City of Cairo, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



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June 30, 2018

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ELECTED

Mayor
Booker Gainor

Mayor Pro Tem
Lannis Thornton

City Council
Demario Byrden
Jerry L. Cox
James H. Douglas
Robert L. Gwaltney

APPOINTED

City Manager
Chris Addleton

Finance Director
Miriam Faircloth, CPA

City Clerk
Carolyn Lee

Human Resources Director
Carolyn Robinson

City Attorney
Thomas L. Lehman

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, 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 Cairo, Georgia's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Georgia Governmental Services Authority (SGGSA), a joint venture, the investment in which, as discussed in Note 10 to the financial statements, is accounted for by the equity method of accounting. The investment in the SGGSA was $852,056, as of June 30, 2018, and the equity in its net income was $416,545 for the year then ended. The financial statements of the SGGSA were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the SGGSA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, Georgia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 16 to the financial statements, the City's management discovered an error in its financial statements for the year ended June 30, 2017, resulting in an understatement of assets of $50,056 in its Forest Lawn Cemetery Fund. Accordingly the fund balance of nonmajor governmental funds and the net position of governmental activities at June 30, 2017 have been adjusted to reflect the increase of $50,056.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 19 and the Required Supplementary Information on pages 82 to 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cairo, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of Special Purpose Local Option Sales Tax Expenditures is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, schedule of Special Purpose Local Option Sales Tax Expenditures and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of Special Purpose Local Option Sales Tax Expenditures and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2019, on our consideration of the City of Cairo, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Cairo, Georgia's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Certified Public Accountants
September 13, 2019

As management of the City of Cairo, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The City has $69.29 million in total assets of which $41 million are capital assets.
- The City has $21.58 million in total liabilities of which $17.07 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $47.21 million (net assets). Of this amount, $12.70 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $31.66 million is invested in capital assets net of related debt.
- The City's total net position increased by $1.43 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $6.51 million, a decrease of $617 thousand in comparison with the prior year. This amount consists of $2.71 million reserved for specific projects and public services and an unreserved balance of $3.64 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $3.64 million, or 45.27% of total general fund expenditures.
- The City's long-term debt decreased by $1.12 million during the current fiscal year as a result of scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (which serves as an introduction to the City's basic financial statements), the *basic financial statements*, and *supplementary information* that presents combining statements for non-major governmental funds and non-major enterprise funds as well as other selected information. The City's basic financial statements consist of three components: 1) Government-Wide financial statements, 2) Fund financial statements and 3) Notes to financial statements.

Government-Wide Financial Statements

The primary role of the Government-Wide financial statements is to demonstrate operational accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Cairo's finances, in a manner similar to a private-sector business. It provides both long-term and short-term information about the City's overall financial status. The *statement of net assets* and the *statement of activities* report information about the City as a whole and about its activities in a way that helps answer the question - is the City's financial health improving or deteriorating?

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. The statement is a tool to measure the City's financial health or financial position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The reader would need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, community development, and interest on long-term debt. The business-type activities of the City include water and sewer, electric, gas, cable TV, solid waste, landfill, airport operations, and telecommunications.

The government-wide financial statements include not only the City of Cairo itself (known as the *primary government*), but also a legally separate City of Cairo Development Authority, for which the City has some degree of financial accountability. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The primary role of the Fund financial statements is to demonstrate fiscal accountability. Fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows* of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and for the SPLOST 2012 fund as they are considered to be major funds. Data from the other five (5) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Electric Revenue Fund, Cable TV Fund, Solid Waste Fund, Airport Fund, Telecommunications Fund, Landfill Fund and Gas Revenue Fund.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Electric Revenue Fund, and the Cable TV Fund, all of which are considered to be major funds of the City. Conversely, the non-major enterprise funds are combined into single aggregated presentations in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds is provided in the form of *combining statements* elsewhere in this report.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Table 1 below summarizes the major features of the basic financial statements.

Table 1
Major Features of the Basic Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenditures, and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus

Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $47.21 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (57%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2018 and 2017.

Table 2
Condensed Statement of Net Position

	Governmental Activities		Business – type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 7,030,707	$ 7,383,821	$ 21,191,242	$ 21,785,611	$ 28,221,949	$ 29,169,432
Capital assets	11,821,745	11,048,697	29,255,891	29,013,130	41,077,636	40,061,827
Total assets	18,852,452	18,432,518	50,447,133	50,798,741	69,299,585	69,231,259
Deferred Outflow of Resources						
Deferred Outflows From Pensions	235,173	75,553	145,527	52,813	380,700	128,366
Liabilities						
Other liabilities	2,284,855	310,510	3,950,551	5,549,155	6,235,406	5,859,665
Long-term liabilities	385,496	2,465,808	14,933,179	14,898,903	15,318,675	17,364,711
Total liabilities	2,670,351	2,776,318	18,883,730	20,448,058	21,554,081	23,224,376
Deferred Inflow of Resources						
Unavailable Proceeds				229		229
Deferred Inflows From Pensions	562,446	236,033	348,046	164,683	910,492	400,716
Total Deferred Inflows	562,446	236,033	348,046	164,912	910,492	400,945
Net position						
Invested in capital assets, net of related debt	11,569,402	10,700,711	20,093,584	19,237,356	31,662,986	29,938,067
Restricted	2,845,498	3,050,142	--	--	2,845,498	3,050,142
Unrestricted	1,439,928	1,744,867	11,267,300	11,001,228	12,707,228	12,746,095
Total net position	$ 15,854,828	$ 15,495,720	$ 31,360,884	$ 30,238,584	$ 47,215,712	$ 45,734,304

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net liabilities exceeded assets by $47.68 million for 2018 as compared to $45.73 million for 2017 for an increase of 3.05%. Of this amount $31.30 million came from business-type activities and $16.18 million came from governmental activities.

An additional portion of the City's net assets (5.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($12.64 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease of $100 thousand or less than 1% from 2017.

For governmental activities, the City reported a balance of $1.43 million in unrestricted net assets. This is a decrease of $304 thousand from 2017. The business-type activities unrestricted net assets were $11.20 million, an increase of $202 thousand from 2017.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the years ended 2017 and 2018. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

Table 3
Condensed Statement of Activities

	Governmental Activities		Business – type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	$ 298,892	$ 281,179	$ 24,576,059	$ 29,036,604	$ 24,874,951	$ 29,317,783
Operating grants and contributions		467,328	-	-		467,328
Capital grants and contributions	1,091,489	1,100,565	1,000,760	- -	2,092,249	1,100,565
General revenues:						
Property taxes	1,629,412	1,604,490	- -	- -	1,629,412	1,604,490
Local option sales taxes	809,611	878,401	- -	- -	809,611	878,401
Other taxes	1,276,980	1,076,814	- -	- -	1,276,980	1,076,814
Investment income	30,688	22,154	607,036	(32,482)	637,724	(10,328)
Gain (loss) on disposal of capital assets			384,676	(609,796)	384,676	(609,796)
Other revenues	281,278	242,444	62,385	71,259	343,663	313,703
Total revenues	5,418,350	5,673,375	26,630,916	28,465,585	32,049,266	34,138,960
Expenses						
General government	1,194,335	1,096,739	- -	- -	1,194,335	1,096,739
Public safety	4,082,797	4,295,264	- -	- -	4,082,797	4,295,264
Public works	1,837,877	1,318,581	- -	- -	1,837,877	1,318,581
Parks and recreation	1,027,118	840,561	- -	- -	1,027,118	840,561
Housing and development	168,695	- -	- -	- -	168,695	- -

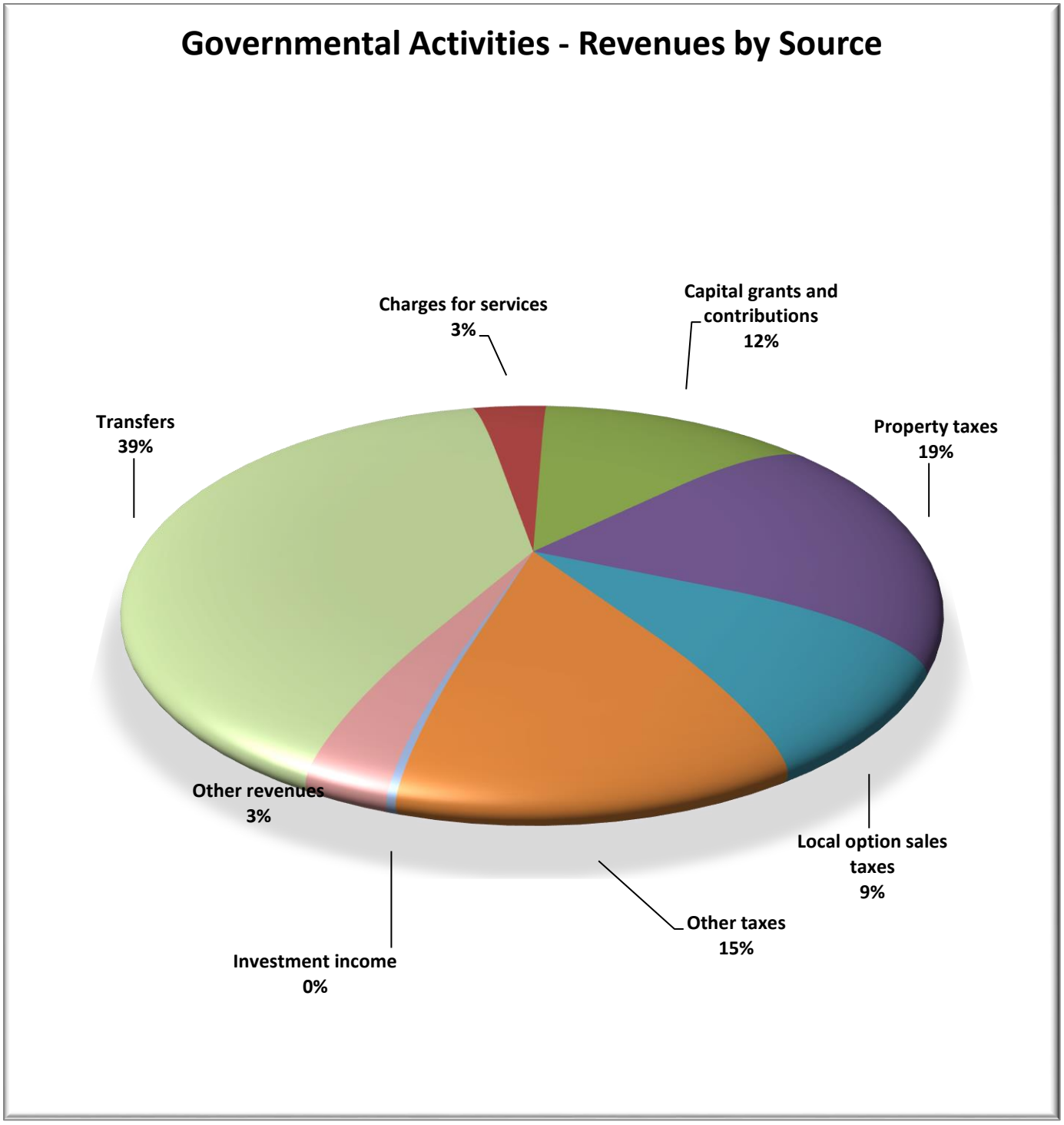
Community development	231,471	233,989	- -	- -	231,471	233,989
Interest – debt	8,363	16,328	- -	- -	8,363	16,328
Water and sewer	- -	- -	4,159,939	3,115,385	4,159,939	3,115,385
Electric revenue	- -	- -	14,195,917	14,237,959	14,195,917	14,237,959
Gas revenue	- -	- -	1,205,186	1,102,080	1,205,186	1,102,080
Cable TV	- -	- -	165,941	2,779,564	165,941	2,779,564
Garbage and trash	- -	- -	1,248,796	1,007,467	1,248,796	1,007,467
Airport	- -	- -	120,914	149,035	120,914	149,035
Telecommunications	- -	- -	61,408	302,206	61,408	302,206
Landfill	- -	- -	909,157	815,301	909,157	815,301
Total expenses	8,550,656	7,801,462	22,067,258	23,508,977	30,617,914	31,310,459
Increase (decrease) in net position before transfers	(3,132,306)	(2,128,087)	4,563,658	4,956,608	1,431,352	2,828,501
Transfers	3,441,358	1,085,303	(3,441,358)	(1,085,303)	--	
Change in net position	$ 309,052	$ (1,042,784)	$ 1,122,300	$ 3,871,305	$ 1,431,352	$ 2,828,501

Governmental activities during the fiscal year ended increased the City's net position by $309 thousand. Business-type activities during the same period increased net position by $1,058 thousand. The net change in net assets was an increase of $1,345 thousand. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2018 revenues from governmental activities at $5.42 million while expenses were $8.6 million. Business-type activities total revenues for 2018 were $26.56 million while expenses were $22.10 million. Transfers from business-type activities are the largest governmental activity revenue source at $3.44 million or 39%. The next largest revenue source for governmental activities comes from property taxes of $1.6 million which is 18% of the total governmental activity funding. Revenues from local option sales taxes are the third largest governmental activity revenue source at $809 thousand or 9%. Business-type activities program revenues exceeded expenses by $4.46 million before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

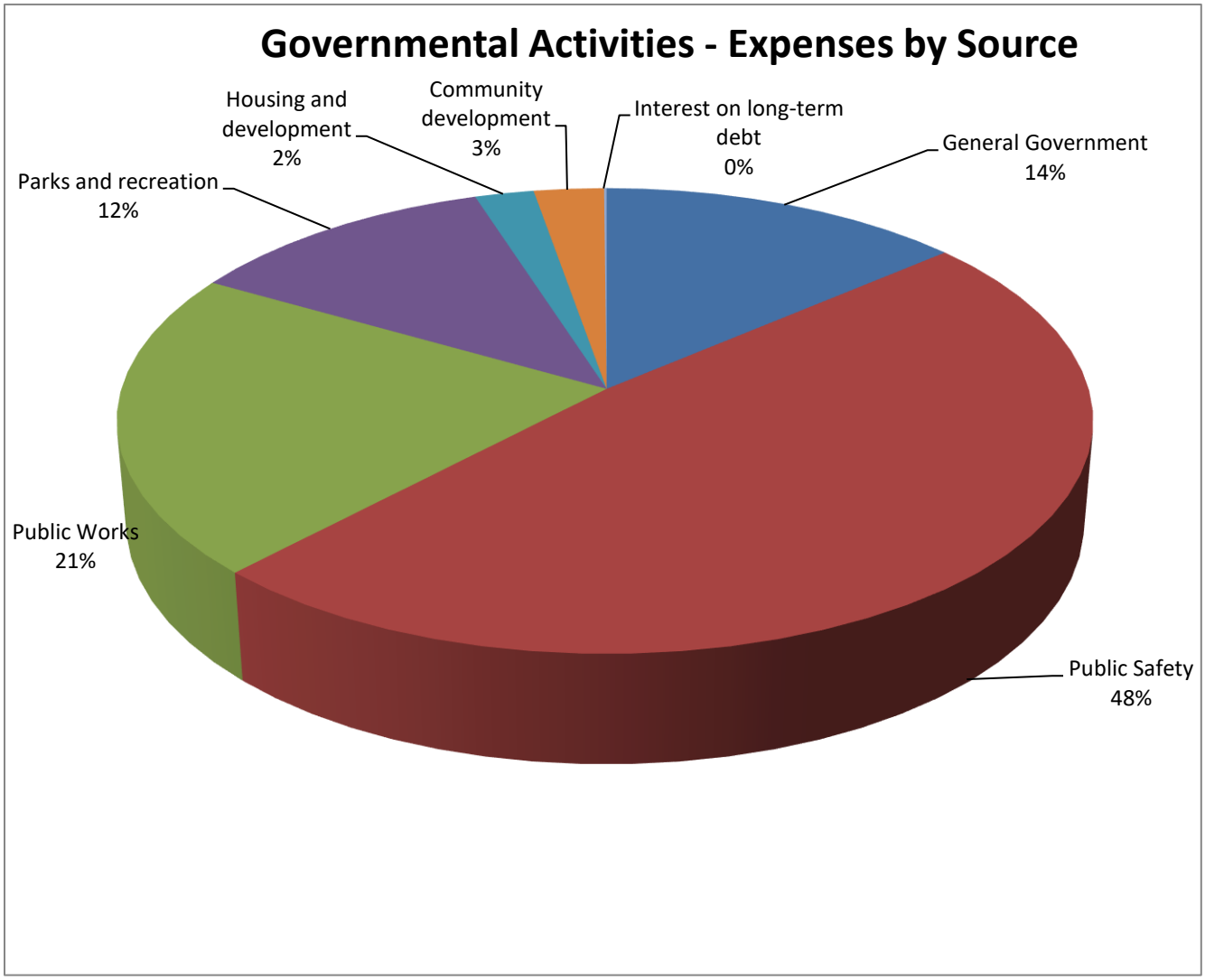
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through property taxes (18.39%) of the primary government. For the year ended June 30, 2018 these revenues were $1.60 million.



