nonmajor Capital Project Funds
Revenues					
Intergovernmental	$ -	$ 49,929	$ -	$ -	$ 49,929
Other revenue	-	-	-	-	-
Interest	-	142	-	4,062	4,204
Total Revenues	-	50,071	-	4,062	54,133
Expenditures					
Current:					
Administritive	-	-	-	-	-
Public Works	50	-	-	-	50
Culture & Recreation	-	-	-	-	-
Capital Outlay:					
General Government	-	-	-	900	900
Public Safety	-	54,014	-	187,902	241,916
Public Works	-	60,048	-	-	60,048
Debt Service					
Principal	43,974	33,550	-	-	77,524
Interest	4,542	2,255	-	-	6,797
Total Expenditures	48,566	149,867	-	188,802	387,235

City of Blackshear, Georgia
All Nonmajor Capital Project Funds
Combing Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2016

	Capital Project Funds				
	Multiple Purpose Building	Captial Improvements Fund	CDBG 12p x-113-2 5458	2008 SPLOST	Total Nonmajor Capital Project Funds
Excess (Deficiency) of Revenues over (under) Expenditures	(48,566)	(99,796)	-	(184,740)	(333,102)
Other Financial Resources (Uses)					
Inception of lease	-		-	-	-
Transfer In	48,511	145,292	-	-	193,803
Transfers (Out)	-	(38,808)	-	-	(38,808)
Total Other Financial Resources (Uses)	48,511	106,484	-	-	154,995
Excess Revenues Over (under) Expenditures and Other Financial Sources (uses)	(55)	6,688	-	(184,740)	(178,107)
Net Changes in Fund Balances	(55)	6,688	-	(184,740)	(178,107)
Fund Balances Beginning	4,047	101,919	100	621,509	727,575
Fund Balances Ending	$ 3,992	$ 108,607	$ 100	$ 436,769	$ 549,468

City of Blackshear, Georgia
Multiple Purpose Building
Balance Sheet
June 30, 2016

Assets:		
Cash	$	3,992
Total Assets	$	3,992
Liabilities And Fund Balance		
Liabilities:		
Accounts Payable	$	-
Total Liabilities		-
Fund Balances		
Committed:		
Capital Projects		3,992
Total Fund Balances		3,992
Total Liabilities and Fund Balances	$	3,992

City of Blackshear, Georgia
Multiple Purpose Building
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Other revenue	$ -	$ -	$ -	$ -
	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Public Works	50	50	50	-
Debt Service:				
Principal	43,974	43,974	43,974	-
Interest	4,542	4,542	4,542	-
Total Expenditures	48,566	48,566	48,566	-
Excess (deficiency) of Revenues over Expenditures	(48,566)	(48,566)	(48,566)	-
Other Financing Sources (Uses)				
Transfers In	48,511	48,511	48,511	-
Transfers (Out)	-	-	-	-
Total Other Financial Sources (Uses)	48,511	48,511	48,511	-
Net Change in Fund Balance	(55)	(55)	(55)	-
Fund Balance Beginning	4,047	4,047	4,047	-
Fund Balance Ending	$ 3,992	$ 3,992	$ 3,992	$ -

City of Blackshear, Georgia
Capital Improvements Fund
Balance Sheet
June 30, 2016

Assets:		
Cash	$	108,607
Due from other funds		-
Total Assets	$	108,607
Liabilities And Fund Balance		
Liabilities:		
Accounts Payable	$	-
Total Liabilities		-
Fund Balances		
Committed:		
Capital Projects		108,607
Total Fund Balances		108,607
Total Liabilities and Fund Balances	$	108,607

City of Blackshear, Georgia
Capital Improvements Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ 50,000	$ 50,000	$ 49,929	$ (71)
Other revenue	-	-	-	-
Interest	100	100	142	42
Total Revenues	50,100	50,100	50,071	(29)
Expenditures:				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
General Government	-	-	-	-
Public Safety	60,000	60,000	54,014	5,986
Public Works	61,000	61,000	60,048	952
Debt Service:				
Principal	33,550	33,550	33,550	-
Interest	2,034	2,034	2,255	(221)
Total Expenditures	156,584	156,584	149,867	6,717
Excess (deficiency) of Revenues over Expenditures	(106,484)	(106,484)	(99,796)	6,688
Other Financing Sources (Uses)				
Inception of lease	-	-	-	-
Transfers In	145,292	145,292	145,292	-
Transfers (Out)	(38,808)	(38,808)	(38,808)	-
Total Other Financial Sources (Uses)	106,484	106,484	106,484	-
Net Change in Fund Balance	-	-	6,688	6,688
Fund Balance Beginning	101,919	101,919	101,919	-
Fund Balance Ending	$ 101,919	$ 101,919	$ 108,607	$ 6,688

