CITY OF CAIRO, GEORGIA

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of 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 City of Cairo, Georgia ("the City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of January 13, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension related schedules 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 other 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's basic financial statements. The combining and individual fund financial statements and schedules and the One Percent Special Purpose Local Option Sales Tax Project Cost Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and schedules, the schedules 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 fund statements and schedules and the schedule of Special Purpose Local Option Sales Tax Expenditures 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 January 13, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

January 13, 2020

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, 2019. 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 $70.09 million in total assets of which $44 million are capital assets.
- The City has $21.50 million in total liabilities of which $15.46 million are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $48.80 million (net assets). Of this amount, $6.59 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors while $37.85 million is invested in capital assets net of related debt.
- The City's total net assets increased by $966 thousand.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $4.61 million, a decrease of $2.14 million in comparison with the prior year. This amount consists of $2.53 million reserved for specific projects and public services and an unreserved balance of $-396 thousand.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $-396 thousand.
- The City's long-term debt decreased by $1.45 million during the current fiscal year as a result of scheduled principle 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 eight (8) 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 which is the City's only major fund under General Acceptable Governmental Accounting Principles. Data from the other seven (7) 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 funds 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 Landfill 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 $48.80 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (63%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is 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, 2019 and 2018.

Table 2
Condensed Statement of Net Position

	Governmental Activities		Business – type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 6,139,218	$ 7,030,707	$ 19,880,552	$ 21,191,242	$ 26,019,770	$ 28,221,949
Capital assets	12,059,570	11,821,745	32,010,891	29,255,891	44,070,461	41,077,636
Total assets	18,198,788	18,852,452	51,891,443	50,447,133	70,090,231	69,299,585
Deferred Outflow of Resources						
Deferred Outflows From Pensions	685,471	235,173	426,122	145,527	1,111,593	380,700
Liabilities						
Other liabilities	1,581,400	2,284,855	3,153,013	3,950,551	4,734,413	6,235,406
Long-term liabilities	1,946,487	385,496	14,826,796	14,933,179	16,773,283	15,318,675
Total liabilities	3,527,887	2,670,351	17,979,809	16,940,993	21,507,696	21,554,801
Deferred Inflow of Resources						
Resources Unavailable Proceeds						
Deferred Inflows From Pensions	545,935	562,446	339,380	348,046	885,315	910,492
Total Deferred Inflows	545,935	562,446	339,380	348,046	885,315	910,492
Net position						
Invested in capital assets, net of related debt	11,904,856	11,569,402	23,328,411	20,093,584	35,233,267	31,662,986
Restricted	2,521,070	2,823,295	4,465,074	--	6,986,144	2,845,498
Unrestricted	384,511	1,439,928	6,204,891	11,267,300	6,589,402	12,707,228
Total net position	$ 14,810,437	$ 15,854,828	$ 33,998,376	$ 29,533,302	$ 48,808,813	$ 47,215,712

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 $48.80 million for 2019 as compared to $47.22 million for an increase of 3.374%. Of this amount $33.99 million came from business-type activities and $14.81 million came from governmental activities.

An additional portion of the City's net assets (14.31%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($6.59 million) may be used to meet the City's ongoing obligations to citizens and creditors. This is a decrease of $6.12 million or 69% from 2018.

For governmental activities, the City reported a balance of $384 thousand in unrestricted net assets. This is a decrease of $1.05 million from 2018. The business-type activities unrestricted net assets were $6.2 million, a decrease of $5.1 million from 2018.

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 2018 and 2019. 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	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	$ 292,211	$ 298,892	$ 22,990,765	$ 24,576,059	$ 23,282,976	$ 24,874.951
Operating grants and contributions			-	-		
Capital grants and contributions	2,407,540	1,091,489	800,022	1,000,760	3,207,562	2,092,249
General revenues:						
Property taxes	1,716,124	1,629,412	- -	- -	1,716,124	1,629,412
Local option sales taxes	997,334	809,611	- -	- -	997,334	809,611
Other taxes	1,215,999	1,276,980	- -	- -	1,215,999	1,276,980
Investment income	19,903	30,688	781,137	607,036	801,040	637,724
Gain (loss) on disposal of capital assets				384,676		384,676
Other revenues	112,858	281,278	165,633	62,385	278,491	343,663
Total revenues	6,761,969	5,418,350	24,737,557	26,630,916	31,499,526	32,049,266
Expenses						
General government	1,900,041	1,194,335`	- -	- -	1,900,041	1,194,335
Public safety	4,180,600	4,082,797	- -	- -	4,180,600	4,082,797
Public works	1,712,081	1,837,877	- -	- -	1,712,081	1,837,877
Parks, Culture & Cemetery	959,856	1,027,118	- -	- -	959,856	1,027,118
Housing and Development		168,695				168,695
Community development	151,869	231,471	- -	- -	151,869	231,471
Interest - long-term debt	3,712	8,363	- -	- -	3,712	8,363
Water and sewer	- -	- -	4,160,621	4,159,939	4,160,621	4,159,939
Electric revenue	- -	- -	14,070,342	14,195,917	14,070,342	14,195,939
Gas revenue	- -	- -	1,064,613	1,205,186	1,064,613	1,205,186
Cable TV	- -	- -	27,919	165,941	27,919	165,941
Garbage and trash	- -	- -	1,565,168	1,248,796	1,565,168	1,248,796
Airport	- -	- -	118,155	120,914	118,155	120,914
Telecommunications	- -	- -		61,408		61,408
Landfill	- -	- -	617,610	909,157	617,610	909,157
Total expenses	8,908,159	8,550,656	21,624,428	22,067,258	30,532,587	30,617,914

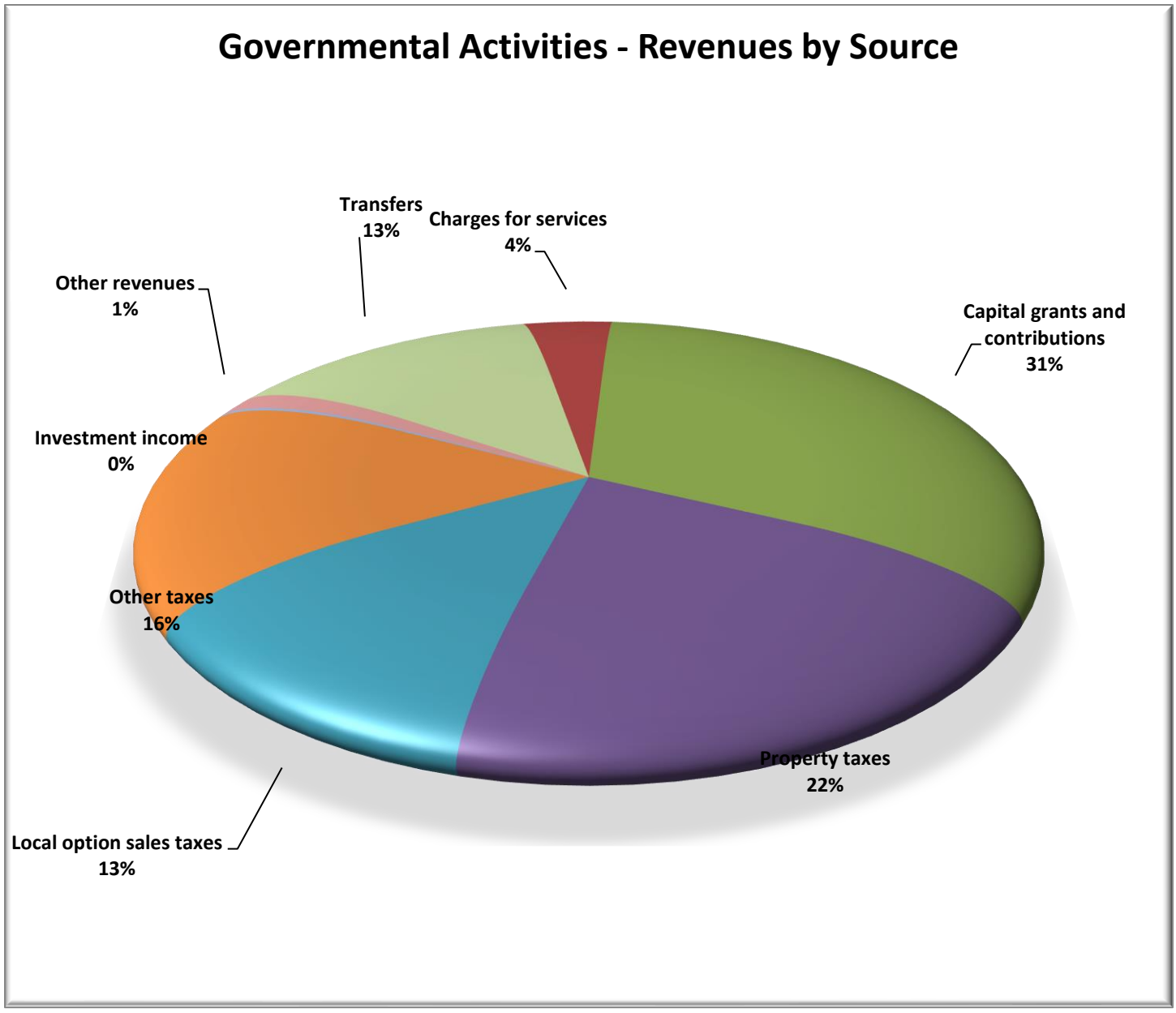
Increase (decrease) in net position before transfers	(2,146.190)	(3,132,306)	3,113,129	4,563,658	966,939	1,431,352
Transfers	999,092	3,441,155	(999,092)	(3,441,358)		
Change in net position	$ (1,147,098)	$ 309,052	$ 2,114,037	$ 1,122,300	$ 966,939	$ 1,431,352

Governmental activities during the fiscal year ended decreased the City's net position by $1.14 million.. Business-type activities during the same period increased net position by $2.11 million. The net change in net position was an increase of $967 thousand. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2019 revenues from governmental activities at $6.76 million while expenses were $8.90 million. Business-type activities total revenues for 2019 were $24.7 million while expenses were $21.62 million. Capital Grants and Contributions are the largest governmental activity revenue source at $2.4 million or 31%. The next largest revenue source for governmental activities comes from property taxes of $1.71 million which is 22% of the total governmental activity funding. Revenues from local option sales taxes are the third largest governmental activity revenue source at $997 thousand or 13%. Business-type activities program revenues exceeded expenses by $3.11 million before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

