City of Donalsonville, Georgia

Financial Statements

For the Year Ended
May 31, 2017

	Page
INTRODUCTORY SECTION	
List of Elected and Appointed Officials	1
FINANCIAL SECTION	
FINANCIAL SECTION	
Independent Auditor's Report	2
Management's Discussion and Analysis	3-8
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	14
Statement of Net Position - Proprietary Funds	15-16
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Notes to the Financial Statements	19-41
Required Supplementary Information:	
Major Funds:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Pension Plan	42
Schedule of Contributions - Pension Plan	43
Notes to Schedule of Contributions	44
Supplemental Information	
Schedule of Revenues by Source - Budget and Actual - General Fund	45-46
Schedule of Expenditures by Department - Budget and Actual - General Fund	47-50

Nonmajor Governmental Funds:
Nonmajor Governmental Funds - Combining Balance Sheet 51

Nonmajor Governmental Fund - Combining Statement of Revenues, Expenditures and Changes in Fund Balance 52

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Fund - Hotel Motel Tax 53

STATE REPORTING REQUIREMENTS

Schedule of Projects Constructed with Special Sales Tax Proceeds 54

Grant Schedules:
Schedule of Sources and Application of Funds
Grant No. 14p-x-125-2-5661) 55

Project Cost Schedule (Grant No. 14p-x-125-2-5661) 56

Schedule of Sources and Application of Funds
Grant No. 16p-x-125-2-5846) 57

Project Cost Schedule (Grant No. 16p-x-125-2-5846) 58

Capital Assets Used in the Operations of Governmental Funds:

Comparative Schedules by Source 59

Schedule by Function and Activity 60

Schedule of Changes by Function and Activity 61

SUPPLEMENTAL INFORMATION

Governmental Information:

Government-wide Expenses by Function 62

Government-wide Revenues 63

Fund Information:
Statement of Revenues and Expenditures - General Fund 64

Miscellaneous Statistical Data 65-66

GOVERNMENTAL AUDITING STANDARDS REQUIREMENTS

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* 67

Schedule of Findings and Responses 68

INTRODUCTORY SECTION

CITY OF DONALSONVILLE, GEORGIA
List of Elected and Appointed Officials
May 31, 2017

Elected Officials

Mayor	Dan Ponder
Council Member – District I, Post 1	Tony Buczek
Council Member – District I, Post 2	Travis Brooks
Council Member – District I, Post 3	Ed Bond
Council Member – District II, Post 4	Flossie Smith
Council Member – District II, Post 5	Mitchell Blanks
Council Member – District II, Post 6	Lindsay C. Register, Sr.

Appointed Officials

City Manager	Steven Hicks
Attorney	Billy Grantham
Municipal Court Judge	Joshua Bell
Clerk	Christina Covers
Police Chief	Woodrow Blue, Jr
Fire Chief	Dean King
City Superintendent	Donald Gambrell

FINANCIAL SECTION

Perry L. Henry, LLC
Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members
American Institue of Certified Public Accountants
Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
the City Council
City of Donalsonville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Donalsonville, Georgia as of and for the fiscal year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the presentation 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 evaluation of 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, the aggregate remaining fund information and the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the Major General fund presented on page 14 of the City of Donalsonville, Georgia, as of May 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3-8 and the Pension Plan on pages 42-44 be presented to supplement the basic 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Donalsonville, Georgia, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents, and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, and the schedule of expenditures of special purpose local option sales tax proceeds, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of the City of Donalsonville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part on an audit performed in accordance with *Government Auditing Standards* in considering the City of Donalsonville, Georgia's internal control over financial reporting and compliance.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
November 20, 2017

Management's Discussion and Analysis

As management of the City of Donalsonville, Georgia, we offer readers of the City of Donalsonville's financial statements this narrative overview and analysis of the financial activities of the City of Donalsonville for the fiscal year ended May 31, 2017.

Financial Highlights

- The assets of the City of Donalsonville exceeded its liabilities at the close of the most recent fiscal year by $13,888,889. Of this amount, $2,905,487 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of $347,564 from the prior year.
- The City's governmental activities net position increased by $155,289 and the business-type activities increased by $139,627, for a total increase in net position of $294,916.
- As of the close of the current fiscal year, the City's governmental fund reported ending fund balance of $1,508,633, a decrease of $230,065 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $925,141, or 28% percent of total general fund expenditures. In the prior year, unassigned fund balance was 43% percent of total general fund expenditures.
- The City's total debt decreased by $308,292 during the current fiscal year.
- In the City's business-type activities, operating revenues decreased by $11,224 from the prior year while operating expenses decreased by $114,969, for a total operating income increase of $103,745.
- The resources available for appropriation were $128,570 more than budgeted for the general fund and our actual expenditures were $30,045 less than budgeted.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Donalsonville's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. *The government-wide financial statements* are designed to provide readers with a broad overview of the City of Donalsonville's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Donalsonville's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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 of Donalsonville 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 the general fund which includes the general government, public safety, highways and streets, sanitation, economic development, and culture and recreation, as well as a Special Revenue Fund, which accounts for the Hotel/Motel Taxes and two Capital Project Funds, which account for the Special Purpose Local Option Sales Tax revenue. The business-type activities of the City include the Water and Sewer Fund, the Gas Fund, and the Solid Waste Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Downtown Development Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. 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, government 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 the 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 has six governmental funds. The general fund is a major fund, SPLOST V is a nonmajor Capital Project Fund, SPLOST IV is a nonmajor Capital Project Fund, the Hotel/Motel Tax Fund is a nonmajor Special Revenue Fund, SPLOST III is a nonmajor Capital Project Fund, and CHIP Grant Fund is a nonmajor Capital Project Fund.

The City adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund and the special revenue fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 11 through 14 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *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, Gas Fund and Solid Waste 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, the Gas Fund and the Solid Waste Fund. The Water and Sewer Fund and the Gas Fund are major funds and the City has elected to treat the Solid Waste Fund as a major fund also.

The basic proprietary fund financial statements can be found on pages 15 through 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 41 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 42-44 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $13,888,889 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (75 percent) 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.

City of Donalsonville's Net Position

	Governmental activities		Business- type activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	$ 2,200,791	$ 1,891,649	$ 2,606,645	$ 2,496,017	$ 4,807,436	$ 4,387,666
Capital assets	2,823,737	3,216,734	12,939,416	12,812,594	15,763,153	16,029,328
Total assets	5,024,528	5,108,383	15,546,061	15,308,611	20,570,589	20,416,994
Total deferred outflows of resources	169,975	136,551	26,483	7,498	196,458	144,049
Long-term liabilities outstanding	24,254	12,800	5,507,163	5,227,037	5,531,417	5,239,837
Other liabilities	184,905	672,735	451,228	484,288	636,133	1,157,023
Total liabilities	209,159	685,535	5,958,391	5,711,325	6,167,550	6,396,860
Total deferred inflows of resources	612,359	260,965	95,411	14,329	707,770	275,294
Net position:						
Net investment in capital assets	2,767,872	3,094,438	7,155,772	7,305,472	9,923,644	10,399,910
Restricted:	715,032	583,492	-	-	715,032	583,492
Unrestricted	890,081	620,504	2,362,970	2,284,983	3,253,051	2,905,487
Total net position	$ 4,372,985	$ 4,298,434	$ 9,518,742	$ 9,590,455	$ 13,891,727	$ 13,888,889

$583,492 of the City's net position is restricted. The *unrestricted net position of* $2,905,487 may be used to meet the government's ongoing obligations to citizens and creditors.

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

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Governmental activities. Governmental activities increased the City's net position by $155,289. Key elements of this increase are as follows:

City of Donalsonville's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	$ 696,001	$ 703,754	$ 1,355,734	$ 1,344,510	$ 2,051,735	$ 2,048,264
Capital grants and contributions	309,190	491,050	255,525	211,461	564,715	702,511
Operating grants and contributions	-	202,557	-	-	-	202,557
General revenues:						
Property taxes	948,972	1,063,541	-	-	948,972	1,063,541
Other taxes	857,834	859,595	-	-	857,834	859,595
Other	67,198	59,423	9,849	5,020	77,047	64,443
Total revenues	2,879,195	3,379,920	1,621,108	1,560,991	4,500,303	4,940,911
Expenses:						
General government	835,345	848,660	-	-	835,345	848,660
Public safety	1,433,559	1,655,059	-	-	1,433,559	1,655,059
Highways/streets	411,103	437,849	-	-	411,103	437,849
Sanitation	400,038	392,295	-	-	400,038	392,295
Culture and development	24,523	1,676	-	-	24,523	1,676
Economic development	1,876	237,854	-	-	1,876	237,854
Interest on long-term debt	3,608	1,238	-	-	3,608	1,238
Water/Sewer fund	-	-	960,374	781,440	960,374	781,440
Gas fund	-	-	234,028	289,924	234,028	289,924
Solid waste fund	-	-	-	-	-	-
Total expenses	3,110,052	3,574,631	1,194,402	1,071,364	4,304,454	4,645,995
Increase in net position before transfers	(230,857)	(194,711)	426,706	489,627	195,849	294,916
Transfers	300,000	350,000	(300,000)	(350,000)	-	-
Increase in net position	69,143	155,289	126,706	139,627	195,849	294,916
Net position - orginally stated	4,598,653	4,372,985	9,437,971	9,518,742	14,036,624	13,891,727
Prior period adjustment	(294,811)	(229,840)	(45,935)	(67,914)	(340,746)	(297,754)
Net position beginning restated	4,303,842	4,143,145	9,392,036	9,450,828	13,695,878	13,593,973
Net position - 5/31/17	$ 4,372,985	$ 4,298,434	$ 9,518,742	$ 9,590,455	$ 13,891,727	$ 13,888,889

Business-type activities. Business-type activities increased the City's net position by $139,627, an increase from the prior year in the amount of $12,921.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental funds*.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is one of the governmental funds of the City. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,508,633, a decrease of $459,905 in comparison with the prior year. $925,141 of this fund balance is available for spending at the City's discretion.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to $847,922, the Gas Fund $1,430,022 and the Solid Waste Fund $7,039, for a total unrestricted net position of $2,284,983. Other factors covering the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were changes between the original budget and the final amended budget in total revenues and appropriations.

	Original	Final	Variance
Intergovernmental	$ 32,350	$ 194,609	$ 162,259
Total	$ 32,350	$ 194,609	$ 162,259

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets for its governmental and business type activities as of May 31, 2017, amounts to $16,029,328 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads and highways. The total increase in the City's investment in capital assets, net of depreciation and debt, for the current fiscal year was $476,266.

City of Donalsonville's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2016	2017	2016	2017	2016	2017
Land	$ 399,917	$ 399,917	$ 33,646	$ 33,646	$ 433,563	$ 433,563
Buildings	655,409	655,409	24,924	24,924	680,333	680,333
Closing Costs	-	-	70,000	70,000	70,000	70,000
Improvements other than buildings	280,977	280,977	8,883	8,883	289,860	289,860
Machinery and equipment	2,478,299	2,785,588	504,702	504,702	2,983,001	3,290,290
Infrastructure	2,356,300	2,486,516	15,820,153	16,334,611	18,176,453	18,821,127
Construction in progress	228,396	485,624	398,775	108,000	627,171	593,624
Accumulated depreciation/amortization	(3,575,561)	(3,877,297)	(3,921,667)	(4,272,172)	(7,497,228)	(8,149,469)
Total	$ 2,823,737	$ 3,216,734	$ 12,939,416	$ 12,812,594	$ 15,763,153	$ 16,029,328

Additional information on the City's capital assets can be found in Note III C on pages 26-27 of this report.

Long-term debt. At the end of the current fiscal year, the City had total capital leases outstanding in the amount of $103,905 for its governmental funds and $8,887 in the proprietary funds. Notes payable in the governmental funds were $5,591 and proprietary funds were $5,498,235. Additional information on the City's long-term debt can be found in Note III E & F on pages 28 through 31 of this report.

Economic Factors and Next Year's Budgets and Rates

Cost of living in this area has risen over the past few years and the future increases are projected to be significant.

Sales tax revenues have significantly declined in the past year due to a variety of reasons. Adjustments will likely need to be made in future budgets to compensate for this decline.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information should be addressed to the City Manager, P.O. Box 308, Donalsonville, GA 39845.