City of Blackshear, Georgia
CDBG 12p-x-113-2-5458
Balance Sheet
June 30, 2016

Assets:		
Cash	$	100
Intergovernmental		-
Total Assets	$	100
Liabilities, Deferred Inflows of Resources And Fund Balance		
Liabilities:		
Accounts Payable	$	-
Total Liabilities		-
Deferred Inflows of Resources		-
Total Liabilities and Deferred Inflows of Resources		-
Fund Balances		
Restricted:		
Capital Project		100
Total Fund Balances		100
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$	100

City of Blackshear, Georgia
CDBG 12p-x-113-2-5458
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ 500,000	$ 500,000	$ -	$ (500,000)
Other revenue	-	-	-	-
Interest	-	-	-	-
Total Revenues	500,000	500,000	-	(500,000)
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public Works	-	-	-	-
Capital Outlay:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	500,000	500,000	-	500,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	500,000	500,000	-	500,000
Excess (deficiency) of Revenues over Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Inception of lease			-	-
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Total Other Financial Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance Beginning	100	100	100	-
Fund Balance Ending	$ 100	$ 100	$ 100	$ -

City of Blackshear, Georgia
2008 SPLOST
Balance Sheet
June 30, 2016

Assets:		
Cash	$	436,769
Intergovernmental		-
Total Assets	$	436,769
Liabilities, Deferred Inflows of Resources And Fund Balance		
Liabilities:		
Accounts Payable	$	-
Total Liabilities		-
Deferred Inflows of Resources		-
Total Liabilities and Deferred Inflows of Resources		-
Fund Balances		
Restricted:		
Capital Project		436,769
Total Fund Balances		436,769
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$	436,769

City of Blackshear, Georgia
2008 SPLOST
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Other revenue	-	-	-	-
Interest	5,000	5,000	4,062	(938)
Total Revenues	5,000	5,000	4,062	(938)
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public Works	-	-	-	-
Capital Outlay:				
General Government	-	-	-	-
Public Safety	1,000	1,000	900	100
Public Works	190,000	190,000	187,902	2,098
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	191,000	191,000	188,802	2,198
Excess (deficiency) of Revenues over Expenditures	(186,000)	(186,000)	(184,740)	1,260
Other Financing Sources (Uses)				
Inception of lease			-	-
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Total Other Financial Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(186,000)	(186,000)	(184,740)	1,260
Fund Balance Beginning	621,509	621,509	621,509	-
Fund Balance Ending	$ 435,509	$ 435,509	$ 436,769	$ 1,260

MAJOR CAPITAL PROJECTS FUNDS

The Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary of trust funds.

The City's Major Capital Project Funds are as follows:

2014 SPLOST Fund
CDBG 14p-x-113-2-2231

City of Blackshear, Georgia
Budgetary Comparison Schedule--Capital Projects
2014 SPLOST Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	$ 490,000	$ 490,000	$ 479,740	$ (10,260)
Interest	500	500	528	28
TOTAL REVENUES	490,500	490,500	480,268	(10,232)
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public Safety	1,500	1,500	750	750
Public Works	150,000	150,000	138,410	11,590
Parks & Recreation	7,000	7,000	6,774	226
Contingency	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	158,500	158,500	145,934	12,566
Excess of Revenues over (under) Expenditures	332,000	332,000	334,334	2,334
OTHER FINANCING SOURCES (Uses)				
Transfers In	-	-	-	-
Transfer Out	(105,223)	(105,223)	(105,223)	-
TOTAL OTHER FINANCING SOURCES (USES)	(105,223)	(105,223)	(105,223)	-
NET CHANGE IN FUND BALANCE	$ 226,777	$ 226,777	229,111	$ 2,334
FUND BALANCE BEGINNING			532,921	
FUND BALANCE ENDING			$ 762,032	

City of Blackshear, Georgia
Budgetary Comparison Schedule--Capital Projects
CDBG 14p-x-113-2-2231
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	$ 479,945	$ 479,945	$ 111,556	$ (368,389)
Other revenue	-	-	-	-
TOTAL REVENUES	479,945	479,945	111,556	(368,389)
EXPENDITURES:				
Current:				
Administration	28,796	28,796	-	28,796
Public Safety	-	-	-	-
Water & Sewer	318,110	318,110	-	318,110
Recreation	-	-	-	-
Contingency	21,483	21,483	-	21,483
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	368,389	368,389	-	368,389
Excess of Revenues over (under) Expenditures	111,556	111,556	111,556	-
OTHER FINANCING SOURCES (Uses)				
Transfers In	-	-	-	-
Transfer Out	(111,556)	(111,556)	(111,556)	-
TOTAL OTHER FINANCING SOURCES (USES)	(111,556)	(111,556)	(111,556)	-
NET CHANGE IN FUND BALANCE	$ -	$ -	-	$ -
FUND BALANCE BEGINNING			-	
FUND BALANCE ENDING			$ -	