Governmental Activities – Expenses by Source

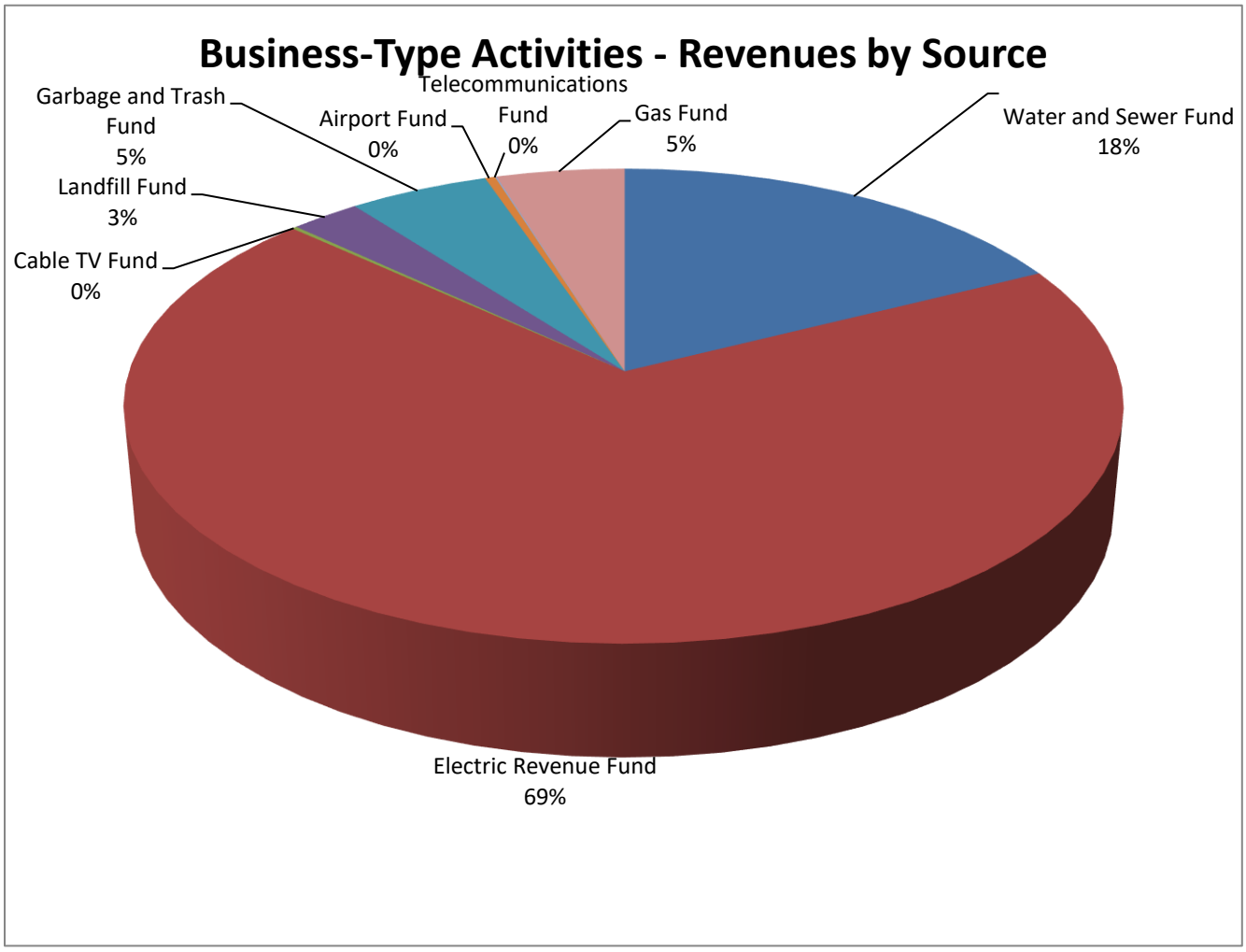
The following chart shows the governmental activities expenses by source. The City of Cairo spent the greatest amount of its available funding on Public safety (50%). The next largest funding was required for Public Works at (22%).



Program Revenues and Expenses for Business-Type Activities

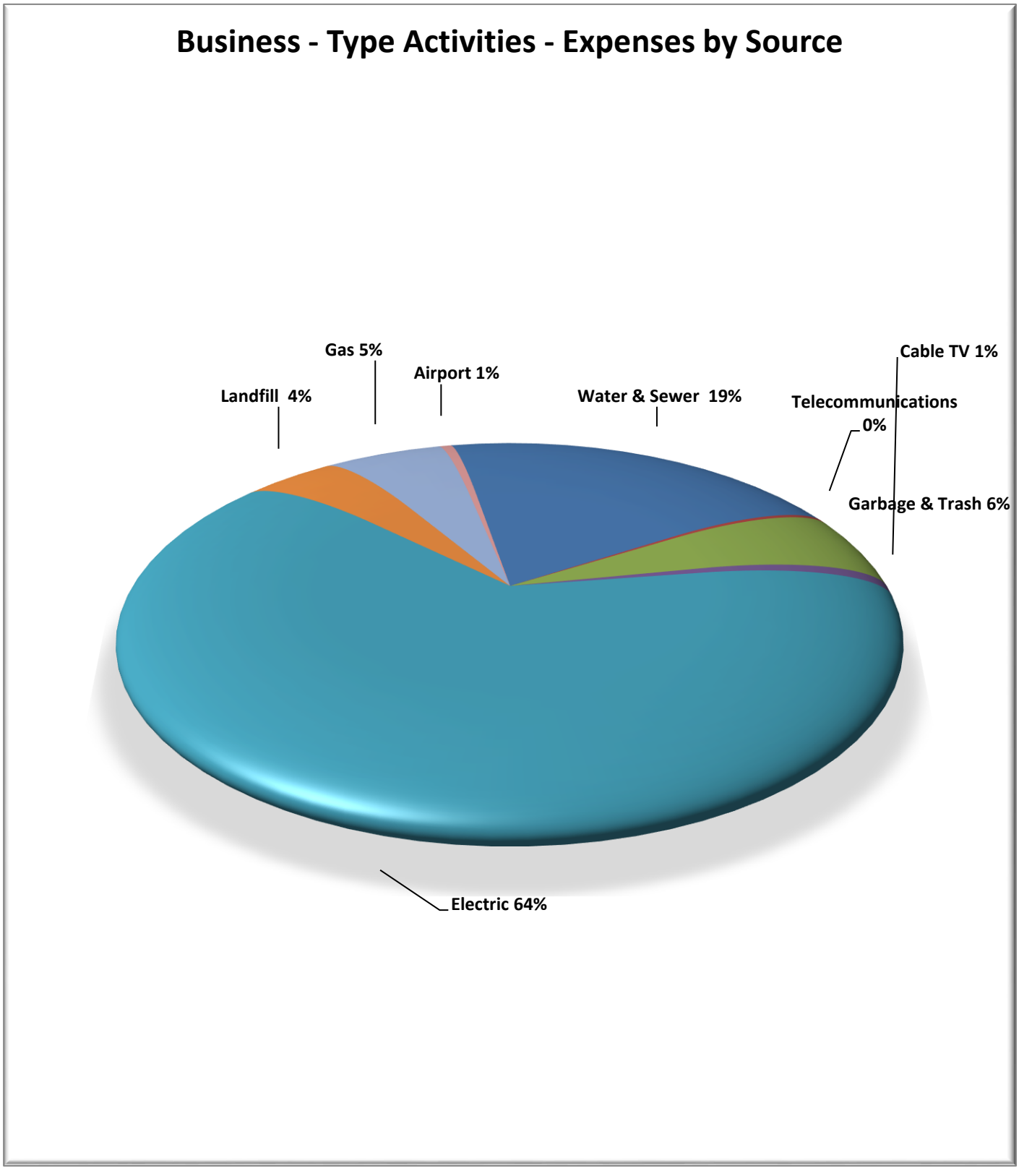
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues (72%) or $17.62 million are generated by the Electric Revenue Fund than all other business-type activities combined at (36%) or $6.83 million.



Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 64% or $14.23 million but generated profits of $3.38 million before its transfers to governmental activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City of Cairo has only one major governmental fund which is the General Fund. At 2018, the General Fund had a fund balance of $3.66 million. This is a decrease of $362 thousand from the beginning fund balance.

The fund balances for the other governmental funds decreased by $255 thousand. The final fund balance for these funds was $2.8 million at the end of the year.

Enterprise Funds

The Enterprise Funds, which include the City's Water and Sewer Fund, Electric Revenue Fund, Cable TV Fund, Landfill, and the non-major enterprise funds consisting of the Solid Waste, Airport, Telecommunications and Gas Revenue Funds showed a combined cash balance of $3.60 million for the year ended . This was a decrease of $3.58 million from the previous year.

The Water and Sewer Fund had an ending cash balance of $19 thousand at June 30, 2018. This was a increase of $19 thousand from the previous year.

The Electric Fund had an ending cash balance of $4 thousand. This is a decrease of $927 thousand from the previous year.

The Landfill Fund had an ending cash balance of $3.08 million. This was an increase of $14 thousand from the previous year.

The combined cash balance of the non-major enterprise funds at the end of the year was $492 thousand. This is an increase of $489 thousand from the beginning cash balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2018 related to the transfer of budgeted amounts between departments and additional appropriations were due to elimination of interfund payables.

The actual revenues of the General Fund were more than final budgeted amounts by $83 thousand for the year ended . The major factor contributing to this difference was an increase in collections of property tax and insurance premium taxes.
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The actual expenditures of the General Fund were less than final budgeted amounts by $1.88 million for the year ended . The major factor contributing to this difference was a decrease in actual expenditures in several departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2018, governmental activities and business-type activities had capital assets of $41 million (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities decreased $257 thousand from the 2017 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities increased by $190 thousand from the prior year due to current year acquisitions net of depreciation costs.

Additional information on the City's capital assets can be found in Note 6 of the Notes to Financial Statements.

Long-term Debt

The City's total long-term debt consists of revenue bonds, capital leases, compensated absences and other long-term liabilities.

At June 30, 2018, the City had $2.1 million of outstanding long-term liabilities related to governmental activities and $14.9 million of long-term liabilities related to business-type activities for a total of $17 million compared to the previous year's total of $17.3 million. This is a decrease of $0.3 million as a result of scheduled principle payments and new acquisitions.

The City's component unit had $405 thousand in long-term debt outstanding in connection with City of Cairo Development Authority Taxable Revenue Bonds used to construct a United States Post Office. Under a lease agreement with the Postal Service, the Postal Service is to make rental payments to be used for the purpose of paying the principle and interest payments on the bonds until April of 2020.

Additional information on the City's long-term debt can be found in Note 7 of the Notes to Financial Statements.

FACTORS AFFECTING THE 2018 BUDGET

The Mayor and Council of the City of Cairo considered many factors when approving the City's 2018 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and Council chose to continue to use additional transfers from certain business-type activities to other business-type activities and to fund governmental activities and to use reserves and reductions in fund balances to fund operations and capital expenses in 2018 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions about this report or requests for additional information may be addressed to:

City Finance Department
City of Cairo
119 North Broad Street
Cairo, Georgia 31728

City of Cairo, Georgia
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Cairo Development Authority
Assets				
Cash and cash equivalents	$ 745,997	$ 23,319	$ 769,316	$ -
Investments	-	12,961,195	12,961,195	-
Accounts receivable, net	331,210	2,752,216	3,083,426	398,433
Inventories	23,483	1,021,523	1,045,006	-
Other current assets	-	1	1	-
Internal balances	-	-	-	-
Restricted assets:				
Cash and cash equivalents	5,033,430	3,270,932	8,304,362	105,347
Investments	-	-	-	-
Sales tax receivable	77,230	-	77,230	-
Program receivables	915,085	-	915,085	-
Other noncurrent assets	-	852,056	852,056	2,227
Capital assets:				
Land	508,019	1,978,350	2,486,369	-
Construction in progress	1,030,049	1,995,618	3,025,667	-
Other capital assets, net of accumulated depreciation	10,283,677	25,281,923	35,565,600	-
Total assets	$ 18,948,180	$ 50,137,133	$ 69,085,313	$ 506,007
Deferred Outflows of Resources				
Deferred outflows from pensions	235,173	145,527	380,700	-

- Continued -

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

City of Cairo, Georgia
Statement of Net Position
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Cairo Development Authority
Liabilities				
Accounts payable	374,719	2,675,135	$ 3,049,854	$ -
Accrued expenses	245,868	346,470	592,338	25,820
Customer deposits	-	618,946	618,946	-
Long-term liabilities:				
Due within one year	77,382	1,403,994	1,481,376	195,000
Due in more than one year	174,961	7,758,313	7,933,274	210,000
Compensated absences	210,535	113,206	323,741	-
Other	1,682,614	5,657,666	7,340,280	-
Total liabilities	2,766,079	18,573,730	21,339,809	430,820
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	621,774
Deferred inflows from pensions	562,446	348,046	910,492	-
Total deferred inflows of resources	562,446	348,046	910,492	621,774
Net Position				
Net investment in capital assets	11,569,402	20,093,584	31,662,986	-
Restricted for:				
Debt service	-	-	-	-
Capital projects	2,707,054	-	2,707,054	-
Public services	126,956	-	126,956	-
Perpetual care - nonexpendable	11,488	-	11,488	
Unrestricted (deficit)	1,439,928	11,267,300	12,707,228	(546,587)
Total net position	$ 15,854,828	$ 31,360,884	$ 47,215,712	$ (546,587)

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

City of Cairo, Georgia
Statement of Activities
For the Year Ended June 30, 2018

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 1,194,335	$ 104,360	$ -	1,091,489	$ 1,514
Public safety	4,082,797	194,532	-	-	(3,888,265)
Public works	1,837,877	-	-	-	(1,837,877)
Parks and recreation	1,027,118	-	-	-	(1,027,118)
Housing and development	168,695				(168,695)
Community development	231,471	-	-	-	(231,471)
Interest on long-term debt	8,363	-	-	-	(8,363)
Total governmental activities	8,550,656	298,892	-	1,091,489	(7,160,275)
Business-type activities:					
Water and sewer	4,159,939	3,475,369	-	1,000,760	316,190
Electric revenue	14,195,917	17,622,135	-	-	3,426,218
Gas revenue	1,205,186	1,214,066	-	-	8,880
Cable TV	165,941	180,509	-	-	14,568
Garbage and trash	1,248,796	1,326,027	-	-	77,231
Airport	120,914	95,681	-	-	(25,233)
Telecommunications	61,408	794	-	-	(60,614)
Landfill	909,157	661,478	-	-	(247,679)
Total business-type activities	22,067,258	24,576,059	-	1,000,760	3,509,561
Total primary government	$ 30,617,914	$ 24,874,951	$ -	$ 2,092,249	$ (3,650,714)
Component unit:					
City of Cairo Development Authority	$ 42,664	$ -	$ -	$ -	$ (42,664)

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

City of Cairo, Georgia
Statement of Activities
For the Year Ended June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	City of Cairo Development Authority
Change in net position:				
Net (expense) revenue	$ (7,160,275)	$ 3,509,561	$ (3,650,714)	$ (42,664)
General revenues:				
Taxes:				
Property taxes	1,629,412	-	1,629,412	-
Sales taxes	809,611	-	809,611	-
Other taxes	1,276,980	-	1,276,980	-
Payments in lieu of taxes	-	-	-	-
Investment income	30,688	607,036	637,724	-
Gain (loss) on disposal of capital asset	-	384,676	384,676	28,644
Other revenues	281,278	62,385	343,663	-
Transfers	3,441,358	(3,441,358)	-	-
Total general revenues and transfers	7,469,327	(2,387,261)	5,082,066	28,644
Change in net position	309,052	1,122,300	1,431,352	(14,020)
Net position, beginning of year, restated	15,545,776	30,238,584	45,784,360	(532,567)
Net position, end of year	$ 15,854,828	$ 31,360,884	$ 47,215,712	$ (546,587)

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

City of Cairo, Georgia
Balance Sheet – Governmental Funds
June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 616,059	$ 129,938	$ 745,997
Accounts receivable, net	120,215	210,995	331,210
Inventories	23,483	-	23,483
Due from other funds	-	-	-
Restricted assets:			
Cash and cash equivalents	3,391,632	1,641,798	5,033,430
Sales tax receivable	77,230	-	77,230
Program receivables	-	915,085	915,085
Total assets	$ 4,228,619	$ 2,897,816	$ 7,126,435
Liabilities			
Accounts payable	$ 322,401	$ 52,318	$ 374,719
Accrued expenses	245,868	-	245,868
Due to other governments	-	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	-
Notes payable	-	-	-
Total liabilities	568,269	52,318	620,587
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Fund Balances			
Nonspendable:			
Inventories	23,483	-	23,483
Restricted for:			
Specific projects	-	2,707,054	2,707,054
Public services	-	138,444	138,444
Committed for:			
Public safety	-	-	-
Unassigned, reported in:			
General fund	3,636,867	-	3,636,867
Total fund balances	3,660,350	2,845,498	6,505,848
Total liabilities , deferred inflows of resources and fund balances	$ 4,228,619	$ 2,897,816	$ 7,126,435