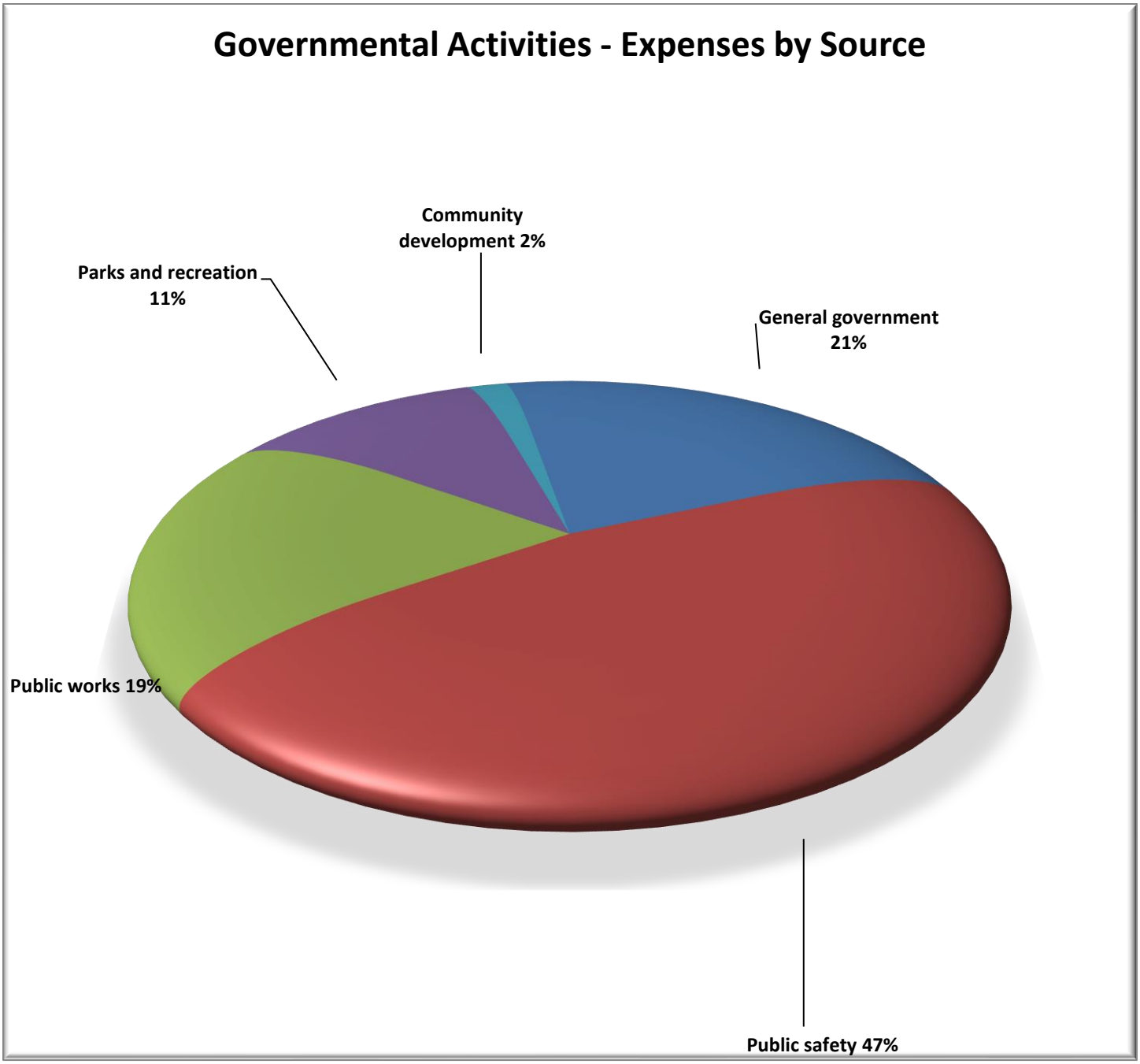
Governmental Activities - Revenues by Source

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 (22.11%) of the primary government. For the year ended June 30, 2019 these revenues were $1.71 million.



Governmental Activities – Expenses by Source

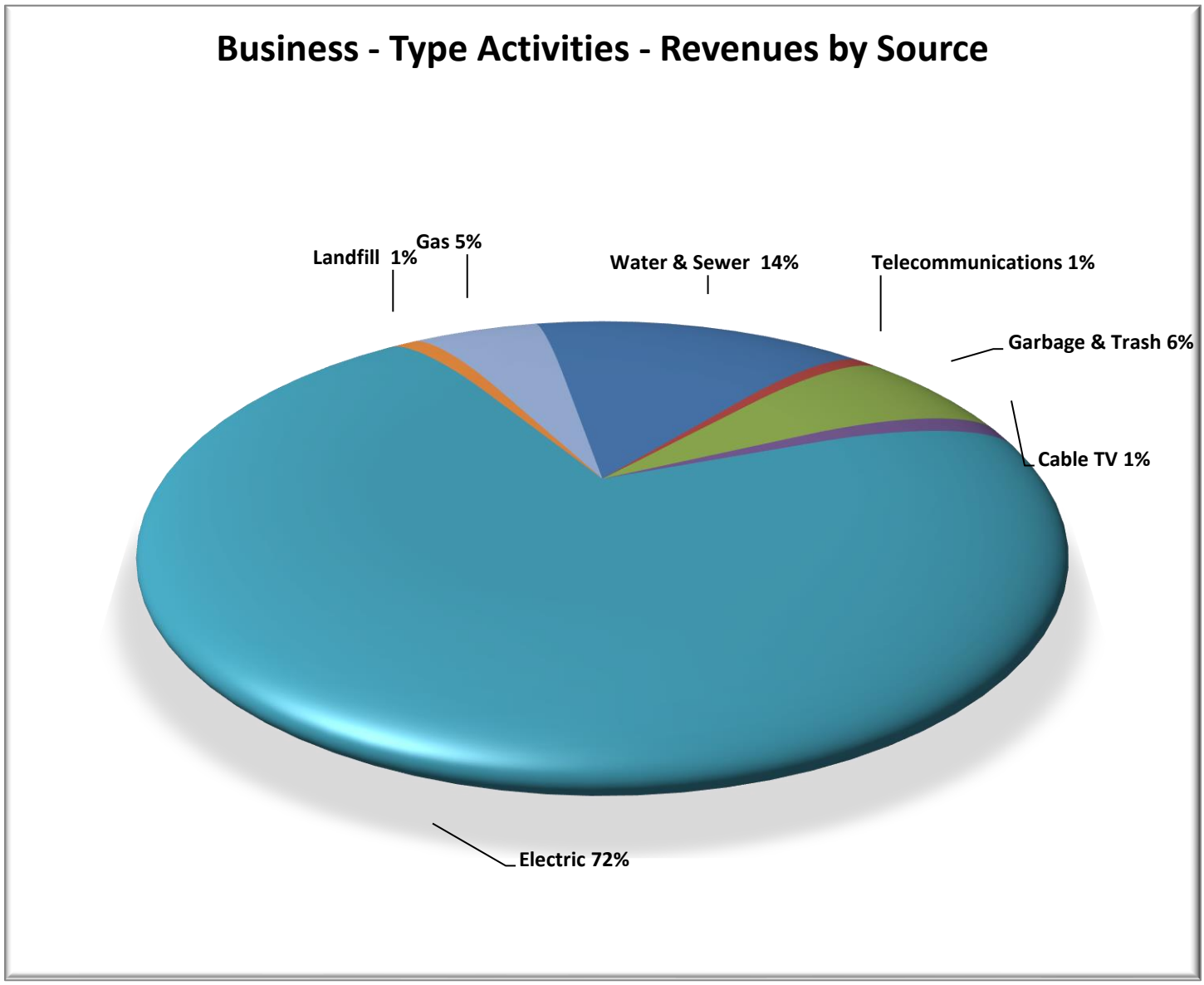
The following chart shows the governmental activities expenses by source. The City of Cairo spent the greatest amount of its available funding on Public safety (47%). The next largest funding was required for General Government at (21%).



Program Revenues and Expenses for Business-Type Activities

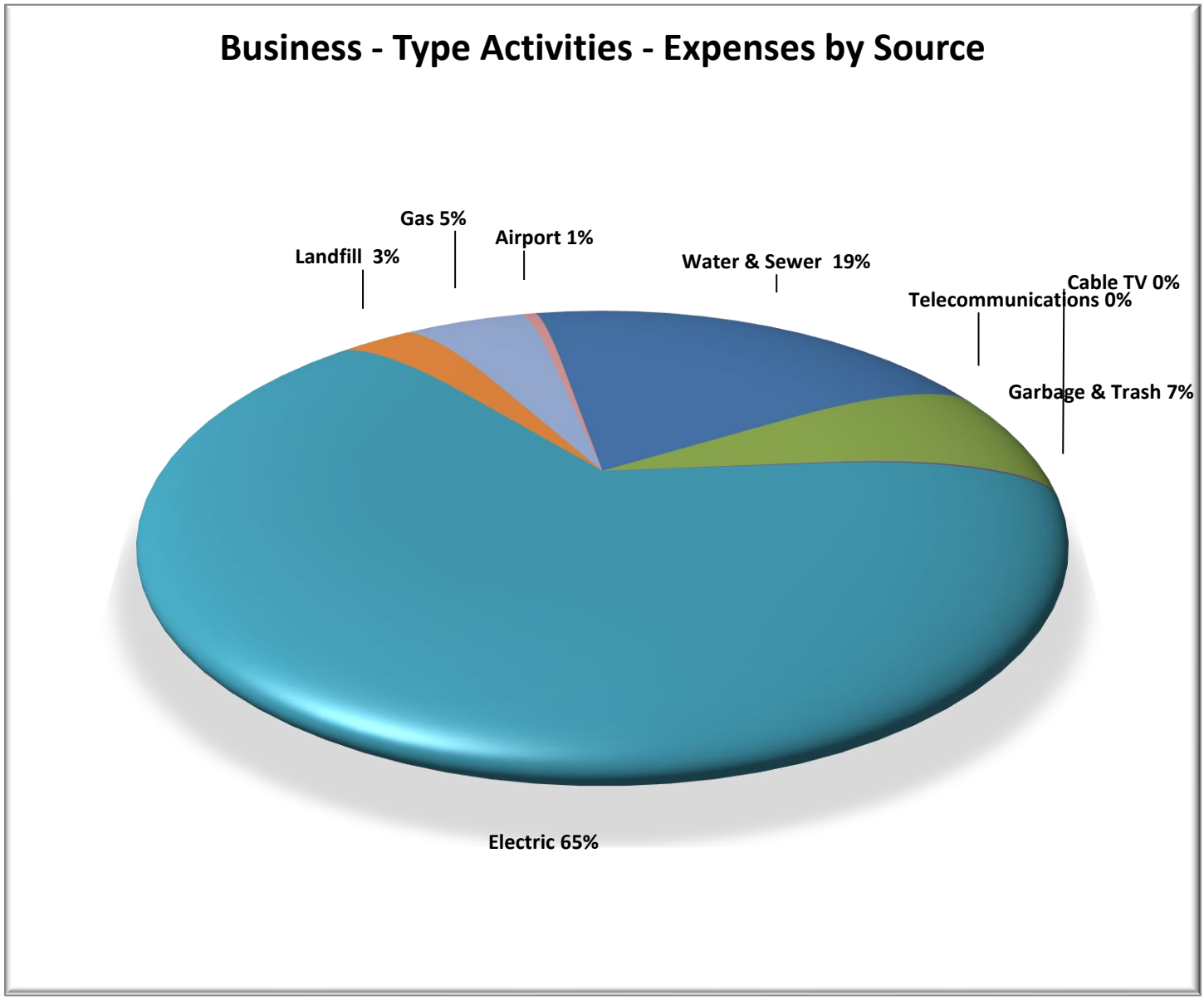
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues (72%) or $16.45 million are generated by the Electric Revenue Fund than all other business-type activities combined at (36%) or $6.54 million.



Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 65% or $14.07 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 2019, the General Fund had a fund balance of $2.25 million. This is a decrease of $1.64 million from the beginning fund balance.

The fund balances for the other governmental funds decreased by $491 thousand. The final fund balance for these funds was $2.35 million at the end of the year.

Enterprise Funds

The Enterprise Funds, which include the City's Water and Sewer Fund, Electric Revenue Fund, Landfill, and the non-major enterprise funds consisting of the Solid Waste, Airport, Cable TV Fund, Telecommunications and Gas Revenue Funds showed a combined cash balance of $2.88 million for the year ended 2019. This was an increase of $188 thousand from the previous year.

The Water and Sewer Fund had an ending cash balance of $82 thousand at June 30, 2019. This was an increase of $63 thousand from the previous year.

The Electric Fund had an ending cash balance of $235 thousand. This is an increase of $231 thousand from the previous year.

The Landfill Fund had an ending cash balance of $2.07 million. This was a decrease of $106 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 $48 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 2019 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 $248 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 $2.99 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 2019, governmental activities and business-type activities had capital assets of $44.07 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 increased by $516 thousand from the 2018 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities increased by $2.94 million 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, 2019, the City had $1.94 million of outstanding long-term liabilities related to governmental activities and $13.52 million of long-term liabilities related to business-type activities for a total of $15.46 million compared to the previous year's total of $15.3 million. This is an increase of $0.16 million as a result of scheduled principle payments and new acquisitions.

