CITY OF BLACKSHEAR, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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Introductory Section

CITY OFFICIALS

MAYOR
Richard E. Larson

MAYOR PROTEM & DISTRICT 2 COUNCIL
Keith Brooks

COUNCIL
Keith Brooks, District 1
Corey Lesseig, District 2
Timmy Sapp, District 3
Charles Boady, District 4
Jerry Dixon, District 5
David Smith, District 6

CITY CLERK
Susan Fowler

CITY JUDGE
Dan Bennett

POLICE CHIEF
Chris Wright

FIRE CHIEF
Bucky Goble

CITY ATTORNEY
Adam Ferrell

PUBLIC WORKS SUPERVISOR
Wallace Tomlinson

WATER AND SEWER SUPERVISOR
Wallace Tomlinson

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Earl A. Lawson, CPA
Certified Public Accountant

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, 2018, 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.

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

Other Matters

Required Supplementary Information

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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and othrer 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 caputal project fund as well as the combining and individual fund statements 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 September 18, 2018 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
September 18, 2018

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, 2018. 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 $16,607,202 (net position) for the year reported. This compares to the previous year when the total assets exceeded the total liabilities by $15,951,290

Total net position is comprised of the following:

1. Net Investment in Capital Assets, of $11,108,639 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 $1,990,123 are restricted by constraints imposed upon the City by laws and regulations.
3. Unrestricted net position of $3,508,440 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 $4,129,957 this year. This compares to the prior year ending fund balance, of $3,317,191 showing an increase of $812,766 during the current year.

At the end of the current year, unassigned fund balance for the General Fund was $2,007,442, or 87.2% 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 AS A WHOLE

The City's combined net position were $16,607,202 at the end of June 30, 2018 and $15,951,290 at the end of June 30, 2017 for a increase of $655,912 during the year. The net position belonging to the Governmental Activities $9,746,833 and the Business-type Activities $6,860,369.

Table 1

	Governmental Activities June '30		Business-type Activities June '30		Total Primary Government June '30	
	2017	2018	2017	2018	2017	2018
Current and other assets	$ 3,382,315	$ 4,195,440	$ 1,334,886	$ 1,415,398	$ 4,717,201	$ 5,610,838
Non-Current assets	6,409,385	6,354,149	6,992,272	6,829,143	13,401,657	13,183,292
Deferred outflows of resources	84,738	227,136	32,765	62,344	117,503	289,480
Total assets and deferred outflows of resources	9,876,438	10,776,725	8,359,923	8,306,885	18,236,361	19,083,610
Current Liabilities	101,501	116,888	416,176	342,194	517,677	459,082
Long term liabilities	912,187	913,004	855,207	1,104,322	1,767,394	2,017,326
Deferred inflows of resources	-	-	-	(1,357)	-	(1,357)
Total liabilities and deferred inflows of r	1,013,688	1,029,892	1,271,383	1,445,159	2,285,071	2,475,051
Net position:						
Net investment in capital assets	5,830,063	5,780,436	5,589,403	5,300,738	11,419,466	11,081,174
Restricted	1,108,890	1,750,245	319,716	239,878	1,428,606	1,990,123
Unrestricted (deficit)	1,923,797	2,216,152	1,179,421	1,319,753	3,103,218	3,535,905
Total net position	$ 8,862,750	$ 9,746,833	$ 7,088,540	$ 6,860,369	$ 15,951,290	$ 16,607,202

Net position of the City's governmental activities increase by $884,083 during the year ended June 30, 2018 compared to $731,357 for the year ended June 30, 2017

The net position of our business type activities decreased by $228,171 for the year ended June 30, 2018, but increased by $812,800 for the year ended June 30, 2017. This decrease in the business type activities is the result of the Water and Sewer Fund transferred funds to the 2014 SPLOST fund in the amount of $261,087 to repay the 2014 SPLOST. The City also paid out $266,164 from the Revolving Loan Fund to the Department of Community Affairs.

Governmental Activities and Business Type Activities:

The City has net position for 2018 of $16,607,202 and in 2017 of $15,951,290

The City has an increase in net position for 2018 of $655,912 and in 2017 an increase of $1,544,157

The Governmental Activities recognized more revenue from grants in 2017 as compared to 2018. The other increase 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:	2017	2018	2017	2018	2017	2018
Program Revenues:						
Charges for services	$ 475,162	$ 234,091	$ 1,792,304	$ 1,874,922	$ 2,267,466	$ 2,109,013
Operating grants	-	-	-	-	-	-
Capital grants	1,201,489	590,433	100,533	54,421	1,302,022	644,854
General Revenues:						
Property taxes	1,455,265	1,193,577	-	-	1,455,265	1,193,577
Other taxes	854,563	1,041,402	-	-	854,563	1,041,402
Interest	13,666	4,236	225	4,149	13,891	8,385
Total Revenues	4,000,145	3,063,739	1,893,062	1,933,492	5,893,207	4,997,231
Expenses						
General government	280,986	269,527	-	-	280,986	269,527
Public safety	1,418,272	1,357,567	-	-	1,418,272	1,357,567
Public works	851,633	771,238	-	-	851,633	771,238
Culture and recreation	60,867	64,018	-	-	60,867	64,018
Community development	38,289	82,349	-	-	38,289	82,349
Interest	13,320	17,418	42,642	29,576	55,962	46,994
Revolving loan	-	-	-	266,164	-	266,164
Water and Sewer	-	-	1,324,947	1,316,264	1,324,947	1,316,264
Waste collection	-	-	340,113	288,572	340,113	288,572
Total expense	2,663,367	2,562,117	1,707,702	1,900,576	4,371,069	4,462,693
Excess (deficiency) before transfers and contributions	1,336,778	501,622	185,360	32,916	1,522,138	534,538
Other Income	-	121,374	-	-	-	121,374
Gain on sale of capital assets	22,019	-	-	-	22,019	-
Transfers	(627,440)	261,087	627,440	(261,087)	-	-
Increase (decrease) in net position	$ 731,357	$ 884,083	$ 812,800	$ (228,171)	$ 1,544,157	$ 655,912

The cost of all governmental activities this year was $2,562,117 compared to $2,663,367 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 $1,737,593 because some of the cost was paid by those who directly benefited from the programs $234,091 or by other governments and organizations that subsidized certain programs with grants and contribution $590,433

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased by 2.14 percent $40,430 in 2018 compared to an increase $211,487 in 2017 and expenses increased by 11.29 percent $192,874 in 2018 compared to a increase by 9.05% $34,712 in 2017. The factors driving these results include:

The Revolving Loan Fund paid $266,164 to the Georgia Department of Community Affairs.

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 $3,317,191 which is an increase from last year's total of $4,129,957

General Fund Budgetary Highlights

The City Council did adjust the budget during the year ended June 30, 2018.

The City General Fund had a variance of $93,267 in the revenue. The budget had total revenue of as originally adopted $2,457,496 and as amended $2,457,496 . The actual revenue was $2,550,763. The City Clerk, Mayor and the City Council is monitoring the budget to actual results monthly.

The City General Fund had a variance of $14,218 in expenditures. The budget as originally adopted had total expenditures of $2,316,840 and as amended $2,316,840.The actual expenditures were $2,302,622. 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, 2018 the City had $12,734,977 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 $180,552, or 0.62 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, 2016 and 2017
(Net of Depreciation)

	Governmental Activities June '30		Business-type Activities June '30		Primary Government June '30	
	2018	2017	2018	2017	2018	2017
Land and construction in proc	$ 770,000	$ 770,000	$ 1,715,311	$ 1,442,967	$ 2,485,311	$ 2,212,967
Building and Improvements	791,128	850,285	17	2,507	791,145	852,792
Infrastructure	3,485,988	3,531,608	-	-	3,485,988	3,531,608
System and system improvements			4,775,454	5,155,448	4,775,454	5,155,448
Equipment	1,197,079	1,162,714	-	-	1,197,079	1,162,714
Totals	$ 6,244,195	$ 6,314,607	$ 6,490,782	$ 6,600,922	$ 12,734,977	$ 12,915,529

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 Georgia Environmental Facilities Authority and the United States Department of Agriculture to improve 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 loan from GEFA in the amount of $5,667,000 and a grant from USDA of $2,070,000.However, these estimates may be adjusted as the construction continues.

Debt

At year-end, the City had $1,861,104 in notes outstanding verse $1,698,196 last year a increase of $162,908 or 9.59 percent --as shown in Table 5.