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

City of Cairo, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018

Total governmental fund balances	$ 6,505,848
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	11,821,745
Certain long-term liabilities and related deferred items are not due and payable in the current period and therefore are not reported in the funds	
Capital leases	(25,584)
Notes payable	(226,759)
Net pension liability	(1,682,614)
Deferred outflows of resources - pensions	235,173
Deferred inflows of resources - pensions	(562,446)
Compensated absences	(210,535)
Net position of governmental activities	$ 15,854,828

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

City of Cairo, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ 1,629,412	$ -	$ 1,629,412
Local option sales taxes	809,611	-	809,611
Other taxes	1,227,387	49,593	1,276,980
Licenses and permits	83,262	-	83,262
Fines and forfeitures	194,532	-	194,532
Charges for services	21,098	-	21,098
Investment income	16,985	13,703	30,688
Intergovernmental	-	1,091,489	1,091,489
Other revenues	280,163	1,115	281,278
Total revenues	4,262,450	1,155,900	5,418,350
Expenditures			
Current:			
General government	1,106,377	-	1,106,377
Public safety	4,031,490	-	4,031,490
Public works	1,213,293	18,731	1,232,024
Parks and recreation	971,792	-	971,792
Community development	-	202,814	202,814
Capital outlays	616,872	1,211,852	1,828,724
Debt service:			
Principal	95,643	-	95,643
Interest	8,363	-	8,363
Total expenditures	8,043,830	1,433,397	9,477,227
Excess (deficiency) of revenues over expenditures	(3,781,380)	(277,497)	(4,058,877)
Other Financing Sources (Uses)			
Transfers	3,418,561	22,797	3,441,358
Sale of capital assets	-	-	-
Long term debt issued	-	-	-
Other	-	-	-
Total other financing sources (uses)	3,418,561	22,797	3,441,358
Net change in fund balances	(362,819)	(254,700)	(617,519)
Fund balances (deficit), beginning of year, restated	4,023,169	3,100,198	7,123,367
Fund balances (deficit), end of year	$ 3,660,350	$ 2,845,498	$ 6,505,848

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

City of Cairo, 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 change in fund balances - total governmental funds	$ (617,519)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases capitalized	1,828,724
Depreciation expense	(1,055,677)
The 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. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.	
Debt payments made	95,643
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Decrease in net pension asset	247,720
Increase in pension deferred outflows	159,620
Decrease in pension deferred inflows	(326,413)
Increase in compensated absences	(23,046)
Change in net position of governmental activities	$ 309,052

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

City of Cairo, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	$ 1,618,000	$ 1,618,000	$ 1,629,412	$ 11,412
Local option sales taxes	900,000	900,000	809,611	(90,389)
Other taxes	1,022,000	1,022,000	1,227,387	205,387
Licenses and permits	83,000	83,000	83,262	262
Fines and forfeitures	180,000	180,000	194,532	14,532
Charges for services	35,853	35,853	21,098	(14,755)
Investment income	2,000	2,000	16,985	14,985
Intergovernmental	-	-	-	-
Other revenues	338,630	338,630	280,163	(58,467)
Total revenues	4,179,483	4,179,483	4,262,450	82,967
Expenditures				
Current:				
General government				
City council	134,790	128,790	128,882	(92)
City manager	274,295	287,795	293,837	(6,042)
Finance	202,052	200,052	199,109	943
Legal	24,537	23,037	21,749	1,288
Municipal court	40,912	40,912	38,735	2,177
Human resources	191,148	190,148	182,243	7,905
Clerk of council	250,045	247,045	241,822	5,223
Total general government	1,117,779	1,117,779	1,106,377	11,402
Public Safety				
Police	2,354,928	2,340,928	2,343,966	(3,038)
Fire	1,360,847	1,434,847	1,456,053	(21,206)
Code enforcement	248,141	248,141	231,471	16,670
Total public safety	3,963,916	4,023,916	4,031,490	(7,574)

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

City of Cairo, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public works				
Office of the director	179,967	213,967	216,576	(2,609)
Streets and sidewalks	591,362	591,362	660,920	(69,558)
Maintenance and shop	386,490	388,490	335,797	52,693
Total public works	1,157,819	1,193,819	1,213,293	(19,474)
Parks and recreation				
Recreation	61,410	61,410	42,119	19,291
Parks and cemetery	497,609	670,609	692,173	(21,564)
Library	237,500	237,500	237,500	-
Total parks and recreation	796,519	969,519	971,792	(2,273)
Capital outlay	2,781,550	2,512,550	616,872	1,895,678
Debt service:				
Principal	95,892	95,892	95,643	249
Interest	7,974	8,474	8,363	111
Total expenditures	9,921,449	9,921,949	8,043,830	1,878,119
Excess (deficiency) of revenues over expenditures	(5,741,966)	(5,742,466)	(3,781,380)	1,961,086
Other Financing Sources (Uses)				
Transfers	5,741,960	5,741,960	3,418,561	(2,323,399)
Sale of capital assets	-	-	-	-
Long term debt issued	-	-	-	-
Other	-	-	-	-
Total other financing sources (uses)	5,741,960	5,741,960	3,418,561	(2,323,399)
Net change in fund balances	(6)	(506)	(362,819)	(362,313)
Fund balances, beginning of year	4,023,169	4,023,169	4,023,169	-
Fund balances, end of year	$ 4,023,163	$ 4,022,663	$ 3,660,350	$ (362,313)

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

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

	Business Type Activities - Enterprise Funds		
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
Assets			
Current assets			
Cash and cash equivalents	$ 18,990	$ 3,969	$ -
Investments	-	12,961,195	-
Restricted assets - investments	-	-	-
Accounts receivable, net	295,683	1,543,129	384,688
Due from other funds	-	-	-
Advance to other funds	-	-	-
Due from component unit	-	-	-
Inventories	176,780	729,088	-
Other current assets	-	-	-
Total current assets	491,453	15,237,381	384,688
Noncurrent assets			
Investment in SGGSA	-	-	462,282
Restricted assets - cash	332	-	-
Restricted assets - investments	-	-	-
Capital assets:			
Land	1,419,016	118,595	-
Construction in progress	992,221	519,513	-
Other capital assets, net of accumulated depreciation	20,959,797	1,934,643	-
Total noncurrent assets	23,371,366	2,572,751	462,282
Total assets	23,862,819	17,810,132	846,970
Deferred Outflows of Resources			
Deferred outflows from pensions	59,633	50,125	-
Total deferred outflows of resources	59,633	50,125	-

- Continued -

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

	Business Type Activities - Enterprise Funds		
	Landfill	Nonmajor Enterprise Funds	Total
Assets			
Current assets			
Cash and cash equivalents	$ 100	$ 260	$ 23,319
Investments	-	-	12,961,195
Restricted assets - investments	-	-	-
Accounts receivable, net	127,571	401,145	2,752,216
Due from other funds	607,000	-	607,000
Advance to other funds		-	-
Due from component unit	-	-	-
Inventories	-	115,655	1,021,523
Other current assets	-	1	1
Total current assets	734,671	517,061	17,365,254
Noncurrent assets			
Investment in SGGSA	-	389,774	852,056
Restricted assets - cash	2,779,193	491,407	3,270,932
Restricted assets - investments	-	-	-
Capital assets:			-
Land	206,305	234,434	1,978,350
Construction in progress	23,163	460,721	1,995,618
Other capital assets, net of accumulated depreciation	952,764	1,434,719	25,281,923
Total noncurrent assets	3,961,425	3,011,055	33,378,879
Total assets	4,696,096	3,528,116	50,744,133
Deferred Outflows of Resources			
Deferred outflows from pensions	8,776	26,993	145,527
Total deferred outflows of resources	8,776	26,993	145,527

- Continued -

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

	Business Type Activities - Enterprise Funds		
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
Liabilities			
Current liabilities			
Accounts payable	$ 31,396	$ 1,681,159	$ 412,799
Accrued expenses	20,856	197,839	11,964
Lines of credit	-	-	-
Short - term notes payable	-	-	-
Current portion of long - term debt	1,225,538	38,841	-
Customer deposits	-	618,946	-
Due to other governments	-	-	-
Due to other funds	-	607,000	-
Liabilities payable from restricted assets:			
Current portion of long - term debt	-	-	-
Total current liabilities	1,277,790	3,143,785	424,763
Long - term debt, net of current portion	7,126,388	215,984	-
Compensated absences	38,839	49,087	-
Other liabilities	426,660	358,633	-
Total liabilities	8,869,677	3,767,489	424,763
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Deferred inflows from pensions	142,619	119,880	-
Total deferred inflows of resources	142,619	119,880	-
Net Position			
Net investment in capital assets	15,019,108	2,317,926	-
Restricted for debt service	-	-	-
Unrestricted (deficit)	(108,952)	11,654,962	422,207
Total net position	$ 14,910,156	$ 13,972,888	$ 422,207

- Continued -

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

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

	Business Type Activities - Enterprise Funds		
	Landfill	Nonmajor Enterprise Funds	Total
Liabilities			
Current liabilities			
Accounts payable	$ 34,650	$ 515,131	$ 2,675,135
Accrued expenses	3,063	112,748	346,470
Lines of credit	-	-	-
Short - term notes payable	-	-	-
Current portion of long - term debt	139,615	-	1,403,994
Customer deposits	-	-	618,946
Due to other governments	-	-	-
Due to other funds	-	-	607,000
Liabilities payable from			-
restricted assets:			-
Current portion of long - term debt	-	-	-
Total current liabilities	177,328	627,879	5,651,545
Long - term debt, net of current portion	415,941	-	7,758,313
Compensated absences	4,668	20,612	113,206
Other liabilities	4,679,244	193,129	5,657,666
Total liabilities	5,277,181	841,620	19,180,730
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Deferred inflows from pensions	20,989	64,558	348,046
Total deferred inflows of resources	20,989	64,558	348,046
Net Position			
Net investment in capital assets	626,676	2,129,874	20,093,584
Restricted for debt service	-	-	-
Unrestricted (deficit)	(1,219,974)	519,057	11,267,300
Total net position	$ (593,298)	$ 2,648,931	$ 31,360,884

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

City of Cairo, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
Operating Revenues			
Utility revenues	$ -	$17,622,135	$ -
Charges for services	3,475,369	-	180,509
Other revenues	-	-	-
Intergovernmental	-	-	-
Total operating revenues	3,475,369	17,622,135	180,509
Operating Expenses			
Salaries and wages	1,008,127	848,264	-
Operating, administrative and maintenance	1,705,677	13,059,532	165,941
Depreciation	1,252,622	279,357	-
Total operating expenses	3,966,426	14,187,153	165,941
Operating income (loss)	(491,057)	3,434,982	14,568
Non-Operating Income (Expenses)			
Interest income	874	178,155	973
Interest expense	(193,513)	(8,764)	-
Intergovernmental	1,000,760	-	-
Income (loss) from joint venture	-	-	(59,026)
Gain (loss) on sale of capital assets	-	-	-
Income (loss) before contributions and transfers	317,064	3,604,373	(43,485)
Transfers	561,502	(4,090,710)	205,752
Capital contributions	-	-	-
Change in net position	878,566	(486,337)	162,267
Net position (deficit), beginning of year	14,031,590	14,459,225	259,940
Net position (deficit), end of year	$14,910,156	$13,972,888	$ 422,207

- Continued -

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

City of Cairo, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Landfill	Nonmajor Enterprise Funds	Total
Operating Revenues			
Utility revenues	$ -	$ -	$17,622,135
Charges for services	661,478	2,636,568	6,953,924
Other revenues	-	62,385	62,385
Intergovernmental	-	-	-
Total operating revenues	661,478	2,698,953	24,638,444
Operating Expenses			
Salaries and wages	209,412	364,838	2,430,641
Operating, administrative and maintenance	509,784	2,150,342	17,591,276
Depreciation	175,965	120,518	1,828,462
Total operating expenses	895,161	2,635,698	21,850,379
Operating income (loss)	(233,683)	63,255	2,788,065
Non-Operating Income (Expenses)			
Interest income	10,486	3	190,491
Interest expense	(13,996)	(606)	(216,879)
Intergovernmental	-	-	1,000,760
Income (loss) from joint venture	-	475,571	416,545
Gain (loss) on sale of capital assets	-	384,676	384,676
Income (loss) before contributions and transfers	(237,193)	922,899	4,563,658
Transfers	80,817	(198,719)	(3,441,358)
Capital contributions	-	-	-
Change in net position	(156,376)	724,180	1,122,300
Net position (deficit), beginning of year	(436,922)	1,924,751	30,238,584
Net position (deficit), end of year	$ (593,298)	$ 2,648,931	$31,360,884

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

City of Cairo, Georgia
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
Cash Flows from Operating Activities			
Cash received from customers and users	$ 3,323,959	$ 17,087,427	$ 16,101
Other operating receipts	-	-	-
Cash payments to employees	(1,035,253)	(830,282)	(83,995)
Cash payments to suppliers	(1,733,981)	(11,740,261)	(184,395)
Net cash provided (used) by operating activities	554,725	4,516,884	(252,289)
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	850,716	826,574	205,752
Transfers to other funds	(289,214)	(4,917,284)	-
Net change in due from other funds	-	-	(3,175,995)
Net change in due from component unit	-	-	
Net change in due to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	561,502	(4,090,710)	(2,970,243)
Cash Flows from Capital and Related Financing Activities			
Transfers from other funds	-	-	-
Proceeds from issuance of long - term debt	-	-	-
Proceeds from sale of assets	-	-	-
Proceeds from non-operating capital grants	1,000,760	-	-
Proceeds from capital contributions	-	-	-
Acquisition and construction of capital assets	(966,991)	(422,657)	-
Principal payments on debt	(938,097)	(36,390)	-
Interest paid	(193,513)	(8,764)	-
Net cash provided (used) by capital and related financing activities	(1,097,841)	(467,811)	-
Cash Flows from Investing Activities			
Distributions from joint venture	-	-	45,564
Purchase of investments	-	(1,064,001)	-
Interest received	874	178,155	973
Net cash provided (used) by investing activities	874	(885,846)	46,537
Net increase (decrease) in cash and cash equivalents	19,260	(927,483)	(3,175,995)
Cash and cash equivalents, beginning of year	62	931,452	3,175,995
Cash and cash equivalents, end of year	$ 19,322	$ 3,969	$ -

- Continued -

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

City of Cairo, Georgia
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Landfill	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities			
Cash received from customers and users	$ 409,243	$ 2,769,420	$ 23,606,150
Other operating receipts	-	174,786	174,786
Cash payments to employees	(39,630)	(497,685)	(2,486,845)
Cash payments to suppliers	(295,204)	(2,046,114)	(15,999,955)
Net cash provided (used) by operating activities	74,409	400,407	5,294,136
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	632,214	648,739	3,163,995
Transfers to other funds	(551,397)	(847,458)	(6,605,353)
Net change in due from other funds	-	-	(3,175,995)
Net change in due from component unit	-	-	-
Net change in due to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	80,817	(198,719)	(6,617,353)
Cash Flows from Capital and Related Financing Activities			
Transfers from other funds	-	-	-
Proceeds from issuance of long - term debt	432,000	-	432,000
Proceeds from sale of assets	-	584,309	584,309
Proceeds from non-operating capital grants	-	-	1,000,760
Proceeds from capital contributions	-	-	-
Acquisition and construction of capital assets	(446,643)	(382,458)	(2,218,749)
Principal payments on debt	(123,088)	-	(1,097,575)
Interest paid	(13,996)	(606)	(216,879)
Net cash provided (used) by capital and related financing activities	(151,727)	201,245	(1,516,134)
Cash Flows from Investing Activities			
Sale of investment securities	-	85,797	131,361
Purchase of investments	-	-	(1,064,001)
Interest received	10,486	3	190,491
Net cash provided (used) by investing activities	10,486	85,800	(742,149)
Net increase (decrease) in cash and cash equivalents	13,985	488,733	(3,581,500)
Cash and cash equivalents, beginning of year	3,075,308	2,934	7,185,751
Cash and cash equivalents, end of year	$ 3,089,293	$ 491,667	$ 3,604,251

- Continued -

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

City of Cairo, Georgia
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Water and Sewer Fund	Electric Revenue Fund	Cable TV Fund
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	$ (491,057)	$ 3,434,982	$ 14,568
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,252,622	279,357	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	294,651	(52,509)	(34,256)
Other current assets	-	-	-
Inventories	554,564	300,377	-
Deferred outflows of resources	(40,236)	(35,295)	3,063
Increase (decrease) in:			
Accounts payable	(1,021,774)	494,472	41,834
MEAG rebate program	-	-	-
Accrued expenses	(7,155)	36,209	(190,440)
Customer deposits	-	6,014	-
Compensated absences	-	-	-
Net pension liability	(68,912)	(20,272)	(77,573)
Other liabilities	-		-
Deferred inflows of resources	82,022	73,549	(9,485)
Net cash provided (used) by operating activities	$ 554,725	$ 4,516,884	$ (252,289)
Noncash Capital and Related Financing Activities			
Capital assets purchased with debt	$ -	$ -	$ -
Transfer of capital assets from governmental funds	-	-	-
Total noncash capital and related financing activities	$ -	$ -	$ -

- Continued -

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

City of Cairo, Georgia
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Landfill	Nonmajor Enterprise Funds	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	$ (233,683)	$ 63,255	$ 2,788,065
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	175,965	120,518	1,828,462
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(45,325)	109,712	272,273.0
Other current assets	-	-	-
Inventories	-	358,727	1,213,668
Deferred outflows of resources	(5,877)	(14,369)	(92,714)
Increase (decrease) in:			
Accounts payable	9,084	(117,859)	(594,243)
MEAG rebate program	-	-	-
Accrued expenses	(1,414)	(15,243)	(178,043)
Customer deposits	-	-	6,014
Compensated absences	-	-	-
Net pension liability	(11,274)	(129,449)	(307,480)
Other liabilities	175,000	-	175,000
Deferred inflows of resources	11,933	25,115	183,134
Net cash provided (used) by operating activities	$ 74,409	$ 400,407	$ 5,294,136
Noncash Capital and Related Financing Activities			
Capital assets purchased with debt	$ -	$ -	$ -
Transfer of capital assets from governmental funds	-	-	-
Total noncash capital and related financing activities	$ -	$ -	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cairo, Georgia (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, including component units, the City has adopted GASB Statement of Accounting Standards No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.