BASIC FINANCIAL STATEMENTS

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
MAY 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash and cash equivalents	$ 1,478,904	$ 2,204,239	$ 3,683,143	$ 31,556
Receivables (net of allowance for uncollectibles)	179,845	102,607	282,452	-
Intergovernmental receivables	93,745	41,159	134,904	-
Prepaids	138,884	34,821	173,705	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	271	113,191	113,462	-
Capital assets				
Land	399,917	33,646	433,563	-
Construction in progress	485,624	108,000	593,624	-
Buildings	655,409	24,924	680,333	-
Closing Costs	-	70,000	70,000	-
Improvements other than buildings	280,977	8,883	289,860	-
Machinery and equipment	2,785,588	504,702	3,290,290	-
Infrastructure	2,486,516	16,334,611	18,821,127	-
Accumulated depreciation/amortization	(3,877,297)	(4,272,172)	(8,149,469)	-
Total assets	**5,108,383**	**15,308,611**	**20,416,994**	**31,556**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	136,551	7,498	144,049	-
Total of outflows of resources	**136,551**	**7,498**	**144,049**	**-**
LIABILITIES				
Accounts payable and other current liabilities	206,566	51,462	258,028	16,501
Bank Overdraft	-	2,120	2,120	
Accrued interest payable	202	13,508	13,710	-
Liabilities payable from restricted assets	271	113,191	113,462	-
Noncurrent liabilities:				
Compensated absences	44,787	6,823	51,610	-
Net pension liability	311,413	17,099	328,512	-
Due within one year	24,403	280,085	304,488	-
Due in more than one year	97,893	5,227,037	5,324,930	-
Total liabilities	**685,535**	**5,711,325**	**6,396,860**	**16,501**
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	260,965	14,329	275,294	-
Total deferred inflows of resources	**260,965**	**14,329**	**275,294**	**-**
NET POSITION				
Net investment in capital assets	3,094,438	7,305,472	10,399,910	-
Restricted for:				
Economic development	583,492	-	583,492	-
Unrestricted	620,504	2,284,983	2,905,487	15,055
Total net position	**$ 4,298,434**	**$ 9,590,455**	**$ 13,888,889**	**$ 15,055**

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

Functions/Programs	Expenditures	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business type Activities	Primary Government: Total	Component Unit: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 848,660	$ 105,087	$ -	$ 480,575	$ (262,998)	$ -	$ (262,998)	$ -
Public safety	1,655,059	69,364	-	10,475	(1,575,220)	-	(1,575,220)	-
Highways and streets	437,849	-	-	-	(437,849)	-	(437,849)	-
Sanitation	392,295	529,303	-	-	137,008	-	137,008	-
Economic development	237,854	-	202,557	-	(35,297)	-	(35,297)	-
Culture and recreation	1,676	-	-	-	(1,676)	-	(1,676)	-
Interest on long-term debt	1,238	-	-	-	(1,238)	-	(1,238)	-
Total governmental activities	**3,574,631**	**703,754**	**202,557**	**491,050**	**(2,177,270)**	**-**	**(2,177,270)**	**-**
Business-type activities:								
Water & Sewer	781,440	968,636	-	211,461	-	398,657	398,657	-
Gas	289,924	375,874	-	-	-	85,950	85,950	-
Total business-type activities	**1,071,364**	**1,344,510**	**-**	**211,461**	**-**	**484,607**	**484,607**	**-**
Total primary government	**$ 4,645,995**	**$ 2,048,264**	**$ 202,557**	**$ 702,511**	**(2,177,270)**	**484,607**	**(1,692,663)**	**-**
Components units:								
Downtown Development Authority	$ 120,979	$ 90,803	$ 46,728	$ -	-	-	-	16,552
Total component units	**$ 120,979**	**$ 90,803**	**$ 46,728**	**$ -**	**-**	**-**	**-**	**16,552**
General revenues:								
Property taxes					1,063,541	-	1,063,541	-
Sales and use taxes					399,749	-	399,749	-
Franchise taxes					224,015	-	224,015	-
Business taxes					235,831	-	235,831	-
Interest and penalties on taxes					43,201	-	43,201	-
Unrestricted investment earnings					701	5,020	5,721	-
Gain/loss on sale of capital assets					4,746	-	4,746	-
Miscellaneous					10,775	-	10,775	-
Transfers					350,000	(350,000)	-	-
Total general revenues and transfers					2,332,559	(344,980)	1,987,579	-
Change in net position					**155,289**	**139,627**	**294,916**	**16,552**
Net position - beginning - as orginally stated					**4,372,985**	**9,518,742**	**13,891,727**	**(1,497)**
Prior period adjustment					**(229,840)**	**(67,914)**	**(297,754)**	**-**
Net position - beginning - restated					**4,143,145**	**9,450,828**	**13,593,973**	**(1,497)**
Net position - ending					**$ 4,298,434**	**$ 9,590,455**	**$ 13,888,889**	**$ 15,055**

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

CITY OF DONALSONVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
MAY 31, 2017

	Major Funds	Non-Major Funds	
	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 963,613	$ 515,291	$ 1,478,904
Receivables (net of allowance for uncollectibles)	177,791	2,054	179,845
Intergovernmental	-	93,745	93,745
Due from other funds	100	91,689	91,789
Restricted assets:			
Cash and cash equivalents	271	-	271
Total assets	**$ 1,141,775**	**$ 702,779**	**$ 1,844,554**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 87,376	$ 119,187	$ 206,563
Due to other funds	91,689	100	91,789
Liabilities payable from restricted assets	271	-	271
Total liabilities	**179,336**	**119,287**	**298,623**
Deferred inflows of resources			
Unavailable revenues	**37,295**	**-**	**37,295**
Total liabilities and deferred inflows of resources	**216,631**	**119,287**	**335,918**
Fund balances			
Restricted for:			
Special programs	-	583,492	583,492
Unassigned	925,141	-	925,141
Total fund balances	**925,141**	**583,492**	**1,508,633**
Total liabilities, deferred inflows of resources and fund balances	**$ 1,141,772**	**$ 702,779**	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,216,734
Governmental funds recognized expenditures for insurance using this purchases method. However, the Statement of Activities uses the accrual method and, thus, only the amount of insurance benefits are recognized as expense when it is consumed. The unconsumed portion is recorded as an asset.	138,884
Deferred Inflows - Pensions	(260,965)
Deferred Outflows - Pensions	136,551
Net Pension - Obligation	(311,413)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(24,605)
Compensated absences and post closure cost	(142,680)
Other assets are not available to pay for current-period expenditures, and therefore are deferred in the funds.	37,295
Net position of governmental activities	**$ 4,298,434**

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	Major Funds	Nonmajor Funds	
	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	$ 1,056,775	$ -	$ 1,056,775
Sales	399,750	-	399,750
Franchise	224,015	-	224,015
Business	207,530	28,301	235,831
Penalties and interest on taxes	43,201	-	43,201
Licenses and permits	43,280	-	43,280
Intergovernmental	194,609	487,125	681,734
Charges for services	537,230	-	537,230
Fines	69,364	-	69,364
Investment earnings	9,663	2,073	11,736
Miscellaneous revenues	64,978	701	65,679
Total revenues	**2,850,395**	**518,200**	**3,368,595**
EXPENDITURES			
Current:			
General government	813,566	-	813,566
Public safety	1,561,519	-	1,561,519
Highways and streets	312,975	-	312,975
Sanitation	384,843	-	384,843
Economic development	-	237,854	237,854
Capital outlay:			
General government	32,683	15,496	48,179
Public safety	85,663	344,840	430,503
Highways and streets	91,689	108,115	199,804
Sanitation	16,247	-	16,247
Debt service:			
Principal	4,361	27,409	31,770
Interest	120	1,119	1,239
Total expenditures	**3,303,666**	**734,833**	**4,038,499**
Excess (deficiency) of revenues over (under) expenditures	**(453,271)**	**(216,633)**	**(669,904)**
OTHER FINANCING SOURCES (USES)			
Transfers	350,000	-	350,000
Capital leasing	-	85,093	85,093
Sale of capital assets	4,746	-	4,746
Total other financing sources and uses	**354,746**	**85,093**	**439,839**
Net change in fund balances	**(98,525)**	**(131,540)**	**(230,065)**
Total fund balance - beginning	**1,253,506**	**715,032**	**1,968,538**
Prior period adjustment	**(229,840)**	**-**	**(229,840)**
Total fund balance - as restated	**1,023,666**	**715,032**	**1,738,698**
Total fund balance - ending	**$ 925,141**	**$ 583,492**	**$ 1,508,633**

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

CITY OF DONALSONVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2017

Amounts reported for governmental activities in the statement of activities (page 10) are different because:		
Net change in fund balances-total governmental funds (page 12)	$	(230,065)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		392,997
The issuance of long-term debt (e.g., leases, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(53,323)
Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		2,115
Governmental funds defer all tax revenues not collected within 60 days of year-end. However, the Statement of Activities uses the accural method and, thus, the entire amount is recognized as revenue, regardless of the collection date.		6,764
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.		(185)
Governmental funds recognize expenditures for insurance using the purchase methood. However, the Statement of Activities uses the consumption method and, thus, only the amount of insurance benefits consumed are recognized.		30,429
Change in NPO and Deferred Inflows/Outflows		6,557
Change in net position of governmental activities (page 10)	$	155,289

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
GOVERNMENTAL FUND
MAJOR - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Property	$ 1,057,290	$ 1,057,290	$ 1,056,775	$ (515)
Sales	397,000	397,000	399,750	2,750
Franchise	234,500	234,500	224,015	(10,485)
Business	197,100	197,100	207,530	10,430
Penalties and interest on taxes	5,000	5,000	43,201	38,201
Licenses and permits	27,270	27,270	43,280	16,010
Intergovernmental	32,350	194,609	194,609	-
Charges for services	609,352	609,352	537,230	(72,122)
Fines	191,000	191,000	69,364	(121,636)
Investment earnings	2,400	2,400	9,663	7,263
Miscellaneous revenues	63,190	63,190	64,978	1,788
Total revenues	**2,816,452**	**2,978,711**	**2,850,395**	**(128,316)**
EXPENDITURES				
Current:				
General government:				
Council	25,800	25,800	19,750	6,050
Manager	117,286	125,702	118,155	7,547
Judicial	12,043	12,043	10,049	1,994
Finance and administration	613,783	700,593	698,295	2,298
Total general government	**768,912**	**864,138**	**846,249**	**17,889**
Public Safety:				
Police	952,008	961,919	961,599	320
Probation	43,166	52,066	52,055	11
Fire	540,484	633,554	633,528	26
Total public safety	**1,535,658**	**1,647,539**	**1,647,182**	**357**
Highways and streets:				
Maintenance	344,094	404,734	404,664	70
Total highway and streets	**344,094**	**404,734**	**404,664**	**70**
Sanitation	**467,347**	**467,347**	**401,090**	**66,257**
Debt service:				
Principal	8,724	8,724	4,361	4,363
Interest	238	238	120	118
Total debt service	**8,962**	**8,962**	**4,481**	**4,481**
Total expenditures	**3,124,973**	**3,392,720**	**3,303,666**	**89,054**
Excess of expenditures over revenues	**(308,521)**	**(414,009)**	**(453,271)**	**(39,262)**
OTHER FINANCING SOURCES (USES)				
Capital leasing	-	-	-	-
Transfers in	350,000	350,000	350,000	-
Overage/ Shortage	(46,479)	209	-	(209)
Sale of capital assets	5,000	5,000	4,746	(254)
Total other financing sources and uses	**308,521**	**355,209**	**354,746**	**(463)**
Net change in fund balance	**-**	**(58,800)**	**(98,525)**	**(39,725)**
Fund balances - beginning	**1,253,506**	**1,253,506**	**1,253,506**	**-**
Prior period adjustment	**(229,840)**	**(229,840)**	**(229,840)**	**-**
Fund Balances - as restated	**1,023,666**	**1,023,666**	**1,023,666**	**-**
Fund balances - ending	**$ 1,023,666**	**$ 964,866**	**$ 925,141**	**$ (39,725)**