Table 5
Outstanding Debt at Year-End

	Governmental Activities June '30		Business-type Activities June '30		Primary Government June '30	
	2018	2017	2018	2017	2018	2017
Leases	$ -	$ -	$ -	$ -	$ -	$ -
Revenue bonds (backed by water & sewer fee revenues)	-	-	-	529,921	-	529,921
Capital leases	-	17,912	-	-	-	17,912
Note payable	463,759	466,632	1,162,579	481,598	1,626,338	948,230
Compensated absences	234,766	202,133	-	-	234,766	202,133
Totals	$ 698,525	$ 686,677	$ 1,162,579	$ 1,011,519	$ 1,861,104	$ 1,698,196

The City will issue new debt within the Water and Serwer Fund to construct a Waste Water Treatment Facility. The total new debt is expected to be $5,667,000. The City drewdown $515,860 of these funds during the year ended June 30, 2018.

The City repaid debt during the year ended June 30, 2018 in the amount of $364,800 in its business type activities and $118,524 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, 2019 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, 2019.

As for the City's business-type activities, we expect that the June 30, 2018 results will also improve based upon these decisions:

Blackshear also features:

A modern library facility.
A modern community center.
The Better Hometown Program is very active within the City.
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

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, 2018

	Primary Government		
Assets and Deferred Outflows of Resources:	Governmental Activities	Business-type Activities	Total
Current Assets			
Cash	$ 3,765,701	$ 960,462	$ 4,726,163
Receivables (net)	286,014	451,286	737,300
Intergovernmental receivables	136,105	-	136,105
Notes receivable	-	-	-
Prepaid	7,620	3,650	11,270
Total Current Assets	4,195,440	1,415,398	5,610,838
Non-Current Assets:			
Internal balances	109,954	(109,954)	-
Notes receivable	-	448,315	448,315
Capital assets :			
Land, improvements, and construction in progress	770,000	1,715,311	2,485,311
Other capital assets, net of depreciation	5,474,195	4,775,471	10,249,666
Total Non-Current Assets	6,354,149	6,829,143	13,183,292
Total assets	10,549,589	8,244,541	18,794,130
Deferred Outflows of Resources	227,136	62,344	289,480
Total Assets and Deferred Outflows of Resources	10,776,725	8,306,885	19,083,610
Liabilities and Deferred Inflow of Resources			
Current Liabilities			
Accounts payable and accrued expenses	29,267	108,907	138,174
Accured Interest	6,600	1,210	7,810
Intergovernmental	-	-	-
Due within one year	81,021	259,542	340,563
Total Current Liabilities	116,888	369,659	486,547
Long-term liabilities (net of current portion):			
Due in more than one year	382,738	903,037	1,285,775
Customer Deposits	-	88,450	88,450
Net Pension Liability	295,500	85,370	380,870
Compensated absences	234,766	-	234,766
Total long term liabilities	913,004	1,076,857	1,989,861
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows or Resources	1,029,892	1,446,516	2,476,408
Net Position			
Net Investment in Capital Assets	5,780,436	5,328,203	11,108,639
Restricted for:			
Debt service	-	239,878	239,878
Capital projects	1,750,245	-	1,750,245
Public Safety	-	-	-
Unrestricted (deficit)	2,216,152	1,292,288	3,508,440
Total net position	$ 9,746,833	$ 6,860,369	$ 16,607,202

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

City of Blackshear, Georgia
Statement of Activities
For The Year Ended June 30, 2018

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	$ 269,527	$ 90,218	$ -	$ 35,100	$ (144,209)	$ -	$ (144,209)
Public safety	1,357,567	127,970	-	249,510	(980,087)	-	(980,087)
Public works	771,238	15,903	-	280,823	(474,512)	-	(474,512)
Culture and recreation	64,018	-	-	25,000	(39,018)	-	(39,018)
Community development	82,349	-	-	-	(82,349)	-	(82,349)
Interest on long-term debt	17,418	-	-	-	(17,418)	-	(17,418)
Total governmental activities	2,562,117	234,091	-	590,433	(1,737,593)	-	(1,737,593)
Business-type activities:							
Revolving loan	266,164	3,392	-	-	-	(262,772)	(262,772)
Solid Waste	288,572	292,195	-	54,421	-	58,044	58,044
Water & Sewer	1,345,840	1,579,335	-	-	-	233,495	233,495
Total business-type activities	1,900,576	1,874,922	-	54,421	-	28,767	28,767
Total primary government	$ 4,462,693	$ 2,109,013	$ -	$ 644,854	(1,737,593)	28,767	(1,708,826)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,193,577	-	1,193,577
Sales Taxes					420,716	-	420,716
Franchise taxes					256,724	-	256,724
Insurance premium tax					228,560	-	228,560
Other taxes					135,402	-	135,402
Gain on sale of capital assets					-	-	-
Other income					121,374	-	121,374
Interest earned					4,236	4,149	8,385
Total general revenues					2,360,589	4,149	2,364,738
Transfers					261,087	(261,087)	-
Total general revenues, special items, and transfers					2,621,676	(256,938)	2,364,738
Change in net position					884,083	(228,171)	655,912
Net position---beginning					8,862,750	7,088,540	15,951,290
Net position---ending					$ 9,746,833	$ 6,860,369	$ 16,607,202

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

City of Blackshear, Georgia
Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Project 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,728,246	$ 1,458,939	$ 578,516	$ 3,765,701
Receivables, net	286,014	-	-	286,014
Due from other funds	110,054	-	-	110,054
Intergovernmental	8,605	127,500	-	136,105
Prepaids	7,620	-	-	7,620
Inventories	-	-	-	-
Total Assets	$ 2,140,539	$ 1,586,439	$ 578,516	$ 4,305,494
Liabilities and Deferred inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable and accruals	$ 29,267	$ -	$ -	$ 29,267
Due to other funds	-	-	100	100
Payable to other governments	-	-	-	-
Total Liabilities	29,267	-	100	29,367
Deferred Inflows of Resources	103,830	42,340	-	146,170
Total Liabilities and Deferred Inflows of Resources	133,097	42,340	100	175,537
Fund balances:				
Nonspendable	7,620	-	-	7,620
Restricted:				
Capital Projects	-	1,544,099	206,146	1,750,245
Public Safety	-	-		-
Committed				
Public Safety	-	-	83,592	83,592
Capital Projects	-	-	288,678	288,678
Assigned	-	-	-	-
Unassigned	1,999,822	-	-	1,999,822
Total Fund Balances	2,007,442	1,544,099	578,416	4,129,957
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 2,140,539	$ 1,586,439	$ 578,516	$ 4,305,494

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, 2018

TOTAL GOVERNMENTAL FUND BALANCES		$ 4,129,957
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	9,924,705	
Less accumulated depreciation	(3,680,510)	
Net capital assets		6,244,195
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Inflows Pension	-	
Outflows Pension	227,136	
Property taxes	69,100	
Grant	-	
Special Local Option Sales Tax	42,340	
Local Option Sales Tax	34,730	373,306
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	(6,600)	
Notes payable	(463,759)	
Net Pension Liability	(295,500)	
Capital leases	-	
Compensated absences	(234,766)	(1,000,625)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 9,746,833

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, 2018

Revenues	General	Capital Project 2014 SPLOST	Other Governmental Funds	Total Governmental Funds
Taxes	$ 2,203,440	$ -	$ 33,259	$ 2,236,699
License and permits	90,218	-	-	90,218
Fines and forfeitures	117,696	-	10,274	127,970
Intergovernmental	5,542	516,276	63,268	585,086
Charges for services	15,903	-	-	15,903
Interest	3,768	1,219	742	5,729
Other	114,196	-	7,178	121,374
Total Revenues	2,550,763	517,495	114,721	3,182,979
Expenditures				
Current:				
General government	260,839	-	-	260,839
Public safety	1,318,175	-	21,794	1,339,969
Public works	630,916	-	7	630,923
Parks and recreation	10,343	-	33,259	43,602
Community development	82,349	-	-	82,349
Capital Outlay:				
General government	-	-	-	-
Public safety	-	6,062	71,329	77,391
Public works	-	-	117,061	117,061
Parks and recreation	-	47,145	-	47,145
Capital Outlay: Utilities		-		-
Debt service:				
Principal	-	-	75,317	75,317
Interest and other charges	-	-	11,236	11,236
Total Expenditures	2,302,622	53,207	330,003	2,685,832
Excess (deficiency) of revenues over expenditures	248,141	464,288	(215,282)	497,147
Other Financing Sources (Uses)				
Issuance of Debt	-	-	54,532	54,532
Sale of general capital assets	-	-	-	-
Transfers in	100	258,630	181,930	440,660
Transfers out	(140,660)	-	(38,913)	(179,573)
Total financing Sources And Uses	(140,560)	258,630	197,549	315,619
Net Change in Fund Balance	107,581	722,918	(17,733)	812,766
Fund Balances Beginning	1,899,861	821,181	596,149	3,317,191
Fund Balances Ending	$ 2,007,442	$ 1,544,099	$ 578,416	$ 4,129,957