The City's component unit had $210 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 2019 BUDGET

The Mayor and Council of the City of Cairo considered many factors when approving the City's 2019 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 2019 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

NATURAL DISASTERS

On October 10, 2018 Hurricane Michael slammed the Gulf Coast as a Category 5 hurricane. It traveled north roughly along the Georgia/Alabama state line. The center of Hurricane Michael was less than 50 miles west of Cairo as a Category 3. The city experienced sustained winds in the 65-70 mph range with gusts of up to 90 mph. This was a devastating event for the City of Cairo.

Total financial impact due to the hurricane was nearly $985,000 for Public Safety and Public Works labor and overtime, Utility labor and overtime for power restoration, and debris removal. FEMA/GEMA reimbursed the city at 85% which is nearly $837,000. The city had to fund the remaining amount of $148,000. Also, the city had to fund the entire amount and received FEMA/GEMA reimbursement for debris removal of $422,606 in April 2019, Public Safety and Public Works of $70,515 in May 2019, and utility restoration of $224,250 in September 2019. There remains due $119,879 from FEMA/GEMA for utility restoration that has not been received.

This has had a negative impact on cash flow as well as unexpected spending which was not budgeted.

On the evening of March 3, 2019 an EF-2 Tornado touched down on the south side of the City of Cairo. It cut a swath of destruction from the southwest side and traveled northeast. It effected portions of the downtown area and the city had extensive damage to the waste water treatment plant and roof damage to city facilities including the police station and to the fire station.

The damage to city facilities was covered by our GIRMA property insurance. The city did spend $50,241 that was reimbursed by GIRMA insurance. Items not covered by insurance include debris removal services of $155,425, overtime for city public safety, public works, and utility response of $19,448, and mutual aid electric restoration response from Grady EMC, City of Blakeley, City of Fitzgerald, and City of Moultrie in the amount of $61,977. Total out of pocket expenses for the tornado totaled $236,850.

This also has had a negative impact on cash flow as well as unexpected spending which was not budgeted.

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
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Cairo Development Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash	$ 2,893,695	$ 317,731	$ 3,211,426	$ -
Investments	-	10,508,869	10,508,869	-
Accounts receivable	432,374	2,553,417	2,985,791	-
Intergovernmental receivables	304,368	-	304,368	174,664
Inventories	16,718	914,507	931,225	-
Prepaid expenses	25,724	29,379	55,103	-
Internal balances	16,900	(16,900)	-	-
Investment in SGGSA	-	1,108,475	1,108,475	-
Restricted cash	1,171,524	2,564,974	3,736,498	107,340
Restricted assets - certificate of deposit	-	600,000	600,000	-
Restricted investments	-	1,300,100	1,300,100	-
Program receivables	1,277,915	-	1,277,915	-
Capital assets:				
Land and other nondepreciable assets	548,305	1,978,350	2,526,655	-
Construction in progress	494,211	1,969,538	2,463,749	-
Other capital assets, net of accumulated depreciation	11,017,054	28,063,003	39,080,057	-
Total assets	18,198,788	51,891,443	70,090,231	282,004
Deferred outflows of resources related to pensions	685,471	426,122	1,111,593	-
Total assets and deferred outflows of resources	18,884,259	52,317,565	71,201,824	282,004

See accompanying notes to the basic financial statements.

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Cairo Development Authority
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	1,146,690	2,375,609	3,522,299	-
Accrued expenses	381,144	133,132	514,276	-
Accrued interest payable	-	-	-	25,819
Customer deposits	-	644,272	644,272	-
Long-term liabilities:				
Due within one year	53,566	1,308,624	1,362,190	210,000
Due in more than one year	101,148	7,373,856	7,475,004	-
Compensated absences	174,272	79,867	254,139	-
Net pension liability	1,671,067	1,038,816	2,709,883	-
Other	-	5,025,633	5,025,633	
Total liabilities	3,527,887	17,979,809	21,507,696	235,819
Unavailable revenue	-	-	-	4,289
Deferred inflows of resources related to pensions	545,935	339,380	885,315	-
Total liabilities and deferred inflows of resources	4,073,822	18,319,189	22,393,011	240,108
NET POSITION				
Net investment in capital assets	11,904,856	23,328,411	35,233,267	-
Restricted	2,521,070	4,465,074	6,986,144	-
Unrestricted	384,511	6,204,891	6,589,402	41,896
Total net position	$ 14,810,437	$ 33,998,376	$ 48,808,813	$ 41,896

See accompanying notes to the basic financial statements.

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Function/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
PRIMARY GOVERNMENT:								
Governmental activities:								
General government	1,900,041	$ 80,754	$ -	$ 949,515	$ (869,772)		$ (869,772)	
Public safety	4,180,600	184,417	-	-	(3,996,183)		(3,996,183)	
Public works	1,712,081	3,390	-	1,458,025	(250,666)		(250,666)	
Parks, culture, and cemetery	959,856	23,650	-	-	(936,206)		(936,206)	
Community development	151,869	-	-	-	(151,869)		(151,869)	
Interest on general long-term debt	3,712	-	-	-	(3,712)		(3,712)	
Total governmental activities	8,908,159	292,211	-	2,407,540	(6,208,408)		(6,208,408)	
Business-type activities:								
Water and sewer	4,160,621	3,172,872	-	-	-	(987,749)	(987,749)	
Electric revenue	14,070,342	16,449,233	-	-	-	2,378,891	2,378,891	
Gas revenue	1,064,613	1,183,552	-	-	-	118,939	118,939	
Cable TV	27,919	301,002	-	-	-	273,083	273,083	
Garbage and trash	1,565,168	1,430,275	-	-	-	(134,893)	(134,893)	
Airport	118,155	24,122	-	800,022	-	705,989	705,989	
Telecommunications	-	198,948	-	-	-	198,948	198,948	
Landfill	617,610	230,761	-	-	-	(386,849)	(386,849)	
Total business-type activities	21,624,428	22,990,765	-	800,022	-	2,166,359	2,166,359	
Total primary government	$30,532,587	$23,282,976	$ -	$ 3,207,562	(6,208,408)	2,166,359	(4,042,049)	
COMPONENT UNIT								
City of Cairo Development Authority	$ 29,565	$ -	$ -	$ -				$ (29,565)

See accompanying notes to the basic financial statements.

CITY OF CAIRO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
General revenues:								
Taxes:								
Property taxes, levied for general purposes					1,716,124	-	1,716,124	-
Sales and use taxes					997,334	-	997,334	-
Other taxes					1,215,999	-	1,215,999	-
Investment earnings					19,903	781,137	801,040	-
Miscellaneous					112,858	165,633	278,491	17,023
Total general revenues					4,062,218	946,770	5,008,988	17,023
Transfers					999,092	(999,092)	-	-
Total general revenues and transfers					5,061,310	(52,322)	5,008,988	17,023
Change in net position					(1,147,098)	2,114,037	966,939	(12,542)
Net position - beginning (restated)					15,957,535	31,884,339	47,841,874	54,438
Net position - ending					$ 14,810,437	$ 33,998,376	$ 48,808,813	41,896

See accompanying notes to the basic financial statements.

CITY OF CAIRO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$2,893,695	$ -	$ 2,893,695
Accounts receivable, net	343,885	88,489	432,374
Intergovernmental receivables	-	304,368	304,368
Inventories	16,718	-	16,718
Due from other funds	321,268	-	321,268
Restricted assets:			
Cash and cash equivalents	176,788	994,736	1,171,524
Prepaid expenses	25,724	-	25,724
Program receivables	-	1,277,915	1,277,915
Total assets	$3,778,078	$ 2,665,508	$ 6,443,586
LIABILITIES			
Accounts payable	$1,139,368	$ 7,322	$ 1,146,690
Accrued expenses	381,144	-	381,144
Due to other funds	-	304,368	304,368
Total liabilities	1,520,512	311,690	1,832,202
FUND BALANCES			
Nonspendable			
Inventories	16,718	-	16,718
Restricted for:			
Specific projects	-	2,192,296	2,192,296
Public Services	176,788	161,522	338,310
Committed for:			
Public safety	2,460,275	-	2,460,275
Unassigned - General Fund	(396,215)	-	(396,215)
Total fund balances	2,257,566	2,353,818	4,611,384
Total liabilities, deferred inflows of resources and fund balances	$3,778,078	$ 2,665,508	$ 6,443,586

See accompanying notes to the basic financial statements.

CITY OF CAIRO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

Fund Balance - Total Governmental Funds	$ 4,611,384
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds only report liabilites that will be liquidated with current assets. Compensated absences payable, however, which will not be liquidated with current assets, are not liabilites of the governmental funds but are liabilities of the government-wide financial statements.	(174,272)
Long-term debt is not reported in governmental activities because it is not expected to be liquidated with expendable available financial resources but is reported in the government-wide financial statements.	(154,714)
Pension related assets and liabilities are not reported in the funds but are reported as assets and liabilities in the government-wide financial statements:	
Deferred outflows of resources	685,471
Net pension liability	(1,671,067)
Deferred inflows of resources	(545,935)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,059,570
Net position of governmental activities	$14,810,437

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes	$1,716,124	$ -	$ 1,716,124
Local option sales taxes	997,334	-	997,334
Other taxes	1,151,146	64,853	1,215,999
Licenses and permits	79,228	-	79,228
Fines and forfeitures	184,417	-	184,417
Charges for services	28,566	-	28,566
Investment income	19,254	4,063	23,317
Intergovernmental	153,440	2,250,686	2,404,126
Other revenues	96,720	16,138	112,858
Total revenues	4,426,229	2,335,740	6,761,969
EXPENDITURES			
Current:			
General government	1,126,163	-	1,126,163
Public safety	4,124,216	-	4,124,216
Public works	956,259	797,519	1,753,778
Parks, culture, and cemeteries	975,657	-	975,657
Community development/services	133,347	35,808	169,155
Capital outlays	275,401	2,441,543	2,716,944
Debt service:			
Principal	79,619	-	79,619
Interest	5,652	-	5,652
Total expenditures	7,676,314	3,274,870	10,951,184
Excess (deficiency) of revenues over (under) expenditures	(3,250,085)	(939,130)	(4,189,215)
OTHER FINANCING SOURCES			
Transfers	1,605,621	447,448	2,053,069
Total other financing resources	1,605,621	447,448	2,053,069
Net change in fund balances	(1,644,464)	(491,682)	(2,136,146)
Fund balances - beginning (restated)	3,902,030	2,845,500	6,747,530
Fund balances - ending	$2,257,566	$ 2,353,818	$ 4,611,384

See accompanying notes to the basic financial statements.