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2017

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
ASSETS				
Current assets:				
Cash and cash equivalent	$ 789,814	$ 1,414,425	$ -	$ 2,204,239
Interest receivable	6	28	-	34
Accounts receivable (net of allowance for uncollectibles)	78,491	24,082	-	102,573
Intergovernmental receivable	-	-	41,159	41,159
Prepaid Expenses	29,140	5,681	-	34,821
Total current assets	**897,451**	**1,444,216**	**41,159**	**2,382,826**
Noncurrent assets:				
Restricted cash, cash equivalents, and investments:				
Customer deposits	93,586	19,605	-	113,191
Total restricted assets	**93,586**	**19,605**	**-**	**113,191**
Capital assets:				
Land	33,646	-	-	33,646
Buildings	24,924	-	-	24,924
Closing cost	70,000	-	-	70,000
Construction in progress	8,000	100,000	-	108,000
Improvements other than buildings	8,083	800	-	8,883
Machinery and equipment	355,779	148,923	-	504,702
Infrastructure	15,853,705	480,906	-	16,334,611
Less accumulated depreciation and amoritization	(3,742,457)	(529,715)	-	(4,272,172)
Total capital assets (net of accumulated depreciation)	**12,611,680**	**200,914**	**-**	**12,812,594**
Total noncurrent assets	**12,705,266**	**220,519**	**-**	**12,925,785**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	7,498	-	-	7,498
Total of outflows of resources	**7,498**	**-**	**-**	**7,498**
Total assets and deferred outflows of resources	**$ 13,610,215**	**$ 1,664,735**	**$ 41,159**	**$ 15,316,109**

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2017

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
LIABILITIES				
Current liabilities:				
Accounts payable	$ 8,681	$ 10,781	$ -	$ 19,462
Bank Overdraft	-	-	2,120	2,120
Accrued expenses	-	-	32,000	32,000
Accrued interest payable	13,506	2	-	13,508
Lease payable- current	5,925	2,962	-	8,887
Notes payable - current	271,198	-	-	271,198
Total current liabilities	**299,310**	**13,745**	**34,120**	**347,175**
Noncurrent liabilities payable from restricted assets:				
Customer deposits payable	93,586	19,605	-	113,191
Total noncurrent liabilities payable from from restricted assets	**93,586**	**19,605**	**-**	**113,191**
Noncurrent liabilities:				
Compensated Absences	3,412	3,411	-	6,823
Notes payable	5,227,037	-	-	5,227,037
Total noncurrent liabilities	**5,230,449**	**3,411**	**-**	**5,233,860**
Total liabilities	**5,623,345**	**36,761**	**34,120**	**5,694,226**
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension	14,329	-	-	14,329
Net Pension Obligation	17,099	-	-	17,099
Total deferred inflows of resources	**31,428**	**-**	**-**	**31,428**
Total liabiliites and deferred inflows of resources	**5,654,773**	**36,761**	**34,120**	**5,725,654**
NET POSITION				
Net investment in capital assets	7,107,520	197,952	-	7,305,472
Unrestricted	847,922	1,430,022	7,039	2,284,983
Total net position	**7,955,442**	**1,627,974**	**7,039**	**9,590,455**
Total liabilities, deferred inflows of resources & net position	**$ 13,610,215**	**$ 1,664,735**	**$ 41,159**	**$ 15,316,109**

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
Operating revenues:				
Charges for sales and services:				
Water sales	$ 444,326	$ -	$ -	$ 444,326
Sewer sales	457,770	-	-	457,770
Tap fees	7,975	-	-	7,975
Gas sales	-	375,874	-	375,874
Other services	58,565	-	-	58,565
Total operating revenues	**968,636**	**375,874**	**-**	**1,344,510**
Operating expenses:				
Costs of sales and services	237,182	198,554	-	435,736
Administration	41,910	77,307	-	119,217
Depreciation	336,559	13,946	-	350,505
Total operating expenses	**615,651**	**289,807**	**-**	**905,458**
Operating income	**352,985**	**86,067**	**-**	**439,052**
Nonoperating revenues (expenses):				
Investment earnings	1,983	3,037	-	5,020
Interest expense	(165,789)	(117)	-	(165,906)
Total nonoperating revenue (expense)	**(163,806)**	**2,920**	**-**	**(160,886)**
Income before contributions and transfers	**189,179**	**88,987**	**-**	**278,166**
Intergovernmental income	211,461	-	-	211,461
Transfers	(50,000)	(300,000)	-	(350,000)
Change in net position	**350,640**	**(211,013)**	**-**	**139,627**
Total net position - beginning	**7,652,516**	**1,859,187**	**7,039**	**9,518,742**
Prior period adjustment	**(47,714)**	**(20,200)**	**-**	**(67,914)**
Total net position - as restated	**7,604,802**	**1,838,987**	**7,039**	**9,450,828**
Total net position - ending	**$ 7,955,442**	**$ 1,627,974**	**$ 7,039**	**$ 9,590,455**

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

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	Business-type Activities-Enterprise Funds			
	Major Funds			
	Water and Sewer Fund	Gas Fund	Solid Waste Fund	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 982,524	$ 374,235	$ 5,378	$ 1,362,137
Payments to suppliers	(349,012)	(216,895)	-	(565,907)
Payments to employees	(41,910)	(77,307)	-	(119,217)
Net cash provided (used) by operating activities	**591,602**	**80,033**	**5,378**	**677,013**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to other funds	(50,000)	(300,000)	-	(350,000)
Net cash provided by noncapital and related financing activities	**(50,000)**	**(300,000)**	**-**	**(350,000)**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(223,683)	-	-	(223,683)
Proceeds from grants	211,461	-	-	211,461
Principal paid on capital debt	(272,160)	(4,362)	-	(276,522)
Interest paid on capital debt	(165,789)	(117)	-	(165,906)
Net cash used by capital and related financing activities	**(450,171)**	**(4,479)**	**-**	**(454,650)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Cashing in CD	293,215	191,161	-	484,376
Interest and dividends received	2,337	3,037	-	5,374
Net cash provided by investing activities	**295,552**	**194,198**	**-**	**489,750**
Net increase (decrease) in cash and cash equivalents	**386,983**	**(30,248)**	**5,378**	**362,113**
Cash and cash equivalents - beginning of year	496,417	1,464,278	(7,498)	1,953,197
Cash and cash equivalents - ending of year (Including $93,586 and $19,605 for restricted cash in the water/sewer and gas funds respectively.)	**$ 883,400**	**$ 1,434,030**	**$ (2,120)**	**$ 2,315,310**
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	$ 352,985	$ 86,067	$ -	$ 439,052
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	336,559	13,946	-	350,505
(Increase) decrease in accounts receivable	(4,063)	(1,939)	5,378	(624)
(Increase) decrease in other receivable	-	-	-	-
(Increase) decrease in prepaid items	(9,329)	(86)	-	(9,415)
Increase (decrease) in customer deposits	17,951	300	-	18,251
Increase (decrease) in accounts payable	(4,895)	2,583	-	(2,312)
Increase (decrease) in compensated absences	(318)	(318)	-	(636)
Increase (decrease) in accrued expenses	(97,288)	(20,520)	-	(117,808)
Total adjustments	**238,617**	**(6,034)**	**5,378**	**237,961**
Net cash provided (used) by operating activities	**$ 591,602**	**$ 80,033**	**$ 5,378**	**$ 677,013**

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Donalsonville is a municipal corporation governed by an elected mayor and six-member council and provides the following services: public safety, highways and streets, culture and recreation, public improvements and general and administrative services. In addition, the City operates public utilities (water, sewer, natural gas and sanitation).

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely Presented Component Units. The Downtown Development Authority of Donalsonville assists local merchants with low interest loans for renovations of downtown properties. The authority consists of a board of seven directors appointed by the City Council. The authority is dependent upon the City at this time for revenue, and the City contributes one-half of the motel and hotel tax collected. The authority is presented as a governmental fund type. Separate financial statements may be obtained by contacting: Downtown Development Authority, P.O. Box 308, Donalsonville, Georgia 39845.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

The City does not allocate indirect costs.

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.

C. Measurement focus, basis of accounting and financing statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The water and sewer fund operates the water distribution system, the sewer treatment plant, sewage pumping stations and collection systems, and the sanitation collection within the City.

The gas fund operates the distribution of natural gas to the City residents.

The solid waste fund does not meet the qualifications for a major fund, but management elected to treat it as a major fund, as it is the only remaining proprietary fund. This Fund accounts for the expenses associated with the closure of a landfill and the revenues received from the city and county for these expenses per their agreement.

The government reports the following nonmajor governmental funds:

The *hotel/motel tax fund* is the government's only special revenue fund. This fund accounts for all hotel/motel tax revenue received and the accompanying expenditures.

The *SPLOST III fund* is the government's nonmajor capital project fund. This fund accounts for capital assets purchased by Seminole County for the City of Donalsonville using SPLOST funds or transfers of the City's portion.

The *SPLOST IV fund* is the government's nonmajor capital project fund. This fund accounts for all SPLOST revenue and the accompanying capital outlay.

The *SPLOST V fund* is the government's nonmajor capital project fund. This fund accounts for all SPLOST revenue and the accompanying capital outlay.

The *CHIP fund* is the government's nonmajor capital project fund. This fund accounts for all CHIP revenue and the accompanying expenditures.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function, gas function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and net position or equity

1. Deposits and investments

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

The City has authorized its governing officials to maintain deposit investments with financial institutions. There were no legal or contractual violations in regard to these investments during the year.

Investments are stated at cost or amortized cost.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied as of the first day of October each year and are payable by December 21. Property taxes are recognized in income in October upon completion of the tax digest. At May 31, 2017, uncollected property taxes amounted to $59,022. The City estimates that substantially all of the remaining balances will be received in the subsequent period. After December 21, applicable property will be subject to liens, penalty and interest.

3. Inventories and prepaid items

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and proprietary fund financial statements. In the governmental fund statements those prepaid are recognized when purchased.

Prepaid expenses of the City consist of insurance expenses. The City had prepaid insurance expenses totaling $170,287.

4. Restricted assets

The City of Donalsonville's restricted assets are cash. They consist of customer deposits and confiscated funds held for the use of the Police Department.

5. 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 had historical cost records of its infrastructure, thereby allowing us to record infrastructure acquired prior to implementing Statement 34. Capital assets are defined by the government as assets with an individual cost of $1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lines:

Assets	Years
Buildings	40 years
Building improvements	20 years
Improvements other than buildings	20-50 years
Public domain infrastructure	50 years
System infrastructure	30 years
Machinery and equipment	3 to 20 years
Trucks and tractors	4 to 10 years
Office equipment	5 to 15 years

6. Compensated absences

It is the government'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 government. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements.

7. 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Categories and classifications of Fund Balance

The City has implemented GASB 54 during fiscal year 2012 [Note IV. H. Fund Balance Determinations and Classifications]. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned and Unassigned.

9. Net Position

Net investment in capital assets, net of related debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of assets.

Restricted – This amount is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

Unrestricted – This amount is all net position that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net position".

10. Deferred Inflows/Outflows of Resources

In addition to liabilities, the statement of financial position reports 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 period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one of these items. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

11. Comparative data/reclassifications

Comparative total data for the prior year have not been presented.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds. The City's annual budget is prepared based on anticipated revenues and appropriated expenditures. Revenue anticipations, generally conservative, are designed to help insure fiscal responsibility and maintain a balanced budget. Sums sufficient to provide for debt service may not be diverted to any other purpose by the Mayor and the Council. The budget is prepared by fund and department. The legal level of budgetary control is the department level. Transfers between departments require approval of governing council.

According to the Charter and Code of the City, the City Manager has the responsibility for developing both the annual budget and capital budget for the city, which is done in conjunction with input and assistance from the City Clerk. These two budgets are developed separately, and then combined into one budget document, with the budgets for capital expenditures being incorporated as line items in the budget for each general government department.

The budget process begins shortly after the results for the third quarter of the fiscal year are determined, usually in early March. Budget proposals or development forms are issued to department heads for those departments where the budget is developed outside City Hall, along with budget results for the department for the first three quarters of the year. The department heads then compare the performance numbers for their respective departments for the current fiscal year, along with the results of the last quarter of the previous fiscal year to their annual budget expenditures, and from that comparison they structure their budgets and make projections of budget and capital needs for the next fiscal year. When they have completed their projections, they return the budget development forms to the City Manager's office at City Hall.

The City Manager is, during this same period of time, completing the budget development forms for those sections of the budget that are developed within City Hall, such as revenues and general government expenditures, using comparative numbers and information from a budget development file maintained in City Hall where pertinent data is filed as it is gathered throughout the year. The City Manager must also compute the requirements for all sections of the budget dealing with lease/purchase and capital outlays or expenditures.