Reporting Entity

The City of Cairo was incorporated in 1906. The City's Charter provides for a Council-Mayor form of government. The City Manager is the head of the administrative branch of government and is responsible for the day-to-day operations of the city government. The legislative authority of the City is vested in the Mayor and five Council members with an appointed City Manager. The City provides the following services and operations as authorized by its charter: public safety (police and fire), public works, recreation, airport, and public utilities (water and sewer, gas, electric, solid waste, landfill, cable TV and Internet services).

The financial reporting entity has been determined by management in accordance with accounting principles generally accepted in the United States of America to be the City of Cairo (the primary government) and its component unit. A component unit is a legally separate organization for which the primary government is financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the government for financial reporting purposes, management has considered all component units.

The criteria used to determine financial accountability are the ability of the primary government to appoint a voting majority of the organization's governing body, and effectively impose its will on the organization. Also, if there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government, financial accountability would exist. Based upon the application of these criteria, the following is a brief review of the component unit included in the City's reporting unit as a discretely presented component unit.

City of Cairo Development Authority

The City of Cairo Development Authority (the Authority) plans and develops the downtown area of the City in order to attract new business and residences. The Mayor and Council elect all three members of the Authority's Board and the City possesses the authority to review, approve and revise the Authority's budget and governs collection and disbursement of its funds. The Authority is reported as a proprietary fund type component unit. Separate financial statements are not issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Changes in Net Position) report information on all non-fiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government – Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type activities for the City.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function, and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain eliminations have been made as prescribed by GASB Statement of Accounting Standards No. 34, Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. The City considers revenues to be available if they are collected within sixty days after year end. Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, and investment income. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due

The City reports the following major governmental funds:

> The *General Fund* is the principal fund of the City and is used to account for all of its activities not otherwise accounted for by a specified fund.

Additionally, the City reports the following governmental fund types:

> The *Special Revenue Funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
>
> The *Capital Projects Funds* are used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds. These projects are financed through budget appropriations, revenue bonds, sales tax proceeds and general obligation sales tax, and capital leases.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting* and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

The City reports the following major enterprise funds:

The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The Electric Revenue Fund accounts for the provision of electrical services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The Cable TV Fund accounts for the provision of cable television services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The Landfill Fund accounts for the operations and activities of the City landfill.

Component Units: All component units are reported using the *economic resources measurement focus basis* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to restrict, commit or assign that portion of the applicable appropriation, is not employed by the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less.

Investments
State Statutes authorize the City and the Authority to invest in obligations of the State of Georgia, obligations issued by the United States Government, obligations fully insured or guaranteed by the United States Government or by a government agency of the United States, obligations of any corporation of the United States Government, prime bankers' acceptances, the local government's investment pool established by Georgia Law, repurchase agreements, and obligations of other political sub-divisions of the State of Georgia, and, additionally, certificates of deposits, NOW accounts, and money market accounts of banks, which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such investment shall be secured by direct obligations of the State of Georgia or the United States, which are of a par value equal to one hundred ten percent (110%) of funds on deposit at the institution.

Investments for the City and its component unit are reported at fair value.

Receivables
Receivables and Due from Other Governments represent funds to be received from other local governments, state grant in aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based upon historical experience rates.

Inventories
Inventory in enterprise funds is valued at the lower of cost or net realizable value, using the first-in, first-out method. Inventory in the General Fund is valued at cost and consists of expendable supplies held for consumption. The City accounts for inventory on the purchase basis.

Prepaid Items
Certain payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements of the enterprise funds.

Interfund Receivables / Payables
Outstanding balances between funds at the end of the fiscal year are referred to as either “Due From Other Funds” or “Due To Other Funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Internal Balances”.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain assets of the City and the Authority are subject to restrictions imposed by parties outside the government (such as creditors, grantors, contributors, and laws or regulations of other governments). The City would typically use restricted assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use, thereof, to a future project or replacement equipment acquisition.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold at $5,000 for reporting capital assets and infrastructure assets. All capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the year ended June 30, 2018, no interest incurred was attributable to the cost of capital assets associated with construction projects.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Governmental Assets	
Buildings and improvements	10-30 years
Machinery and equipment	3-10 years
Infrastructure	20-50 years
Business-type Assets	
Buildings and improvements	10-50 years
Machinery and equipment	3-10 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future periods and thus, will not be recognized as an outflow of resources (expense) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding in the government-wide statement of net position and the Proprietary Funds Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Inflows of Resources
In addition to liabilities, the City will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds and government-wide statement of net position report unavailable revenues from property taxes, grants and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences
It is the City's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Government does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements. The General Fund is used to liquidate compensated absences, unless associated with a specific proprietary fund.

Long-Term Obligations
In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method, which is not significantly different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a formal action of the City Council through adoption of a resolution. Only the City Council may modify or rescind the commitment;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Funds. Encumbrances outstanding at year end are reported as restrictions of fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at the end of the year. Encumbrances are re-appropriated in the following year, except for encumbrances in the Capital Projects Funds which are continuing. Encumbrances do not represent GAAP expenditures. At June 30, 2018, there were no encumbrances outstanding.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impact of Recently Issued Accounting Pronouncements

New Accounting Standards Adopted

Effective July 1, 2017, the City adopted the following new statement issued by GASB as follows:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended,* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. GASB No. 75 will be effective for fiscal years beginning after June 15, 2017. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. There was no impact on the City's financial statements as a result of the implementation of GASB 75.

Accounting Standards Issued But Not Yet Effective

Other recently issued standards the City is reviewing for applicability and potential impact on the financial statements include:

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* ("GASB 81"), requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 will be effective for the fiscal years beginning after December 15, 2016. The City has not completed the process of evaluating the impact of GASB 81 on its financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83"), addresses accounting and financial reporting for certain asset retirement obligations. GASB 83 will be effective for the fiscal years beginning after June 15, 2018. The City has not completed the process of evaluating the impact of GASB 83 on its financial statements.

GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"), establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the fiscal years beginning

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

after December 15, 2018. The City has not completed the process of evaluating the impact of GASB 84 on its financial statements.

GASB Statement No. 85, *Omnibus 2017* ("GASB 85"), addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). GASB 85 will be effective for the fiscal years beginning after June 15, 2017. The City has not completed the process of evaluating the impact of GASB 85 on its financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB 86"), establishes criteria to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 will be effective for the fiscal years beginning after June 15, 2017. The City has not completed the process of evaluating the impact of GASB 86 on its financial statements.

GASB Statement No. 87, *Leases* ("GASB 87"), establishes criteria to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the fiscal years beginning after December 15, 2019. The City has not completed the process of evaluating the impact of GASB 87 on its financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related To Debt, Including Direct Borrowings and Direct Placements* was issued to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of GASB 88 are effective for fiscal years beginning after June 15, 2018. The County is currently evaluating the impact GASB 88 may have on its financial statements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2019. The County is currently evaluating the impact GASB 89 may have on its financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The GASB issued Statement No. 90, *Majority Equity Interests*—an amendment of GASB Statements No. 14 and No. 61) was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2018. The County is currently evaluating the impact GASB 90 may have on its financial statements

Subsequent Events
The City has performed an evaluation of subsequent events, as defined under Accounting Standards Codification (ASC) 855-10, through September 13, 2019, which is the date the financial statements were available to be issued. Management has determined that there are no subsequent events that are required to be adjusted to, or disclosed in, the financial statements.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Budget Process

The annual budget document is the financial plan for the operation of the City. The budget process exists for the purpose of providing a professional management approach to the establishment of priorities and the implementation of work programs while providing an orderly means for control and evaluation of the City's financial position. An annual operating budget is adopted for the General Fund and Enterprise Funds.

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

1) City departments submit budget requests to the City Manager.
2) Proposed budgets are reviewed and prepared by the City Manager for submission to the Mayor and the City Council.
3) Public hearings on the proposed budgets are held.
4) The budget is legally adopted by the Mayor and the City Council.
5) All budgets revisions must be approved as required by Georgia law and administrative policy. Revisions that alter the total expenditures of any department or fund must be approved by the City Council.
6) Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Funds.
7) Budgets for the General Fund and the Enterprise Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Original budgeted amounts for the year ended June 30, 2018, were adopted by the City Council on June 20, 2017.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Capital Projects Budget

The construction of certain major capital facilities and improvements, which are accounted for by the City in the Capital Projects Fund, are subject to budgetary control on a project basis. The budgets are approved by the City Council and are generally subject to specific provisions of voter referendums, State Statutes, and/or grant agreements. Appropriations for a specific project do not lapse until completion of the project.

Deficit Fund Balances / Retained Earnings in Individual Funds

The following funds had deficit balances in net position as of June 30, 2018:

Fund		Deficit
Landfill Fund	$	593,298

The fund deficits above are expected to be reduced through increased user charges and transfers from reserve and utility funds.

Excess of Expenditures Over Appropriations in Individual Funds

The following funds incurred actual expenditures in excess of budgeted amounts for the year ended June 30, 2018:

Department/Fund		Excess of Expenditures Over Budgeted Amounts
EIP CDBG Revolving Loan Fund	$	400,518
City Council		92
Police		97,329
Streets and sidewalks		55,999
Parks and cemetery		3,532

NOTE 3 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2018, are summarized as follows:

		Deposits with Financial Institutions
Deposits with financial institutions	$	9,179,025
Investments		12,961,195
	$	22,140,220

	June 30, 2018
Primary government:	
Amounts as presented on the entity-wide Statement of Net Position	
Governmental Activities:	
Cash and cash equivalents	$ 745,997
Investments	-
Restricted cash and cash equivalents	5,033,430
Restricted investments	-
Business-Type Activities:	
Cash and cash equivalents	23,319
Investments	12,961,195
Restricted cash and cash equivalents	3,270,932
Total primary government	22,034,873
Component units:	
Cash and cash equivalents	-
Restricted cash and cash equivalents	105,347
Total component units	105,347
Total	$ 22,140,220

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Municipal Competitive Trust

The Municipal Electric Authority of Georgia (MEAG) formed a Trust, known as the "Municipal Competitive Trust", for the benefit of its participants, (which includes the City of Cairo, Georgia, along with forty-eight (48) other Cities and Counties). The Competitive Trust has been funded with certain monies, which have been accumulated in MEAG Power reserves, including certain rate stabilization monies and sums from the debt service reserves, which were released following a successful effort to obtain bondholder consent to amend the Project One and General Resolution Projects Resolutions. Surety bonds were substituted for the debt service reserves, to preserve the security of the bondholders, thus, allowing the accumulated debt service reserves to be transferred to the Competitive Trust. Funds in the Competitive Trust will be invested and reinvested, and will be available to reduce future power supply costs of the participants to meet retail competition.

Discretionary funds from the participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust, established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C., as an investment company. The City of Cairo, Georgia has recorded the investments in the Flexible Trust Account in the Electric Fund at fair market value which was $12,961,195 at June 30, 2018. Fair market value is determined based on the fair value of the underlying portfolio, calculated daily, with earnings distributed monthly. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies, if guaranteed by the United States Government, direct and general obligations of States, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would, otherwise, be permissible under the laws of the State of Georgia.

Under the above parameters, investments are made in mortgage and derivative securities. These securities principally include agency-issued mortgages, collateralized mortgage obligations, principle-only strips and interest only securities that are required to repay one hundred percent (100%) of their principal investment at maturity. The yield on derivative securities is based on cash flows received, as determined by a specified formula or index and/or cash flows from principle repayments on underlying mortgages. Therefore, the rate of return and market value of these securities may be sensitive to changes in their respective index or formula and/or in pre-payment on mortgages, which may result from changing interest rates.

MEAG Power and, therefore, the City of Cairo, Georgia, to the extent of its portion of the Flexible Trust Account, are exposed to credit and market risk, relating to its investments. Credit risk arises when an entity is unable to recover its investments, either by an inability to withdraw the funds through non-performance of a counter party or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Derivative Financial Instruments
Derivative financial instruments are used principally in the management of interest rate exposure and include interest rate swap transactions. Derivative financial instruments are not held or issued for trading purposes. The counter parties to derivative transactions are major financial institutions, with either high investment grade credit ratings or agreements to collateralize their net position.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value, based on the estimated amount that would be received or paid to terminate the options at the reporting date, based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Flexible Trust Account will be exposed to less variable rate exposure if the counter party to the swap transaction defaults or if the swap is terminated. Any termination of the swap agreements may also result in MEAG Power, through the appropriate trust account, making or receiving a settlement payment.

Component Unit
The Authority's investments consist primarily of funds placed in irrevocable escrow accounts and invested in U.S. Treasury notes. These investments are restricted for the retirement of principle and interest on certain Revenue Bonds.

Classification of Investments
Investments are categorized into three categories of credit risk:

1) Insured or registered, or securities held by the City or Authority or their agent in the name of the City or Authority.
2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City or Authority's name.
3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City or Authority's name.

At June 30, 2018, The City's investments in the MEAG Municipal Competitive Trust investment pool totaling $12,961,195 are not evidenced by securities that exist, in physical or book entry form, and are not classified by category or credit risk. Additionally, no indication of the level of risk has been provided, because these investments are in pools managed by other governments or by other agents.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2018, the City's investments were classified as follows:

	Category			
	1	2	3	Fair Value
U.S. Government Securities	-	$ 12,961,195	-	$ 12,961,195
	$ -	$ 12,961,195	$ -	$ 12,961,195

As of June 30, 2018, the City's interest rate risk related to its investments was as follows:

	Fair Value	Maturities	Credit Quality
U.S. Government Securities	$ 12,961,195	March 6, 2018 to December 14, 2018	Unavailable
	$ 12,961,195		

NOTE 4 – RECEIVABLES AND TAX REVENUE

Property Tax

Property taxes are levied in October based on property values assessed as of January 1. The billing representing the current year tax levy is mailed on October 20th. The billings are considered past due sixty (60) days after the billing date and penalties and interest are assessed. The applicable property is subject to lien after the billings are ninety (90) days delinquent.

The tax rate levied during fiscal year 2018 for the City's operations was 7.691 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at June 30, 2018.

Sales Tax

Grady County, Georgia has levied three 1% Special Purpose Local Option Sales Tax Programs (SPLOST) which were passed by referendum in 2007 and 2012. The proceeds from these sales tax programs are used to finance various capital projects. The SPLOST programs are administered by Grady County, Georgia.

NOTE 4 – RECEIVABLES AND TAX REVENUE (CONTINUED)

Receivables

Receivables as of June 30, 2018 are as follows:

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
Receivables				
Accounts	$ 120,215	$ 210,995	$ 417,405	$ 2,078,968
Property tax	-	-	-	-
Sales tax	77,230	-	-	-
Program	-	915,085	-	-
Due from other governments	-	-	-	-
Gross receivables	197,445	1,126,080	417,405	2,078,968
Less allowance for uncollectibles	-	-	121,722	535,839
Total net receivables	$ 197,445	$ 1,126,080	$ 295,683	$ 1,543,129

	Cable TV Fund	Landfill Fund	Nonmajor Enterprise Funds	Total
Receivables				
Accounts	$ 603,884	$ 127,571	$ 491,403	$ 4,050,441
Property tax				-
Sales tax				77,230
Program				915,085
Due from other governments				-
Gross receivables	603,884	127,571	491,403	5,042,756
Less allowance for uncollectibles	219,196	-	90,258	967,015
Total net receivables	$ 384,688	$ 127,571	$ 401,145	$ 4,075,741

NOTE 4 – RECEIVABLES AND TAX REVENUE (CONTINUED)

Component Unit

The City of Cairo Development Authority leases a post office building to the United States Postal Service under a sales-type lease, as defined in Accounting Standards Codification (ASC) 840, "*Accounting for Leases*". The investment in the sales-type lease is included in program receivables and unearned interest income is included in deferred inflows of resources.