CITY OF CAIRO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds	$ (2,136,146)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($1,732,331) exceeded depreciation ($1,097,662) in the current period.	634,669
Governmental funds only report compensated absence expense if the expense has been paid in the current year or will be paid with current funds. However, on the statement of activities the change in the liability is reflected as program expense. This is the amount of the change in compensated absences payable from the beginning of the year to the end of the year.	36,263
Adjustments to pension expense as a result of changes in pension related expenses recorded in government-wide financial statements are not recorded in the funds. This the amount that pension expense was decreased.	220,484
Repayment of debt is a use of current financial resources in the governmental funds, but the repayment of debt decreaseses liabilities in the statement of activities.	97,629
Change in net position of governmental activities	$ (1,147,101)

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill	Nonmajor Enterprise Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets:					
Cash and cash equivalents	$ 81,515	$ 235,494	$ 100	622	$ 317,731
Investments	-	10,508,869	-	-	10,508,869
Accounts receivable (net)	305,100	1,607,961	21,157	619,199	2,553,417
Due from other funds	300,461	-	607,000	639	908,100
Inventory	121,908	736,206	-	56,393	914,507
Prepaid expenses	8,153	11,882	1,252	8,092	29,379
Total current assets	817,137	13,100,412	629,509	684,945	15,232,003
Noncurrent assets:					
Investment in SGGSA	-	-	-	1,108,475	1,108,475
Restricted assets - cash	1,027	-	2,072,540	491,407	2,564,974
Restricted assets - certificate of deposit	-	-	600,000	-	600,000
Restricted assets - investments	-	1,300,100	-	-	1,300,100
Capital assets:					
Land	1,419,016	118,595	206,305	234,434	1,978,350
Construction in progress	1,668,030	164,864	136,644	-	1,969,538
Other capital assets, net of accumulated depreciation	21,993,623	2,354,746	1,015,008	2,699,626	28,063,003
Total noncurrent assets	25,081,696	3,938,305	4,030,497	4,533,942	37,584,440
Total assets	25,898,833	17,038,717	4,660,006	5,218,887	52,816,443
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pensions	206,566	156,567	20,572	42,417	426,122
Total deferred outflows of resources	206,566	156,567	20,572	42,417	426,122
Total assets and deferred outflows of resources	$ 26,105,399	$ 17,195,284	$ 4,680,578	$ 5,261,304	$ 53,242,565

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill	Nonmajor Enterprise Funds	Total
LIABILITIES					
Current liabilities:					
Accounts payable	150,180	1,154,008	39,869	1,031,552	2,375,609
Accrued expenses	19,306	90,542	2,737	20,547	133,132
Current portion of long-term debt	392,965	-	105,659	-	498,624
Bonds payable, current	771,216	38,784	-	-	810,000
Customer deposits	-	644,272	-	-	644,272
Due to other funds	-	925,000	-	-	925,000
Total current liabilities	1,333,667	2,852,606	148,265	1,052,099	5,386,637
Noncurrent liabilities:					
Long-term debt, net of current portion	3,623,746	-	278,875	-	3,902,621
Bonds payable, net of current	3,307,004	164,231	-	-	3,471,235
Compensation absences	23,879	37,314	9,550	9,124	79,867
Net pension liability	503,575	381,684	50,151	103,406	1,038,816
Other liabilities	418,038	-	4,607,595	-	5,025,633
Total liabilities	9,209,909	3,435,835	5,094,436	1,164,629	18,904,809
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	164,517	124,696	16,384	33,783	339,380
Total deferred inflows of resources	164,517	124,696	16,384	33,783	339,380
Total liabilities and deferred inflows of resources	9,374,426	3,560,531	5,110,820	1,198,412	19,244,189
NET POSITION					
Net investment in capital assets	16,985,738	2,435,190	973,423	2,934,060	23,328,411
Unrestricted (deficit)	(254,765)	11,199,563	(1,403,665)	1,128,832	10,669,965
Total net position	$ 16,730,973	$ 13,634,753	$ (430,242)	$ 4,062,892	$ 33,998,376

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill	Nonmajor Enterprise Funds	Total
OPERATING REVENUES					
Utility revenue	$ 3,172,872	$16,449,233	$ -	$ 1,184,222	$20,806,327
Charges for services	-	-	230,761	1,953,677	2,184,438
Other revenues	26,166	3,846	95,769	39,852	165,633
Intergovernmental	-	-	-	800,022	800,022
Total operating revenues	3,199,038	16,453,079	326,530	3,977,773	23,956,420
OPERATING EXPENSES					
Salaries and wages	1,680,302	1,281,404	158,944	307,847	3,428,497
Operating, administrative, and maintenance	1,233,794	12,489,312	390,503	2,345,362	16,458,971
Depreciation	1,106,638	294,744	55,505	122,646	1,579,533
Total operating expenses	4,020,734	14,065,460	604,952	2,775,855	21,467,001
Operating income (loss)	(821,696)	2,387,619	(278,422)	1,201,918	2,489,419
NONOPERATING INCOME (EXPENSES)					
Interest income	821	214,823	11,096	2	226,742
Investment income	-	554,395	-	-	554,395
Interest expense	(139,887)	(4,882)	(12,658)	-	(157,427)
Income (loss) before transfers and capital contributions	(960,762)	3,151,955	(279,984)	1,201,920	3,113,129
Transfers	1,750,075	(3,659,851)	286,702	(342,133)	(1,965,207)
Capital contributions	966,115	-	-	-	966,115
Change in net position	1,755,428	(507,896)	6,718	859,787	2,114,037
Net position (deficit), beginning of year, (restated)	14,975,545	14,142,649	(436,960)	3,203,105	31,884,339
Net position (deficit), end of year	$ 16,730,973	$13,634,753	$ (430,242)	$ 4,062,892	$33,998,376

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities - Enterprise Funds				
	Water and Sewer Fund	Electric Revenue Fund	Landfill	Nonmajor Enterprise Funds	Total
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	$ 3,189,621	$ 16,413,573	$ 386,498	$ 3,344,385	$ 23,334,077
Grant	-	-	-	800,022	800,022
Payments to employees (or for their benefit) for services provided	(1,677,993)	(1,316,789)	(173,479)	(325,027)	(3,493,288)
Payments to suppliers for goods or services	(1,069,841)	(13,036,942)	(202,559)	(2,192,364)	(16,501,706)
Net cash provided (used) by operating activities	441,787	2,059,842	10,460	1,627,016	4,139,105
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	2,716,190	-	286,702	307,610	3,310,502
Transfers to other funds	-	(3,659,851)	-	(649,743)	(4,309,594)
Net change in due from other funds	(300,461)	318,000	-	(639)	16,900
Liabilities assumed by other funds	-	-	-	(100,636)	(100,636)
Net cash provided (used) by noncapital financing activities	2,415,729	(3,341,851)	286,702	(443,408)	(1,082,828)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from borrowing	877,427	-	-	-	877,427
Principal paid on capital debt	(1,134,422)	(51,809)	(171,023)	-	(1,357,254)
Interest paid on capital debt	(139,887)	(4,882)	(12,658)	-	(157,427)
A/P on construction project, pending proceeds from borrower	418,038	-	-	-	418,038
Net cash provided (used) by noncapital financing activities	21,156	(56,691)	(183,681)	-	(219,216)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of capital assets	(2,816,273)	(351,218)	(231,230)	(926,827)	(4,325,548)
Investment in SGGSA			-	(256,419)	(256,419)
Withdrawals from MEAG investment	-	1,919,731	-	-	1,919,731
Additions to MEAG investment		(767,506)	-	-	(767,506)
Interest/investment income	821	769,218	11,096	-	781,135
Net cash provided by investing activities	(2,815,452)	1,570,225	(220,134)	(1,183,246)	(2,648,607)
Net increase in cash	63,220	231,525	(106,653)	362	188,454
Balances - beginning	19,322	3,969	2,179,293	491,667	2,694,251
Balances - ending	82,542	235,494	2,072,640	492,029	2,882,705

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH					
PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (821,696)	$ 2,387,619	$ (278,422)	$ 1,201,918	$ 2,489,419
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	1,106,638	294,744	55,505	122,646	1,579,533
Change in assets and liabilities:					
Receivables, net	(9,417)	(64,832)	59,968	166,634	152,353
Customer deposits	-	25,326	-	-	25,326
Pension related balances	17,269	(23,612)	(19,417)	(18,460)	(44,220)
Accounts payable and accrued expenses	117,234	(528,630)	189,196	101,827	(120,373)
Prepaid expenses	(8,153)	(11,882)	(1,252)	(8,091)	(29,378)
Inventory	54,872	(7,118)	-	59,262	107,016
Compensated absences	(14,960)	(11,773)	4,882	1,280	(20,571)
Net cash provided by operating activities	$ 441,787	$ 2,059,842	$ 10,460	1,627,016	4,139,105

Noncash activity. Capital assets with a cost of $966,115 were purchased by the SPLOST Fund and contributed to the Enterprise Fund.

See accompanying notes to the basic 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 us 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-today 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, parks, culture and cemetery, airport, and public utilities (water and sewer, gas, electric, solid waste, landfill, cable TV, telephone, telecom, and internet services).

The financial reporting entity has been determined by management in accordance with accounting principles generally accepted in the Unites 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 discretely presented component unit in the government-wide financial statements. 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. 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 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 or other items are 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 resources rather than as program revenues. Likewise, general revenues include all taxes.

Certain eliminations have been made as prescribed by GASB Statement of Accounting Standards No. 34, with regard 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 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 activities not otherwise accounted for by a specific fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the city reports the following governmental fund types:

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

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.

Proprietary Funds are reported using the *economic sources 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 to 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 revenue 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 service 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Statues 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories
Inventory in enterprise funds is valued at the lower of cost or market, 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".

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 reported 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, 2019 no interest incurred was attributable to the cost of capital assets associated with construction projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 the net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense) until then.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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 re not in spendable from (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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, there were no encumbrances outstanding.

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.

Subsequent Events
The City has performed an evaluation of subsequent events, as defined under Accounting Standards Codification (ASC) 855-10, through January 13, 2020, 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 BUDETARY 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 much be approved as required by Georgia law and administrative policy. Revisions that alter the total expenditures of any department of 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, 2019, were adopted by the City Council on June 19, 2018.

NOTE 2 – BUDGETS AND BUDETARY 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, 2019:

Landfill	(430,242)
Capital Projects Fund	(5,317)

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

NOTE 3 – INVESTMENTS

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, 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 re-invested 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 $10,508,869 at June 30, 2019. 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 State Government, direct

NOTE 3 – INVESTMENTS (CONTINUED)

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 and municipal bonds.

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 on hundred percent (100%) of their principal investment at maturity. The yield on derivative securities is based on cash flows received, as determined by a specific 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.

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 if terminated. Any termination of the swap agreements may also result in MEAG Power, through the appropriate trust account, making or receiving a settlement payment.

NOTE 3 – INVESTMENTS (CONTINUED)

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

1) Insured or registered, or securities held by the City or Authority of their agent in the name of the City of Authority.
2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City of 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, 2019, the City's investments in the MEAG Municipal Competitive Trust investment pool total $11,808,969.

As of June 30, 2019, the City's investments were classified as follows:

	Category			
	1	2	3	Fair Value
MEAG Municipal Competitive Trust Investment Pool	$ -	$ -	$11,808,969	$11,808,969
	$ -	$ -	$11,808,969	$11,808,969

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 2019, for the City's operations was 7.70 mills (mill equals $1 per thousand dollars of assessed value).

The City maintains no allowance for uncollectible property taxes at June 30, 2019.

Sales Tax

Grady County, Georgia has levied two 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, 2019, are as follows:

	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Revenue Fund
Receivables:				
Accounts	$ 168,626	$ 88,489	$ 438,356	$2,083,162
Sales tax	175,259	-	-	-
Gross receivables	343,885	88,489	438,356	2,083,162
Less allowance for uncollectibles	-	-	133,256	475,201
	-	-	133,256	475,201
Total net receivables	$ 343,885	$ 88,489	$ 305,100	$1,607,961

	Landfill Fund	Nonmajor Enterprise Funds	Total
Receivables:			
Accounts	$ 21,157	$ 938,716	$3,738,506
Sales tax	-	-	175,259
Gross receivables	21,157	938,716	3,913,765
Less allowance for uncollectibles	-	319,517	927,974
	-	319,517	927,974
Total net receivables	$ 21,157	$ 619,199	$2,985,791

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 of Leases." The investment in the sales-type lease is included in program receivables and unearned interest income is included in deferred inflows of resources.

At June 30, 2019, the minimum future lease payments to be received under the sales-type lease are as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 170,375	$ 4,289	$ 174,664
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
Total	$ 170,375	$ 4,289	$ 174,664

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

Interfund Receivables and Payables

Interfund receivables and payables result from cash flow needs among funds as well as temporary differences related to payroll and other expenses paid through one fund but related to others.