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, 2018

NET CHANGES IN FUND BALANCES TOTAL GOVERNMENTAL FUNDS			$ 812,766
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	$	241,597	
Depreciation expense		(312,009)	(70,412)
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	$	179,573	
Transfers out		(179,573)	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Taxes		(3,700)	
Grant		-	
Special Local Option Sales Tax		3,854	
Local Option Sales taxes		1,980	2,134
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 Note Payable		(54,532)	
Accrued interest		(6,182)	
Repayment of long term debt		75,317	14,603
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		(32,633)	
Net pension deferred outflows and pension deferred inflows		157,625	124,992

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, 2018

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 884,083

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

City of Blackshear, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2018

Assets and Deferred Outflows of Resources Resources	Enterprise Funds Water and Sewer	Solid Waste	Revolving Loan	Totals
Current assets:				
Cash	$ 554,671	$ 148,396	$ 17,517	$ 720,584
Receivables, net	390,512	60,774	-	451,286
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Prepaid	3,650	-	-	3,650
Total Current Assets	948,833	209,170	17,517	1,175,520
Noncurrent assets:				
Restricted cash	239,878	-	-	239,878
Notes Receivable	347,525	-	100,790	448,315
Capital assets:				
Land and improvements	644,147	-	-	644,147
Construction in progress	1,071,164	-	-	1,071,164
Distribution, collection systems and				
Buildings and equipment	13,187,008	-	-	13,187,008
Less accumulated depreciation	(8,411,537)	-	-	(8,411,537)
Total Noncurrent Assets	7,078,185	-	100,790	7,178,975
Deferred Outflows of Resources	37,815	24,529		62,344
Total Assets and Deferred Outflows of Resources	$ 8,064,833	$ 233,699	$ 118,307	$ 8,416,839
Liabilities and Deferred Inflows of Resources and Net Position:				
Current liabilities:				
Accounts payable and accrued expenses	$ 68,600	$ 40,307	$ -	$ 108,907
Accrued interest bonds and notes	1,210	-	-	1,210
Due to other funds	109,954	-	-	109,954
Bonds, notes, and loans payable	259,542	-	-	259,542
Total Current Liabilities	439,306	40,307	-	479,613
Noncurrent liabilities:				
Customer deposits	88,450	-	-	88,450
Net pension liability	55,500	29,870		85,370
Bonds, notes, and loans payable	903,037	-	-	903,037
Total Noncurrent Liabilities	1,046,987	29,870	-	1,076,857
Total Liabilities	1,486,293	70,177	-	1,556,470
Deferred Inflows of Resources	-	-		-
Total Liabilities and Deferred Inflows of Resources	1,486,293	70,177	-	1,556,470
Net Position				
Net Investment in capital assets	5,328,203	-	-	5,328,203
Restricted for debt service	239,878	-	-	239,878
Unrestricted	1,010,459	163,522	118,307	1,292,288
Total Net Position	6,578,540	163,522	118,307	6,860,369
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 8,064,833	$ 233,699	$ 118,307	$ 8,416,839

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, 2018

	Enterprise Funds			
	Water and Sewer	Solid Waste	Revolving Loan	Totals
OPERATING REVENUES				
Charges for services	$ 1,419,222	$ 292,195	$ -	$ 1,711,417
Other service charges	160,113	-	-	160,113
Interest on Loans	-	-	3,392	3,392
TOTAL OPERATING REVENUES	1,579,335	292,195	3,392	1,874,922
OPERATING EXPENSES				
Personnel services	209,277	28,386	-	237,663
Contracted services	488,624	164,456	-	653,080
Repairs and maintenance	7,615	86,225	-	93,840
Other supplies and expense	227,864	9,905	-	237,769
Depreciation	382,484	-	-	382,484
TOTAL OPERATING EXPENSES	1,315,864	288,972	-	1,604,836
OPERATING INCOME (LOSS)	263,471	3,223	3,392	270,086
NONOPERATING INCOME (EXPENSES)				
Intergovernmental	-	54,421	(266,164)	(211,743)
Interest revenue	4,140	-	9	4,149
Interest expense	(29,576)	-	-	(29,576)
TOTAL NONOPERATING INCOME (EXPENSES)	(25,436)	54,421	(266,155)	(237,170)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	238,035	57,644	(262,763)	32,916
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital Contributions: Utilities	-	-	-	-
Transfers In	-	16,954	-	16,954
Transfers Out	(268,333)	(9,708)	-	(278,041)
NET CAPITAL CONTRIBUTIONS AND TRANSFERS	(268,333)	7,246	-	(261,087)
CHANGE IN NET POSITION	(30,298)	64,890	(262,763)	(228,171)
				-
TOTAL NET POSITION BEGINNING	6,608,838	98,632	381,070	7,088,540
TOTAL NET POSITION ENDING	$ 6,578,540	$ 163,522	$ 118,307	$ 6,860,369

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, 2018

	Enterprise Funds			
	Water and Sewer	Solid Waste	Revolving Loan	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 1,541,526	$ 286,293	$ 3,392	$ 1,831,211
Payments to suppliers	(706,193)	(277,109)	-	(983,302)
Payments to employees	(209,277)	(24,331)	-	(233,608)
Other receipts (payments)	-	-	-	-
Net cash provided by operating activities	626,056	(15,147)	3,392	614,301
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Grant	-	54,421	-	54,421
Funds returned to DCA			(266,164)	(266,164)
Loans receivable	-	-	15,668	15,668
Transfers In (Out)	(268,333)	7,246	-	(261,087)
Net cash (used) by Noncapital Financing Activities	(268,333)	61,667	(250,496)	(457,162)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	515,860	-	-	515,860
Proceeds from sale of equipment	-	-	-	-
Acquisition and Construstion of Capital Assets	(272,344)	-	-	(272,344)
Principal paid on Revenue bonds & equipment debt	(364,800)	-	-	(364,800)
Interest paid on Revenue bonds & equipment debt	(29,576)	-	-	(29,576)
Other receipts (payments)	26,373	-	-	26,373
Net cash (used) by capital and related financing activities	(124,487)	-	-	(124,487)
CASH FLOWS FROM INVESTING ACTIVITIES				
	-	-	-	-
Interest	4,140	-	9	4,149
Net cash provided by investing activities	4,140	-	9	4,149
Net (decrease) in cash and cash equivalents	237,376	46,520	(247,095)	36,801
BALANCES BEGINNING OF THE YEAR	557,173	101,876	264,612	923,661
BALANCES END OF THE YEAR	$ 794,549	$ 148,396	$ 17,517	$ 960,462
Displayed As:				
Cash	$ 554,671	$ 148,396	$ 17,517	$ 720,584
Restricted cash	239,878	-	-	239,878
CASH BALANCE END OF YEAR	$ 794,549	$ 148,396	$ 17,517	$ 960,462

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, 2018

	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)	$ 263,471	$ 3,223	$ 3,392	$ 270,086
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	382,484	-	-	382,484
Change in assets and liabilities:				
Receivables	(37,809)	(5,902)	-	(43,711)
Due from other funds	-	-	-	-
Due from other Governments	22,145	-	-	22,145
Prepaid	-	-	-	-
Deferred Outflows of Resources	(4,242)	(2,751)	-	(6,993)
Accounts and other payables	15,845	16,523	-	32,368
Due to Other Funds	15,176	-	-	15,176
Defered Inflows of Resources	(13,698)	(8,888)	-	(22,586)
Accrued expenses	-	-	-	-
Net Pension Liability	(17,316)	(17,352)	-	(34,668)
Deposits	-	-	-	-
Net cash provided by operating activities	$ 626,056	$ (15,147)	$ 3,392	$ 614,301

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.

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, 2018, 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, 2017
Levy date and Millage Rate Established	September 28, 2017
Real Property Assessment Notice Mailed	May 29, 2017
City digest approved by the State of Georgia	October 21, 2017
Real Property tax bill rendered	November 22, 2017
Real Property tax payment due	January 22, 2018

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 not to capitalize interest during construction.

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, 2018.