When the budget development forms for all departments have been turned in to, or completed by City Hall, they are combined into a draft budget document. At this point in the process, usually in early April, budget meetings are held with each department head to discuss their projected budget needs. This step is often completed when the budget development forms are returned. If it is determined during these meetings that adjustments need to be made to any line item in the budget, those adjustments are made

and total projected budget expenditures are recalculated and compared with projected revenues to determine the projected ad valorem tax requirements. The projected ad valorem tax requirement is entered as a line item in the revenue section of the general fund budget. The completed document becomes the first draft of a proposed City budget for the next fiscal year.

When the proposed budget for the next fiscal year is completed, it is reproduced in quantity and distributed to the Mayor and Council for their review and study. Next, the first public hearing for the proposed budget is scheduled to review the budget and receive public input into the budgeting process. This is usually done in mid-to-late April. After this hearing is held, and input is received from both the public and the Mayor and Council, further refinements and helpful suggestions are incorporated and the second draft budget document is produced and distributed to the Mayor and Council. Of course, copies of the budget at each stage of the budget process are available for public review at City Hall at all times. Next, a final budget hearing is scheduled and advertised. When possible, this hearing is held in conjunction with the regularly scheduled meeting of the Mayor and Council in May. At this hearing, any final public input is received, and final refinements or changes to the budget are made by the Mayor and Council, after which the budget is adopted as the official budget for the City for the upcoming fiscal year which begins on June 1st of each year. Any changes to the budget thereafter must be adopted as amendments to the official city budget.

Encumbrance accounting is employed in governmental funds. Encumbrances recognize purchase orders, contracts, and other commitments for expenditures not fully expended at year end. The City's outstanding encumbrances do not constitute expenditures or liabilities. The commitments will be re-appropriated and honored during the subsequent year.

B. Deficit Fund Balance

All funds operated by the City of Donalsonville, Georgia had a positive fund balance as of May 31, 2017.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At year end, the City of Donalsonville's carrying amount of deposits was $3,795,822 and the bank balance was $4,042,593. All deposits are entirely insured or collateralized. Of the bank balance, $500,000 was covered by federal depository insurance. The remaining balance of $3,542,593 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and $0 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name.

The following ties the carrying amounts to the Statement of Net Position:

Cash & cash equivalents	$	3,683,143
Restricted cash		113,462
Total Statement of Net Position	$	3,796,605
Less:		
Cash on hand		(783)
Total carrying amount	$	3,795,822

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B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds and major business-type funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables of the General Fund, Water and Sewer Fund and the Gas Fund are reported net of uncollectible amounts. Total uncollectible amounts related to receivables of the current period are as follows:

	Governmental				Business-type		
	General Fund	SPLOST V Fund	CHIP Grant Fund	Hotel/Motel Fund	Water & Sewer Fund	Gas Fund	Solid Waste Fund
Receivables:							
Interest	$ -	$ -	$ -	$ -	$ 6	$ 28	$ -
Taxes	129,504	-	-	2,054	-	-	-
Accounts	45,867	-	-	-	78,491	24,082	-
Intergovernmental	-	24,070	69,675	-	-	-	41,159
Other	2,420	-	-	-	-	-	-
Gross receivables	177,791	24,070	69,675	2,054	78,497	24,110	41,159
Net total receivables	$ 177,791	$ 24,070	$ 69,675	$ 2,054	$ 78,497	$ 24,110	$ 41,159

C. Capital assets

Capital assets for the year ended May 31, 2017 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets,not being depreciated:				
Land	$ 399,917	$ -	$ -	$ 399,917
Construction in progress	228,396	257,228	-	485,624
Total capital assets, not being depreciated	628,313	257,228	-	885,541
Capital assets, being depreciated:				
Buildings	655,409	-	-	655,409
Improvements other than buildings	280,977	-	-	280,977
Machinery and equipment	2,478,299	307,289	-	2,785,588
Infrastructure	2,356,300	130,216	-	2,486,516
Total capital assets being depreciated	5,770,985	437,505	-	6,208,490
Less accumulated depreciation for:				
Buildings	(407,006)	(15,363)	-	(422,369)
Improvements other than buildings	(132,985)	(9,525)	-	(142,510)
Machinery and equipment	(1,957,799)	(194,861)	-	(2,152,660)
Infrastructure	(1,077,771)	(81,987)	-	(1,159,758)
Total accumulated depreciation	(3,575,561)	(301,736)	-	(3,877,297)
Total capital assets, being depreciated, net	2,195,424	135,769	-	2,331,193
Governmental activities capital assets, net	$ 2,823,737	$ 392,997	$ -	$ 3,216,734

	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Business-type activities:				
Capital assets,not being depreciated:				
Land	$ 33,646	$ -	$ -	$ 33,646
Construction in progress	398,775	8,000	(298,775)	108,000
Total capital assets, not being depreciated	432,421	8,000	(298,775)	141,646
Capital assets, being depreciated:				
Buildings	24,924	-	-	24,924
Improvements other than buildings	8,883	-	-	8,883
Machinery and equipment	504,702	-	-	504,702
Infrastructure	15,890,153	514,458	-	16,404,611
Total capital assets being depreciated	16,428,662	514,458	-	16,943,120
Less accumulated depreciation for:				
Buildings	(24,663)	(25)	-	(24,688)
Improvements other than buildings	(7,341)	(181)	-	(7,522)
Machinery and equipment	(412,976)	(18,144)	-	(431,120)
Infrastructure	(3,476,687)	(332,155)	-	(3,808,842)
Total accumulated depreciation	(3,921,667)	(350,505)	-	(4,272,172)
Total capital assets, being depreciated, net	12,506,995	163,953	-	12,670,948
Business-type activities capital assets, net	$ 12,939,416	$ 171,953	$ (298,775)	$ 12,812,594

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

Governmental activities:	
General government	$ 43,889
Public safety	112,860
Highways and streets, including depreciaiton of general infrastructure asets	132,520
Sanitation	10,791
Culture and recreation	1,676
Total depreciation expense-governmental activities	$ 301,736
Business-type activities:	
Water/Sewer Fund	$ 336,559
Gas Fund	13,946
Total depreciation expense-business-type activities	$ 350,505

D. Interfund receivables, payables and transfers

There was an interfund transfer between the General Fund and Gas Fund for general operating purposes.

This activity is as follows:

	Transfer In	Transfer Out
General Fund:		
General	$ 350,000	$ -
Proprietary Fund:		
Water & Sewer	-	50,000
Gas	-	300,000
	$ 350,000	$ 350,000

The City uses inter-fund receivables/payables for general operating purposes. These inter-fund receivables/payables were repaid after fiscal year end.

The composition of interfund balances as of May 31, 2017 is as follows:

	Interfund Receivable (Due From)	Interfund Payable (Due To)
General Fund:		
General	$ 100	$ 91,689
CHIP Grant Fund	-	100
SPLOST III	91,689	-
	$ 91,789	$ 91,789

E. Leases

Operating Leases

The city has no operating leases at year ended May 31, 2017.

Capital Leases

The City of Donalsonville has two (2) lease agreements as lessee for financing the acquisition of a John Deere Backhoe and a security camera system. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The City of Donalsonville has (1) lease agreement as lessee for financing the acquisition of equipment. The amount of the lease shall not exceed $600,000 which is available for advance up to December 10, 2017. Each advance will bear an interest rate of 2.24% per annum beginning on the date of each such advance, calculated on the basis of a year of 360 days and the actual number of days elapsed. Beginning on January 10, 2018, and on the same day of each month until January 10, 2023, the Lessee will make monthly payments of principal of the lease amount and interest on the lease amount at 70% of the Wall Street Journal prime rate or such other national publication selected by the lessor that quotes a standard rate if the Wall Street Journal is no longer published. On December 10, 2017 the “Term Interest Portion” and together with the Purchase Period Interest Portion, the “Interest Component”, in equal amortized installments (except for the final payment which may be a different amount), until the lease amount is paid in full. The final installment, if not sooner paid, shall be due and payable on January 10, 2023. As of May 31, 2017, $85,093 has been drawn for police cars.

The assets acquired through capital leases for various funds are as follows:

	Governmental Activities	Water/Sewer Fund Activities	Gas Fund Activities
Asset:			
Machinery and equipment	$ 452,634	$ 108,046	$ 25,517
Less: accumulated depreciation	(409,258)	(60,889)	(11,483)
Total	$ 43,376	$ 47,157	$ 14,034
Current FY Depreciation	$ 19,612	$ 10,182	$ 2,552

Governmental Activities

One (1) John Deere Backhoe- 25%

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the minimum lease payments.

Fiscal Year	Total	Principal	Interest
2018	$ 2,987	$ 2,963	$ 24
Total	$ 2,987	$ 2,963	$ 24

One (1) Security Camera System

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the minimum lease payments.

Fiscal Year	Total	Principal	Interest
2018	$ 16,279	$ 15,849	$ 430
Total	$ 16,279	$ 15,849	$ 430

Total capital leases – governmental activities $18,812

Business-type Activities

One (1) John Deere Backhoe- 75%

The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the minimum lease payments.

Fiscal Year	Total	Principal	Interest
2018	$ 8,962	$ 8,887	$ 75
Total	$ 8,962	$ 8,887	$ 75

Total capital leases – business-type activities $8,887

F. Long-term debt

General Obligation Bonds

The city has no outstanding bonds at year ended May 31, 2017.

Notes payable

The City of Donalsonville has five (5) notes payable. One is by resolution of the City Council to the United States Department of Agriculture, and three are by resolution of the City Council to the Georgia Environmental Facilities Authority

Governmental Activities

Note one is dated December 13, 2013 in the principal amount of $55,300 and was used for the purchase of three (3) police cars. The note bears an interest rate of 3.50% and is payable in 5 yearly installments of

$12,249. During the 2015-2016 fiscal year, one of these police cars was wrecked and the insurance proceeds went directly to principal in the amount of $17,246.25.

Annual debt requirements to maturity on Note one, including $111 of interest, are as follows:

Fiscal Year	Total	Principal	Interest
2018	$ 5,751	$ 5,591	$ 160
Total	$ 5,751	$ 5,591	$ 160

Total notes payable – governmental activities $5,591

Business-type Activities

Note one is dated September 1, 2008 in the principal amount of $383,895, and is being used for rehabilitation to the City's sewer main system. The note bears an interest rate of 2.88% and is payable in 240 monthly payments of $2,106.

Fiscal Year	Total	Principal	Interest
2018	$ 25,273	$ 18,485	$ 6,788
2019	25,273	18,998	6,275
2020	25,273	19,580	5,693
2021	25,273	20,151	5,122
2022	25,273	20,739	4,534
2023-2027	126,365	113,135	13,230
2028-2029	33,674	32,998	676
Total	$ 286,404	$ 244,086	$ 42,318

Note two was originally dated March 8, 2010 and then converted on June 1, 2011 to an amortizing loan in the principal amount of $159,074, and was used for rehabilitation to the City's sewer main system. The note bears an interest rate of 3.00% and is payable in 180 monthly payments of $1,099.

Fiscal Year	Total	Principal	Interest
2018	$ 13,183	$ 10,181	$ 3,002
2019	13,182	10,490	2,692
2020	13,182	10,809	2,373
2021	13,182	11,138	2,044
2022	13,182	11,477	1,705
2023-2027	53,829	50,603	3,226
Total	$ 119,740	$ 104,698	$ 15,042

Note three is dated February 2, 2012 and then converted on June 1, 2014 to an amortizing loan in the principal amount of $5,500,000, and was used for the construction of the Waste Pollution Control Plant. The note bears an interest rate of 3.00% and is payable in 240 monthly payments of $30,502.87.

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Fiscal Year	Total	Principal	Interest
2018	$ 366,034	$ 222,435	$ 143,599
2019	366,034	229,201	136,833
2020	366,034	236,172	129,862
2021	366,034	243,356	122,678
2022	366,034	250,758	115,276
2023-2027	1,830,172	1,372,941	457,231
2028-2032	1,830,172	1,594,831	235,341
2033-2035	762,571	738,336	24,235
Total	$ 6,253,085	$ 4,888,030	$ 1,365,055

Note four was originally dated March 20, 2012 and then converted on January 1, 2014 to an amortizing loan in the principal amount of $325,583, and was used for the conversion of the existing water meters to a radio read system is rehabilitation to the City's sewer main system. The note bears an interest rate of 2.00% and is payable in 179 monthly payments of $2,095.