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

The composition of interfund receivables and payables as of June 30, 2019, is as follows:

	Interfund Balances		
	Receivables	Payables	Net
Governmental activities:			
General fund:			
Water and Sewer Fund Fund	$ -	$ (300,461)	$ (300,461)
Electric Revenue Fund	617,000	-	617,000
Nonmajor Enterprise Funds	-	(639)	(639)
Nonmajor Governmental funds	5,368	-	5,368
Nonmajor Governmental Funds:			
General Fund	-	(5,368)	(5,368)
Electric Revenue Fund	-	(299,000)	(299,000)
Total governmental activities	622,368	(605,468)	16,900
Business-type activities:			
Water and Sewer Fund:			
General fund	300,461	-	300,461
Landfill Fund:			
Electric Revenue Fund	607,000	-	607,000
Electric Revenue Fund:			-
General Fund		(617,000)	(617,000)
Landfill Fund	-	(607,000)	(607,000)
Nonmajor Governmental Funds	299,000	-	299,000
Nonmajor Enterprise Funds:			
General Fund	639	-	639
Total business-type activities	1,207,100	(1,224,000)	(16,900)
Total	$ 1,829,468	$ (1,829,468)	$ -

Interfund activities are reported as loans, as services provided, reimbursements or transfers. Quasi - external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditure/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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.

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

Interfund transfers for the year ended June 30, 2019, consisted of the following:

	Transfers/Capital Contributions		
	In	Out	Net
Governmental activities:			
General Fund:			
Electric Revenue Fund	$ 4,248,989	$ -	$ 4,248,989
Water and Sewer Fund	-	(1,780,278)	(1,780,278)
Landfill Fund	-	(286,702)	(286,702)
Nonmajor Governmental Funds	-	(440,267)	(440,267)
Nonmajor Enterprise Funds	-	(223,985)	(223,985)
Sub-total General Fund	4,248,989	(2,731,232)	1,517,757
Nonmajor Governmental Funds:			
General Fund	440,267	-	440,267
Water and Sewer Fund		(977,045)	(977,045)
Nonmajor Enterprise Funds	18,113	-	18,113
Sub-total Nonmajor Governmental Funds	458,380	(977,045)	(518,665)
Total governmental activities	4,707,369	(3,708,277)	999,092
Business-type activities:			
Electric Revenue Fund:			
General Fund	-	(4,248,989)	(4,248,989)
Nonmajor Enterprise Funds	589,138	-	589,138
Sub-total Electric Revenue Fund	589,138	(4,248,989)	(3,659,851)
Water & Sewer Fund:			
General Fund	1,780,278	-	1,780,278
Nonmajor Enterprise Funds		(41,133)	(41,133)
Nonmajor Governmental Funds	977,045		977,045
Sub-total Water and Sewer Fund	2,757,323	(41,133)	2,716,190
Landfill Fund:			
General Fund	286,702	-	286,702
Nonmajor Enterprise Funds:			
General Fund	223,985	-	223,985
Electric Revenue Fund		(589,138)	(589,138)
Water and Sewer Fund	41,133		41,133
Nonmajor Governmental Funds		(18,113)	(18,113)
Sub-total Nonmajor Enterprise Funds	265,118	(607,251)	(342,133)
Total business-type activities	3,898,281	(4,897,373)	(999,092)
Total	$ 8,605,650	$ (8,605,650)	$ -

NOTE 6 – CAPITAL ASSETS

The following is a summary of capital asset activity as of June 30, 2019:

	Beginning Balance	Additions	Retirements/ Deletions	Transfer In (Out)	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	$ 508,019	$ 40,286	$ -	$ -	$ 548,305
Construction in progress	1,030,049	628,215	(1,164,053)	-	494,211
Total capital assets not being depreciated	1,538,068	668,501	(1,164,053)	-	1,042,516
Capital assets being depreciated					
Buildings	7,269,923	1,164,053	(571,976)	-	7,862,000
Infrastructure	8,690,072	2,205,077	-	(966,115)	9,929,034
Equipment and vehicles	5,152,910	-	-	-	5,152,910
Total assets being depreciated	21,112,905	3,369,130	(571,976)	(966,115)	22,943,944
Less accumulated depreciation for:					
Buildings	(2,265,005)	(88,280)	-	-	(2,353,285)
Infrastructure	(3,074,308)	(710,424)	-	-	(3,784,732)
Equipment and vehicles	(5,489,916)	(298,958)	-	-	(5,788,874)
Total accumulated depreciation	(10,829,229)	(1,097,662)	-	-	(11,926,891)
Total capital assets being depreciated, net	10,283,676	2,271,468	(571,976)	(966,115)	11,017,053
Governmental activities capital assets, net	$ 11,821,744	$ 2,939,969	$ (1,736,029)	$ (966,115)	$ 12,059,569
Business-type activities:					
Capital assets not being depreciated					
Land and improvements	$ 1,978,350	$ -	$ -	$ -	$ 1,978,350
Construction in progress	1,995,618	1,842,320	(1,868,400)		1,969,538
Total capital assets not being depreciated	3,973,968	1,842,320	(1,868,400)	-	3,947,888
Capital assets being depreciated					
Buildings	47,434,531	998,709	-	-	48,433,240
Infrastructure, machinery and equipment	8,523,922	2,395,788	(3,907)	966,115	11,881,918
Total assets being depreciated	55,958,453	3,394,497	(3,907)	966,115	60,315,158

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements/ Deletions	Transfer In (Out)	Ending Balance
Less accumulated depreciation for:					
Buildings	(23,886,401)	(1,373,280)	-	-	(25,259,681)
Machinery and equipment	(6,790,129)	(206,252)	3,907	-	(6,992,474)
Total accumulated depreciation	(30,676,530)	(1,579,532)	3,907	-	(32,252,155)
Total capital assets being depreciated, net	25,281,923	1,814,965	-	966,115	28,063,003
Total business-type activities capital assets net	$ 29,255,891	$ 3,657,285	$ (1,868,400)	$ 966,115	$ 32,010,891

Depreciation expense was charged to divisions as follows:

Governmental activities:	
General government	$ 820,990
Public safety	261,819
Public works	4,428
Parks and recreation	10,425
Total depreciation expense - governmental activities	$ 1,097,662
Business-type activities	
Water and sewer	$ 1,106,638
Electric	294,744
Cable TV	-
Garbage and trash	5,269
Airport	76,129
Telecomm	-
Landfill	55,505
Gas	41,247
Total depreciation expense - business-type activities	$ 1,579,532

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Component Unit

The Downtown Development Authority of the city of Cairo, a discretely presented component unit, for the year ended June 30, 2019, had no capital asset activity for the year ended June 30, 2019.

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, 2019, 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	2.5-5.00%	2024	$ 4,240,000
			Unamortized bond premium	41,235
			Less current portion	(810,000)
				$ 3,471,235

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 repay 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.

NOTE 7 – LONG-TERM DEBT (CONTINUED)

The annual debt service requirement to maturity of the Series 2014 bonds at June 30, 2019, is as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 810,000	$ 93,280	$ 903,280
2021	830,000	75,460	905,460
2022	850,000	57,200	907,200
2023	865,000	38,500	903,500
2024	885,000	19,470	904,470
2025-2029	-	-	-
2030-2034	-	-	-
2035-2039	-	-	-
2040	-	-	-
Total	$ 4,240,000	$ 283,910	$ 4,523,910

Component Unit

The City of Cairo Development Authority's revenue bonds outstanding at June 30, 2019, 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	$ 210,000
			Less current portion	(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

NOTE 7 – LONG-TERM DEBT (CONTINUED)

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, 2019, is as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 210,000	$ 14,175	$ 224,175
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
Total	$ 210,000	$ 14,175	$ 224,175

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 based on cost estimates provided by an engineer/expert. Closure and post-closure costs for trenches A, B, C & D, Garbage and Trash trenches, which are now closed, in the amount of $4,139,693 have been fully accrued as of June 30, 2019. Closure and post-closure costs for trenches E, F & G, Construction and Demolition trenches, of $935,804 have been 50% accrued as of June 30, 2019, based on capacity utilized to date. The $4,607,595 reported as landfill closure and post-closure care liability, as of June 30, 2019, represents the cumulative amount accrued. The City has accumulated and designated cash and certificates of deposit for use in paying closure and post-closure costs in the amount of $3,163,946. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The financial assurance requirements are being met through the maintenance of cash and cash equivalents balances and financial ratios.

Capital Leases

The City has entered into various other least 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 least payments as of the date of

NOTE 7 – LONG-TERM DEBT (CONTINUED)

inception. Equipment acquired under capital leases has a net book value of $413,548 at June 30, 2019. 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, 2019.

	Governmental			Business-type activities		
Year Ending June 30	Principal	Interest	Total	Principal	Interest	Total
2020	$ -	$ -	$ -	$ 209,644	$ 10,602	$ 220,246
2021	-	-	-	107,442	6,097	113,539
2022	-	-	-	163,969	2,169	166,138
2023	-	-	-	14,927	51	14,978
2024	-	-	-	-	-	-
2025-2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 495,982	$ 18,919	$ 514,901

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, 2019, is as follows:

Year Ending June 30	Principal	Interest	Total
2020	$ 49,044	$ 3,217	$ 52,261
2021	54,886	2,127	57,013
2022	50,784	664	51,448
2023	-	-	-
2024	-	-	-
2025-2029	-	-	-
2030-2034	-	-	-
2035-2039	-	-	-
2040	-	-	-
Total	$ 154,714	$ 6,008	$ 160,722

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Governmental activities (continued)

The Georgia Department of Labor has leased this building since 2012 and pays monthly lease payments of $4,751.

Business-type Activities

The City has three notes payable to the Georgia Environmental Finance Authority Drinking Water State Revolving Fund. Note #1 was for the construction of two deep water supply wells, an arsenic removal system, and the construction of a new water treatment plant in the amount of $3,586,710, payable beginning in August 2017 in 120 monthly installments through July 2027, with interest at 0.66% and had a $500,000 loan forgiveness. Note #2 was for the installation of advanced metering infrastructure and the retrofitting of existing meters used to operate water and sewer services in the amount of $1,189,645 payable beginning in May 2018 in 120 monthly installments through May 2028, with interest at 0.50%, with loan forgiveness of $475,858. 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 GEFA notes # 1 and #2 at June 30, 2019, is as follows:

	GEFA Notes Payable		
Year Ending June 30	Principal	Interest	Total
2020	$ 374,368	$ 17,878	$ 392,246
2021	376,734	15,513	392,247
2022	379,114	13,132	392,246
2023	381,510	10,737	392,247
2024	383,922	8,326	392,248
2025-2029	1,132,940	10,641	1,143,581
2030-2034	-	-	-
2035-2039	-	-	-
2040	-	-	-
Total	$ 3,028,588	$ 76,227	$ 3,104,815

GEFA loan # 3 is for funding an arsenic removal system, three high service pumps and other improvements to the City's water treatment facility. The total loan is for $2,500,000 with $500,000 of that amount to be forgiven upon proper completion of the project. As of June 30, 2019, $877,427 had been drawn on this loan and is reflected in long term debt. The loan will be payable in 120 monthly payments, with interest at 1.06%.