Water and Sewer Fund

A Proprietary Fund

Statementof Revenues, Expenses, and Changes in Net Position

Budget to Actual

City of Blackshear, Georgia
Water and Sewer Fund
Statement of Revenues, Expenses, and Changes in Net Position
Budget to Actual
For The Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES				
Charges for services	1,229,953	1,229,953	1,263,864	$ 33,911
Other charges for service	76,850	76,850	165,030	88,180
TOTAL OPERATING REVENUES	1,306,803	1,306,803	1,428,894	122,091
OPERATING EXPENSES				
Personnel services	184,010	184,010	164,779	19,231
Contracted services	472,314	472,314	465,816	6,498
Repairs and maintenance	85,806	85,806	80,866	4,940
Other supplies and expense	221,400	221,400	236,735	(15,335)
Depreciation	333,199	333,199	414,156	(80,957)
TOTAL OPERATING EXPENSES	1,296,729	1,296,729	1,362,352	(65,623)
OPERATING INCOME (LOSS)	10,074	10,074	66,542	56,468
NONOPERATING INCOME (EXPENSES)				
Interest revenue	10	10	20	10
Other	-	-	-	-
Interest expense	(40,510)	(40,510)	(40,510)	-
TOTAL NONOPERATING INCOME (EXPENSES)	(40,500)	(40,500)	(40,490)	10
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(30,426)	(30,426)	26,052	56,478
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contributions	-	-	-	-
Transfers In	72,859	72,859	216,779	143,920
Transfers Out	(42,433)	(42,433)	(9,704)	32,729
NET CAPITAL CONTRIBUTIONS AND TRANSFERS	30,426	30,426	207,075	176,649
CHANGE IN NET POSITION	-	-	233,127	233,127
				-
TOTAL NET POSITION BEGINNING	5,602,957	5,602,957	5,602,957	-
TOTAL NET POSITION ENDING	$ 5,602,957	$ 5,602,957	$ 5,836,084	$ 233,127

STATE COMPLIANCE SECTION

SPECIAL REPORTS

The Special Report is applicable to the Special 1 Percent Sales and Use Tax required by the State of Georgia.

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INDEPENDENT AUDITORS' REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

The City Council
Blackshear, Georgia

I have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Blackshear, Georgia for the year ended June 30, 2016. This schedule is the responsibility of the City of Blackshear management. My responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 pm the modified accrual basis of accounting used form the Special Purpose Local Option Sales Tax schedule as described in Note 1-D and is not intended to be a complete presentation of the City of Blackshear's revenues and expenditures.

In my opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the City of Blackshear's resolution or ordinance calling for the tax for the year ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia 31516
August 22, 2016

Member: American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants

City of Blackshear, Georgia
Schedule of Projects Constructed With Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended June 30, 2016

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2008					
Water and Sewer Capital outlay projects	$ 800,000	$ 256,551	$ -	$ 256,551	32.07%
Road Maintenance	1,209,000	1,633,401	187,902	1,821,303	150.65%
Public Safety:					
Police	13,860	96,374	900	97,274	701.83%
Recreation/Historical/Curtural	880	17,422	-	17,422	1979.77%
TOTAL	$ 2,023,740	$ 2,003,748	$ 188,802	$ 2,192,550	

City of Blackshear, Georgia
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2016

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2014					
Water and Sewer Infrastructure	$ 1,773,200	$ 84,566	$ 105,223	$ 189,789	10.70%
Public Safety (Enforcement and Fire)	220,000	1,719	750	2,469	1.12%
Road Maintenance	561,000	137	138,410	138,547	24.70%
Recreational (Historical/Curtural Facilities	138,600	3,870	6,774	10,644	7.68%
Downtown Development Facilities	24,200	-	-	-	0.00%
Road and Street Construction and Maintenance	495,000	-	-	-	0.00%
TOTAL	$ 3,212,000	$ 90,292	$ 251,157	$ 341,449	

Note (1): Estimated percentage of completion is based on expenditures by the City to date in relation to total estimated expenditures, which have been provided by City management.

Note (2): Reconciliation of the current year total above to the expenditures and transfers on page 93.

Total Expenditures	$ 145,934
Transfer Out	105,223
Total as above	$ 251,157

The transfer out from the 2014 SPLOST fund was to transfer the capital assets to the water and sewer fund. All funds were spent within the 2014 SPLOST account.

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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 City Council
City of Blackshear, Georgia

I 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, each major fund, and the aggregate remaining fund information of the City of Blackshear, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the City of Blackshear's basic financial statements, and have issued my report thereon dated August 22, 2016.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

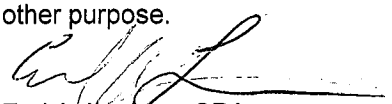
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Blackshear's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Earl A. Lawson, CPA
Blackshear, Georgia
August 22, 2016