Fiscal Year	Total	Principal	Interest
2018	$ 25,141	$ 20,097	$ 5,044
2019	25,141	20,503	4,638
2020	25,141	20,916	4,225
2021	25,141	21,339	3,802
2022	25,141	21,769	3,372
2023-2027	125,709	115,618	10,091
2028-2029	41,903	41,179	724
Total	$ 293,317	$ 261,421	$ 31,896

Changes in long-term liabilities

During the year ended May 31, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 46,933	$ 59,192	$ (61,338)	$ 44,787	$ -
Capital lease not in re-payment	-	85,093	-	85,093	-
Capital leases	38,580	-	(19,768)	18,812	18,812
Notes payable	17,593	-	(12,002)	5,591	5,591
Post closure costs Note V.H.	12,800	-	-	12,800	-
Governmental activities Long-term liabilities	$ 115,906	$ 144,285	$ (93,108)	$ 167,083	$ 24,403
Business-type activities:					
Compensated absences	$ 7,459	$ 57,684	$ (58,320)	$ 6,823	$ -
Lease payable	21,972	-	(13,085)	8,887	8,887
Notes payable	5,761,672	-	(263,437)	5,498,235	271,198
Business-type activities Long-term liabilities	$ 5,791,103	$ 57,684	$ (334,842)	$ 5,513,945	$ 280,085

Compensated absences and post closure costs of the City's governmental funds will generally be liquidated by the general fund. Long-term liabilities of the business-type activities will generally be paid from the fund that incurred the liability.

H. Restricted asset

There is no restrictions of net position.

The balances of the City's restricted asset accounts are as follows:

Customer deposit	$	113,191
Police department		271
Total restricted assets	$	113,462

I. Fund balance determination and classification

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" established that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Restricted or committed specific revenue sources should comprise a substantial portion of the fund's resources. If revenues are initially received in another fund, they should not be reported as revenues in the fund receiving them; instead, they should be recognized in the special revenue fund where they will be spent. *The proceeds from these special revenue sources should be expected to continue to comprise a substantial portion of inflows.*

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. Capital projects' funds exclude those types of capital related outflows financed by proprietary funds.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The following classifications are used by the City:

General, Special Revenue and Capital Project Funds:

Restricted Fund Balance: the portion of a fund balance that reflects constraints placed on the use of resources other than nonspendable items that are either externally imposed by creditors {debt agreements, grantors, contributors, or laws or regulations of other governments}, or be imposed by law through constitutional provisions or enabling legislation.

Unassigned Fund Balance: that portion of a fund balance that includes amounts that do not fall into one of the above categories. The General Fund is the only fund that should report a positive unassigned balance.

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balance, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds. The City does not have a formal minimum fund balance policy.

The composition of the Restricted Classification is as follows:

Special Programs Classification: Restricted Fund Balances

	General Fund	Nonmajor Governmental Funds	Total
Special Programs:			
Hotel/Motel Fund	$ -	$ 8,503	$ 8,503
Total special programs	$ -	$ 8,503	$ 8,503

Construction and Capital Outlay: Restricted Fund Balance

	General Fund	Nonmajor Governmental Funds	Total
Construction and Capital Outlay:			
SPLOST III	$ -	$ 41,142	$ 41,142
SPLOST IV	-	298,162	298,162
SPLOST V	-	235,685	235,685
Total construction and capital outlay	$ -	$ 574,989	$ 574,989

IV. OTHER INFORMATION

A. Risk Management

The City of Donalsonville is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, 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 issued, all incidents which could result in the fund 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 events of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.
The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:	
Buildings and Contents (Blanket)	$12,564,200
Automobile Physical Damage	Per Application on file with GIRMA
COVERAGE DESCRIPTION – CASUALTY:	
Comprehensive General Liability	$1,000,000
Law Enforcement Liability	$1,000,000

Automobile Liability	$1,000,000
Errors and Omissions (Public Officials) Liability	$1,000,000
Employee Benefits Liability	$1,000,000

COVERAGE DESCRIPTION – CRIME:

Blanket Bond	$500,000
Depositors Forgery	$500,000
Money and Securities – Loss Inside & Outside the Premises	$500,000

DEDUCTIBLE:
All coverages are subject to a per occurrence deductible of $1,000

COVERAGE EXCEPTIONS:
None

COVERAGES SUBJECT TO A RETROACTIVE DATE: (unless stated otherwise in the Coverage Exceptions)

Public Officials Liability	12/01/87
Employee Benefits Liability	12/01/87
Pollution Liability	12/01/87

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

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

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agent's reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.

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

The City of Donalsonville retains the first $1,000 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 $1,000 deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

During the year ended May 31, 2017, the City paid one (1) claim (up to the $1,000 deductible) totaling $105. The City has not compiled a record of the claims paid up to the $1,000 deductible for the prior years. The City is not aware of any claims which the City is liable for (up to the $1,000) which were outstanding and unpaid at May 31, 2017. No provisions have been made in the financial statements for the year ended May 31, 2017 for any estimate of potential unpaid claims.

The City of Donalsonville provides worker's compensation for its employees through GMA.

The City of Donalsonville also provides health insurance coverage for its employees through the Georgia Municipal Employees Benefit System (GMEBS).

B. Related Party Transaction

The City has no outstanding contracts with any related parties.

C. Subsequent Events

There are no significant subsequent events that the City is aware of as of the date of the audit report.

D. Joint Ventures

The City is currently involved in a joint venture with Seminole County, Georgia for the operation of the Donalsonville-Seminole County Airport. The airport is financially independent of the City and County, and the governments do not retain an equity interest in the airport. All real estate is owned equally by the City and County governments, with the City's respective portion included in its capital assets. A copy of the joint venture's separate financial statements can be obtained from:

Christina Corvers, Secretary/Treasurer
P.O. Box 308
Donalsonville, Georgia

Under Georgia law, the County, in conjunction with other cities and counties in the eight-county west central Georgia area, is a member of the Southwest Georgia Regional Commission (SWGARC) and is required to pay annual dues thereto. During its year ended May 31, 2017, the city paid $3,058 in such dues. Membership in SWGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the SWGARC in Georgia. The SWGARC 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 SWGARC. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
P.O. Box 346
Camilla, Georgia 31730-0346

E. Employee retirement systems and pension plans

Plan description. The City maintains an agent multiple employee defined benefit pension plan with the Georgia Municipal Employees Benefit System (GMEBS). The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Participation in the plan was approved by resolution of the City Council. The benefits provided by the plan, as well as the obligation to contribute to the plan, can only be amended by the approval of the City Council. Employees are not required to contribute to the plan. The Plan is not included in the City's financial statement. A financial report is available by contacting Towers Perrin, Atlanta, Georgia.

The City also participates in the State of Georgia Police Officer's Annuity Program. The City makes no contribution to this plan. Contributions are collected by the City as an agent for this fund through its municipal court system. This plan is administered through the State and is not included in the City's financial statements.

Funding Policy. The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in paragraphs 9 – 10 of GASB statement 27. These contributions are determined under the projected unit credit actuarial cost method. The annual recommended contribution is the sum of the normal cost and the level dollar amortization of the unfunded actuarial liability. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period varies for the bases, with a net effective amortization period of 10 years. The current rate of contribution for the City is 8.38% of annual covered payroll. Annual covered payroll for May 31, 2017 was $1,339,942.

Net Investment Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of May 31, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	45.00%	6.71%
International equity	20.00%	7.71%
Real estate	10.00%	5.21%
Global Fixed income	5.00%	3.36%
Domestic Fixed income	20.00%	2.11%
Cash	0.00%	
Total	100.00%	

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

Significant actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

The significant actuarial assumptions used in the current valuation, as of July 1, 2017 are:

Net Investment Rate of Return	7.75 % per year
Projected Salary Increases	3.25 % plus service based merit
Cost of living adjustment	0.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonable reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

Net Pension Liability. The components of the net pension liability of participating entities were as follows:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a)-(b)
Balance at May 31, 2016 *	$ 3,382,729	$ 2,750,570	$ 632,159
Changes for the year:			
Service Cost	68,145	-	68,145
Interest	254,974	-	254,974
Difference between expected and actual experience	(121,264)	-	(121,264)
Contributions - employer	-	138,429	(138,429)
Contributions - employee	-	-	-
Net Investment Income	-	381,392	(381,392)
Benefit Payments, including refunds of employee contributions	(185,471)	(185,471)	-
Administrative Expense	-	(14,319)	14,319
Other	-	-	-
Net Changes	16,384	320,031	(303,647)
Balance at May 31, 2017 **	$ 3,399,113	$ 3,070,601	$ 328,512

*Entry Age Normal liabilities calculated using ages and service months as of July 1, 2016 are used to measure TPL as of May 31, 2016. The balances as of May 31, 2016 constitute measurements of the NPL for the fiscal year ending May 31, 2017.
**Entry Age Normal liabilities calculated using ages and service months as of July 1, 2017 are used to measure TPL as of May 31, 2017. The balances as of May 31, 2017 constitute measurements of the NPL for the fiscal year ending May 31, 2018.

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 709,671	$ 328,512	$ 3,542

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

Pension expense for the year ended May 31, 2018.

Service Cost	$ 68,145
Interest on TPL	254,974
Employee contributions	-
Administrative expenses	14,319
Expected return on assets	(210,791)
Expensed portion of current year period differences between expected and actual experience in TPL	(30,316)
Expensed portion of current year period assumption changes	-
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(34,121)
Current year recognition of deferred inflows and outflows established in prior years	24,664
Total expense	$ 86,874

Deferred outflows/inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and acutal experience	$ 6,589	$ (106,960)
Changes in assumptions	-	(7,624)
Net differences between projected and actual earnings on pension plan investments.	-	(23,250)
Total	$ 6,589	$ (137,834)

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

Projected recognition of deferred outflows/(inflows).

	Year Established	Outstanding Balance at June 1, 2017	Amount Recognized During FYE May 31, 2018	Outstanding Balance at May 31, 2018
Fiscal Year Outflows				
Demographic	2016	$ 13,178	$ 6,589	$ 6,589
Investment	2017	183,280	45,820	137,460
Total Outflows		196,458	52,409	144,049
Fiscal Year Inflows				
Investment	2016	(36,345)	(12,115)	(24,230)
Assumption Change	2016	(15,248)	(7,624)	(7,624)
Demographic	2017	(24,018)	(8,006)	(16,012)
Demographic	2018	(121,264)	(30,316)	(90,948)
Investment	2018	(170,601)	(34,121)	(136,480)
Total Inflows		(367,476)	(92,182)	(275,294)
Total		$ (171,018)	$ (39,773)	$ (131,245)

Deferred Outflows/(Inflows) Recognized in Future Years

	2019	2020	2021	2022
Fiscal Year Outflows				
Demographic	$ 6,589	$ -	$ -	$ -
Investment	45,820	45,820	45,820	-
Total Outflows	52,409	45,820	45,820	-
Fiscal Year Inflows				
Investment	(12,115)	(12,115)	-	-
Assumption Change	(7,624)	-	-	-
Demographic	(8,006)	(8,006)	-	-
Demographic	(30,316)	(30,316)	(30,316)	-
Investment	(34,120)	(34,120)	(34,120)	(34,120)
Total Inflows	(92,181)	(84,557)	(64,436)	(34,120)
Total	$ (39,772)	$ (38,737)	$ (18,616)	$ (34,120)

Table of Plan Coverage as of Valuation Date

Category	For Valuation as of July 1, 2017	For Valuation as of July 1, 2016	Change From Prior Year
Active participants in valuation			
Number of employees	38	39	-2.6%
Number of elected officials	7	7	0.0%
Average age	47.6	48.2	N/A
Average service	9.5	10.1	N/A
Total valuation payroll	$ 1,339,942	$ 1,330,209	70.0%
Average valuation payroll	35,262	34,108	3.4%
Account balances	N/A	N/A	N/A
Total active vested participants	29	29	0.0%
Vested terminated participants	18	15	20.0%
Retired participants			
Number in pay status	16	16	0.0%
Average age	73.8	74.5	N/A
Average monthly benefit	$ 860	$ 823	4.5%
Disabled participants			
Number in pay status	1	1	0.0%
Average age	63	62	N/A
Average monthly benefit	$ 1,108	$ 1,108	0.0%
Beneficiaries	7	9	-22.2%

F. Community Development Block Grant

The City received a community development block grant in the amount of $468,727 dated September 5, 2014 for water and sewer improvements. During the fiscal year ended May 31, 2017, there were expenditures of $203,461.