Fund	Appropriation	Expenditures	Over-Appropriation

Note 4 - Detailed Notes on All Funds

4. Receivables

Receivables at June 30, 2018, 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, 2018 were as follows:

	Accounts	Taxes	Due from Other Gov't	Notes	Interest	Total
Governmental activities:						
General	$ 8,185	$ 172,129	$ 112,795	$ -	1,510	$ 294,619
Special revenue	-		-	-	-	-
Capital projects	-	-	127,500	-	-	127,500
Total governmental activities	$ 8,185	$ 172,129	$ 240,295	$ -	1,510	$ 422,119
Business-type activities:						
Water and Sewer	$ 390,512	$ -	$ -	$ -	-	$ 390,512
Solid Waste	60,774	-	-	-	-	60,774
Revolving Loan	-	-	-	448,315	-	448,315
Total business-type activities	$ 451,286	$ -	$ -	$ 448,315	-	$ 899,601

Payables at June 30, 2018, were as follows:

Governmental activities:	Vendors	Salaries/ Benefits	Accrued Interest	Other	Total Payables
General	$ 29,267	$ -	$ -	$ -	29,267
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Total governmental activities	$ 29,267	$ -	$ -	$ -	29,267
Business-type activities:					
Water and Sewer	$ 68,600	$ -	$ 1,210	$ -	69,810
Solid Waste	40,307	-	-	-	40,307
Revolving loan	-	-	-	-	-
Total business-type activities	$ 108,907	$ -	$ 1,210	$ -	110,117

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 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	1,806,533	-	-	1,806,533
Equipment	2,900,846	159,770	-	3,060,616
Infrastructure	4,205,729	81,827	-	4,287,556
Totals	8,913,108	241,597	-	9,154,705
Less accumulated depreciation for:				
Buildings	956,248	59,157	-	1,015,405
Equipment	1,738,132	125,405	-	1,863,537
Infrastructure	674,121	127,447	-	801,568
Totals	3,368,501	312,009	-	3,680,510
Depreciable-net	5,544,607	(70,412)	-	5,474,195
Capital Assets-Net	6,314,607	(70,412)	-	6,244,195
Leases Payable	17,912	-	17,912	-
Note Payable	466,632	-	39,700	426,932
Note Payable	-	54,532	17,705	36,827
Totals	484,544	54,532	75,317	463,759
Net Investment in Capital Assets	$ 5,830,063	$ (124,944)	$ 75,317	$ 5,780,436

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

General government	$ 17,945
Police	54,328
Fire	60,203
Public Works	159,117
Parks and recreation	20,416
Total	$ 312,009

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	$ 798,820	$ 272,344	$ -	$ 1,071,164
Land	644,147	-	-	644,147
Total	1,442,967	272,344	-	1,715,311
Being depreciated:				
Buildings	74,717	-	-	74,717
System Improvements	13,112,291	-	-	13,112,291
Total	13,187,008	-	-	13,187,008
Less accumulated depreciation for:				
Buildings	72,210	2,490	-	74,700
Systems Improvements	7,956,843	379,994	-	8,336,837
Total	8,029,053	382,484	-	8,411,537
Depreciable-net	5,157,955	(382,484)	-	4,775,471
Capital Assets-Net	6,600,922	(110,140)	-	6,490,782
Notes Payable	111,928	-	111,928	-
Notes Payable	369,670	-	22,145	347,525
Notes Payable	529,921	-	230,727	299,194
Notes Payable	-	515,860	-	515,860
Total	1,011,519	515,860	364,800	1,162,579
Capital Assets				
Net of Related Debt	$ 5,589,403	$ (626,000)	$ (364,800)	$ 5,328,203

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	$ 227,136	$ 62,344	$ 289,480

The reporting requirements of GASB 68 Accounting and Financial Reporting for Pensions and is timing difference between the September 30, 2017 year end of the Actuarial Valuation and Review of the Georgia Municipal Employees Benefit System and the June 30, 2018 of the City.

The Deferred Outflow of Resources--Pensions consists of the following:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows Pensions	$ 134,618	$ 38,401	$ 173,019
Deferred Inflows Pensions	92,518	23,943	116,461
Total as above	$ 227,136	$ 62,344	$ 289,480

Deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and reported as a net deferred outflow of resources related to pensions or a net deferred outflows of resources related to pensions.

Proprietary Funds:

	Water & Sewer	Solid Waste	Total
Deferred Outflow of Resources-Pensions	37,815	24,529	62,344

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.

Statement of Net Position:

	Governmental Activities	Business-Type Activities	Total
Deferred Inflow of Resources	$ -	$ -	$ -

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

Deferred Inflows of Resources

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

General Fund	$	103,830
Capital Project 2014 SPLOST		42,340
Other Governmenal Funds		-
Total	$	146,170

Governmental Funds:
Balance Sheet

General Fund:

Local Option Sales Tax	$	34,730
Property Taxes		69,100
Total General Fund	$	103,830

2014 SPLOST:

Special Local Option Sales Taxes	$	42,340

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 transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Fund Transferred From:	Fund Transferred To:	Amount	Purpose
General Fund	Solid Waste Fund	$ 16,954	To pay current operations.
General Fund	Capital Improvement Fund	123,706	To purchase capital assets
Water and Sewer Fund	Multi Purpose Building	9,703	To provide for payment of note
Solid Waste	Capital Improvement Fund	9,708	To purchase capital assets
Capital Improvement Fund	Multi Purpose Building	38,813	To provide for payment of note
CDBG 12P	General fund	100	To transfer the initial deposit to open account
Water and Sewer Fund	2014 SPLOST	258,630	To repay SPLOST Fund for Water and Sewer improvements.

Interfund Balances:

Interfund balances at June 30, 2018 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.

Receivable Fund:	Payable Fund	Amount
General fund	Water and Sewer Fund	$ 109,954
General fund	CDBG 14	$ 100

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, 2018.

NOTE 8. LONG-TERM OBLIGATIONS

Governmental Activities:	Outstanding 7/1/2017	Additions	Deductions	Outstanding 6/30/2018	Due In one year	Due In more than one year
Note payable	$ 203,632	-	$ 39,700	$ 163,932	$ 38,891	$ 125,041
Note payable	263,000	-	-	263,000	24,028	238,972
Note payable	-	54,532	17,705	36,827	18,102	18,725
Capital lease	17,912		17,912	-	-	-
Compensated absences	202,133	75,840	43,207	234,766	-	234,766
Total governmental activities	$ 686,677	$ 130,372	$ 118,524	$ 698,525	$ 81,021	$ 617,504

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
6/30/2019	$ 38,891	$ 10,948	$ 49,839
6/30/2020	40,214	9,625	49,839
6/30/2021	41,537	8,302	49,839
6/30/2022	41,537	6,979	48,516
6/30/2023	1,753	-	1,753
6/30/2024-2028	-	-	-
6/30/2029-2033	-	-	-
Totals	$ 163,932	$ 35,854	$ 199,786

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

The City entered into a note with the United States Department of Agriculture in June of 2017 for the purpose of purchasing a fire truck for the public safety. The original principal portion of the note was $263,000. The repayment is to be in ten annual installments of $30,349.55 at 2.75% interest. The payments are to began on September 15, 2018.

Year Ended	Principal	Interest	Total
6/30/2019	$ 24,028	6,322	30,350
6/30/2020	23,856	6,494	30,350
6/30/2021	24,501	5,849	30,350
6/30/2022	25,175	5,175	30,350
6/30/2023	25,868	4,482	30,350
6/30/2024-2028	139,572	7,663	147,235
6/30/2029-2033	-	-	-
Totals	$ 263,000	$ 35,985	$ 298,985

The City entered into a note with a bank On August 18, 2017 for the purchase of two (2) Ford Explorer police vehicles. The original principal portion of the note is $54,532.00, the note is to be repaid in three (3) annual installments with two (2) of the installments to be $19,483.08 and one annual installment of $19,427.00 at an annual reate of 3.75% interest. The payments will begin on July 1, 2018.

Year Ended	Principal	Interest	Total
6/30/2019	$ 18,102	1,381	19,483
6/30/2020	18,725	702	19,427
6/30/2021	-	-	-
6/30/2022	-	-	-
6/30/2023	-	-	-
6/30/2024-2028	-	-	-
6/30/2029-2033	-	-	-
Totals	$ 36,827	$ 2,083	$ 38,910

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 $40,892 (Cost of $52,043 less accumulated depreciation of $11,151). Annual depreciation $3,717 of these assets under capital lease is included in depreciation expense.

Year Ended	Principal	Interest	Total Princ & Interest
6/30/2019	$ -	-	-
6/30/2020	-	-	-
6/30/2021	-	-	-
6/30/2022	-	-	-
6/30/2023	-	-	-
6/30/2024-2028	-	-	-
6/30/2029-2033	-	-	-
Totals	$ -	$ -	$ -

Compensated Absences:

	Balance 6/30/16	Additions	Deductions	Balance 6/30/2017
Compensated absences:	$ 202,133	$ 75,840	$ 43,207	$ 234,766

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 7/1/2017	Additions	Deductions	Outstanding 6/30/2018	Due In one year	Due In more than one year
Note payable	$ 111,928	$ -	$ 111,928	$ -	$ -	$ -
Note payable	529,921	-	230,727	299,194	236,668	62,526
Note Payable	369,670	-	22,145	347,525	22,874	324,651
Note Payable	-	515,860	-	515,860	-	515,860
Total business type activitie:	$ 1,011,519	$ 515,860	$ 364,800	$ 1,162,579	$ 259,542	$ 903,037

The following schedules represent the annual requirements to amortize the notes outstanding at June 30, 2018.