The components of the net investment in the sales-type lease at June 30, 2018, were as follows:

At June 30, 2018, the minimum future lease payments to be received under the sales-type lease are as follows:

Year Ending June 30,	Total
2019	$ 223,769
2020	174,664
2021	-
2022	-
2023	-
Thereafter	-
	$ 398,433

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund Receivables and Payables

Interfund receivables and payables result from timing differences related to payroll and other year-end transactions which normally clear within one to two months. The composition of interfund receivables and payables as of June 30, 2018 is as follows:

	Due From			
Due to	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
General Fund	$ -	$ -	$ -	$ -
Nonmajor Governmental Funds	-	-	-	-
Water and Sewer Fund	-	-	-	-
Electric Revenue Fund	-	-	-	-
Cable TV Fund	-	-	-	-
Landfill Fund	-	-	-	297,000
Nonmajor Enterprise Funds	-	-	-	-
Total	$ -	$ -	$ -	$ 297,000

	Due From			
Due to	Cable TV Fund	Landfill Fund	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ -	$ -	$ -
Nonmajor Governmental Funds	-	-	-	-
Water and Sewer Fund	-	-	-	-
Electric Revenue Fund	-	-	-	-
Cable TV Fund	-	-	-	-
Landfill Fund	-	-	-	297,000
Nonmajor Enterprise Funds	-	-	-	-
Total	$ -	$ -	$ -	$ 297,000

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS (CONTINUED)

Interfund Transfers

Interfund transfers are used to move revenues from the fund that Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund and Enterprise Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2018, consisted of the following:

	Transfer To			
Transfer From	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
General Fund	$ -	$ 26,551	$ 711,878	$ -
Nonmajor Governmental Funds	9,376	7,547	-	-
Water and Sewer Fund	258,048	-	-	56,699
Electric Revenue Fund	4,251,155	51	27,311	199,763
Cable TV Fund	-	-	162	81,556
Landfill Fund	511,531	5,571	45,080	-
Nonmajor Enterprise Funds	213,554	-	93,596	677,535
Total	$ 5,243,664	$ 39,720	$ 878,027	$ 1,015,553

	Transfer To			
Transfer From	Cable TV Fund	Landfill Fund	Nonmajor Enterprise Funds	Total
General Fund	$ 287,600	$ -	$ 799,074	$ 1,825,103
Nonmajor Governmental Funds	-	-	-	16,923
Water and Sewer Fund	-	-	1,778	316,525
Electric Revenue Fund	-	580,433	47,550	5,106,263
Cable TV Fund	-	32	98	81,848
Landfill Fund	-	-	-	562,182
Nonmajor Enterprise Funds	-	62,534	2	1,047,221
Total	$ 287,600	$ 642,999	$ 848,502	$ 8,956,065

NOTE 6 – CAPITAL ASSETS

The following is a summary of capital asset activity as of June 30, 2018:

Primary Government

Primary Government: ***Governmental Activities***	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land and improvements	$ 508,019	$ -	$ -	$ -	$ 508,019
Construction in progress	-	1,030,049	-	-	1,030,049
Total nondepreciable capital assets	508,019	1,030,049	-	-	1,538,068
Other capital assets					
Buildings and improvements	7,269,923	-	-	-	7,269,923
Machinery & equipment	5,074,201	78,709	-	-	5,152,910
Infrastructure	7,970,106	719,966	-	-	8,690,072
Total other capital assets at cost	20,314,230	798,675	-	-	21,112,905
Less accumulated depreciation for depreciation for:					
Buildings and improvements	(2,172,591)	(92,414)	-	-	(2,265,005)
Machinery & equipment	(2,748,898)	(325,410)	-	-	(3,074,308)
Infrastructure	(4,852,063)	(637,853)	-	-	(5,489,916)
Total accumulated depreciation	(9,773,552)	(1,055,677)	-	-	(10,829,229)
Other capital assets, net	10,540,678	(257,002)	-	-	10,283,677
Governmental activities capital assets, net	$ 11,048,697	$ 773,047	$ -	$ -	$ 11,821,745

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Primary Government: ***Business-type Activities***	**Beginning Balance**	**Increases**	**Decreases**	**Transfers**	**Ending Balance**
Nondepreciable					
Land and improvements	$ 1,978,350	$ -	$ -	$ -	$ 1,978,350
Construction in progress	220,868	1,774,750	-	-	1,995,618
Total nondepreciable capital assets	2,199,218	1,774,750	-	-	3,973,968
Other capital assets					
Buildings	49,377,061	12,000	(1,954,530)	-	47,434,531
Machinery & equipment	8,091,922	432,000	-	-	8,523,922
Total other capital assets at cost	57,468,983	444,000	(1,954,530)	-	55,958,453
Less accumulated depreciation for:					
Buildings	(22,608,573)	(1,277,828)	-	-	(23,886,401)
Machinery & equipment	(7,994,390)	(550,639)	1,754,900	-	(6,790,129)
Total accumulated depreciation	(30,602,963)	(1,828,467)	1,754,900	-	(30,676,530)
Other capital assets, net	26,866,020	(1,384,467)	(199,630)	-	25,281,923
Business-type activities capital assets, net	$ 29,065,238	$ 390,283	$ (199,630)	$ -	$ 29,255,891

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	$	138,016
Public safety		285,836
Public works		567,156
Parks and recreation		64,669
Total governmental activities depreciation expense	$	1,055,677

Business-type activities:	
Water & Sewer	1,252,624
Electric	279,357
Cable TV	-
Garbage and trash	13,878
Airport	65,392
Telecomm	-
Landfill	175,965
Gas	41,251
Total business-type activities depreciation expense	$ 1,828,467

Component Units

Capital asset activity for the Downtown Development Authority of the City of Cairo, a discretely presented component unit, for the year ended June 30, 2018 is as follows:

Governmental Activities:

The Authority had no governmental capital asset activity for the year ended June 30, 2018.

Business-type activities:

The Authority had no business-type capital asset activity for the year ended June 30, 2018.

NOTE 7 – LONG TERM DEBT

Revenue Bonds

The City issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. The City's enterprise funds' revenue bonds outstanding at June 30, 2018, are as follows:

Enterprise Fund and Description	Original Amount	Interest Rate	Due Date	Amount
Water and Sewer and Electric Funds Combined Public Utility Refunding Revenue Bonds, Series 2014	$ 12,800,000	2.50-5.00%	2024	$ 5,030,000
			Unamortized bond premium	47,262
			Less current portion	(790,000)
				$4,287,262

Combined Public Utility Refunding Revenue Bonds, Series 2014

The City of Cairo Combined Public Utility Refunding Revenue Bonds, Series 2014 were issued December 11, 2014, in the amount of $7,300,000 to provide funds to prepay the City of Cairo Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2004. These bonds will be repaid from the revenues and earnings derived from the City's ownership and operation of the water and sewerage system, the electric power distribution system and the natural gas distribution system.

The annual debt service requirement to maturity of the Series 2014 bonds at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 790,000	$ 110,660	$ 900,660
2020	810,000	93,280	903,280
2021	830,000	75,460	905,460
2022	850,000	38,006	888,006
2023	865,000	57,200	922,200
Thereafter	885,000	38,500	923,500
	$ 5,030,000	$ 413,106	$ 5,443,106

NOTE 7 – LONG TERM DEBT (CONTINUED)

Component Unit

The City of Cairo Development Authority's revenue bonds outstanding at June 30, 2018, are as follows:

	Original Amount	Interest Rate	Due Date	Amount
City of Cairo Development Authority – Series 1999	$ 2,460,000	5.25-6.75%	2020	$ 405,000
				405,000
			Less current portion	(195,000)
				$ 210,000

City of Cairo Development Authority Taxable Revenue Bonds, Series 1999

The City of Cairo Development Authority (Authority) Series 1999 bonds were issued in April of 1999 in the amount of $2,460,000 to provide funds to finance the construction of the new post office building. The Authority and the City of Cairo entered into an intergovernmental contract as of April 1, 1999. This contract provides for the Authority to appoint the City of Cairo as its agent and authorizes the City of Cairo to complete the acquisition, construction and equipping of the Project. The U.S. Postal Service has entered into a lease agreement with the Authority effective April 26, 1999. The Authority will use the funds from the lease agreement to service its revenue bond indebtedness. The term of the lease is from April 12, 2000, until April 11, 2020. The annual lease payment is $223,769. At the end of the lease term the U.S. Postal Service has the option to purchase the building for $1.00.

The annual debt service requirement to maturity of the Series 1999 bonds at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 195,000	$ 27,338	$ 222,338
2020	210,000	14,175	224,175
2021	-	-	-
2022	-	-	-
2023	-	-	-
	$ 405,000	$ 41,513	$ 446,513

NOTE 7 – LONG TERM DEBT (CONTINUED)

Closure and Post-Closure Care Liability

State and Federal laws and regulations require the City to place a final cover on its landfill site when it discontinues accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although, closure and post-closure care costs will be paid only near or after the date that the landfill discontinues accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $4,616,454 reported as landfill closure and post-closure care liability, as of June 30, 2018, represents the cumulative amount reported, based on a calculation using the utilized capacity percentage of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $422,154 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2018. The total landfill capacity used, as of June 30, 2018, is 91.62%. The City estimates the remaining useful life of the landfill at less than two years. The City has restricted assets for the payment of future closure and post-closure costs. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

Capital Leases

The City has entered into various other lease agreements as lessee for financing the acquisition of vehicles and equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Equipment acquired under capital leases has a net book value of $432,633 at June 30, 2018. Amortization for assets acquired under capital leases is included in depreciation expense.

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments at June 30, 2018:

Year Ending June 30	Governmental Activities	Business-type Activities
2019	$ 29,296	$ 173,158
2020	-	174,573
2021	-	139,929
2022	-	192,528
2023	-	42,243
Thereafter	-	-
Total minimum lease payments	29,296	722,431
Less amount representing interest	(3,712)	(37,995)
	$ 25,584	$ 684,436

NOTE 7 – LONG TERM DEBT (CONTINUED)

Notes Payable

Governmental Activities

The City has notes payable to a financial institution for the acquisition and construction of real estate. The debt is payable in monthly installments of $4,751 through July 2023. Interest on the debt is 2.6%.

The annual debt service to maturity of the long-term debt at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 51,798	$ 5,214	$ 57,012
2020	53,160	3,852	57,012
2021	54,884	2,128	57,012
2022	64,296	665	64,961
2023	2,621	21	2,642
Thereafter	-	-	-
	$ 226,759	$ 11,880	$ 238,639

Business-type Activities

The City has a note payable to the Georgia Environmental Finance Authority Drinking Water State Revolving Fund for the construction of two deep water supply wells and the construction of a new water treatment plant. Total funding available under the loan is $3,586,710. The debt is payable beginning in August 2017 in 120 monthly installments through July 2027. Interest on the debt is 0.66%. The loan agreement contains restrictive covenants, certain of which require, among other things, a minimum ratio, as defined, of fixed charges coverage.

The annual debt service to maturity of the long-term debt at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 385,870	$ 19,910	$ 405,780
2020	388,425	17,355	405,780
2021	390,996	14,784	405,780
2022	393,584	12,196	405,780
2023	393,584	12,196	405,780
2024 - 2028	734,364	24,391	758,755
	$ 2,686,823	$ 100,832	$ 2,787,655

NOTE 7 – LONG TERM DEBT (CONTINUED)

The City has a note payable to the Georgia Environmental Finance Authority Drinking Water State Revolving Fund for the installation of advanced metering infrastructure and the retrofitting of existing meters used to operate water and sewer services. Total funding available under the loan is $1,189,645. The debt is payable beginning in May 2018 in 120 monthly installments through May 2028. Interest on the debt is 0.50%. The loan agreement contains restrictive covenants, certain of which require, among other things, a minimum ratio, as defined, of fixed charges coverage.

The annual debt service to maturity of the long-term debt at June 30, 2018, is as follows:

Year Ending June 30	Principal	Interest	Total
2019	$ 70,323	$ 3,477	$ 73,800
2020	70,744	3,055	73,799
2021	71,099	2,701	73,800
2022	71,455	2,345	73,800
2023	71,813	1,986	73,799
2024 - 2028	358,352	4,497	362,849
	$ 713,786	$ 18,061	$ 731,847

NOTE 7 – LONG TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	$ 70,757	$ -	$ (45,173)	$ 25,584	$ 25,584
Notes payable	277,229	-	(50,470)	226,759	51,798
Net pension obligation	1,930,334	-	(247,720)	1,682,614	-
Compensated absences	187,488	23,047	-	210,535	-
Governmental activities long-term liabilities	2,465,808	23,047	(343,363)	2,145,492	77,382
Business-type activities:					
Bonds payable	5,805,000	-	(775,000)	5,030,000	790,000
Plus unamortized bond premium	53,002	-	(5,740)	47,262	-
Total bonds payable	5,858,002	-	(780,740)	5,077,262	790,000
Capital leases	393,309	432,000	(140,873)	684,436	157,801
Notes payable	3,586,710	1,189,645	(1,375,746)	3,400,609	456,193
Net pension obligation	1,348,692	-	(307,480)	1,041,212	-
Compensated absences	113,206	113,206	(113,206)	113,206	-
Closure and post-closure care liability	4,441,454	175,000	-	4,616,454	-
Business-type activities long-term liabilities	$ 15,741,373	$1,909,851	$(2,718,045)	$ 14,933,179	$ 1,403,994

Compensated absences are liquidated by the General Fund and Enterprise Funds for which the liability is incurred.

NOTE 7 – LONG TERM DEBT (CONTINUED)

Long-term liability activity for the City's component unit for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 590,000	$ -	$ 185,000	$ 405,000	$ 195,000
Business-type activities long-term liabilities	$ 590,000	$ -	$ 185,000	$ 405,000	$ 195,000

NOTE 8 – RESTRICTIONS OF FUND BALANCES

In the governmental fund financial statements, fund balances consist of restricted committed and unassigned amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. Committed fund balances represent amounts constrained to a specific purpose by formal action of the City Council. The remaining portion is unassigned.

In the proprietary fund financial statements, fund balances consist of restricted and unrestricted amounts. Restrictions of fund balances represent that portion which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unrestricted.

Fund balance restrictions at June 30, 2018 include:

Capital Projects Funds	
Restricted for specific projects to reflect resources restricted for capital projects	$ 1,138,398
Special Revenue Funds	
Restricted to reflect resources legally restricted for economic development and tourism	1,662,940
Permanent Funds	
Restricted for purposes to reflect resources legally restricted for care of cemeteries	44,160
Total restricted net position	$ 2,845,498

NOTE 9 – PENSION PLAN

City of Cairo Retirement Plan

Plan Description

The City's defined benefit pension plan, City of Cairo Retirement Plan (CCRP), provides retirement and disability benefits, and death benefits to plan members and beneficiaries. CCRP is affiliated with the Georgia Municipal Employees' Benefit System; an agent multiple-employer pension plan administered by the Georgia Municipal Association. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the benefit provisions of the plans that participate in CCRP. The Georgia Municipal Employees' Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for CCRP. That report may be obtained by writing to the Georgia Municipal Employees' Benefit System, 201 Pryor Street, Southwest, Atlanta, Georgia 30303.

All full-time City employees are eligible to participate in the Plan after completing one year of service. Benefits vest after ten years of service. Participants become eligible to retire at age 65 with 5 years of participation in the Plan. The normal retirement benefit payable for life is based on a formula using 1.00% to 1.75 % of average monthly compensation and years of service, as defined in the plan.

Plan Membership

As of January 1, 2018 employee membership data related to the plan were as follows:

Number of retirees and beneficiaries current receiving benefits	71
Number of terminated employees entitled to benefits but not yet receiving them	21
Number of active plan participants	148

Contributions

The City is required to contribute at an actuarially determined rate in accordance with Section 47-20 of the Georgia Code, which sets forth the minimum funding standards for state and local government pension plans. Plan participants are not required to contribute to the Plan. The Constitution of the State of Georgia enables the governing authority of the City, the City Council, to establish and amend the contribution rates for the City and its plan participants. Contributions are determined using the projected unit credit cost method and assets are valued using market related value.

The most current valuation, dated January 1, 2018, determined that for the period beginning January 1, 2018, employer contributions of 10.17% of covered payroll are required to meet the current cost of the Plan. These contribution rates are based on an estimated total covered annual payroll of $5,605,431.