The City received a community development block grant in the amount of $500,000 dated October 7, 2017 for water system improvements. During the fiscal year ended May 31, 2017, there were expenditures of $8,000.

Grant revenues and expenditures were audited in accordance with standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States.

G. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its solid waste landfill and to perform certain maintenance and monitoring functions at the site for a period of five years. This 5-year period is an exception to the 30-year period for monitoring landfills granted to those sites which are not contaminating groundwater and which cease to accept solid waste as of April 8, 1994. The City qualified for this exception. Although closure and postclosure care costs will be paid after the date that the landfill stopped accepting waste, the City reports a portion of these costs as an operating expense in this fiscal year, and the balance of the current estimated closure and postclosure costs are recorded as a liability in the Solid Waste Fund, an Enterprise Fund of the City. Estimates must be used and these estimates may change on account of a variety of factors including inflation or deflation, technology, or applicable laws or regulations.

The City and Seminole County, Georgia have an agreement in which the County contributes 60% of the closure and post-closure cost. An intergovernmental receivable is recorded for 60% of the current estimated cost.

The current estimated closure and post-closure cost at May 31, 2017 for the governmental fund is $12,800. No capacity remains to calculate the annual accrual due to the closure of the landfill.

H. Motel/Hotel Tax

The City of Donalsonville collected 5% motel taxes and is in compliance with OCGA 48-13-51. The City collected $28,301 in taxes and expended $35,297 for economic development, which is 24% more than taxes collected.

I. Prior Period Adjustment

The City of Donalsonville had previously posted the City's contributed portion of the Health Insurance to a Payroll Clearing Fund dating back to 2012. The city portion of the contribution was hitting both the Payroll Clearing Fund and the bank account line item in such a way in the program that it lead the city to believe it was canceling out with no real net effect on the cash balance. After realizing this balance was continuing to grow each month and was reaching a large balance, an investigation was conducted. This investigation included tracing of transaction and consultation with the computer software company. The result of this investigation indicates that this was a computer setup related issue and was promptly corrected. A restatement to the June 1, 2016 beginning net position was required to recognize this change. The resulting adjustment is as follows:

	Governmental Activites	Business-Type Activities
Beginning net position, June 1, 2016, as previously reported	$ 4,372,985	$ 9,518,742
Prior Period Adjustment	(229,840)	(67,914)
Beginning net position, June 1, 2016, as restated	$ 4,143,145	$ 9,450,828

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2017

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2018	2017	2016
Service cost	$ 68,145	$ 60,905	$ 49,358
Interest	254,974	248,392	241,276
Differerences between expected and actual experience	(121,264)	(32,025)	26,355
Changes in benefit terms	-	914	(30,497)
Benefit payments, including refunds of employee contributions	(185,471)	(201,022)	(188,321)
Net change in total pension liability	16,384	77,164	98,171
Total Pension Liability as of beginning	3,382,729	3,305,565	3,207,394
Total Pension Liability as of ending (a)	$ 3,399,113	$ 3,382,729	$ 3,305,565
Employer contributions	$ 138,429	$ 153,584	$ 178,075
Employee contributions (including buyback)	-	-	-
Net investment income	381,392	(12,774)	259,710
Benefit payments, including refunds of employer contributions	(185,471)	(201,022)	(188,321)
Administrative expense	(14,319)	(8,525)	(9,515)
Net Change in fiduciary net position	320,031	(68,737)	239,949
Plan fiduciary net position - beginning	2,750,570	2,819,307	2,579,358
Plan fiduciary net position - ending (b)	$ 3,070,601	$ 2,750,570	$ 2,819,307
Net Pension Liability - ending: (a)-(b)	$ 328,512	$ 632,159	$ 486,258
Plan's fiduciary net position as a percentage of the total pension liability	90.34%	81.31%	85.29%
Covered-employee payroll	$ 1,339,942	$ 1,330,209	$ 1,138,480
Net pension liability as a percentage of covered-employee payroll	24.52%	47.52%	42.71%

Note: This schedule will present 10 years of information once the data is available.

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2017

SCHEDULE OF CONTRIBUTIONS FOR LAST TWO FISCAL YEARS

	2018	2017	
Actuarially determined contribution	*	$ 151,013	
Contributions in relation to the actuarially determined contribution	*	138,429	**
Contribution deficiency (excess)	*	12,584	
Covered-employee payroll	*	1,330,209	***
Contributions as a percentage of covered employee payroll	*	10.41%	

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

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

**** 2017 covered payroll is based on data collected as of February 29, 2016 for the 2016 actuarial valuation.*

CITY OF DONALSONVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN
FOR THE FISCAL YEAR ENDED MAY 31, 2017

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date	The actuarially determined contribution was determined as of July 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending May 31, 2019.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	
age 65-69	60%
70 and over	100%
Mortality	RP-2000-Combined

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Taxes:				
General property taxes				
Real property	$ 964,590	$ 964,590	$ 955,252	$ (9,338)
Motor vehicle	84,000	84,000	85,961	1,961
Mobile home	4,200	4,200	2,833	(1,367)
Real estate transfers/ intangible	4,500	4,500	12,729	8,229
Electric	196,000	196,000	185,859	(10,141)
Cable	22,500	22,500	22,607	107
Telephone	16,000	16,000	15,549	(451)
Total general property taxes	**1,291,790**	**1,291,790**	**1,280,790**	**(11,000)**
General sales and use taxes				
Local option sales and use	310,000	310,000	305,165	(4,835)
Total general sales and use taxes	**310,000**	**310,000**	**305,165**	**(4,835)**
Selective sales and use taxes				
Alcoholic beverage excise	87,000	87,000	94,585	7,585
Total selective sales and use taxes	**87,000**	**87,000**	**94,585**	**7,585**
Business taxes				
Business and occupation	45,100	45,100	42,133	(2,967)
Insurance	152,000	152,000	165,397	13,397
Total business taxes	**197,100**	**197,100**	**207,530**	**10,430**
Penalties and interest on delinquent taxes				
General property - real	5,000	5,000	43,201	38,201
Total penalties and interest on delinquent taxes	**5,000**	**5,000**	**43,201**	**38,201**
Total taxes	**1,890,890**	**1,890,890**	**1,931,271**	**40,381**
Licenses and permits:				
Business licenses and permits				
General business licenses	12,000	12,000	22,588	10,588
Alcoholic beverage licenses	2,000	2,000	-	(2,000)
Total business licenses and permits	**14,000**	**14,000**	**22,588**	**8,588**
Non-business licenses and permits				
Building structures and equipment	13,270	13,270	20,692	7,422
Total non-business licenses and permits	**13,270**	**13,270**	**20,692**	**7,422**
Total licenses and permits	**27,270**	**27,270**	**43,280**	**16,010**

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUE BY SOURCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Intergovernmental revenues:				
State government grants	32,350	194,609	194,609	-
Intergovernmental revenues	**32,350**	**194,609**	**194,609**	**-**
Charges for services:				
Public safety				
Fire Calls	15,000	15,000	-	(15,000)
School crossing guard	3,200	3,200	2,893	(307)
Fire Recovery	2,500	2,500	5,034	2,534
Utilities				
Sanitation fees	588,652	588,652	529,303	(59,349)
Total charges for services	**609,352**	**609,352**	**537,230**	**(72,122)**
Fines and forfeitures:				
Fines	166,000	166,000	50,424	(115,576)
Probation	25,000	25,000	18,940	(6,060)
Total fines and forfeitures	**191,000**	**191,000**	**69,364**	**(121,636)**
Investment income:				
Interest revenue	2,400	2,400	9,663	7,263
Total investment income	**2,400**	**2,400**	**9,663**	**7,263**
Miscellaneous revenue:				
Rents	56,715	56,715	58,914	2,199
Other	6,475	6,475	6,064	(411)
Total miscellaneous revenue	**63,190**	**63,190**	**64,978**	**1,788**
Other financing sources:				
Transfers	350,000	350,000	350,000	-
Sale of capital assets	5,000	5,000	4,746	(254)
Total other financing sources	**355,000**	**355,000**	**354,746**	**(254)**
Total revenues and other financing sources	**$ 3,171,452**	**$ 3,333,711**	**$ 3,205,141**	**$ (128,570)**

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
General government				
Legislative				
Mayor and council	$ 25,800	$ 25,800	$ 19,750	$ 6,050
Executive				
City manager salary	96,000	104,416	104,415	1
City manager benefits	15,286	15,286	13,740	1,546
City manager travel	6,000	6,000	-	6,000
General administration				
Advertising	11,500	11,500	11,211	289
Chamber of Commerce	30,000	30,700	30,700	-
Christmas lights	525	525	-	525
City park	750	750	-	750
Computer support	54,000	88,655	88,655	-
Dues and subscriptions	10,000	10,000	10,444	(444)
Janitorial	3,600	3,600	3,384	216
Library support	320	320	-	320
Machine Lease/Purchase	1,380	1,380	1,500	(120)
Materials and supplies	16,000	16,000	17,200	(1,200)
Miscellaneous	6,800	6,800	1,950	4,850
Postage	2,750	2,750	3,535	(785)
Printing	2,500	2,500	1,903	597
Professional fees	57,500	76,444	81,956	(5,512)
S.W. GA R.D.C.	3,000	7,084	7,083	1
Salaries	104,244	105,888	105,890	(2)
Telephone	4,000	5,537	5,536	1
Employee Benefits	-	5,853	2,230	3,623
Travel	40,000	43,566	43,565	1
Law	8,000	8,000	9,075	(1,075)
Human resources				
Health insurance costs	28,325	28,325	17,058	11,267
Retirement costs	175,000	176,456	152,469	23,987
Social security costs	9,589	9,589	9,987	(398)
Risk management				
Insurance	18,000	10,005	13,628	(3,623)
General government buildings and plant				
Heat, lights and water	13,500	20,486	20,486	-
Repairs building and equipment	6,500	11,912	15,199	(3,287)
Repairs building - rental property	1,000	10,968	10,968	-
Capital outlay	5,000	5,000	32,683	(27,683)
Total general government	**756,869**	**852,095**	**836,200**	**15,895**

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Judicial				
Salaries	8,400	8,400	7,700	700
Social security costs	643	643	589	54
Professional services	3,000	3,000	1,760	1,240
Total judicial	**12,043**	**12,043**	**10,049**	**1,994**
Public safety				
Police department				
Police administration				
Gas and oil	45,000	45,000	49,050	(4,050)
Insurance	55,000	24,359	61,871	(37,512)
Materials and supplies	23,000	23,000	26,975	(3,975)
Miscellaneous	1,150	1,150	750	400
Postage	200	200	204	(4)
Printing	250	250	-	250
Telephone	8,000	8,000	8,846	(846)
Uniforms	5,000	5,000	4,539	461
Salaries	530,374	530,374	567,961	(37,587)
Employee benefits	168,891	209,443	138,332	71,111
Other Services	11,250	11,250	19,392	(8,142)
Crime control and investigation				
Employee testing	200	200	-	200
DUI test charges	250	250	90	160
Jailer services	48,000	48,000	44,377	3,623
Medical	3,000	3,000	285	2,715
Prisoner meals	10,000	10,000	3,602	6,398
Drug Task Force	6,000	6,000	5,564	436
Traffic control				
Power - traffic signs	850	850	-	850
Police training				
Travel and school	10,000	10,000	11,791	(1,791)
Police stations and buildings				
Heat, lights and water	8,400	8,400	9,477	(1,077)
Repairs building and equipment	11,193	11,193	8,493	2,700
Capital outlay	6,000	6,000	-	6,000
Total police department	**952,008**	**961,919**	**961,599**	**320**
Probation Department				
Probation administration				
Salaries	40,098	48,448	48,445	3
Employee benefits	3,068	3,618	3,610	8
Total probation department	**43,166**	**52,066**	**52,055**	**11**