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
6/30/2019	1.68%	-	-	-
6/30/2020	1.68%	-	-	-
6/30/2021	1.68%	-	-	-
6/30/2022	1.68%	-	-	-
6/30/2023	1.68%	-	-	-
6/30/2024-2028	1.68%	-	-	-
6/30/2029-2033	1.68%	-	-	-
Totals		$ -	$ -	$ -

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
6/30/2019	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	4.10%	-	-	-
6/30/2023	4.10%	-	-	-
6/30/2024-2028	4.10%	-	-	-
6/30/2029-2033	4.10%	-	-	-
Totals		$ 299,194	$ 15,132	$ 314,326

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
6/30/2019	3.25%	22,874	11,074	33,948
6/30/2020	3.25%	23,630	10,318	33,948
6/30/2021	3.25%	24,386	9,562	33,948
6/30/2022	3.25%	25,144	8,804	33,948
6/30/2023	3.25%	25,902	8,026	33,928
6/30/2024-2028	3.25%	130,368	39,372	169,740
6/30/2029-2033	3.25%	95,221	16,402	111,623
6/30/2034-2038	3.25%	-	-	-
Totals		$ 347,525	$ 103,558	$ 451,083

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

Water and Sewer Promissory Note: Issued July 7, 2017 in the amount of $5,667,000 from the Georgia Environmental Finance Authority, and the Clean Water State Revolving Fund. The Purpose of the loan is to build a Sewage Treatment Facility. The interest rate is 0.50% per annum. Accrued interest shall be payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the Completion Date, (2) March 1, 2019, or (3) the date that the loan evidenced by the Note is fully disbursed. Principal of and interest on this note shall be payable in Fifty-Nine (59) consecutive monthly installments equal to the installment amount, commencing on the first day of the calendar month following the Amortization Commencement Date, and continuing to be due on the first day of each succeeding calendar month thereafter, together with a final installment equal to the entire remaining unpaid principal balance of and all accrued interest on this Note, which shall be due and payable on the date that is five years from the Amortization Commencement Date. The drawdowns on this note as of the year ended June 30, 2018 is $515,860,

Year Ended	Interest Rate	Principal	Interest	Total Requirement
6/30/2019	0.50%	-	-	-
6/30/2020	0.50%	-	-	-
6/30/2021	0.50%	-	-	-
6/30/2022	0.50%	-	-	-
6/30/2023	0.50%	-	-	-
6/30/2024-2028	0.50%	-	-	-
6/30/2029-2033	0.50%	-	-	-
6/30/2034-2038	0.50%	-	-	-
Totals		$ -	$ -	$ -

Operating Lease:

The City entered into an operating lease for equipment for the Water and Sewer Department. The lease contract was dated February 22, 2018 through February 27, 2023 The lease calls for monthly rentals of 60 equal payments of $1,079.18 the first payment to be due at signing and each 23rd day of the month thereafter. The lease payments are as follows:

6/30/2019	$ 12,228
6/30/2020	12,228
6/30/2021	12,228
6/30/2022	12,228
6/30/2023	7,166
6/30/2024-2028	-
6/30/2029-2033	-
6/30/2034-2038	$ -

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

Annual debt service requirements to amortize all obligations outstanding, as of June 30, 2018 are as follows:

Governmental Type Activities

	Capital Lease		Note Payable		Totals	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2019	-	-	81,021	18,651	81,021	18,651
2020	-	-	82,795	16,821	82,795	16,821
2021	-	-	66,038	14,151	66,038	14,151
2022	-	-	66,712	12,154	66,712	12,154
2023	-	-	27,621	4,482	27,621	4,482
2024-2028	-	-	139,572	7,663	139,572	7,663
2029-2032	-	-	-	-	-	-
2033-2037			-	-	-	-
	$ -	$ -	$ 463,759	$ 73,922	$ 463,759	$ 73,922

Business Type Activities

	Bonds		Note Payable		Totals	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ -	-	$ 259,542	23,456	$ 259,542	$ 23,456
2020	-	-	86,156	13,068	86,156	13,068
2021	-	-	24,386	9,562	24,386	9,562
2022	-	-	25,144	8,804	25,144	8,804
2023			25,902	8,026	25,902	8,026
2024-2028	-	-	130,368	39,372	130,368	39,372
2029-2032	-	-	95,221	16,402	95,221	16,402
2033-2037	-	-	-	-	-	-
	$ -	$ -	$ 646,719	$ 118,690	$ 646,719	$ 118,690

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

Capitalization of Interest

It is the City's policy not to capatilize interest.

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 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 contribution 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.

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. Contributions actuarially calculated for the year ended June 30, 2018 $85,051, contributions paid by City $85,056 the total expensed $83,769. Total contributions by employees for the year ended June 30, 2018 $0.00.

Note 9. PENSIONS

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

At June 30, 2018, 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	$ 295,500
Business-Type Activities	85,370
total Net Pension Liability	$ 380,870

The net pension liability was measured as of September 30, 2017, 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, 2017.

	For Year Ended	
	June 30, 2018	June 30, 2017
The Discount Rate:	7.50%	7.75%

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, 2016 (*)	$ 1,838,996	$ 1,408,130	$ 430,866
Changes for the year:			
Service Cost	40,361	-	40,361
Interest	138,148	-	138,148
Differences between expected and actual experiences	24,862	-	24,862
contributions--employer	-	83,769	(83,769)
Contributions--employee	-	-	-
Net investment income	-	209,333	(209,333)
Benefit payments, including refunds of employee contributions	(112,873)	(112,873)	-
Administrative expense	-	(9,872)	9,872
Other	29,863	-	29,863
Net Changes	120,361	170,357	(49,996)
Balances at September 30, 2017 (**)	$ 1,959,357	$ 1,578,487	$ 380,870

Note 9. PENSIONS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
	$ 615,441	$ 370,870	$ 185,618

(*) Entry age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2016.. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending June 30, 2017.

(**) Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure TPL as of September 30, 2017. The balances as of September 30, 2017 constitute measurements of the NPL for the fiscal year ending June 30, 2018.

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

Pension expenses for the year ended June 30, 2018:

Service Cost	$ 40,361
Interest on The Pension Liability (TPL)	138,148
Employee contributions	-
Administrative expense	9,872
Expected return on assets	(107,620)
Expensed portion of current year period differences expected and actual experience in TPL	4,974
Expensed portion of current year period assumption changes	5,971
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(20,341)
Current year recognition of deferred inflows and outflows established in prior years	17,888
Total Expense	$ 89,253

$63,792 reported as deferred of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension as follows:

Note 9. PENSIONS

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

	Year Established	Outstanding Balance at July 1, 2017	Amount Recognized During FYE June 30, 2018	Outstanding Balance at June 30, 2018
Fiscal year Outflows				
Demographic	2015	21,294	10,647	10,647
Demographic	2016	25,062	8,354	16,708
Investment	2016	50,616	16,872	33,744
Demographic	2017	3,872	968	2,904
Demographic	2018	24,862	4,974	19,888
Assumption Change	2018	29,863	5,971	23,892
Total Outflows		155,569	47,786	107,783
Fiscal year Inflows				
Investment	2015	(17,638)	(8,819)	(8,819)
Assumption Change	2015	(2,688)	(1,344)	(1,344)
Investment	2017	(35,160)	(8,790)	(26,370)
Investment	2018	(101,713)	(20,341)	(81,372)
Total Inflows		(157,199)	(39,294)	(117,905)

FYE June 30	Deferred Outflows	Deferred Inflows
2019	$ 47,786	(39,296)
2020	37,139	(29,133)
2021	11,913	(29,133)
2022	10,945	(20,343)
2023	-	-
	$ 107,783	$ (117,905)

	Deferred Outflows	Deferred Inflows
Contributions subsequent to measurement date	$ 63,792	-
Demographic	50,147	-
Investment	33,744	(116,561)
Assumption Change	23,892	(1,344)
Total	171,575	(117,905)

Note 9. PENSIONS

Deferred outflows of resources and deferred inflow of resources arising from differences between projected and actual pension plan investment earnings in different measurement periods should be aggregated and reported as the net deferred outflow of resources related to pension or a net deferred inflow of resources related to pensions. Therefore the deferred outflow of resources related to pension is shown on the financial statements as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows	134,618	36,957	171,575
Deferred Inflows	92,518	25,387	117,905
Deferred Outflows	227,136	62,344	289,480

Valuation Date:	The actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019
Actuarial Cost Method	Projected Unit Credit. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service.
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		7.50%	On-going basis, based on long-term expected rate of return on pension plan investments.
Projected salary increases		2.75% plus service based merit increases	
Retirement Rates:		Age	Annual Rate %
	Employees	65-69	60%
		70 and Over	100%
	Retirement Age for Inactive Vested Participants:	65	
	Form of Payment	Life Annuity	
Social security wage base increase:		2.75%	
Cost of living adjustments		0.00%	

Note 9. PENSIONS

Membership of the Plan:

The valuation was made with respect to the following data:

Pensioners as of the valuation date (including 2 beneficiaries)		21
Participants inactive during year ended June 30, 2018 with vested rights		17
Participants active during the year ended June 30, 2018 (including 0 elected officials)		36
Fully vested	22	
Not vested	14	

The actuarial factors as of the valuation date are as follows:

Normal cost, including administrative expenses		$ 56,737
Present value of future benefits		2,279,597
Actuarial accrued liability:		1,790,631
Pensioners and beneficiaries	$ 919,224	
Inactive participants with vested rights	204,368	
Active participants	667,039	
Actuarial value of assets ($1,408,130 at market value)		1,539,745
Unfunded/(Surplus) actuarial accrued liability		$ 250,886

Changes in Methods and Assumptions:

Based on the results of an actuarial study in September 2017, the following assumptions were changed in this valuation:

The investment return assumption was reduced from 7.75% to 7.50%.