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities

Long term liabilities at June 30, 2019 were as follows:

	Beginning Balance	Additions	Repayments	Ending Balance	Due in One Year
Governmental activities:					
Capital Lease					
Equipment	$ 25,584	$ -	$ (25,584)	$ -	$ -
DOL Building	226,759	-	(72,045)	154,714	53,566
Total governmental activities	$ 252,343	$ -	$ (97,629)	$ 154,714	$ 53,566
Business-type activities:					
Capital Lease					
750 Dozer	128,880	-	(18,186)	110,694	18,597
2010 CAT Dozer	66,421	-	(66,421)	-	-
2012 CAT Dozer Dump Truck	125,700	-	(20,682)	105,018	19,629
Caterpillar 973D Track Loader	363,435	-	(83,920)	279,515	86,030
GEFA #1	2,686,822	-	(302,236)	2,384,586	304,235
GEFA #2	713,787	-	(69,784)	644,003	70,133
GEFA #3	-	877,427	-	877,427	-
Total GEFA	4,085,045	877,427	(561,229)	4,401,243	498,624
Water and sewer and Electric bonds:					
2014 Refunding	5,030,000	-	(790,000)	4,240,000	810,000
Total bonds	5,030,000	-	(790,000)	4,240,000	810,000
Total business-type activities	$ 9,115,045	$ 877,427	$ (1,351,229)	$ 8,641,243	$ 1,308,624

Total interest cost incurred in the current year was as follows:

Governmental activities:	
Debt Service	$ 5,287
Public safety	3,712
	$ 8,999
Business-type activities:	
Water, sewer and sanitation	$ 145,891
Electric	4,882
Landfill	12,658
	$ 163,431

NOTE 7 – LONG-TERM DEBT (CONTINUED)

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

Long-term liability activity for the City's component unit for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue Bonds	$405,000	$ -	$195,000	$210,000	$210,000

NOTE 8 – RESTRICTIONS OF FUND BALANCES

In the government 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.

Net position as of June 30, 2019 was restricted for the following purposes:

	Governmental Activities	Business-type Activities
Capital Projects	$ 607,502	$ -
EIP CDBG Revolving Loan Fund	1,584,794	-
Tourism, Conventions, Trade Shows	117,175	-
Cemetery Maintenance	211,599	-
Landfill Closure/Postclosure Costs	-	3,164,974
Power Generation	-	1,300,100
	$ 2,521,070	$ 4,465,074

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 upon employment inception. Benefits vest after ten years of service for employees. Employee participants become eligible to retire at age 65 with 5 years of participation in the Plan. Employee participants become eligible for early retirement at age 55 with 10 years of participation in the plan. City officials are eligible for retirement benefits at age 65. Vesting is immediate for City officials. 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.

Employees Covered

As of January 1, 2019, the following employees were covered by the benefits terms for the plan:

		Average			
Participants	Count	Age	Service	Pay	Benefits
Active	141	47.9	15.8	$ 42,038	N/A
Retired	60	73	N/A	N/A	$804
Disabled	0	N/A	N/A	N/A	N/A

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, 2019, determined that for the fiscal year beginning July 1, 2018, employer contributions of 10.17% of covered payroll are required to meet the current cost of the Plan. These contributions 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 September 30, 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	2.75% 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, 2019 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%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.00%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that 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.

NOTE 9 – PENSION PLAN (CONTINUED)

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, 2019, were as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2017*	$ 14,847,501	$ 12,123,675	$ 2,723,826
Changes for the year:			
Service costs	151,970	-	151,970
Interest	1,102,373	-	1,102,373
Difference between expected and actual experience	463,975	-	463,975
Contributions - employer	-	560,098	(560,098)
Net investment income	-	1,201,184	(1,201,184)
Benefit payments	(602,335)	(602,335)	-
Adminstrative expense	-	(29,022)	29,022
Other	-	-	-
Net changes	1,115,983	1,129,925	(13,942)
Balances at September 30, 2018**	$ 15,963,484	$ 13,253,600	$ 2,709,884

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 7.50%, 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 (6.50%) or 1-percentage higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	$ 4,839,788	$ 2,709,884	$ 930,469

NOTE 9 – PENSION PLAN (CONTINUED)

At June 30, 2019, 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 Resources
Pension contributions subsequent to measurement date	$ 433,422	$ -
Differences between expected and actual experience	570,875	(143,221)
Changes in assumptions	107,496	(39,619)
Net differences between projected and actual earnings on pension plan investments	-	(702,475)
Total	$ 1,111,793	$ (885,315)

Deferred outflows of resources related to contributions made subsequent to the measurement date of September 30, 2018, in the amount of $433,422, will be recognized as a reduction in net pension liability in the year ended June 30, 2019. The remaining amount, $380,700, reported as deferred outflows related to pensions at June 30, 2019, will increase pension expense in the future as follows: $88,974 each for the years 2019 to 2021, and $56,889 in 2022 and 2023.

Amounts recognized as deferred inflows of resources related to pensions at June 30, 2019, totaling $885,315, will increase (decrease) pension expense in the future as follows: $260,840 for 2019, $201,645 for 2020, $256,230 for 2021, and $191,776 for 2022.

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, 2017, with updated procedures used to roll forward the total pension liability to June 30, 2018. The roll forward calculation adds the normal cost (also called service costs), subtracts the actual benefit payments and

NOTE 9 – PENSION PLAN (CONTINUED)

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 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 benefits payments to determine the total pension liability.

Net Pension Liability:

At June 30, 2019, the City did not have a liability for a proportionate share of the net pension liability (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 liability (asset) associated with the City was $8,591 as of June 30, 2019.

Pension Expense:

For the year ended June 30, 2019, the city recognized pension expense related to the POABFG of $7,895 and revenue of $7,895 for support provided by the State of Georgia.

Georgia Firefighter's Pension Fund

Plan Description:

The Georgia Firefighter's 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

NOTE 9 – PENSION PLAN (CONTINUED)

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, 2018 and the total pension liability used to calculate the nest pension liability was based on an actuarial valuation as of June 30, 2018. 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 by using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, and then combined by weighting them by the target asset allocation percentages. The target asset allocation and 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
IG Corp Credit	12.00%	2.20%
MBS	12.00%	0.71%
Core Bonds	10.50%	1.14%
Large Cap Equities	15.50%	5.92%
Small/MidCap Equities	15.50%	6.71%
Int'l Equities (Unhedged)	13.00%	6.71%
Emerging Int'l Equities	6.50%	9.46%
Private Equity	5.00%	8.73%
Real Estate (Core)	5.00%	4.38%
Real Assets (Liquid)	5.00%	4.63%
Total	100.00%	

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 employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions,

NOTE 9 – PENSION PLAN (CONTINUED)

the pension plans' 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, 2019, the City did not have a liability for 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 $393,285 as of June 30, 2019.

Pension Expense:

For the year ended June 30, 2019, the City recognized pension expense related to the GFPF of $82,116 and revenue of $82,116 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, 2019, the City paid $10,377 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 South Georgia Governmental Services Authority (SGGSA) was created by the South Georgia Governmental Services Authority Act (State of Georgia, House Bill 879) in March of 2001 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 is area of operation. The SGGSA provides video, internet, telephony and telecom services under the trade name

NOTE 10 – JOINT VENTURES (CONTINUED)

"CNS". Cairo is a member of the SGGSA along with the cities of Thomasville, Moultrie and Camilla, GA. SGGSA is accounted for as a joint venture with equity interests by the members, therefore the City of Cairo's investment in the SGGSA is accounted for using the equity method and is recorded in the Cable and Telecom enterprise funds. The fiscal year of the SGGSA ends December 31. These financial statements include Cairo's share of SGGSA net income for the SGGSA fiscal year ended December 31, 2018 in the amount of $550,400. The investment had a carrying value of $ 1,108,475 at June 30, 2019 which is the amount of Cairo's share of book value of the entity plus or minus capital contributions made or distributions received from January 1, 2019 through June 30, 2019. The SGGSA board is made up of eight members, two appointed by each participating city for four-year terms.

Separate financial statements may be obtained from:

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

City of Cairo's 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 wasted 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.

NOTE 10 – JOINT VENTURES (CONTINUED)

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 to not meet the cost of the operation of the landfill and the 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.

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 Chamber of Commerce, private organizations and citizens, 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 TAX

The City has levied a 5% lodging tax. For the year ended June 30, 2019, $64,853 of hotel/motel tax was collected and $48,311 was spent. Management represents that 100% of the lodging tax funds spent

NOTE 13 – HOTEL/MOTEL TAX (CONTINUED)

during the year ended June 30, 2019 were 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 Worker's 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 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, 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 $2500 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 $2500 deductible. The City is not aware of any claims that the City is liable, for which, were outstanding and unpaid, as of June 30, 2019.

NOTE 14 – RISK MANAGEMENT (CONTINUED)

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	
	2019	2018
Unpaid claims, beginning of year	$ 147,300	$ 2,002
Incurred claims (including IBNRs)	1,473,755	1,057,174
Claim payments made	(1,409,699)	(911,876)
Unpaid claims, end of year	$ 211,356	$ 147,300

During the year ended June 30, 2019, 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

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

its costs, including debt services, but it may not operate any of its projects for profit, unless any such profits incur at 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 share of the output and services of generating units acquired or constructed by MEAG. The City's guarantee of MEAG debt totals $107,335,197 at June 30, 2019. 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 $10,862,979 in 2019.

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 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, created the following subaccounts, in which the City of Cairo participates:

Flexible Operating Trust Account

The MEAG trust agreement also created a flexible trust account. The City has a right to withdraw these funds at will; $1,919,731 was withdrawn during the year ended June 30, 2019. The balance in the flexible trust account, as of June 30, 2019, was $10,508,896 and has been recorded as an asset of the City.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Generation Trust Account

This subaccount may be funded by contributions by the City from any of its own funds that it 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 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, 2019, was $1,300,100 and has been recorded as a restricted asset of the City.

NOTE 16 – ADJUSTMENTS TO PREVIOUSLY ISSUED FINANCIAL STATEMENTS

	Governmental Activities	Business-Type Activities	Total Primary Govt	Component Unit
Net Position at June 30, 2018, as Previously Reported	$ 15,854,828	$ 31,360,884	$ 47,215,712	$ (546,587)
Understatement:				
L.O.S.T. receivable	78,594	-	78,594	-
Deferred outflows related to pension liability	257,871	159,573	417,444	-
Overstatement:				
Accounts payable	163,085	-	163,085	-
Accrued liabilities	-	217,168	217,168	-
Accrued landfill closure/post-closure liability	-	193,163	193,163	-
Capital assets	(396,843)	-	(396,843)	-
Accounts receivable	-	(46,446)	(46,446)	-
Deferred revenue	-	-	-	601,024
Net increase/(decrease)	102,707	523,458	626,165	601,024
Net Position at June 30, 2018, Restated	$ 15,957,535	$ 31,884,342	$ 47,841,877	$ 54,437
Change by fund:				
General Fund	$ 241,679	$ -	$ 241,679	$ -
Water and Sewer Fund	-	65,389	65,389	-
Electric Revenue Fund	-	169,761	169,761	-
Gas Fund	-	119,036	119,036	-
Landfill Fund	-	156,340	156,340	-
Garbage Fund	-	12,932	12,932	-
Government Wide Only	(138,972)	-	(138,972)	-
Component Unit	-	-	-	601,024
Increase/(decrease) in beginning fund balance/net position	$ 102,707	$ 523,458	$ 626,165	$ 601,024

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	$ 1,598,000	$ 1,598,000	$1,716,124	$ 118,124
Local option sales taxes	875,000	875,000	997,334	122,334
Other taxes	1,042,500	1,042,500	1,151,146	108,646
Licenses and permits	85,000	85,000	79,228	(5,772)
Fines and forfeitures	174,000	174,000	184,417	10,417
Charges for services	21,500	21,500	28,566	7,066
Investment income	3,000	3,000	19,254	16,254
Intergovernmental	300,000	300,000	153,440	(146,560)
Other revenues	79,324	79,324	96,720	17,396
Total revenues	4,178,324	4,178,324	4,426,229	247,905
Expenditures				
Current				
General government				
Mayor and council	135,533	129,533	128,944	(589)
City manager	279,051	304,052	303,839	(213)
Finance	207,680	207,680	206,598	(1,082)
Legal	24,055	24,055	22,304	(1,751)
Municipal court	42,224	42,224	39,579	(2,645)
Human resources	192,233	179,233	178,660	(573)
Clerk of council	245,443	239,442	239,268	(174)
General administration	15,000	7,000	6,971	(29)
Total general government	1,141,219	1,133,219	1,126,163	(7,056)
Public Safety				
Police	5,027,240	5,027,240	2,379,231	(2,648,009)
Fire	1,514,421	1,511,970	1,498,313	(13,657)
Code Enforcement	252,363	252,363	246,672	(5,691)
Total public safety	6,794,024	6,791,573	4,124,216	(2,667,357)
Public works				
Community service administration	208,267	217,767	217,551	(216)
Streets and sidewalks	809,592	809,592	526,595	(282,997)
Maintenance and shop	223,712	223,712	212,113	(11,599)
Total public works	1,241,571	1,251,071	956,259	(294,812)
Community services				
Community services	9,000	9,950	9,931	(19)
Economic development/assistance	133,003	133,003	123,416	(9,587)
Total community services	142,003	142,953	133,347	(9,606)