NOTE 9 – PENSION PLAN (CONTINUED)

Actuarial Assumptions

The net pension liability was measured as of January 1, 2018 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of that date. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% plus service based merit increases
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Combined Health Mortality Table with sex-distinct rates, set forward two years for males and one year for females and the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class 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%
Total or weighted arithmetic average	100%	

NOTE 9: PENSION PLAN (CONTINUED)

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made based on rates determined by the plan Actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Changes in the net pension liability for the year ended June 30, 2018 were as follows:

	Increase (Decrease)		
	Total Pension Liability (TPL) (a)	**Fiduciary Net Position (FNP) (b)**	**Net Pension Liability (NPL) (a) - (b)**
Balances at June 30, 2017	$ 13,889,815	$ 10,610,788	$ 3,279,027
Changes for the year:			
Service cost	$ 168,373	$ -	$ 168,373
Interest	1,053,016	-	1,053,016
Differences between expected and actual experience	180,089	-	180,089
Demographic experience	-	-	-
Contributions - employer	-	558,838	(558,838)
Net investment income	-	1,589,743	(1,589,743)
Benefit payments and refunds	(605,034)	(605,034)	-
Administrative expense	-	(30,660)	30,660
Other	161,242	-	161,242
Net changes	957,686	1,512,887	(555,201)
Balances at June 30, 2018	$ 14,847,501	$ 12,123,675	$ 2,723,826

NOTE 9: PENSION PLAN (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	$ 4,734,901	$ 2,723,826	$ 1,048,700

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

For the year ended June 30, 2018, the City recognized pension expense of $260,822, consisting of the following:

Service cost	$ 168,373
Interest on TPL	1,053,016
Administrative expenses	30,660
Expected return on assets	(819,358)
Expensed portion of current year period differences between expected and actual experience in TPL	30,014
Expensed portion of current year period differences between projected and actual investment earnings	26,872
Expense portion of current year period differences between projected and actual investment earnings	(154,077)
Current year recognition of deferred inflows and outflows established in prior years	(74,678)
Total expense	$ 260,822

NOTE 9: PENSION PLAN (CONTINUED)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 246,330	$ (211,044)
Changes of assumptions	134,370	(79,238)
Net difference between projected and actual earnings on pension plan investments	-	(620,210)
Total	$ 380,700	$ (910,492)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2018 will be recognized in pension expense as follows:

Fiscal Year Ending,	Total
2019	$ (171,866)
2020	(112,671)
2021	(167,256)
2022	(134,887)
2023	56,888
Thereafter	-
	$ (529,792)

Peace Officers' Annuity and Benefit Fund of Georgia

Plan Description:

The Peace Officers' Annuity and Benefit Fund of Georgia (POABFG) is a cost-sharing multiple employer defined benefit created in 1950 by the General Assembly of Georgia to provide retirement benefits to peace officers. Members of the POABFG are employed by units of government throughout the State of Georgia. The employers of the POABFG's members do not make contributions to the POABFG. The State of Georgia provides nonemployer contributions to the POABFG through the collection of court fines and forfeitures. Detailed information about the benefits provided to members is available in the separately issued POABFG financial report which is publicly available.

Actuarial Assumptions:

The collective total pension liability was determined by an actuarial valuation as of June 30, 2016, with updated procedures used to roll forward the total pension liability to June 30, 2017. The roll

NOTE 9: PENSION PLAN (CONTINUED)

forward calculation adds the normal cost (also called service costs), subtracts the actual benefit payments and refunds for the plan year, and then applies the discount rate for the year. This actuarial valuation used the following actuarial assumptions, applied to all periods in included in the measurement:

Inflation	2.50%
Salary increases	n/a
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Mortality rates	RP-2014, Combined

The long-term expected rate of return on pension plan investments was calculated by the POABFG's investment manager as 6.66% using a Monte Carlo simulation in which best estimate ranges of expected future real rates of return (expected nominal 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. The POABFG's administrator determined that 6.50% was a reasonable assumption for the long-term rate of return on plan assets based on the calculation by the POABFG's investment manager.

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumes revenues will remain level. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2018, the City did not have an asset for a proportionate share of the net pension asset of the POABFG because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension asset associated with the City was $6,483 as of June 30, 2018.

Pension Expense:

For the year ended June 30, 2018, the City recognized pension expense related to the POABFG of $5,150 and revenue of $5,150 for support provided by the State of Georgia.

NOTE 9: PENSION PLAN (CONTINUED)

Georgia Firefighters' Pension Fund

Plan Description:

The Georgia Firefighters' Pension Fund (GFPF) is a cost-sharing multiple employer defined benefit created by the General Assembly of Georgia to provide retirement benefits to firefighters. Members of the GFPF are employed by units of government throughout the state of Georgia. Detailed information about the benefits provided to members is available in the separately issued GFPF financial report which is publicly available.

Actuarial Assumptions:

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	n/a
Investment rate of return	6.00%
Mortality rates	RP-2000, Combined

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 nominal returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are converted into nominal assumptions by adding inflation, and then combined by weighting them by the target asset allocation percentages.

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that nonemployer contributions will remain at the level contributed the previous fiscal year. Based on those assumptions, the Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2018, the City did not have a liability for a proportionate share of the net pension liability of the GFPF because of the related support from the State of Georgia. The amount of the State's proportionate share of the net pension liability associated with the City was $356,549 as of June 30, 2018.

NOTE 9: PENSION PLAN (CONTINUED)

Georgia Firefighters' Pension Fund (Continued)

Pension Expense:

For the year ended June 30, 2018, the City recognized pension expense related to the GFPF of $108,207 and revenue of $108,207 for support provided by the State of Georgia.

NOTE 10 – JOINT VENTURES

Southwest Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the eight county Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (Commission) and is required to pay annual dues thereto. During the year ended June 30, 2018, the City paid $7,895 in such dues.

Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA), Section 50-8-34, which provides for the organizational structure of the Commission in Georgia. The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Commission. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P.O. Box 346
Camilla, Georgia 31730

South Georgia Governmental Services Authority

The City of Cairo, in conjunction with the Cities of Camilla, Moultrie and Thomasville, whom provide distribution of broadband cable television and internet services under the trade name "CNS", created the South Georgia Governmental Services Authority (SGGSA). The SGGSA was created and activated under the provisions of the Development Authority Law of the State of Georgia (O.C.G.A. 36-62-1) for the purpose of providing governmental, proprietary and administrative services and facilities to the Cities of Cairo, Camilla, Moultrie, and Thomasville and other subdivisions, agencies and authorities within its area of operation. The City of Cairo's investment in the SGGSA is accounted for on the equity method and is recorded in the Cable TV and Telecomm enterprise funds. The investment had a carrying value of $852,056 at June 30, 2018, and income from the joint venture of $416,545 during the year. The SGGSA board is made up of eight members, two appointed by each participating city for one-year terms.

Separate financial statements may be obtained from:

South Georgia Governmental Services Authority
P.O. Box 1676
Thomasville, Georgia 31799

NOTE 10 – JOINT VENTURES (CONTINUED)

City of Cairo Sanitary Landfill

On February 10, 1992, the City of Cairo, Georgia entered into an agreement with Grady County, Georgia and the City of Whigham, Georgia, to deposit solid waste collected in the sanitary landfill operated by Cairo, Georgia. The agreement provides that each party will equitably share in the cost of the operation of the landfill. The agreement also provides that the City of Cairo will establish a sinking fund to meet future capital needs or expenditures that may be required to comply with local, state, or federal laws (i.e., ground water monitoring costs and other post-closure costs). Should the City of Cairo incur any unexpected costs or additional requirements associated with post-closure costs in excess of the sinking/reserve funds retained, each party will make a contribution toward the additional costs in the percentage that shall equal the percentage of the total waste deposited at the landfill by the parties over the term of this agreement. The City of Whigham and Grady County shall not be required to make contributions toward additional costs that are due solely to the negligent act or intentional wrongful act of the City of Cairo in the administration of the landfill.

Each year, the City of Cairo provides to the City of Whigham and Grady County information regarding the operation of the landfill during the previous year. If it is determined that the funds collected do not meet the cost of the operation of the landfill and sinking/reserve fund requirements, each party will make a contribution toward the deficit in a percentage that equals the percentage of the total waste deposited at the landfill by the parties. If it is determined that the funds collected exceed the cost of the operation of the landfill, the excess is transferred to the sinking/reserve fund and each party is given credit in an amount based upon the percentage of waste deposited at the landfill by the parties toward any future deficit.

Any excess that is accumulated over the term of the agreement is considered to be jointly owned by all parties based on the percentage of waste deposited at the landfill over the term of the agreement and will be disbursed at such time as there are no required costs to monitor the landfill.

At June 30, 2018, funds held in the landfill restricted account were $2,779,193 and the total projected costs for the closure and post-closure maintenance and monitoring of the landfill were $5,038,608. The City of Cairo has recognized a liability for the landfill closure and post-closure costs of $4,616,454 as of June 30, 2018. The landfill has an estimated remaining useful life of less than one year.

Separate financial statements are not prepared or issued for the Landfill Joint Venture.

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

The City of Cairo entered into an agreement with the City of Whigham and Grady County, Georgia, to establish a joint development authority. The purpose of the joint Grady County Development Authority is to facilitate economic development within Grady County, by coordinating the efforts of elected officials, the Cairo-Grady County Chamber of Commerce, private organizations and citizens,

NOTE 11 – JOINTLY GOVERNED ORGANIZATION (CONTINUED)

and state and local organizations and businesses located both within and outside of Grady County to foster economic growth and improve the welfare of all citizens of Grady County.

The business of the Grady County Development Authority is conducted and managed by its Board of Directors, which consists of seven members. The members are selected by the Grady County Board of Commissioners (3), the City of Cairo (3), and the City of Whigham (1), for such terms as the governing bodies shall determine.

NOTE 12 – RELATED ORGANIZATION

The City Council appoints Board members to the Housing Authority and the Library Board. However, the City has no further accountability for these organizations.

NOTE 13 – HOTEL / MOTEL LODGING TAX

The City has levied a 5% lodging tax. For the year ended June 30, 2018, $49,593 of hotel/motel tax was collected and $34,119 was remitted to the Chamber of Commerce. Management represents that 100% of the lodging tax received during the year ended June 30, 2018 was used for the promotion of tourism, conventions, or trade shows.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and General Liability and Workers' Compensation

The City has joined together with other municipalities in the State, as part of the Georgia-Interlocal Risk Management Agency (GIRMA) Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Worker's Compensation Fund, a public entity risk pool, currently operating as common risk management and insurance programs for member local governments. GIRMA exists by authority of the Official Code of Georgia Annotated O.C.G.A. 36-85-1. GIRMA is an unincorporated nonprofit instrumentality of its member governments. GIRMA establishes and administers one or more groups of 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 City 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 Georgia Municipal Association Group Self-Insurance Worker's Compensation 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 of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation, therefore, although such suits,

NOTE 14 - RISK MANAGEMENT (CONTINUED)

other proceedings, allegations or demands may be wholly groundless, false or fraudulent.

As part of these risk pools, the City is obligated to pay all contributions and assessments, as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible and, in accordance with any coverage descriptions issue, all incidents, which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of any claim made against the Government within the scope of loss protection furnished by the funds. The funds are to pay all costs taxed against members in any legal proceedings, defended by members, all interest accruing after judgment, and all expenses incurred for investigation, negotiation or defense.

The City of Cairo 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 the $2,500 deductible. The City is not aware of any claims that the City is liable, for which, were outstanding and unpaid, as of June 30, 2018.

The City of Cairo is self-insured for group medical benefits up to $50,000 annually per participant. The self-insurance program is administered by a third party insurance service company. Administrative costs are allocated among the General Fund and Proprietary Funds. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic social factors. The liability for claims payable is reported in the General Fund. The change in the balance of claim liabilities during the past two years is as follows:

	Year Ended June 30,	
	2017	2018
Unpaid claims, beginning of year	$ 101,715	$ 2,002
Incurred claims (including IBNRs)	1,075,173	1,057,174
Claim Payments	(1,174,886)	(911,876)
Unpaid claims, end of year	$ 2,002	$ 147,300

During the year ended June 30, 2018, there were no significant reductions in insurance coverage from the prior year and there have been no settlements exceeding insurance coverage for the past three years.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in a number of legal matters, which either have or could result in litigation. The City has accrued amounts related to litigation where an outcome unfavorable to the City is probable and the amount can be estimated. In the opinion of the City attorney, the ultimate outcome of these contingencies will not have a material impact on the financial position of the City.

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The City expects such disallowed amounts, if any, would not have a material impact on the financial position of the City.

Agreements with the Municipal Electric Authority of Georgia

The Municipal Electric Authority of Georgia (MEAG) is a public corporation and an instrumentality of the State of Georgia created to supply electricity to local government electric distribution systems. As provided by State law, MEAG establishes rates and charges so as to produce revenues sufficient to cover its costs, including debt service, but it may not operate any of its projects for profit, unless any such profits incur to the benefit of the public.

On October 1, 1975, the City of Cairo entered into a contract with MEAG and as an electric utility participant in MEAG is obligated to purchase all of its bulk power supply requirements from MEAG for a period not to exceed 50 years. The City has agreed to purchase all of its future power and energy requirements in excess of that received by the City through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG.

In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each participating City has guaranteed a portion of the unpaid debt based on its individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations. Payments to MEAG are made monthly based on KWH usage. The total payments under these contracts were $11,588,753 in 2018.

At June 30, 2018, the outstanding debt of MEAG was approximately $5.94 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $100.42 million at June 30, 2018.

On April 26, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (Trust). The Trust was created by MEAG, in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Electric Authority of Georgia (Continued)

retail electric power supply. This is expected to include customers assigned to electrical systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Cairo. MEAG expects that after such legislation is effective, market rates for power will result, which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Cairo and within the account, creates the following subaccount, in which the City of Cairo participates:

Credit Support Operating Trust Account

This subaccount may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds. On May 3, 1999, MEAG transferred $2,379,633 to this fund from the City's account in MEAG's Rate Stabilization Reserve Fund. The balance of the account, as of June 30, 2018, is $-.

Flexible Trust Account

The MEAG trust agreement also created a flexible trust account. The City had the right to withdraw these funds, but it did not elect to do so prior to the fiscal year end of June 30, 2018. The balance in the flexible trust account, as of June 30, 2018, was $11,690,403 and has been recorded as an asset of the City.

The Municipal Competitive Trust also contains a "Reserve Funded Debt Account", which had, on June 30, 2018, a balance of $170,888. The balance in this account is not recognized as an asset of the City of Cairo as the City's right to control the funds is contingent upon future events.

Generation Trust Account

This subaccount may be funded by contributions by the City from any of its own funds that is has available for such purposes, including funds contained within the City’s Flexible Operating Trust Account. The trustee is required to pay all or any portion of such amounts contained in the City’s New Generation and Capacity Funding Account as directed in writing by the City for any of the following purposes: (1) to be applied as a credit against the City’s obligation share of costs in connection with Plant Vogtle Units 3 and 4; (2) to be applied as credit against the City’s obligation share of any other future generation project costs created by MEAG; (3) to be applied as a credit against any capital contributions committed to by Cairo in the event that MEAG provides the City with the option of paying interest expense incurred in connections with the construction of any

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Electric Authority of Georgia (Continued)

Generation Trust Account (Continued)

generation project prior to its commercial operation date; (4) to be applied as a credit against capacity charges incurred by the City in connection with power purchase agreements entered into by MEAG for the purpose of meeting the supplemental power needs of the City; and (5) as a payment to MEAG to mitigate that portion of any budgeted Bulk Power Supply cost increases incurred by the City which exceeds the City's prior year budgeted Bulk Power Supply costs by greater than 12%. The balance in the New Generation Trust Account, as of June 30, 2018, was $1,270,792 and has been recorded as an asset of the City.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to increase the beginning fund balance of the nonmajor governmental funds and to increase the governmental activities beginning net position. The adjustment was made to correct cash balances related to the Forest Lawn Cemetery fund.