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Fire Department				
Fire administration				
Freight	500	500	381	119
Telephone	2,800	2,800	2,829	(29)
Gas and oil	7,200	7,200	6,201	999
Insurance	18,000	11,307	26,980	(15,673)
Linen service	1,000	1,000	764	236
Materials and supplies	15,500	15,500	19,652	(4,152)
Postage	150	150	56	94
Dues & Subscriptions	900	900	955	(55)
Miscellaneous	3,750	3,750	4,135	(385)
Salaries	341,100	341,100	361,624	(20,524)
Employee benefits	108,584	127,684	91,456	36,228
Uniforms	6,000	6,000	5,827	173
Fire training				
Travel and school	7,000	7,000	5,351	1,649
Medical services				
Medical	1,000	1,000	879	121
Heat, lights and water	12,000	12,000	8,685	3,315
Repairs building and equipment	10,000	10,000	12,090	(2,090)
Capital outlay	5,000	85,663	85,663	-
Total fire department	**540,484**	**633,554**	**633,528**	**26**
Total public safety	**1,535,658**	**1,647,539**	**1,647,182**	**357**
Public works				
Street department				
Street administration				
Equipment rental	500	500	-	500
Freight	50	50	-	50
Gas and oil	15,000	15,000	10,549	4,451
Insurance	26,000	52,153	40,924	11,229
Machine hire	100	100	-	100
Materials and supplies	3,000	3,000	3,035	(35)
Miscellaneous	500	500	120	380
Telephone/Internet	800	800	892	(92)
Roadways and walkways				
Repairs and maintenance - other	24,000	24,000	25,889	(1,889)
Salaries	136,383	136,383	118,922	17,461
Employee benefits	56,261	90,748	39,305	51,443
Repairs	1,000	1,000	-	1,000
Exterior lighting	71,000	71,000	69,075	1,925

CITY OF DONALSONVILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	BUDACT	ACTUAL	
Flood control	1,000	1,000	-	1,000
Street signs	1,500	1,500	1,340	160
Tree service	1,500	1,500	-	1,500
Insect Fogging	5,500	5,500	2,924	2,576
Capital outlay	-	-	91,689	(91,689)
Total street department	**344,094**	**404,734**	**404,664**	**70**
Sanitation department				
Sanitation administration				
Salaries	150,166	150,166	143,564	6,602
Employee benefits	66,481	100,968	56,243	44,725
Heat, lights and water	100	100	-	100
Repairs and maintenance	20,000	20,000	9,872	10,128
Miscellaneous	500	500	-	500
Machinery Lease/ Purchase	12,000	12,000	-	12,000
Materials and supplies	2,000	2,000	1,864	136
Insurance	45,000	10,513	24,806	(14,293)
Gas and oil	30,000	30,000	23,155	6,845
Postage	1,100	1,100	1,204	(104)
Sewage collection and disposal				
Postclosure costs	-	-	6,471	(6,471)
Tipping fees to Seminole County	125,000	125,000	117,664	7,336
Capital outlay	15,000	15,000	16,247	(1,247)
Total sanitation department	**467,347**	**467,347**	**401,090**	**66,257**
Total public works	**811,441**	**872,081**	**805,754**	**66,327**
Debt service				
Principal	8,724	8,724	4,361	4,363
Interest	238	238	120	118
Total debt service	**8,962**	**8,962**	**4,481**	**4,481**
Other financing sources				
Overage/Shortage	46,479	(209)	-	(209)
Total other financing sources	**46,479**	**(209)**	**-**	**(209)**
Total expenditures	**$ 3,171,452**	**$ 3,392,511**	**$ 3,303,666**	**$ 88,845**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hotel/Motel Taxes- This fund is used to account for the monies received in taxes from the local hotels and motels. These taxes are used for economic development.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds

CHIP- This fund is used for the collection of Grant Revenues.

SPLOST III- This fund is used to account for activities of the SPLOST 2003 referendum.

SPLOST IV- This fund is used to account for activities of the SPLOST referendum.

SPLOST V- This fund is used to account for activities of the SPLOST referendum.

CITY OF DONALSONVILLE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
May 31, 2017

	Special Revenue Funds		Capital Project Funds					
ASSETS	**Hotel/Motel Tax Fund**	**Total**	**CHIP Fund**	**SPLOST III**	**SPLOST IV**	**SPLOST V**	**Total**	**Total Nonmajor Governmental Funds**
Current assets:								
Cash and cash equivalent	$ 7,366	$ 7,366	$ 100	$ 89,377	$ 298,162	$ 120,286	$ 507,925	$ 515,291
Accounts receivable (net of allowance for uncollectibles)	2,054	2,054	-	-	-	-	-	2,054
Intergovenmental	-	-	69,675	-	-	24,070	93,745	93,745
Due from other funds	-	-	-	-	-	91,689	91,689	91,689
Total current assets	**9,420**	**9,420**	**69,775**	**89,377**	**298,162**	**236,045**	**693,359**	**702,779**
Total assets	**9,420**	**9,420**	**69,775**	**89,377**	**298,162**	**236,045**	**693,359**	**702,779**
LIABILITIES								
Current liabilities:								
Accounts payable	917	917	69,675	48,235	-	360	118,270	119,187
Due to other funds	-	-	100	-	-	-	100	100
Total current liabilities	**917**	**917**	**69,775**	**48,235**	**-**	**360**	**118,370**	**119,287**
FUND BALANCE								
Restricted for:								
Special programs	8,503	8,503	-	41,142	298,162	235,685	574,989	583,492
Total fund balance	**8,503**	**8,503**	**-**	**41,142**	**298,162**	**235,685**	**574,989**	**583,492**
Total liabilities and fund balance	**$ 9,420**	**$ 9,420**	**$ 69,775**	**$ 89,377**	**$ 298,162**	**$ 236,045**	**$ 693,359**	**$ 702,779**

CITY OF DONALSONVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2017

	Special Revenue Fund		Capital Project Fund					
	Hotel/Motel Tax Fund	Total	CHIP Fund	SPLOST III	SPLOST IV	SPLOST V	Total	Total Nonmajor Governmental Funds
Revenues:								
Hotel/Motel tax	$ 28,301	$ 28,301	$ -	$ -	$ -	$ -	$ -	$ 28,301
Intergovernmental revenues	-	-	202,557	-	-	284,568	487,125	487,125
Investment Earnings	-	-	-	710	1,363	-	2,073	2,073
Miscellaneous revenues	-	-	-	-	-	701	701	701
Total revenues	**28,301**	**28,301**	**202,557**	**710**	**1,363**	**285,269**	**489,899**	**518,200**
Expenditures:								
Economic development	35,297	35,297	202,557	-	-	-	202,557	237,854
Capital outlay	3,000	3,000	-	208,254	37,319	219,878	465,451	468,451
Debt service:								
Principal	-	-	-	-	-	27,409	27,409	27,409
Interest	-	-	-	-	-	1,119	1,119	1,119
Total expenditures	**38,297**	**38,297**	**202,557**	**208,254**	**37,319**	**248,406**	**696,536**	**734,833**
Excess of revenues over (under) expenditures	**(9,996)**	**(9,996)**	**-**	**(207,544)**	**(35,956)**	**36,863**	**(206,637)**	**(216,633)**
Other financing sources (uses)								
Capital Lease	-	-	-	-	-	85,093	85,093	85,093
Total other financing sources (uses)	**-**	**-**	**-**	**-**	**-**	**85,093**	**85,093**	**85,093**
Net change in fund balances	**(9,996)**	**(9,996)**	**-**	**(207,544)**	**(35,956)**	**121,956**	**(121,544)**	**(131,540)**
Fund balance- beginning	**18,499**	**18,499**	**-**	**248,686**	**334,118**	**113,729**	**696,533**	**715,032**
Fund balance- ending	**$ 8,503**	**$ 8,503**	**$ -**	**$ 41,142**	**$ 298,162**	**$ 235,685**	**$ 574,989**	**$ 583,492**

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
NONMAJOR - SPECIAL REVENUE FUND
HOTEL/MOTEL TAX FUND
FOR THE YEAR ENDED MAY 31, 2017

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Taxes:				
Hotel/Motel taxes	$ 27,600	$ 28,150	$ 28,301	$ 151
Miscellaneous Revenue	-	12,557	-	(12,557)
Total revenues	**27,600**	**40,707**	**28,301**	**(12,406)**
EXPENDITURES				
Current:				
Economic development	27,600	40,707	35,297	5,410
Capital outlay	-	-	3,000	(3,000)
Total expenditures	**27,600**	**40,707**	**38,297**	**2,410**
Net change in fund balance	**-**	**-**	**(9,996)**	**(9,996)**
Fund balances - beginning	**18,499**	**18,499**	**18,499**	**18,499**
Fund balances - ending	**$ 18,499**	**$ 18,499**	**$ 8,503**	**$ 8,503**

CITY OF DONALSONVILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
May 31, 2017

Special Purpose Local Option Sales Tax #3

Project No.	Project Description	Original Estimated Costs	Current Estimated Cost	Prior Years	Current Year	Total	Percentage of Completion
1	Police Dept Vehicles	$ 100,000	$ 115,475	$ 87,896	$ -	$ 87,896	**76.12%**
2	Industrial Park Improvements	350,000	377,136	658,744	208,254	866,998	**229.89%**
	Totals	**$ 450,000**	**$ 492,611**	**$ 746,640**	**$ 208,254**	**$ 954,894**	

Special Purpose Local Option Sales Tax #4

Project No.	Project Description	Original Estimated Costs	Current Estimated Cost	Adjusted Prior Years	Current Year	Total	Percentage of Completion
1	General government	$ 125,000	$ 125,000	$ 91,294	$ 10,726	$ 102,020	**81.62%**
2	Police department	190,000	190,000	222,560	-	222,560	**117.14%**
3	Fire department	275,000	275,000	179,443	20,757	200,200	**72.80%**
4	Sanitation department	285,000	285,000	53,457	-	53,457	**18.76%**
5	Street improvements	513,000	513,000	640,846	5,836	646,682	**126.06%**
7	Water & Sewer improvements	600,000	600,000	531,951	-	531,951	**88.66%**
6	Capital structures- fire station	250,000	250,000	-	-	-	**0.00%**
	Totals	**$ 2,238,000**	**$ 2,238,000**	**$ 1,719,551**	**$ 37,319**	**$ 1,756,870**	

Special Purpose Local Option Sales Tax #5

Project No.	Project Description	Original Estimated Costs	Current Estimated Cost	Adjusted Prior Years	Current Year	Total	Percentage of Completion
1	LMIG Program	$ 200,000	$ 200,000	$ -	$ -	$ -	**0.00%**
2	Industrial Park expansion & improvements	200,000	200,000	-	-	-	**0.00%**
3	Services Expansion (Gas, Water, Sewer)	125,000	125,000	-	-	-	**0.00%**
4	Fire Station	100,000	100,000	-	-	-	**0.00%**
5	Sanitation Department capital outlay	156,158	156,158	-	-	-	**0.00%**
6	Fire Department capital outlay	256,158	256,158	-	-	-	**0.00%**
7	Street Department capital outlay	406,158	406,158	-	102,279	102,279	**25.18%**
8	Police Department capital outlay	206,158	206,158	17,686	115,829	133,515	**64.76%**
9	General Government capital outlay	107,260	107,260	150,000	1,770	151,770	**141.50%**
10	Community Enrichment Program	406,158	406,158	-	-	-	**0.00%**
	Totals	**$ 2,163,050**	**$ 2,163,050**	**$ 167,686**	**$ 219,878**	**$ 387,564**	

Reconciliation of current year SPLOST expenditures to the Statement of Revenue, Expenses, and Changes in Fund Balances

Current year expenditures as shown above	$ 465,451
Retirement of debt	27,409
Interest expense	1,119
Total current year SPLOST expenditures	$ 493,979

GRANT SCHEDULES

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 14p-x-125-2-5661
SCHEDULE OF SOURCE AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2017

Program funds allocated	$	468,727
Less funds drawn down by recipient through May 31, 2015		(8,000)
Funds still available from HUD, June 1, 2015		460,727
Less funds drawn down by recipient through May 31, 2016		(255,525)
Funds still available from HUD, June 1, 2016		205,202
Less funds drawn down by recipient through May 31, 2017		(203,461)
Funds still available from HUD, June 1, 2017	$	1,741 *
Total program funds held by recipient available for disposition June 1, 2016	$	-
Total program funds drawn down by recipient		466,986
Less expenses paid with program funds		(466,986)
Total program funds held by recipient available for disposition May 31, 2017	$	-