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Original	Final	Amounts	Budget
Parks, culture, and cemeteries				
Swimming pool	106,467	141,467	141,161	(306)
Parks and cemetery	952,028	888,277	872,397	(15,880)
Library	237,500	237,500	237,500	-
Total parks and recreation	1,295,995	1,267,244	1,251,058	(16,186)
Debt service				
Principal	52,070	80,070	79,619	(451)
Interest	4,942	5,692	5,652	(40)
Total debt service	57,012	85,762	85,271	(491)
Total expenditures	10,671,824	10,671,822	7,676,314	(2,995,508)
Excess (deficiency) of revenus over expenditures				
Other Financing Sources (Uses)				
Transfers	6,493,497	6,493,497	1,605,621	(4,887,876)
Total other financing sources (uses)	6,493,497	6,493,497	1,605,621	(4,887,876)
Net change in fund balances	(3)	(1)	(1,644,464)	(1,644,463)
Fund balances, beginning of year, (restated)	3,902,030	3,902,030	3,902,030	-
Fund balances, end of year	$ 3,902,027	$ 3,902,029	$2,257,566	$ (1,644,463)

CITY CAIRO
SCHEDULE OF CHANGES IN GMEBS NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*
JUNE 30, 2019

	2019	2018	2017	2016	2015
Year Ended December 31					
Total Pension Liability					
Service cost	$ 151,970	$ 168,373	$ 174,922	$ 177,591	$ 198,883
Interest	1,102,373	1,053,016	1,023,837	965,009	951,060
Difference between expected and actual experience	463,975	180,089	(226,192)	192,509	(180,743)
Change in assumptions	-	161,242	-	-	-
Benefit payments	(602,335)	(605,034)	(587,096)	(564,988)	(537,999)
Other		-	-	-	(237,714)
Net Change in total pension liability	1,115,983	957,686	385,471	770,121	193,487
Total Pension Liability					
Beginning	14,847,501	13,889,815	13,504,344	12,734,223	12,540,736
Ending	15,963,484	14,847,501	13,889,815	13,504,344	12,734,223
Plan fiduciary net position					
Contributions - employer	560,098	558,838	695,554	801,187	670,804
Net investment income	1,201,184	1,589,743	1,059,026	95,823	928,602
Benefit payments	(602,335)	(605,034)	(587,096)	(564,988)	(537,999)
Administrative expenses	(29,022)	(30,660)	(17,949)	(20,550)	(16,360)
Net change in plan fiduciary net position	1,129,925	1,512,887	1,149,535	311,472	1,045,047
Plan fiduciary net position					
Beginning	12,123,675	10,610,788	9,461,253	9,149,781	8,104,734
Ending	13,253,600	12,123,675	10,610,788	9,461,253	9,149,781
Net pension liability - ending	$ 2,709,884	$ 2,723,826	$ 3,279,027	$ 4,043,091	$ 3,584,442
Plan fiduciary net position as a % of total pension liability	83.02%	81.70%	76.40%	70.10%	71.90%
Covered-employee payroll	$ 5,927,296	$ 5,605,431	$ 5,432,291	$ 5,511,469	$ 5,239,696
Net pension liability as a % of covered employee payroll	45.7%	48.6%	60.4%	73.4%	68.4%

CITY CAIRO
SCHEDULE OF CHANGES IN GMEBS NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)
LAST TEN YEARS*
JUNE 30, 2019

Notes to Schedule

*Year 2015 was the 1st year of implementation; therefore, only five years are shown.

CITY OF CAIRO
SCHEDULE OF GMEBS RETIREMENT PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30	2019	2018	2017	2016	2015
Actuarially determined contribution	__**	$ 556,592	$ 621,430	$ 648,236	$ 756,161
Contribution in relation to the actuarially determined contribution	__**	$ 561,995	$ 623,664	$ 657,230	803,655
Contribution deficiency (excess)	__**	$ (5,403)	$ (2,234)	$ (8,994)	(47,494)
Covered-employee payroll	__**	$5,605,431	$ 5,432,291	$5,511,469	5,239,696
Contribution as a % of covered employee payroll	__**	10.03%	11.48%	11.92%	15%

Notes to Schedule of Contribution – see Note 7 for details

*Year 2015 was the first year of implementation, therefore, only five years are shown.

**2019 information will be determined after fiscal year end and will be included in the 2020 valuation report.

CITY OF CAIRO
SCHEDULE OF GFPF COLLECTIVE NET PENSION AND EMPLOYER LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
State of Georgia's proportionate share of the net pension liability (asset) associated with the City	$ 393,285	$ 356,549	$ 444,377	$ 339,941	$ 171,704
City's covered-employee payroll	n/a	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 entity's porportionate share of collective	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.95%	83.74%	79.03%	83.06%	89.72%

**The State makes all contributions to the plan on behalf of employees of the participating employers. The proportionate share percentage has been determined based on these contributions.

CITY OF CAIRO
SCHEDULE OF POABF NET PENSION AND EMPLOYER LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%
State of Georgia's proportionate share of the net pension liability (asset) associated with the City	$ (8,591)	$ (6,483)	$ 31,453	$ 6,615	$ (15,636)
City's covered-employee payroll	n/a	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 entity's porportionate share of collective	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.79%	101.62%	92.18%	98.28%	103.75%

Notes to the Schedule:

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF CAIRO
SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2019

	Capital Projects Funds			Special Revenue Funds		Permanent Fund		Total
	Capital Projects Fund	Grant Projects Fund	SPLOST 2012	EIP CDBG	Hotel/ Motel Tax	Forest Lawn Cemetery	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS								
Accounts receivable, net	$ -		$ 88,425	$ -	$ 64	$ -	$ -	$ 88,489
Intergovernmental receivable		304,368						304,368
Restricted assets:						-	-	
Cash and cash equivalents	-	607	525,792	306,879	117,111	32,836	11,511	994,736
Program receivables	-	-	-	1,277,915	-	-	-	1,277,915
Total assets	$ -	$ 304,975	$ 614,217	$ 1,584,794	$ 117,175	32,836	11,511	$ 2,665,508
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	$ 5,317	$ -	$ 2,005	-	$ -	$ -	-	$ 7,322
Due to other funds	-	304,368		-	-	-	-	304,368
Total liabilities	5,317	304,368	2,005	-	-	-	-	311,690
Fund balance:								
Restricted for:								
Specific projects	(5,317)	607	612,212	1,584,794	-			2,192,296
Public services	-	-	-	-	117,175	32,836	11,511	161,522
Total fund balances	(5,317)	607	612,212	1,584,794	117,175	32,836	11,511	2,353,818
Total liabilities and fund balance	$ -	$ 304,975	$ 614,217	$ 1,584,794	$ 117,175	32,836	11,511	$ 2,665,508

CITY OF CAIRO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Projects Funds			Special Revenue Funds		Permanent Fund		Total
	Capital Projects Fund	Grant Projects Fund	SPLOST 2012	EIP CDBG	Hotel/ Motel Tax	Forest Lawn Cemetery	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ 64,853	$ -	$ -	$ 64,853
Intergovernmental	-	1,272,394	978,292	-	-	-	-	2,250,686
Investment income	-	(35)	3,414	-	497	164	23	4,063
Other revenues	-	-	-	16,138	-	-	-	16,138
Total revenues	-	1,272,359	981,706	16,138	65,350	164	23	2,335,740
EXPENDITURES								
Current:								
Public works	-	797,519	-	-	-	-	-	797,519
Community development	-	-	-	-	35,808	-	-	35,808
Capital outlay	433,203	487,979	1,507,858	-	12,503	-	-	2,441,543
Total expenditures	433,203	1,285,498	1,507,858	-	48,311	-	-	3,274,870
Excess (deficiency) of revenues over (under) expenditures	(433,203)	(13,139)	(526,152)	16,138	17,039	164	23	(939,130)
OTHER FINANCING SOURCES (USES)								
Transfers	427,886	13,711	-	-	5,851	-	-	447,448
Total other financing sources (uses)	427,886	13,711	-	-	5,851	-	-	447,448
Net change in fund balances	(5,317)	572	(526,152)	16,138	22,890	164	23	(491,682)
Fund balances - beginning	-	35	1,138,364	1,568,656	94,285	32,672	11,488	2,845,500
Fund balances - ending	$ (5,317)	$ 607	$ 612,212	$ 1,584,794	$ 117,175	$ 32,836	$ 11,511	2,353,818

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – EIP CDBG REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, July 1	$ 1,568,656	$ 1,568,656	$ -
Resources (inflows):			
Investment income	5,500	16,138	10,638
Amounts available for appropriation	1,574,156	1,584,794	10,638
Charges to appropriation (outflows):			
Contingency	5,500	-	(5,500)
Total charges to appropriations	5,500	-	(5,500)
Budgetary fund balance, June 30	$ 1,568,656	$ 1,584,794	$ 16,138

CITY OF CAIRO
BUDGETARY COMPARISON SCHEDULE – HOTEL/MOTEL TAX
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Budgetary fund balance, July 1	$ 94,285	$ 94,285	$ -
Resources (inflows):			
Taxes	48,700	64,853	16,153
Investment income	-	497	497
Amounts available for appropriation	142,985	159,635	16,650
Charges to appropriation (outflows):			
Contributions to RCC	29,220	35,808	6,588
Other	19,480	12,503	(6,977)
Total charges to appropriations	48,700	48,311	(389)
Other financing sources (uses)			
Transfers	-	5,851	5,851
Budgetary fund balance, June 30	$ 94,285	$ 117,175	$ 22,890

CITY OF CAIRO
STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
ASSETS						
Current assets:						
Cash and cash equivalents	$ -	$ -	$ 622	$ -	$ -	$ 622
Accounts receivable, net	308,361	122,040	1,775	116,691	70,332	619,199
Due from other funds	-	-	-	-	639	639
Inventories	-	-	-	-	56,393	56,393
Prepaid expense	-	7,751	1	-	340	8,092
Total current assets	308,361	129,791	2,398	116,691	127,704	684,945
Noncurrent assets:						
Investment in SGGSA	678,080	-	-	430,395		1,108,475
Restricted assets - cash	-	491,407	-	-		491,407
Capital assets:				-		
Land	-	6,400	227,534	-	500	234,434
Other capital assets, net of accumulated depreciation	-	17,163	1,736,340	-	946,123	2,699,626
Total noncurrent assets	678,080	514,970	1,963,874	430,395	946,623	4,533,942
Total assets	986,441	644,761	1,966,272	547,086	1,074,327	5,218,887
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows from pensions	-	-	-	-	42,417	42,417
Total deferred inflows of resources	-	-	-	-	42,417	42,417
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 986,441	$ 644,761	$ 1,966,272	$ 547,086	$ 1,116,744	$ 5,261,304

CITY OF CAIRO
STATEMENT OF NET POSITION
PROPRIETARY FUND – ENTERPRISE FUND
JUNE 30, 2019

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
LIABILITIES						
Current liabilities payable from current assets:						
Accounts payable	$ 482,167	$ 123,563	$ 676	$ 353,431	$ 71,715	$ 1,031,552
Accrued expenses	11,418	-	-	1,481	7,648	20,547
Total current liabilities payable from current assets	493,585	$ 123,563	$ 676	$ 354,912	79,363	$ 1,052,099
Long-term liabilities:						
Compensated absences	-	-	-	-	9,124	9,124
Net pension liability	-	-	-	-	103,406	103,406
Total long-term liabilities	-	-	-	-	112,530	112,530
Total liabilities	493,585	123,563	676	354,912	191,893	1,164,629
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from pensions	-	-	-	-	33,783	33,783
Total deferred inflows of resources	-	-	-	-	33,783	33,783
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	493,585	123,563	676	354,912	225,676	1,198,412
NET POSITION:						
Net investment in capital assets	-	23,563	1,963,874	-	946,623	2,934,060
Unrestricted	492,856	497,635	1,722	192,174	(55,555)	1,128,832
Total net position	$ 492,856	$ 521,198	$ 1,965,596	$ 192,174	$ 891,068	$ 4,062,892

See accompanying notes to the basic financial statements.