The effect on beginning balances was as follows:

	Net Position at June 30, 2017 as Previously Reported	Prior Period Adjustment	Net Position at June 30, 2017 as Restated
Governmental Activities	$ 15,495,720	$ 50,056	$ 15,545,776
Nonmajor Governmental Funds			
Forest Lawn Cemetery Fund	$ -	$ 50,056	$ 50,056

City of Cairo, Georgia

Schedule of Changes in Net Pension Liability and Related Ratios

June 30,	2018	2017	2016	2015
Total pension liability				
Service cost	$ 168,373	$ 174,922	$ 177,591	$ 198,883
Interest on pension liability	1,053,016	1,023,837	965,009	951,060
Differences between expected and actual results	180,089	(226,192)	192,509	(180,743)
Changes of assumptions	161,242	-	-	-
Benefit payments	(605,034)	(587,096)	(564,988)	(537,999)
Other	-	-	-	(237,714)
Net change in pension liability	957,686	385,471	770,121	193,487
Total pension liability - beginning	13,889,815	13,504,344	12,734,223	12,540,736
Total pension liability - ending (a)	14,847,501	13,889,815	13,504,344	12,734,223
Plan fiduciary net position				
Employer contributions	558,838	695,554	801,187	670,804
Net investment income	1,589,743	1,059,026	95,823	928,602
Benefit payments	(605,034)	(587,096)	(564,988)	(537,999)
Administrative expenses	(30,660)	(17,949)	(20,550)	(16,360)
Net change in fiduciary net position	1,512,887	1,149,535	311,472	1,045,047
Plan fiduciary net position - beginning	10,610,788	9,461,253	9,149,781	8,104,734
Plan fiduciary net position - ending (b)	12,123,675	10,610,788	9,461,253	9,149,781
Net pension liability (a) - (b)	$ 2,723,826	$ 3,279,027	$ 4,043,091	$ 3,584,442
Plan fiduciary net position as a percentage of the total pension liability	81.7%	76.4%	70.1%	71.9%
Covered-employee payroll	$ 5,605,431	$ 5,432,291	$ 5,511,469	$ 5,239,696
Net pension liability as a percentage of covered-employee payroll	48.6%	60.4%	73.4%	68.4%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

City of Cairo, Georgia
Schedule of Employer Contributions

For the year ended June 30,	2018	2017	2016	2015
Actuarially determined contribution	- - **	$ 621,430	$ 648,236	$ 756,161
Contributions in relation to the actuarially determined contribution	- - **	623,664	657,230	803,655
Contribution deficiency (excess)	- - **	(2,234)	(8,994)	(47,494)
Covered-employee payroll	- - **	$ 5,432,291	$ 5,511,469	$ 5,239,696
Contributions as a percentage of covered-employee payroll	- - **	11.48%	11.92%	15.34%

Notes to the Schedule

(1) 2018 information will be determined after fiscal year end and will be included in the 2019 valuation report

(2) Actuarial assumptions

Valuation date	January 1, 2017
Actuarial cost method	Projected unit credit
Actuarial asset valuation method	Market value of assets
Assumed rate of return on investments	7.50%
Projected salary increases	2.75%
Inflation rate	2.75%
Amortization method	Closed level dollar

(3) The schedule will present 10 years of information once it is accumulated.

City of Cairo, Georgia
Schedule of Proportionate Share of Net Pension Liabilities – Cost-Sharing Multiple-Employer Pension Plans

Peace Officers' Annuity and Benefit Fund of Georgia

For the year ended June 30,	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%
State of Georgia's proportionate share of the net pension liability (asset) associated with the City	$ (6,483)	$ 31,453	$ 6,615	$ (15,636)
City's covered-employee payroll	n/a	n/a	n/a	n/a
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.62%	92.18%	98.28%	103.75%

Georgia Firefighters Pension Fund

For the year ended June 30,	2018	2017	2016	2015
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
State of Georgia's proportionate share of the net pension liability associated with the City	$ 356,549	$ 444,377	$ 339,941	$ 191,704
City's covered-employee payroll	n/a	n/a	n/a	n/a
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	83.74%	79.03%	83.06%	89.72%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

City of Cairo, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Capital Projects Funds		
	SPLOST 2014	SPLOST 2007	Grant Projects
Assets			
Cash and cash equivalents	$ -	$ -	$ 35
Accounts receivable, net	210,904	-	-
Other current assets	-	-	-
Due from other funds	-	-	-
Restricted assets:			-
Cash and cash equivalents	976,739	-	-
Program receivables	-	-	-
Total assets	$ 1,187,643	$ -	$ 35
Liabilities			
Accounts payable	$ 49,280	$ -	$ -
Accrued expenses	-	-	-
Due to other funds	-	-	-
Due to component units	-	-	-
Total liabilities	49,280	-	-
Fund Balances			
Nonspendable:			
Prepaid expenses	-	-	-
Restricted for:			
Specific projects	1,138,363	-	35
Public services	-	-	-
Unassigned	-	-	-
Total fund balances	1,138,363	-	35
Total liabilities and fund balances	$ 1,187,643	$ -	$ 35

City of Cairo, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds		Permanent Funds		Total Nonmajor Governmental Funds
	EIP CDBG	Hotel/ Motel Tax	Forest Lawn Cemetery	Cemetery Perpetual Care	
Assets					
Cash and cash equivalents	$ -	$ 97,231	$ 32,672	$ -	$ 129,938
Accounts receivable, net	-	91	-	-	210,995
Other current assets	-	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	653,571	-	-	11,488	1,641,798
Program receivables	915,085	-	-	-	915,085
Total assets	$ 1,568,656	$ 97,322	$ 32,672	$ 11,488	$ 2,897,816
Liabilities					
Accounts payable	$ -	$ 3,038	$ -	$ -	$ 52,318
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to component units	-	-	-	-	-
Total liabilities	-	3,038	-	-	52,318
Fund Balances					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted for:					-
Specific projects	1,568,656	-	-	-	2,707,054
Public services	-	94,284	32,672	11,488	138,444
Unassigned	-	-	-	-	-
Total fund balances	1,568,656	94,284	32,672	11,488	2,845,498
Total liabilities and fund balances	$ 1,568,656	$ 97,322	$ 32,672	$ 11,488	$ 2,897,816

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

	Capital Projects Funds		
	SPLOST 2014	SPLOST 2007	Grant Projects
Revenues			
Taxes	$ -	$ -	$ -
Fines, forfeitures and fees	-	-	-
Charges for services	-	-	-
Intergovernmental	913,874	-	177,615
Investment income	5,187	-	27
Other revenues	-	-	-
Total revenues	919,061	-	177,642
Expenditures			
Current:			
Community development	-	-	168,695
Public safety	-	-	-
Public works	-	-	-
Capital Outlay	775,333	-	36,001
Total expenditures	775,333	-	204,696
Excess (deficiency) of revenues over (under) expenditures	143,728	-	(27,054)
Other Financing Sources (Uses)			
Transfers	(7,547)	-	36,284
Total other financing sources (uses)	(7,547)	-	36,284
Net change in fund balances	136,181	-	9,230
Fund balances (deficits), beginning of year	1,002,182	-	(9,195)
Fund balances (deficits), end of year	$ 1,138,363	$ -	$ 35

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

	Special Revenue Funds		Permanent Funds		Total Nonmajor Governmental Funds
	EIP CDBG	Hotel/ Motel Tax	Forest Lawn Cemetery	Cemetery Perpetual Care	
Revenues					
Taxes	$ -	$ 49,593	$ -	$ -	$ 49,593
Fines, forfeitures and fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	1,091,489
Investment income	7,783	451	232	23	13,703
Other revenues	-	-	1,115	-	1,115
Total revenues	7,783	50,044	1,347	23	1,155,900
Expenditures					
Current:					
Community development	-	34,119	-	-	202,814
Public safety	-	-	-	-	-
Public works	-	-	18,731	-	18,731
Capital Outlay	400,518	-	-	-	1,211,852
Total expenditures	400,518	34,119	18,731	-	1,433,397
Excess (deficiency) of revenues over (under) expenditures	(392,735)	15,925	(17,384)	23	(277,497)
Other Financing Sources (Uses)					
Transfers	-	(5,940)	-	-	22,797
Total other financing sources (uses)	-	(5,940)	-	-	22,797
Net change in fund balances	(392,735)	9,985	(17,384)	23	(254,700)
Fund balances (deficits), beginning of year	1,961,391	84,299	50,056	11,465	3,100,198
Fund balances (deficits), end of year	$ 1,568,656	$ 94,284	$ 32,672	$ 11,488	$ 2,845,498

City of Cairo, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
EIP CDBG Revolving Loan Fund
For the Year Ended June 30, 2018

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ -	$ -	$ -	$ -
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	18,500	18,500	7,783	(10,717)
Other revenues	-	-	-	-
Total revenues	18,500	18,500	7,783	(10,717)
Expenditures				
Current:				
Community development	-	-	-	-
Public safety	-	-	-	-
Capital outlays	-	-	400,518	(400,518)
Total expenditures	-	-	400,518	(400,518)
Excess (deficiency) of revenues over expenditures	18,500	18,500	(392,735)	389,801
Other Financing Sources (Uses)				
Other	(18,500)	(18,500)	-	18,500
Transfers	-	-	-	-
Total other financing sources (uses)	(18,500)	(18,500)	-	18,500
Net change in fund balance	-	-	(392,735)	408,301
Fund balance, beginning of year	1,961,391	1,961,391	1,961,391	-
Fund balance, end of year	$ 1,961,391	$ 1,961,391	$ 1,568,656	$ 408,301

City of Cairo, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Hotel/Motel Tax Fund
For the Year Ended June 30, 2018

	Budget			Variance With Final Budget
	Original	Final Amended	Actual	
Revenues				
Taxes	$ 41,225	$ 41,225	$ 49,593	$ 8,368
Fines, forfeitures and fees	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment income	-	-	451	451
Other revenues	-	-	-	-
Total revenues	41,225	41,225	50,044	8,819
Expenditures				
Current:				
Community development	41,225	41,225	34,119	7,106
Public safety	-	-	-	
Capital outlays	-	-	-	-
Total expenditures	41,225	41,225	34,119	7,106
Excess (deficiency) of revenues over expenditures	-	-	15,925	15,925
Other Financing Sources (Uses)				
Transfers	-	-	(5,940)	(5,940)
Total other financing sources (uses)	-	-	(5,940)	(5,940)
Net change in fund balance	-	-	9,985	9,985
Fund balance, beginning of year	84,299	84,299	84,299	-
Fund balance, end of year	$ 84,299	$ 84,299	$ 94,284	$ 9,985

City of Cairo, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Business Type Activities Enterprise Funds		
	Garbage & Trash Fund	Airport Fund	Tele-Comm Fund
Assets			
Current assets:			
Cash and cash equivalents	$ -	$ 260	$ -
Investments	-	-	-
Accounts receivable, net	104,818	2,600	214,398
Due from other funds	-	-	-
Due from component unit	-	-	-
Inventories	-	-	-
Other current assets	-	1	-
Total current assets	104,818	2,861	214,398
Noncurrent assets:			
Investment in SGGSA	-	-	389,774
Restricted assets - cash	491,407	-	-
Restricted assets - investments	-	-	-
Capital assets	-	-	-
Land	6,400	227,534	-
Construction in progress	-	189,917	-
Other capital assets, net of accumulated depreciation	22,428	813,760	-
Total noncurrent assets	520,235	1,231,211	389,774
Total assets	625,053	1,234,072	604,172
Deferred Outflows of Resources			
Deferred outflows from pensions	11,794	-	-
Total deferred inflows of resources	11,794	-	-

- Continued -

City of Cairo, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Business Type Activities Enterprise Funds	
	Gas Fund	Total
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 260
Investments	-	-
Accounts receivable, net	79,329	401,145
Due from other funds	-	-
Due from component unit	-	-
Inventories	115,655	115,655
Other current assets	-	1
Total current assets	194,984	517,061
Noncurrent assets:		
Investment in SGGSA	-	389,774
Restricted assets - cash	-	491,407
Restricted assets - investments	-	-
Capital assets	-	-
Land	500	234,434
Construction in progress	270,804	460,721
Other capital assets, net of accumulated depreciation	598,531	1,434,719
Total noncurrent assets	869,835	3,011,055
Total assets	1,064,819	3,528,116
Deferred Outflows of Resources		
Deferred outflows from pensions	15,199	26,993
Total deferred inflows of resources	15,199	26,993

- Continued -

City of Cairo, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Business Type Activities Enterprise Funds		
	Garbage & Trash Fund	Airport Fund	Tele-Comm Fund
Liabilities			
Current liabilities payable from current assets:			
Accounts payable	$ 103,761	$ 70,866	$ 261,764
Accrued expenses	-	-	2,372
MGAG rebates program	-	-	-
Customer deposits	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Long term debt - current	-	-	-
Total current liabilities payable from current assets	103,761	70,866	264,136
Long-term liabilities:			
Long term debt	-	-	-
Compensated absences	12,768	-	-
Other liabilities	84,383	-	-
Total long-term liabilities	97,151	-	-
Total liabilities	200,912	70,866	264,136
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Deferred inflows from pensions	28,207	-	-
Total deferred inflows of resources	28,207	-	-
Net Position			
Net investment in capital assets	28,828	1,231,211	-
Restricted for debt service	-	-	-
Unrestricted	378,900	(68,005)	340,036
Total net position	$ 407,728	$ 1,163,206	$ 340,036

- Continued -

City of Cairo, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Business Type Activities Enterprise Funds	
	Gas Fund	Total
Liabilities		
Current liabilities payable from current assets:		
Accounts payable	$ 78,740	$ 515,131
Accrued expenses	110,376	112,748
Lines of credit	-	-
Customer deposits	-	-
Due to other governments	-	-
Due to other funds	-	-
Long term debt - current	-	-
Total current liabilities payable from current assets	189,116	627,879
Long-term liabilities:		
Long term debt	-	-
Compensated absences	7,844	20,612
Other liabilities	108,746	193,129
Total long-term liabilities	116,590	213,741
Total liabilities	305,706	841,620
Deferred Inflows of Resources		
Unavailable revenue	-	-
Deferred inflows from pensions	36,351	64,558
Total deferred inflows of resources	36,351	64,558
Net Position		
Net investment in capital assets	869,835	2,129,874
Restricted for debt service	-	-
Unrestricted	(131,874)	519,057
Total net position	$ 737,961	$ 2,648,931

City of Cairo, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business Type Activities Enterprise Funds		
	Garbage & Trash Fund	Airport Fund	Tele-Comm Fund
Operating Revenues			
Utility revenues	$ -	$ -	$ -
Charges for services	1,326,027	95,681	794
Other revenues	-	-	-
Intergovernmental	-	-	-
Total operating revenues	1,326,027	95,681	794
Operating Expenses			
Salaries and wages	24,970	-	-
Operating, administrative, and maintenance	1,209,343	55,522	61,408
Depreciation	13,877	65,392	-
Total operating expenses	1,248,190	120,914	61,408
Operating income (loss)	77,837	(25,233)	(60,614)
Nonoperating Revenues (Expenses)			
Interest income	-	3	-
Interest expense	(606)	-	-
Income (loss) from joint venture	-	-	475,571
Gain (loss) on sale of capital assets	384,676	-	-
Total nonoperating revenues (expenses)	384,070	3	475,571
Income (loss) before transfers and capital contributions	461,907	(25,230)	414,957
Transfers	(229,954)	8,989	(263,506)
Capital Contributions	-	-	-
Change in net position	231,953	(16,241)	151,451
Net position, beginning of year	175,775	1,179,447	188,585
Net position, end of year	$ 407,728	$ 1,163,206	$ 340,036

- Continued -

City of Cairo, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business Type Activities Enterprise Funds	
	Gas Fund	Total
Operating Revenues		
Utility revenues	$ -	$ -
Charges for services	1,214,066	2,636,568
Other revenues	62,385	62,385
Intergovernmental	-	-
Total operating revenues	1,276,451	2,698,953
Operating Expenses		
Salaries and wages	339,868	364,838
Operating, administrative, and maintenance	824,069	2,150,342
Depreciation	41,249	120,518
Total operating expenses	1,205,186	2,635,698
Operating income (loss)	71,265	63,255
Nonoperating Revenues (Expenses)		
Interest income	-	3
Interest expense	-	(606)
Income (loss) from joint venture	-	475,571
Gain (loss) on sale of capital assets	-	384,676
Total nonoperating revenues (expenses)	-	859,644
Income (loss) before transfers and capital contributions	71,265	922,899
Transfers	285,752	(198,719)
Capital Contributions	-	-
Change in net position	357,017	724,180
Net position, beginning of year	380,944	1,924,751
Net position, end of year	$ 737,961	$ 2,648,931

City of Cairo, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Garbage & Trash Fund	Airport Fund	Tele-Comm Fund
Cash Flows from Operating Activities			
Cash received from customers and users	$ 1,393,608	$ 93,456	$ 2,923
Other operating receipts	-	-	174,786
Cash payments to employees	(133,032)	-	-
Cash payments to suppliers	(1,122,918)	15,252	-
Net cash provided (used) by operating activities	137,658	108,708	177,709
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	151,755	102,585	1,150
Transfers to other funds	(381,709)	(93,596)	(264,656)
Net change in due from other funds	-	-	-
Net change in due from component unit	-	-	-
Net change in due to other funds	-	-	-
Net cash provided (used) by noncapital financing activities	(229,954)	8,989	(263,506)
Cash Flows from Capital and Related Financing Activities			
Transfers from other funds	-	-	-
Proceeds from issuance of long - term debt	-	-	-
Proceeds from sale of assets	584,309	-	-
Proceeds from capital contributions	-	-	-
Acquisition and construction of capital assets	-	(120,374)	-
Principal payments on debt	-	-	-
Interest paid	(606)	-	-
Net cash provided (used) by capital and related financing activities	583,703	(120,374)	-
Cash Flows from Investing Activities			
Distribution from joint venture	-	-	85,797
Purchase of investments	-	-	-
Interest received	-	3	-
Net cash provided (used) by investing activities	-	3	85,797
Net increase (decrease) in cash and cash equivalents	491,407	(2,674)	-
Cash and cash equivalents, beginning of year	-	2,934	-
Cash and cash equivalents, end of year	$ 491,407	$ 260	$ -