The inflation assumption was reduced from 3.25% to 2.75%

Note 9. PENSIONS

The Social Security wage base increase assumption was reduced from 3.25% to 2.75% This salary increase rates were reduced by 0.50% for all years of service, consistent with the reduction in the inflation assumption.
There were no other changes in methods or assumptions.

The determination of the recommended contribution is as follows:	Year Beginning July 1, 2018	Year Beginning July 1, 2017
Total benefit normal cost	$ 47,986	$ 42,497
Administrative expenses	8,751	8,505
Expected employee contributions	-	-
Employer normal cost	56,737	51,002
Actuarial accrued liability at valuation date	1,790,631	1,680,483
Actuarial value of assets at valuation date	1,539,745	1,462,577
Unfunded/(surplus) actuarial accrued liability	250,886	217,906
Payment on unfunded/(surplus) actuarial accrued liability*	35,033	30,933
Fully funding credit	-	-
Recommended mid-year contribution at valuation date	91,770	81,935
Adjustment to fiscal year **	3,379	3,116
Total recommended mid-year contribution, for fiscal year	$ 95,149	$ 85,051
Total recommended contribution as a percentage of expected payroll	7.36%	6.95%

The City made all scheduled contributions during the year ended June 30, 2018.

* Details of the amortization payment are show in Section 5, Exhibit II of the Actuarial Valuation and Review Report dated January 1, 2018.

** Fiscal Year Begins July 1,

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,

Plan termination basis (all lives) 2.80% (3-year Treasury Securities Rate as of August 2017, published in September 217 2.26% last year)

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.

Note 9. PENSIONS

Net Investment Return:

Net investment rate of return 7.50% on-going basis, based 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

The largest 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 as of March 1, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.71%
International Equity	20%	7.71%
Real Estate	10%	5.21%
Global Fixed Income	5%	3.36%
Domestic Fixed Income	20%	2.11%
Cash	0%	
Total	100%	

Plan termination basis: 2.80% (30 year Treasury Securities Rate as of August, 2017, published 2.26% last year.

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

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 Southland Waste for the transport 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, 2018, the City paid $4,476 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 Georgia Environmental Finance Authority loan and a grant from the United States Department. of Agriculture, The project funding will be as follows:

GEFA Loan	$ 5,667,000
USDA 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, 2018 the City was involved in two legal actions. The City will contest the cases vigorously. For these actions, the City has retained the services of defense counsel employed by the City's liability insurer.

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 2,160,500	$ 2,160,500	$ 2,203,440	$ 42,940
License and Permits	90,000	90,000	90,218	218
Intergovernmental	4,800	4,800	5,542	742
Fines and forfeitures	115,500	115,500	117,696	2,196
Charges for services	15,000	15,000	15,903	903
Other	68,196	68,196	114,196	46,000
Interest	3,500	3,500	3,768	268
Total Revenues	2,457,496	2,457,496	2,550,763	93,267
Expenditures				
Current:				
General government:	263,410	263,410	260,839	2,571
Public safety:	1,321,330	1,321,330	1,318,175	3,155
Public works:	635,900	635,900	630,916	4,984
Culture and recreartion	11,200	11,200	10,343	857
Community development	85,000	85,000	82,349	2,651
TOTAL EXPENDITURES	2,316,840	2,316,840	2,302,622	14,218
Excess of revenues over (under) expenditures	140,656	140,656	248,141	79,049
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Issuance of Debt	-	-	-	-
Transfers in	-	-	100	100
Transfers (out)	(140,656)	(140,656)	(140,660)	(4)
TOTAL OTHER FINANCING SOURCES (USES)	(140,656)	(140,656)	(140,560)	96
Net change in fund balance	-	-	107,581	79,145
FUND BALANCE BEGINNING			1,899,861	1,899,861
FUND BALANCE ENDING	$ -	$ -	$ 2,007,442	$ 2,007,442

City of Blackshear, Georgia
Notes to the Budgetary Schedule
For The Year Ended June 30, 2018

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

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:	Expenditures	Variance
There was no expenditures that exceeded appropriations.	$ -	$ -	$ -

Required Supplementary Information

Pension Plan

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009

The numbers shown are based on a September 30, 2017 measurement date which would make them applicable to the Fiscal Year Beginning July 1, 2017 and ending June 30, 2018.

Total Pension Liability:				
Service Cost	$ 40,361	$ 39,557	$ 35,999	$ 30,984
Interest	138,148	132,677	124,541	116,188
Difference between expected and actual experience	24,862	4,842	41,770	53,235
Benefits payments, including refunds of employee contributions	(112,873)	(100,071)	(94,611)	(77,186)
Other	29,863	-	-	(6,720)
Net change in total pension liability	120,361	77,005	116,501	116,501
Total pension liability:				
Beginning	1,838,996	1,761,991	1,654,292	1,537,791
Ending (a)	$ 1,959,357	$ 1,838,996	$ 1,770,793	$ 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 *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Plan fiduciary net position:										
Contributions--employer	$ 83,769	$ 74,330	$ 66,805	$ 61,286						
Contributions--employee	-	-	-	-						
Net investment income	209,333	143,194	16,150	136,157						
Benefits payments, including refunds of employee contributions	(112,873)	(100,071)	(94,611)	(77,186)						
Administrative expense	(9,872)	(5,515)	(5,950)	(4,662)						
Other	-	-	-	-						
Net change in Fiduciary net position	170,357	111,938	(17,606)	115,595						
Plan fiduciary net position:										
Beginning	1,408,130	1,296,192	1,313,798	1,198,203						
Ending (b)	$ 1,578,487	$ 1,408,130	$ 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 *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City's net pension liability ending: (a) - (b)	$ 380,870	$ 430,866	$ 474,601	$ 340,494						
Plan fiduciary net position as a percentage of total pension liability	80.56%	73.56%	73.56%	79.42%						
Covered employee payroll	$ 1,276,200	$ 1,166,515	$ 1,180,197	$ 1,183,453						
Net pension liability as a percentage of covered employee payroll	29.84%	39.47%	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 *

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Schedule of Contributions:										
Actuarially determined contribution	*	$ 83,342	$ 71,326	$ 65,298						
Contributions in relation to the actuarially determined contribution	*	$ 83,342	$ 71,326	$ 65,298						
Contribution deficiency (excess)	*	$ -	$ -	$ -						
Covered-employee payroll	*	$ 1,166,515	$ 1,180,197	$ 1,183,453						
Contribution as a percentage of covered employee payroll	*	7.14%	6.04%	5.52%						

2018 information will be determined after fiscal year end and will be included in the 2019 valuation report.

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

2017 covered payroll is based on data collected as of August 31, 2016 for the 2017 actuarial valuation.

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, 2018, 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, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	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	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%

Retirement Rates:	Age	Annual Rate %
Employees	65-69	60
	70 and over	100

Retirement Age for Inactive:	
Vested Participants:	65
Form of Payment	Life Annuity

Mortality Rates:

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 Methods and Assumptions:

Based on the results of an actuarial study in September 2017, the following assumptions were changed in this valuation.

The investment return assumption was reduced from 7.75% to 7.50%.

This inflation assumption was reduced from 3.25% to 2.75%.

The Social Security was base increase assumption was reduced from 3.25% to 2.75%.

The salary increase rates were reduced from 0.50% for all years of service, consistent with the reduction in the inflation assumption.

There were no other changes in methods or assumptions.