CITY OF CAIRO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
OPERATING REVENUES						
Utility revenues	$ -	$ -	$ -	$ 670	$ 1,183,552	$ 1,184,222
Charges for services	301,002	1,430,275	24,122	198,278	-	1,953,677
Other revenues	14,987	24,222	-	182	461	39,852
Intergovernmental	-	-	800,022	-	-	800,022
Total operating revenues	315,989	1,454,497	824,144	199,130	1,184,013	3,977,773
OPERATING EXPENSES						
Salaries and wages	-	(19,712)	-	-	327,559	307,847
Operating, administrative, and maintenance	27,919	1,579,611	42,025	-	695,807	2,345,362
Depreciation	-	5,269	76,130	-	41,247	122,646
Total operating expenses	27,919	1,565,168	118,155	-	1,064,613	2,775,855
Operating income (loss)	288,070	(110,671)	705,989	199,130	119,400	1,201,918
NONOPERATING REVENUE (EXPENSES)						
Interest income	-	-	2	-	-	2
Total nonoperating revenue (expenses)	-	-	2	-	-	2
Income (loss) before transfers	288,070	(110,671)	705,991	199,130	119,400	1,201,920
Transfers	(217,421)	211,209	96,401	(346,994)	(85,328)	(342,133)
Change in net position	70,649	100,538	802,392	(147,864)	34,072	859,787
Net position, beginning of year (restated)	422,207	420,660	1,163,204	340,038	856,996	3,203,105
Net position, end of year	$ 492,856	$ 521,198	$ 1,965,596	$ 192,174	$ 891,068	$ 4,062,892

CITY OF CAIRO
STATEMENTS OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business Type Activities - Enterprise Funds					
	Cable Fund	Garbage and Trash Fund	Airport Fund	Telecomm Fund	Gas Fund	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	$ 392,316	$1,437,275	$ 24,947	$ 296,837	$1,193,010	$3,344,385
Grant	-	-	800,022			800,022
Payments to employees (or for their benefit) for services provided	-	19,712	-	-	(344,739)	(325,027)
Payments to suppliers for goods or services	40,903	(1,567,560)	(112,215)	90,778	(644,270)	(2,192,364)
Net cash provided (used) by operating activities	433,219	(110,573)	712,754	387,615	204,001	1,627,016
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers from other funds	-	211,209	96,401	-		307,610
Transfers to other funds	(217,421)	-	-	(346,994)	(85,328)	(649,743)
Net change in due from other funds	-	-		-	(639)	(639)
Liabilities assumes by other funds		(100,636)		-	-	(100,636)
Net cash provided (used) by noncapital financing activities	(217,421)	110,573	96,401	(346,994)	(85,967)	(443,408)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from borrowing	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of capital assets	-	-	(808,793)	-	(118,034)	(926,827)
Investment in SGGSA	(215,798)	-	-	(40,621)	-	(256,419)
Interest income	-	-	-	-	-	-
Net cash provided by investing activities	(215,798)	-	(808,793)	(40,621)	(118,034)	(1,183,246)
Net increase in cash	-	-	362	-	-	362
Balances - beginning	-	491,407	260	-	-	491,667
Balances - ending	-	491,407	622	-	-	492,029

CITY OF CAIRO
STATEMENTS OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	288,070	(110,671)	705,989	199,130	119,400	1,201,918
Adjustments to reconcile operating income to net cash provided by operating activities:						-
Non cash contributions expensed	-	-	-	-	-	-
Depreciation expense	-	5,269	76,130	-	41,247	122,646
Change in assets and liabilities:						
Receivables, net	76,327	(17,222)	825	97,707	8,997	166,634
Prepaid expense	-	(7,751)	-	-	(340)	(8,091)
Due to/from other funds	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-
Compensated absences	-	-	-	-	1,280	1,280
Pension related balances	-	-	-	-	(18,460)	(18,460)
Accounts payable and accrued expenses	68,822	19,802	(70,190)	90,778	(7,385)	101,827
Inventory	-	-	-	-	59,262	59,262
Net cash provided by operating activities	433,219	(110,573)	712,754	387,615	204,001	1,627,016

STATE COMPLIANCE SECTION

CITY OF CAIRO
ONE PERCENT SPECIAL PURPOSE SALES TAX
PROJECT COST SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Period	Expenditures Total	Estimated Percent Completed
SPLOST - 2012 Issue					
Referendum Expenditures:					
Debt reduction	$ 1,000,000	$ -	$ -	$ -	
Drinking water capital improvements	1,000,000	-	53,247	53,247	
Waste water treatment capital improvements	750,000	606,045	966,115	1,572,160	
Equipment purchases	1,750,000	719,553	-	719,553	
Streets, sidewalks, curbs, gutters and drainage	2,412,000	1,632,808	488,496	2,121,304	
Totals	$ 6,912,000	$2,958,406	$1,507,858	$ 4,466,264	64.62%

Prepared on the modified accrual basis of accounting.

FEDERAL COMPLIANCE SECTION

CITY OF CAIRO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA #	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Drinking Water State Revolving Fund Cluster				
United States Environmental Protection Agency				
Pass-Through Programs From State of Georgia				
Capitalization Grants for Drinking Water				
State Revolving Fund	66.468	DW2017030	$ -	$ 1,658,470
Total US Environmental Protection Agency			**-**	**1,658,470**
Other Programs				
Department of Homeland Security:				
Pass-Through Programs From:				
State of Georgia				
Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)	97.036	FEMA-4400-DR-GA		722,741
Total Department of Homeland Security			**-**	**722,741**
Department of Transportation:				
Pass-Through Programs From:				
State of Georgia				
Airport Improvement Program	20.106	APO18-9033-19(131)		610,497
Total Department of Transportation			**-**	**610,497**
Department of Housing and Urban Development				
Pass-Through Programs From:				
State of Georgia				
Community Development Block Grants	14.228	16p-x-065-2-5839	-	470,324
Home Investment Partnerships Program	14.239	2014-904	-	17,655
Rural Housing and Economic Development	14.250	Unknown	-	494,908
Total Department of Housing and Urban Development			**-**	**982,887**
Total Other Programs			**-**	**2,316,125**
TOTAL - ALL PROGRAMS			**$ -**	**$ 3,974,595**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal award activity of the City under programs of the federal government for the year ended June 20, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMAY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior years. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – LOANS AND LOAN GUARANTEE PROGRAMS

At June 30, 2019, the City had $3,906,015 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.

Expenditures of federal awards for revolving loan funds are calculated as follows:

Notes receivable balance at June 30, 2018	$ 915,085
Loans written off during the year	-
Cash and investment balance at June 30, 2018	653,571
Current year expenditures (cash basis)	-
Subtotal	1,568,656
At applicable rate **	31.55%
*Expenditures of federal awards	$ 494,908

** [original federal funding)/sum of RLF assets]

VALENTI, RACKLEY & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Mayor and City Council
City of 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cairo, Georgia ("the City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated January 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City'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.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

January 13, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cairo, Georgia's ("{the City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City 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'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'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Respectfully submitted,

Valenti, Rackley & Assoc., LLC

Valenti, Rackley & Associates, LLC
Certified Public Accountants

January 13, 2020

CITY OF CAIRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting

Material weakness(es) identified?	X	yes		no
Significant deficiencies identified that are not considered to be material weakness(es)?	X	yes		none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?		yes	X	no
Significant deficiencies identified that are not considered to be material weakness(es)?		yes	X	none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		yes	X	no

Dollar threshold used to distinguish between type A and B programs: $750,000

Auditee qualified as a low-risk auditee?		yes	X	no

Identification of major program

CFDA Number(s)	Name of Federal Program or Cluster
66.468	U. S. Environmental Protection Agency, Capitalization Grants for Drinking Water State Revolving Fund

CITY OF CAIRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001

Criteria: Bank balances reported in financial statements prepared should be accurate. Standard bank reconciliations are the means for determining correct actual bank balances for reporting in books and financial statements.

Condition: Multiple bank reconciliations contain adjustments that do not reflect actual bank transactions as of the end of the accounting period. Additionally, multiple bank reconciliations contained material errors with regard to outstanding items.

Cause: Management utilized bank reconciliations as cash planning/management tools on which "pending" figures were contained on bank reconciliations as adjustments to the bank balance. Additionally, management did not adequately review bank reconciliations.

Effect: Bank balances per the books were materially wrong in some cases at June 30, 2019. Bank balances reported in prior year and interim financial statements were also materially misstated.

Recommendation: Bank reconciliations should consist only of actual bank balances per the bank plus or minus transactions initiated by the end of the accounting period which have not yet cleared the bank. Bank reconciliations should be adequately reviewed by management.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

2019-002

Criteria: Accounting 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, thereby strengthening internal controls.

Condition: Certain accounting duties are not segregated such as authorization of disbursements and recording in general ledger, bank reconciliation preparation and recording in general ledger, deposit preparation and recording in general ledger.

Cause: Due to the size of the City and budget constraints, it has not been financially feasible to hire sufficient staff to provide for optimum segregation of accounting duties.

Effect: Risk of material errors in accounting and reporting and fraud is increased versus an environment where adequate segregation of duties exists.

Recommendation: Implement additional mitigating controls such as review and oversight of accounting function by management and/or governance.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

2019-003

Criteria: To ensure accurate financial reporting, adequate financial close processes should exist which include review, reconciliation and adjustment of all material account balances at the end of the year and at interim reporting dates.

Condition: Some account balances at June 30, 2018, and at June 30, 2019, were not adjusted to reflect actual amounts prior to performance of the external audit.

Cause: Accounting staff either needed technical assistance with balances in question or had not made the adjustments.

Effect: Increased risk that financial reporting will be materially inaccurate.

Recommendation: Management should implement processes and procedures to ensure timely reconciliation and adjustment of all material account balances and amounts.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

2019-004

Criteria: Check signing procedures provide internal control over disbursements.

Condition: Checks require two signatures, however signatures are being applied to accounts payable and payroll checks automatically by the accounts payable and payroll clerks via the accounting software.

Cause: Management has determined that existing process is appropriate based on cost versus benefit assessments. Additional procedures exist including review of checks after printing by city manager and finance director.

Effect: Increased risk of erroneous or fraudulent disbursements.

Recommendation: Management should consider implementing processes and procedures to allow check signing authorization by authorized signatories at the time of check printing.

Management Response: Management concurs with this finding. See management's Corrective Action Plan separately submitted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF CAIRO
STATUS OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Audit Reference Number	
2018-001	Uncorrected in current year and recited as 2019-002.
2018-002	Corrected in current year.
2018-003	Corrected in current year.
2018-004	Uncorrected in current year and recited as 2019-003.
2018-005	Corrected in current year.
2018-006	Uncorrected in current year and recited as 2019-003.
2018-007	Uncorrected in current year and recited as 2019-003.
2018-008	Uncorrected in current year and recited as 2019-003.
2018-009	Corrected in current year.
2018-010	Uncorrected in current year and recited as 2019-003.
2018-011	Corrected in current year.
2018-012	Uncorrected in current year and recited as 2019-003.
2018-013	Corrected in current year.
2018-014	Corrected in current year.