- Continued -

City of Cairo, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds	
	Gas Fund	Total
Cash Flows from Operating Activities		
Cash received from customers and users	$ 1,279,433	$ 2,769,420
Other operating receipts	-	174,786
Cash payments to employees	(364,653)	(497,685)
Refunded customer utility deposits	(938,448)	(2,046,114)
Net cash provided (used) by operating activities	(23,668)	400,407
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	393,249	648,739
Transfers to other funds	(107,497)	(847,458)
Net change in due from other funds	-	-
Net change in due from component unit	-	-
Net change in due to other funds	-	-
Net cash provided (used) by noncapital financing activities	285,752	(198,719)
Cash Flows from Capital and Related Financing Activities		
Transfers from other funds	-	-
Proceeds from issuance of long - term debt	-	-
Proceeds from sale of assets	-	584,309
Proceeds from capital contributions	-	-
Acquisition and construction of capital assets	(262,084)	(382,458)
Principal payments on debt	-	-
Interest paid	-	(606)
Net cash provided (used) by capital and related financing activities	(262,084)	201,245
Cash Flows from Investing Activities		
Sale of investment securities	-	85,797
Purchase of investments	-	-
Interest received	-	3
Net cash provided (used) by investing activities	-	85,800
Net increase (decrease) in cash and cash equivalents	-	488,733
Cash and cash equivalents, beginning of year	-	2,934
Cash and cash equivalents, end of year	$ -	$ 491,667

- Continued -

City of Cairo, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds		
	Garbage & Trash Fund	Airport Fund	Tele-Comm Fund
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	$ 77,837	$ (25,233)	$ (60,614)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	13,877	65,392	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	67,581	(2,225)	61,608
Other current assets	-	-	-
Inventories	1,181	-	-
Deferred outflows of resources	(4,758)	-	-
Increase (decrease) in:			
Accounts payable	85,244	70,774	176,803
MEAG rebate program	-	-	-
Accrued expenses	(14,144)	-	(88)
Customer deposits	-	-	-
Compensated absences	-	-	-
Net pension liability	(95,386)	-	-
Other liabilities	-	-	-
Deferred inflows of resources	6,226	-	-
Net cash provided (used) by operating activities	$ 137,658	$ 108,708	$ 177,709
Noncash Capital and Related Financing Activities			
Capital assets purchased with debt	$ -	$ -	$ -
Transfer of capital assets from governmental funds	-	-	-
Total noncash capital and related financing activities	$ -	$ -	$ -

- Continued -

City of Cairo, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Business Type Activities - Enterprise Funds	
	Gas Fund	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities		
Operating income (loss)	$ 71,265	$ 63,255
Adjustments to reconcile operating income		-
(loss) to net cash provided (used) by		-
operating activities:		-
Depreciation	41,249	120,518
Changes in assets and liabilities:		-
(Increase) decrease in:		-
Accounts receivable	(17,252)	109,712
Other current assets	-	-
Inventories	357,546	358,727
Deferred outflows of resources	(9,611)	(14,369)
Increase (decrease) in:		
Accounts payable	(450,680)	(117,859)
MEAG rebate program	-	-
Accrued expenses	(1,011)	(15,243)
Customer deposits	-	-
Compensated absences	-	-
Net pension liability	(34,063)	(129,449)
Other liabilities	-	-
Deferred inflows of resources	18,889	25,115
Net cash provided (used) by operating activities	$ (23,668)	$ 400,407
Noncash Capital and Related Financing Activities		
Capital assets purchased with debt	$ -	$ -
Transfer of capital assets from governmental	-	-
Total noncash capital and related financing activities	$ -	$ -

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, 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 Cairo, Georgia 's basic financial statements and have issued our report thereon dated September 13, 2019. Our report includes a reference to other auditors who audited the financial statements of the South Georgia Governmental Services Authority, as described in our report on the City of Cairo, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses. [2018-001, 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, 2018-011, 2018-012]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cairo, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-013 and 2018-014.

The City of Cairo, Georgia's Response to Findings

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Certified Public Accountants
September 13, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cairo, Georgia's compliance, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City of Cairo, Georgia's major federal programs for the year ended June 30, 2018. The City of Cairo, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Cairo, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item [2018-014], that we consider to be a significant deficiency.

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

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

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Certified Public Accountants
September 13, 2019

City of Cairo, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Program or Cluster Title *Pass-through Grantor and Number*	*Federal CFDA Number*	*Passed through to Subrecipients*	*Expenditures*
Department of Transportation			
Passed through the Georgia Department of Transportation			
Airport Improvement Program			
Airport Improvement Program	20.106	$ -	$ 120,374
Total Airport Improvement Program		-	120,374
Total Department of Transportation		**-**	**120,374**
United States Environmental Protection Agency			
Passed through the Georgia Environmental Finance Authority			
Drinking Water State Revolving Funds Cluster			
Capitalization Grants for Drinking Water State Revolving Funds			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	-	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	-	1,125,045
Total Drinking Water State Revolving Fund Cluster		-	1,125,045
Total United States Environmental Protection Agency		**-**	**1,125,045**
Department of Housing and Urban Development			
Passed through the Georgia Department of Community Affairs			
Community Development Block Grants			
Community Development Block Grants	14.228	-	36,001
Total Community Development Block Grants		-	36,001
Home Investment Partnerships Program			
Home Investment Partnerships Program	14.239	-	168,695
Total Home Investment Partnerships Program		-	168,695
Total Department of Housing and Urban Development		**-**	**204,696**
Total Expenditures of Federal Awards		**$ -**	**$ 1,450,115**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurs.

NOTE 2: INDIRECT COST

The City did not elect to use the 10% de Minimis indirect cost rate.

NOTE 3: LOANS AND LOAN GUARANTEE PROGRAMS

At June 30, 2018, the City had $3,400,609 outstanding in loan guarantee programs relating to Capitalization Grants for Drinking Water State Revolving Funds through the United States Environmental Protection Agency passed through the Georgia Environmental Finance Authority. These funds are payable to the Georgia Environmental Finance Authority.

NOTE 4: NONCASH ASSISTANCE

There were no federal awards expended in the form of noncash assistance during the year.

City of Cairo, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		*Unmodified*
Internal control over financial reporting: Material weakness(es) identified?		X Yes ___ No
Significant deficiencies identified not considered to be material weaknesses?		___ Yes X None reported
Noncompliance material to financial statements noted?		___ Yes X No

Federal Awards

Internal Control over major programs: Material weakness(es) identified?		___ Yes X No
Significant deficiencies identified not considered to be material weaknesses?		X Yes ___ None reported
Type of auditors' report issued on compliance for major programs:		*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		X Yes ___ No
Identification of major programs:		
Name of Federal Program or Cluster	CFDA Number	
Drinking Water State Revolving Funds Cluster		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	
Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?		___ Yes X No

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES

Material Weaknesses

2018-001

Criteria:

Duties should be segregated between employees so that the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different personnel.

Condition:

The City does not have proper segregation of duties to create an effective system of internal control.

Cause of Condition:

Since the City is a small local government, it is not financially feasible for the City to hire additional employees to provide for and adequate segregation of duties.

Effect of Condition:

The City's internal control structure does not contain adequate safeguarding controls provided by segregation of duties that would provide for the prevention or timely detection of unauthorized access to assets that could result in losses that are material to the financial statements.

Response of Management:

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over financial reporting.

2018-002

Criteria:

Fund balances should be reconciled and rolled forward from the prior year balance.

Condition:

Reconciliations and roll forwards of fund balances were not properly performed.

Cause of Condition:

Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:

Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:

Management concurs with this finding and is developing additional policies and procedures and monitoring activities over the fund balances.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Material Weaknesses (Continued)

2018-003

Criteria:

Proceeds from debt should be recorded as long-term liabilities on the Enterprise Funds.

Condition:

The proceeds from the loans payable to GEFA were recorded as revenues on the Water and Sewer fund instead of as long-term liabilities.

Cause of Condition:

Proceeds from the loans were recorded as revenues rather than as an increase in long-term liabilities.

Effect of Condition:

The revenues of the Water and Sewer Fund were overstated and the long-term liabilities were understated

Response of Management:

Management concurs with this finding. The adjustments proposed in the finding have been made to the June 30, 2018 financial statements. We will continue to improve our process for recording proceeds from loans payable as appropriate.

2018-004

Criteria:

The City should recognize a portion of the closure and post closure costs of the landfill based on the remaining capacity report prepared for the fiscal period.

Condition:

The recognizable portion of closure and post closure costs was not recorded during the current year.

Cause of Condition:

Inconsistent implementation of the policy and procedures for recording year-end adjustments.

Effect of Condition:

Expenses and long-term liabilities on the Landfill Fund were understated.

Response of Management:

Management concurs with this finding. The adjustments proposed in the finding have been made to the June 30, 2018 financial statements. We will continue to improve our process for recording the amount of recognized closure and post closure expense related to the landfill.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Material Weaknesses (Continued)

2018-005

Criteria:

Internal controls should be in place to ensure that fund balance agrees with prior year audited financial statements

Condition:

Internal controls did not detect a misstatement in the reporting of the City's fund balances.

Cause of Condition:

During our testing of fund balances, audit adjustments were necessary to adjust beginning fund balances to agree with the prior year audited financial statements.

Effect of Condition:

Audit adjustments to fund balance were required because misstatements were not detected in the reporting of the City's fund balances.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to ensure that fund balances are in agreement with prior year audited financial statements.

2018-006

Criteria:

Internal controls should be in place to ensure that defined benefit plan liabilities and deferred outflows/inflows of resources are accurate and agree with external defined benefit plan reports.

Condition:

Defined benefit plan liabilities and deferred outflows/inflows of resources related to the City's defined benefit plan were not recorded accurately at year-end.

Cause of Condition:

Audit adjustments to defined benefit plan liabilities and deferred outflows/inflows of resources were necessary to agree with the most recent external defined benefit plan reports.

Effect of Condition:

Audit adjustments to defined benefit plan liabilities and deferred outflows/inflows of resources were required because misstatements were not detected in the reporting of the aforementioned items.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to ensure that defined benefit plan liabilities and deferred outflows/inflows of resources are reported accurately in the future.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Material Weaknesses (Continued)

2018-007

Criteria:

Generally accepted accounting principles ("GAAP") call for revenues to be reported, under the modified accrual basis of accounting, when realized or realizable and are earned and available.

Condition:

Internal controls did not detect various misstatements in the reporting of the City's revenue, related receivables and allowances for uncollectible receivables.

Cause of Condition:

During our testing, audit adjustments were necessary to adjust revenues, related receivables and allowances for uncollectible receivables.

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the City's revenues, related receivables and allowances for uncollectible receivables.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to revenues, related receivables and allowances for uncollectible receivables are reported accurately at year-end.

2018-008

Criteria:

Generally accepted accounting principles ("GAAP") call for expenditures to be recognized as soon as a liability is incurred. Year-end procedures are necessary to ensure that expenditures and accounts payable are recorded in the appropriate period.

Condition:

Internal controls did not detect various misstatements in the reporting of the City's expenditures and related accounts payable.

Cause of Condition:

During our testing, audit adjustments were necessary to adjust expenditures and related accounts payable.

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the City's expenditures and related accounts payable.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Material Weaknesses (Continued)

2018-008 (Continued)

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to ensure that expenditures and related accounts payable are reported accurately at year-end.

2018-009

Criteria:

GASBS 10 and 30 require liability claims incurred but not reported (IBNR) to be estimated and recorded at the balance sheet date.

Condition:

Year-end closing policies did not record the IBNR liability accurately based on liability claim historical and projected reports.

Cause of Condition:

During our testing of insurance claims, audit adjustments were necessary to adjust the IBNR liability to actual.

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the City's IBNR liability.

Response of Management:

Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to insurance related IBNR liability is reported accurately at year-end.

2018-010

Criteria:

Generally accepted accounting principles ("GAAP") call for expenditures paid in advance of their use or consumption to be reported as prepaid assets.

Condition:

Internal controls did not detect various misstatements in the reporting of the City's prepaid assets.

Cause of Condition:

During our testing of prepaid assets, audit adjustments were necessary to report the unused balance of prepaid assets at year-end.

Effect of Condition:

Audit adjustments were required because misstatements were not detected in the reporting of the City's prepaid assets.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Material Weaknesses (Continued)

2018-010 (Continued)

Response of Management:
Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to ensure that prepaid assets are reported accurately at year-end.

2018-011
Criteria:
Generally accepted accounting principles ("GAAP") call for inventories to be recorded at the lower of cost or net realizable value.
Condition:
Internal controls did not detect various misstatements in the reporting of the City's inventoried costs.
Cause of Condition:
During our testing of inventory, audit adjustments were necessary to report the cost of inventory on the City's enterprise funds at year-end.
Effect of Condition:
Audit adjustments were required because misstatements were not detected in the reporting of the City's inventory.
Response of Management:
Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to ensure that inventory is reported accurately at year-end.

2018-012
Criteria:
Generally accepted accounting principles ("GAAP") call for an entity to recognize its respective share of earnings or losses in an investee in the periods for which they are reported by the investee in its financial statements.
Condition:
Internal controls did not detect various misstatements in the reporting of the City's equity method investment in the joint venture with the South Georgia Governmental Services Authority (SGGSA).
Cause of Condition:
During our testing of investments, audit adjustments were necessary to record the earnings and losses in the SGGSA as reported in the SGGSA's audited financial statements.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Material Weaknesses (Continued)

2018-012 (Continued)

Effect of Condition:
Audit adjustments were required because misstatements were not detected in the reporting of the City's investment in the SGGSA.
Response of Management:
Management concurs with this finding. The adjustments proposed as a result of the findings have been made to the June 30, 2018 financial statements. We will work to ensure that changes due to earnings or losses from the investment with the SGGSA are reported accurately in the period which they occur.

SECTION II FINDINGS – FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

Instance of Noncompliance

2018-013 Data Collection Form Submission
Criteria:
Sub-section 200.512 of the Uniform Guidance requires the reporting package and Data Collection Form to be submitted to the Federal Audit Clearinghouse the earlier of 30 days after the reports are received from the auditor or nine months after the end of the fiscal year.
Condition:
The Data Collection Form was not submitted to the Federal Audit Clearinghouse within nine months after the end of the fiscal year.
Cause of Condition:
The County did not have a policy in place to ensure timely submission of the Data Collection Form to the Federal Audit Clearinghouse.
Effect of Condition:
The County was not in compliance with sub-section 200.512 of the Uniform Guidance
Recommendation:
Management should adopt a policy to ensure that all applicable deadlines for the Data Collection Form submission are adhered to.
Response of Management:
Management concurs with this finding and will develop policies to improve Data Collection Form completion timing and the required Data Collection Form submissions going forward.

Prior Year Findings

The current year finding 2018-001 was reported as 2017-001 in the prior year.

The current year finding 2018-002 was reported as 2017-002 in the prior year.

The current year finding 2018-003 was reported as 2017-003 in the prior year.

The current year finding 2018-004 was reported as 2017-004 in the prior year.

SECTION III FINDINGS – FINDINGS AND QUESTIONED COSTS – MAJOR AWARD PROGRAM AUDIT

2018-014 Submission of Audited Financial Statements and Fixed Coverage Charges Ratio to GEFA

Type of Finding:	Significant Deficiency
Compliance Requirements:	Reporting
Federal Program Title:	Capitalization Grants for Drinking Water State Revolving Funds
Federal Catalog Number:	66.468
Federal Agency:	Environmental Protection Agency
Pass-through Entity:	Georgia Environmental Finance Authority
Grant Number:	16-009
Award Year:	2016

Criteria:

2 CFR 200.303(a) states that the non-Federal entity must "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." County management should review, approve and submit the audited financial statements and fixed coverage charges ratio to GEFA within 180 days of fiscal year-end.

Condition:

The audited financial statements and fixed coverage charges ratio were not submitted to GEFA within 180- days of year-end.

Cause of Condition:

There were delays in the financial closing process that prevented the financial statement audit and fixed coverage charges ratios from being completed within 180 days of year-end.

Effect of Condition:

The City does not satisfy the reporting portion of the borrower covenants of the grant agreement with GEFA.

Questioned Costs:

None identified

Perspective Information:

The findings represent an isolated instance and not represent a system problem**.**

Recommendation:

Implement policies and procedures to ensure timeliness of financial closing process that will allow for completion of the financial statement audit within 180 day deadline.

Response of Management:

Management agrees with the findings and corrective action plan.

City of Cairo, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures
For the Year Ended June 30, 2018

Special Purpose Local Option Sales Tax -2012	Estimated Cost	Expenditures		
		Prior Years	Current Year	Total
Debt reduction	$ 1,000,000	$ -	$ -	$ -
Drinking water capital improvements	1,000,000	-	-	-
Waste water treatment capital improvements	750,000	407,510	198,535	606,045
Equipment purchases	1,750,000	649,394	70,159	719,553
Streets, sidewalks, curbs, gutters and drainage	2,412,000	1,126,169	506,639	1,632,808
Total	$ 6,912,000	$ 2,183,073	$ 775,333	$ 2,958,406