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

Actuarial Valuation History for Notes to Schedules:

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Cash	$ 83,592	$ 494,924	$ 578,516
Intergovernmental Receivable	-	-	-
Tax receivable (net of	-	-	-
allowance for uncollectibles)	-	-	-
Interest receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total Assets	$ 83,592	$ 494,924	$ 578,516
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities			
Due to Other funds	$ -	$ 100	$ 100
Total Liabilities	-	100	100
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflow of Resources	-	100	100
Fund Balances			
Restricted:			
Public safety	-		-
Capital Projects	-	206,146	206,146
Committed:			
Public safety	83,592	-	83,592
Capital Projects	-	288,678	288,678
TOTAL FUND BALANCE	83,592	494,824	578,416
TOTAL LIABILITIES AND FUND BALANCES	$ 83,592	$ 494,924	$ 578,516

City of Blackshear, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$ 33,259	$ -	$ 33,259
Intergovernmental	-	63,268	63,268
Fines and Forfeitures	10,274	-	10,274
Interest	181	561	742
Other	-	7,178	7,178
Total Revenues	43,714	71,007	114,721
Expenditures:			
Current:			
General Government	-	-	-
Public Safety	21,794	-	21,794
Public Works	-	7	7
Tourism and Economic Development	33,259	-	33,259
Capital Outlay:			
General Government	-	-	-
Public Safety	-	71,329	71,329
Public Works	-	117,061	117,061
Debt Service:			
Principal	-	75,317	75,317
Interest	-	11,236	11,236
Total Expenditures	55,053	274,950	330,003
Excess of Revenues Over (Under) Expenditures	(11,339)	(203,943)	(215,282)
Other Financing Sources			
Proceeds of Capital Lease	-	54,532	54,532
Transfers In	-	181,930	181,930
Transfers (Out)	-	(38,913)	(38,913)
Total Other Financing Sources	-	197,549	197,549
Net Change in Fund Balances	(11,339)	(6,394)	(17,733)
Fund Balance Beginning	94,931	501,218	596,149
Fund Balance Ending	$ 83,592	$ 494,824	$ 578,416

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 Consiscation 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, 2018

	Special Revenue Funds		
	Police Confiscations	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash	$ 83,592	$ -	$ 83,592
Intergovernmental Receivables	-	-	-
Receivable - Other	-	-	-
Receivable - Grant	-	-	-
Taxes Receivables	-	-	-
Due from Other Funds	-	-	-
Total Assets	$ 83,592	$ -	$ 83,592
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	83,592	-	83,592
Total Fund Balances	83,592	-	83,592
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 83,592	$ -	$ 83,592

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, 2018

	Special Revenue Funds		
	Police Confiscations	Hotel/Motel Tax Fund	Total Nonmajor Special Revenue Funds
Revenues			
Taxes	$ -	$ 33,259	$ 33,259
Fines and forfeitures	10,274	-	10,274
Other revenue	-	-	-
Interest	181	-	181
Total Revenues	10,455	33,259	43,714
Expenditures			
Current:			
Public Safety	21,794	-	21,794
Tourism and economic development	-	33,259	- 33,259
Capital Outlay:			
Public Safety	-	-	-
Public Works	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	21,794	33,259	55,053
Excess (Deficiency) of Revenues over (under) Expenditu	(11,339)	-	(11,339)
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)	(11,339)	-	(11,339)
Net Changes in Fund Balances	(11,339)	-	(11,339)
Fund Balances Beginning	94,931	-	94,931
Fund Balances Ending	$ 83,592	$ -	$ 83,592

City of Blackshear, Georgia
Police Confiscations
Balance Sheet
June 30, 2018

ASSETS:	
Cash	$ 83,592
TOTAL ASSETS	$ 83,592
LIABILITIES AND FUND BALANCE:	
LIABILITIES	
Accounts Payable	$ -
TOTAL LIABILITIES	-
FUND BALANCES	
Restricted:	
Public safety	83,592
TOTAL FUND BALANCES	83,592
TOTAL LIABILITIES AND FUND BALANCES	$ 83,592

City of Blackshear, Georgia
Police Confiscations
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES:	$	$	$	$
Fines and forfeitures	23,300	23,300	10,274	(13,026)
Interest	200	200	181	(19)
TOTAL REVENUES	23,500	23,500	10,455	(13,045)
EXPENDITURES:				
Current:				
Public safety	23,500	23,500	21,794	1,706
Capital Outlay:				
Public Safety	-	-	-	-
TOTAL EXPENDITURES	23,500	23,500	21,794	1,706
Excess (deficiency) of Revenues over (under) Expenditures	-	-	(11,339)	(11,339)
NET CHANGE IN FUND BALANCE	-	-	(11,339)	(11,339)
FUND BALANCE BEGINNING	13,955	13,955	94,931	80,976
FUND BALANCE ENDING	$ 13,955	$ 13,955	$ 83,592	$ 69,637

City of Blackshear, Georgia
Hotel/Motel Tax Fund
Balance Sheet
June 30, 2018

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, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES:	$	$	$	$
Taxes	34,000	34,000	33,259	(741)
Interest	-	-	-	-
TOTAL REVENUES	34,000	34,000	33,259	(741)
EXPENDITURES:				
Current:				
Tourism and Economic Development	34,000	34,000	33,259	741
Capital Outlay:				
Community Development	-	-	-	-
TOTAL EXPENDITURES	34,000	34,000	33,259	741
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
CDBG 14p-x-113-2-2231

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.
CDBG 14p-x-113-2-2231	To account for funds provided by the CDBG 14p-x-113-2-2231 and for the use of these funds in accordance with the Grant agreement.

City of Blackshear, Georgia
All Nonmajor Capital Project Funds
Combining Balance Sheet
June 30, 2018

	Capital Project Funds					
	Multiple Purpose Building	Capital Improvements Fund	CDBG 12p x-113-2 5458	2008 SPLOST	CDBG 14p x-113-2 2231	Total Nonmajor Capital ProJect Funds
Assets						
Cash	$ 3,992	$ 284,686	$ -	$ 206,146	$ 100	$ 494,924
Intergovernmental Receivables	-	-	-	-	-	-
Receivable - Other	-	-	-	-	-	-
Receivable - Grant	-	-	-	-	-	-
Taxes Receivables	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Total Assets	$ 3,992	$ 284,686	$ -	$ 206,146	$ 100	$ 494,924
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities:						
Due to Other Funds	$ -	$ -	$ -	$ -	$ 100	$ 100
Total Liabilities	-	-	-	-	100	100
Deferred Inflows of Resources	-	-	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	-	-	-	-	100	100
Fund Balances						
Restricted:						
Capital Projects	-	-	-	206,146	-	206,146
Committed:						
Captial projects	3,992	284,686	$ -	$ -	$ -	288,678
Total Fund Balances	3,992	284,686	$ -	$ 206,146	$ -	494,824
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 3,992	$ 284,686	$ -	$ 206,146	$ 100	$ 494,924

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, 2018

	Capital Project Funds					
	Multiple Purpose Building	Captial Improvements Fund	CDBG 12p x-113-2 5458	2008 SPLOST	CDBG 14p x-113-2 22331	Total Nonmajor Capital Project Funds
Revenues						
Intergovernmental	$ -	$ 63,268	$ -	$ -	$ -	$ 63,268
Other revenue	-	7,178	-	-	-	7,178
Interest	-	297	-	264	-	561
Total Revenues	-	70,743	-	264	-	71,007
Expenditures						
Current:						
Administritive	-	-	-	-	-	-
Public Works	-	7	-	-	-	7
Culture & Recreation	-	-	-	-	-	-
Capital Outlay:						
General Government	-	-	-	-	-	-
Public Safety	-	71,329	-	-	-	71,329
Public Works	-	35,234	-	81,827	-	117,061
Debt Service						
Principal	39,700	35,617	-	-	-	75,317
Interest	8,816	2,420	-	-	-	11,236
Total Expenditures	48,516	144,607	-	81,827	-	274,950

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, 2018

	Capital Project Funds					
	Multiple Purpose Building	Captial Improvements Fund	CDBG 12p x-113-2 5458	2008 SPLOST	CDBG 14p x-113-2 22331	Total Nonmajor Capital Project Funds
Excess (Deficiency) of Revenues over (under) Expenditu	(48,516)	(73,864)	-	(81,563)	-	(203,943)
Other Financial Resources (Uses)						
Proceeds from Capital Lease	-	54,532	-	-	-	54,532
Transfer In	48,516	133,414	-	-	-	181,930
Transfers (Out)	-	(38,813)	(100)	-	-	(38,913)
Total Other Financial Resources (Uses)	48,516	149,133	(100)	-	-	197,549
Excess Revenues Over (under) Expenditures and Other Financial Sources (uses)	-	75,269	(100)	(81,563)	-	(6,394)
Net Changes in Fund Balances	-	75,269	(100)	(81,563)	-	(6,394)
Fund Balances Beginning	3,992	209,417	100	287,709	-	501,218
Fund Balances Ending	$ 3,992	$ 284,686	$ -	$ 206,146	$ -	$ 494,824

City of Blackshear, Georgia
Multiple Purpose Building
Balance Sheet
June 30, 2018

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, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Other revenue	$ -	$ -	$ -	$ -
	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Public Works	-	-	-	-
Debt Service:				
Principal	39,700	39,700	39,700	-
Interest	8,816	8,816	8,816	-
Total Expenditures	48,516	48,516	48,516	-
Excess (deficiency) of Revenues over Expenditures	(48,516)	(48,516)	(48,516)	-
Other Financing Sources (Uses)				
Transfers In	48,516	48,516	48,516	-
Transfers (Out)	-	-	-	-
Total Other Financial Sources (Uses)	48,516	48,516	48,516	-
Net Change in Fund Balance	-	-	-	-
Fund Balance Beginning	3,992	3,992	3,992	-
Fund Balance Ending	$ 3,992	$ 3,992	$ 3,992	$ -

City of Blackshear, Georgia
Capital Improvements Fund
Balance Sheet
June 30, 2018

Assets:		
Cash	$	284,686
Due from other funds		-
Total Assets	$	284,686
Liabilities And Fund Balance		
Liabilities:		
Accounts Payable	$	-
Total Liabilities		-
Fund Balances		
Committed:		
Capital Projects		284,686
Total Fund Balances		284,686
Total Liabilities and Fund Balances	$	284,686

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, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ 60,000	$ 60,000	$ 63,268	$ 3,268
Other revenue	-	-	7,178	7,178
Interest	100	100	297	197
Total Revenues	60,100	60,100	70,743	10,643
Expenditures:				
Current:				
Public Works	100	100	7	93
Capital Outlay:				
General Government	-	-	-	-
Public Safety	60,500	60,500	71,329	(10,829)
Public Works	9,000	9,000	35,234	(26,234)
Debt Service:				
Principal	17,342	17,342	35,617	(18,275)
Interest	1,160	1,160	2,420	(1,260)
Total Expenditures	88,102	88,102	144,607	(56,505)
Excess (deficiency) of Revenues over Expenditures	(28,002)	(28,002)	(73,864)	(45,862)
Other Financing Sources (Uses)				
Capital Lease Proceeds	-	-	54,532	54,532
Transfers In	161,060	161,060	133,414	(27,646)
Transfers (Out)	(38,813)	(38,813)	(38,813)	-
Total Other Financial Sources (Uses)	122,247	122,247	149,133	26,886
Net Change in Fund Balance	94,245	94,245	75,269	(18,976)
Fund Balance Beginning	108,607	108,607	209,417	(100,810)
Fund Balance Ending	$ 202,852	$ 202,852	$ 284,686	$ 81,834

City of Blackshear, Georgia
CDBG 12p-x-113-2-5458
Balance Sheet
June 30, 2018

Assets:		
Cash	$	-
Intergovernmental		-
Total Assets	$	-
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		-
Total Fund Balances		-
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$	-

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, 2018

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

City of Blackshear, Georgia
2008 SPLOST
Balance Sheet
June 30, 2018

Assets:		
Cash	$	206,146
Intergovernmental		-
Total Assets	$	206,146
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		206,146
Total Fund Balances		206,146
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$	206,146

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, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Other revenue	-	-	-	-
Interest	300	300	264	(36)
Total Revenues	300	300	264	(36)
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public Works	-	-	-	-
Capital Outlay:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	85,000	85,000	81,827	3,173
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	85,000	85,000	81,827	3,173
Excess (deficiency) of Revenues over Expenditures	(84,700)	(84,700)	(81,563)	3,137
Other Financing Sources (Uses)				
Inception of lease			-	-
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Total Other Financial Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(84,700)	(84,700)	(81,563)	3,137
Fund Balance Beginning	436,769	436,769	287,709	149,060
Fund Balance Ending	$ 352,069	$ 352,069	$ 206,146	$ (145,923)

City of Blackshear, Georgia
CDBG 14p-x-113-2-2231
Balance Sheet
June 30, 2018

Assets:		
Cash	$	100
Intergovernmental		-
Total Assets	$	100
Liabilities, Deferred Inflows of Resources And Fund Balance		
Liabilities:		
Due to other funds	$	100
Total Liabilities		100
Deferred Inflows of Resources		-
Total Liabilities and Deferred Inflows of Resources		100
Fund Balances		
Restricted:		
Capital Project		-
Total Fund Balances		-
Total Liabilities, Deferred Inflow of Resources and Fund Balances	$	100

City of Blackshear, Georgia
CDBG 14p-x-113-2-2231
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Other revenue	-	-	-	-
Interest	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Public Works	-	-	-	-
Capital Outlay:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
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	$ -

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

City of Blackshear, Georgia
Budgetary Comparison Schedule--Capital Projects
2014 SPLOST Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES:				
Intergovernmental	$ 515,500	$ 515,500	$ 516,276	$ 776
Interest	1,000	1,000	1,219	219
TOTAL REVENUES	516,500	516,500	517,495	995
EXPENDITURES:				
Current:				
Administration	-	-	-	-
Capital Outlay:				
Public Safety	6,500	6,500	6,062	438
Public Works	-	-	-	-
Parks & Recreation	50,000	50,000	47,145	2,855
Capital Outlay: Utilities	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	56,500	56,500	53,207	3,293
Excess of Revenues over (under) Expenditures	460,000	460,000	464,288	4,288
OTHER FINANCING SOURCES (Uses)				
Transfers In	258,630	258,630	258,630	-
Transfer Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	258,630	258,630	258,630	-
NET CHANGE IN FUND BALANCE	$ 718,630	$ 718,630	722,918	$ 4,288
FUND BALANCE BEGINNING			821,181	
FUND BALANCE ENDING			$ 1,544,099	

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, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES				
Charges for services	1,450,000	1,450,000	1,419,222	$ (30,778)
Other charges for service	116,500	116,500	160,113	43,613
TOTAL OPERATING REVENUES	1,566,500	1,566,500	1,579,335	12,835
OPERATING EXPENSES				
Personnel services	215,696	215,696	209,277	6,419
Contracted services	490,500	490,500	488,624	1,876
Repairs and maintenance	15,895	15,895	7,616	8,279
Other supplies and expense	230,500	230,500	227,864	2,636
Depreciation	400,500	400,500	382,484	18,016
TOTAL OPERATING EXPENSES	1,353,091	1,353,091	1,315,865	37,226
OPERATING INCOME (LOSS)	213,409	213,409	263,470	50,061
NONOPERATING INCOME (EXPENSES)				
Interest revenue	4,000	4,000	4,141	141
Interest expense	(29,576)	(29,576)	(29,576)	-
TOTAL NONOPERATING INCOME (EXPENSES)	(25,576)	(25,576)	(25,435)	141
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	187,833	187,833	238,035	50,202
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Transfers In	-	-	-	-
Transfers Out	(187,833)	(187,833)	(268,333)	(80,500)
NET CAPITAL CONTRIBUTIONS AND TRANSFERS	(187,833)	(187,833)	(268,333)	(80,500)
CHANGE IN NET POSITION	-	-	(30,298)	(30,298)
				-
TOTAL NET POSITION BEGINNING	5,836,084	5,836,084	6,608,838	772,754
TOTAL NET POSITION ENDING	$ 5,836,084	$ 5,836,084	$ 6,578,540	$ 742,456

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.

Earl A. Lawson, CPA
Certified Public Accountant

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, 2018. 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, 2018, in conformity with accounting principles generally accepted in the United States of America.

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia 31516
October 7, 2018

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Blackshear, GA 31516

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City of Blackshear, Georgia
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2018

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	1,975,416	81,827	2,057,243	170.16%
Public Safety:					
Police	13,860	97,274	-	97,274	701.83%
Recreation/Historical/Curtural	880	17,422	-	17,422	1979.77%
TOTAL	$ 2,023,740	$ 2,346,663	$ 81,827	$ 2,428,490	

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.

City of Blackshear, Georgia
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended June 30, 2018

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2014					
Water and Sewer Infrastructure	$ 1,773,200	$ 447,234	$ -	$ 447,234	25.22%
Public Safety (Enforcement and Fire)	220,000	52,020	6,062	58,082	26.40%
Road Maintenance	561,000	138,547	-	138,547	24.70%
Recreational (Historical/Curtural Facilities	138,600	326,844	47,145	373,989	269.83%
Downtown Development Facilities	24,200	-	-	-	0.00%
Road and Street Construction and Maintenance	495,000	-	-	-	0.00%
TOTAL	$ 3,212,000	$ 964,645	$ 53,207	$ 1,017,852	

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): The $258,630 Transfers in (See Page 115) is to reimburse the 2014 SPLOST Fund for payments made for the Water and Sewer Fund for expenses associated with the Engineering and Construction of the new Sewer Treatment Facility.

Earl A. Lawson, CPA
Certified Public Accountant

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, 2018, 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 October 7, 2018

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.

1025 Elizabeth St
Blackshear, GA 31516

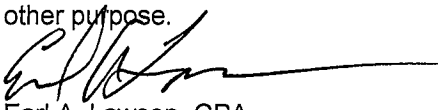
912-449-5485
earlcpa@bellsouth.net

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
October 7, 2018