*** These fund were de-obligated as of May 31, 2017.**

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 14p-x-125-2-5661
PROJECT COST SCHEDULE
FOR THE FISCAL YEAR ENDED MAY 31, 2017

Activity	Approved Budget	Current Expenditures	Accumulated Expenditures To Date	Unexpended Budget
P-03J-02 Sewer Facilities	$ 438,875	$ 198,350	$ 438,875	$ -
C-022-00 Contingencies	-	-	-	-
A-21A-00 Administration	28,111	5,111	28,111	-
	$ 466,986	$ 203,461	$ 466,986	$ -

*** Budget adjusted to reflect de-obligation of $ 1,741**

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 16p-x-125-2-5846
SCHEDULE OF SOURCE AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2017

Program funds allocated	$	500,000
Less funds drawn down by recipient through May 31, 2017		(8,000)
Funds still available from HUD, June 1, 2017	$	492,000
Total program funds held by recipient available for disposition June 1, 2016	$	-
Total program funds drawn down by recipient		8,000
Less expenses paid with program funds		(8,000)
Total program funds held by recipient available for disposition May 31, 2017	$	-

CITY OF DONALSONVILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT NO. 16p-x-125-2-5846
PROJECT COST SCHEDULE
FOR THE FISCAL YEAR ENDED MAY 31, 2017

Activity	Approved Budget	Current Expenditures	Accumulated Expenditures To Date	Unexpended Budget
P-03J-01 Water Facilities	$ 455,385	$ -	$ -	$ 455,385
C-022-00 Contingencies	14,615	-	-	14,615
A-21A-00 Administration	30,000	8,000	8,000	22,000
	$ 500,000	$ 8,000	$ 8,000	$ 492,000

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
MAY 31, 2017

	May 31, 2017
Governmental funds capital assets:	
Land	$ 399,917
Construction in progress	485,624
Buildings	655,409
Improvements other than buildings	280,977
Machinery and equipment	2,785,588
Infrastructure	2,486,516
Total governmental funds capital assets	$ 7,094,031
Investments in governmental funds capital assets by source:	
General fund	$ 7,094,031
Total governmental funds capital assets	$ 7,094,031

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
MAY 31, 2017

Function and Activity	Land	Construction In Progress	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Total
General government:							
Finance and administration	$ 51,933	$ 220,979	$ 464,284	$ 13,417	$ 367,450	$ -	$ 1,118,063
Other - unclassified	42,151	-	35,695	145,693	17,504	23,660	264,703
Total general government	94,084	220,979	499,979	159,110	384,954	23,660	1,382,766
Public safety:							
Police	-	10,760	130,520	42,770	680,582	-	864,632
Fire	256,733	250,064	6,044	13,302	800,737	-	1,326,880
Total public safety	256,733	260,824	136,564	56,072	1,481,319	-	2,191,512
Highways and streets:							
Maintenance	-	-	10,313	-	419,653	-	429,966
Street system	2,500	3,821	-	-	203,191	2,462,858	2,672,370
Total highways and streets	2,500	3,821	10,313	-	622,844	2,462,858	3,102,336
Sanitation	600	-	8,552	3,095	288,470	-	300,717
Culture and recreation	46,000	-	-	62,700	8,000	-	116,700
Total governmental funds capital assets	$ 399,917	$ 485,624	$ 655,408	$ 280,977	$ 2,785,587	$ 2,486,518	$ 7,094,031

CITY OF DONALSONVILLE, GEORGIA
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED MAY 31, 2017

Function and Activity	Governmental Funds Capital Assets June 1, 2016	Additions	Deletions	Governmental Funds capital Assets May 31, 2017
General government:				
Finance and administration	$ 1,072,884	$ 45,179	$ -	$ 1,118,063
Other - unclassified	264,703	-	-	264,703
Total general government	1,337,587	45,179	-	1,382,766
Public safety:				
Police	748,804	115,829	-	864,633
Fire	1,012,206	314,674	-	1,326,880
Total public safety	1,761,010	430,503	-	2,191,513
Highways and streets:				
Maintenance	429,966	-	-	429,966
Street system	2,472,565	199,804	-	2,672,369
Total highways and streets	2,902,531	199,804	-	3,102,335
Sanitation	284,470	16,247	-	300,717
Culture and recreation	113,700	3,000	-	116,700
Total governmental funds capital assets	$ 6,399,298	$ 694,733	$ -	$ 7,094,031

SUPPLEMENTAL INFORMATION

CITY OF DONALSONVILLE, GEORGIA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
CURRENT FISCAL YEAR

Fiscal Year	General Government	Public Safety	Highways and Streets	Sanitation	Economic Develop-ment	Culture and Recreation	Interest on Long-term Debt	Water and Sewer	Gas	Total
2008	345,283	1,279,194	360,527	449,038	25,391	1,995	3,887	534,762	415,053	3,415,130
2009	343,289	1,342,750	372,948	470,757	27,509	1,968	4,764	544,662	465,337	3,573,984
2010	457,455	1,411,835	358,725	476,272	25,144	1,788	3,936	603,043	335,511	3,673,709
2011	375,167	1,377,738	370,045	478,855	23,296	2,796	3,116	559,678	300,628	3,491,319
2012	421,542	1,396,574	393,880	479,363	18,634	2,844	2,583	611,305	304,992	3,631,717
2013	472,076	1,381,243	391,088	461,133	8,468	3,429	2,174	672,834	333,236	3,725,681
2014	472,903	1,515,834	384,076	439,377	21,311	2,386	3,784	799,204	322,060	3,960,935
2015	547,621	1,567,906	440,192	459,045	24,322	2,376	3,943	858,534	298,161	4,202,100
2016	835,345	1,433,559	411,103	400,038	24,523	1,876	3,608	960,374	234,028	4,304,454
2017	848,660	1,655,059	437,849	392,295	237,854	1,676	1,238	781,440	289,924	4,645,995

CITY OF DONALSONVILLE, GEORGIA
GOVERNMENT-WIDE REVENUES
CURRENT FISCAL YEAR

	Program Revenues			General Revenues			
Fiscal Year	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Investment Income	Miscellaneous	Total
2008	626,919	-	341,604	1,721,671	67,892	26,508	2,784,594
2009	679,321	-	246,906	1,755,721	49,646	1,990	2,733,584
2010	1,730,552	-	-	2,267,396	-	-	3,997,948
2011	708,102	-	402,011	1,795,492	29,643	428	2,935,676
2012	712,612	-	406,643	1,839,957	19,540	20,650	2,999,402
2013	671,573	-	423,719	1,857,232	12,147	8,745	2,973,416
2014	753,443	13,048	404,793	1,767,865	8,223	8,094	2,955,466
2015	708,924	9,320	709,273	1,824,388	431	19,601	3,271,937
2016	2,051,735	-	564,715	1,856,562	10,280	17,011	4,500,303
2017	2,048,264	202,557	702,511	1,966,337	5,721	15,521	4,940,911

CITY OF DONALSONVILLE, GEORGIA
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEARS ENDED
MAY 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008

	Fiscal Year Ended 5/31/2017	Fiscal Year Ended 5/31/2016	Fiscal Year Ended 5/31/2015	Fiscal Year Ended 5/31/2014	Fiscal Year Ended 5/31/2013	Fiscal Year Ended 5/31/2012	Fiscal Year Ended 5/31/2011	Fiscal Year Ended 5/31/2010	Fiscal Year Ended 5/31/2009	Fiscal Year Ended 5/31/2008
General Fund										
Revenues:										
Property taxes	$ 1,056,775	$ 961,927	$ 986,576	$ 918,075	$ 902,387	$ 894,838	$ 850,818	$ 825,870	$ 784,211	$ 795,695
Sales tax	399,750	398,057	364,973	410,532	507,488	512,336	482,361	476,520	473,957	493,297
Other taxes	474,746	481,787	456,918	419,900	413,964	420,587	424,306	405,155	409,956	404,935
Licenses and permits	43,280	33,741	34,515	23,325	17,848	27,888	13,065	55,364	21,026	19,079
Charges for services	537,230	513,442	500,713	497,128	486,628	461,099	458,492	460,967	457,025	417,998
Fines and forfeitures	69,364	94,942	121,064	181,149	119,256	172,241	144,941	147,220	96,258	90,158
Interest	9,663	6,683	7,953	8,241	12,445	20,008	31,811	33,781	46,079	67,892
Miscellaneous and intergovernmental	264,333	101,222	112,556	148,783	86,870	96,174	147,269	212,484	429,173	453,518
Total revenues	**$ 2,855,141**	**$ 2,591,801**	**$ 2,585,268**	**$ 2,607,133**	**$ 2,546,886**	**$ 2,605,171**	**$ 2,553,063**	**$ 2,617,361**	**$ 2,717,685**	**$ 2,742,572**
Expenditures:										
General government	$ 850,730	$ 753,921	$ 525,433	$ 483,052	$ 477,763	$ 593,117	$ 427,933	$ 378,936	$ 436,587	$ 328,876
Recreation department	-	-	-	-	1,054	325	634	125	306	127
Police department	961,599	851,848	941,590	1,047,541	799,252	853,503	849,018	877,205	842,886	821,009
Probation department	52,055	46,793	38,011	36,734	34,936	32,994	34,377	33,938	-	-
Fire department	633,528	509,760	489,644	481,762	472,879	470,909	466,047	480,563	477,945	450,757
Street department	404,664	316,227	375,111	355,732	327,627	317,270	346,347	277,826	617,657	777,286
Sanitation department	401,090	408,561	446,301	438,768	443,331	464,772	462,341	438,907	448,057	428,516
Housing and development	-	-	-	-	-	-	-	-	-	-
Park Pavillion	-	-	-	-	-	-	5,000	-	-	-
Total expenditures	**$ 3,303,666**	**$ 2,887,110**	**$ 2,816,090**	**$ 2,843,589**	**$ 2,556,842**	**$ 2,732,890**	**$ 2,591,697**	**$ 2,487,500**	**$ 2,823,438**	**$ 2,806,571**

CITY OF DONALSONVILLE, GEORGIA
MISCELLANEOUS STATISTICAL DATA
May 31, 2017
"UNAUDITED"

Description	Data
Date of incorporation	1897
Date first charter adopted	1897
Date present charter adopted	1997
Form of government:	
Type: Mayor	
Council - six (6) members	
City Manager	
Term of office:	
Mayor - four (4) year term	
Council members - four (4) year term	
Area:	4 sq miles
Community facilities	
Sewer system:	
Miles of sanitary sewers	44
Number of lift stations	6
Daily average treatment (gal)	400,000
Maximum treatment plant capacity (gal)	1,000,000
Number of disposal plants	1
Number of service connections	1,120
Water system:	
Miles of water mains	50
Daily average consumption (gal)	700,000
Plant capacity (gal)	2,000,000
Number of service connections	1,200
Deep wells	2
Number of fire hydrants	202
Gas system:	
Miles of gas lines	22.29
Daily average consumptions (MCF)	250
Plant capacity (MCF)	500
Number of service connections	305
Number of street lights	480
Miles of streets:	
Streets - paved	49

CITY OF DONALSONVILLE, GEORGIA
CURRENT RATE SCHEDULE
May 31, 2017
"UNAUDITED"

Utility rates:

Water:	Residential Equivalency Unit Fee of $8.32
	Commercial Equivalency Unit Fee of $17.64 and up depending on consumption.
	$2.70 per thousand gallons used between 0 and 5,000 gallons.
	$2.86 per thousand gallons used between 5,001 and 10,000 gallons.
	$2.96 per thousand gallons used between 10,001 and 15,000 gallons.
	$3.12 per thousand gallons used between 15,001 and 20,000 gallons.
	$3.33 per thousand gallons used between 20,001 and 25,000 gallons.
	$3.54 per thousand gallons used for 25,001 gallons and over.
Sewer:	Residential Equivalency Unit Fee of $10.40
	Commercial Equivalency Unit Fee of $21.80 and up depending on consumption.
	$3.02 per thousand gallons used between 0 and 5,000 gallons.
	$3.12 per thousand gallons used between 5,001 and 10,000 gallons.
	$3.22 per thousand gallons used between 10,001 and 15,000 gallons.
	$3.44 per thousand gallons used between 15,001 and 20,000 gallons.
	$3.54 per thousand gallons used between 20,001 gallons and 25,000 gallons.
	$3.64 per thousand gallons used for 25,001 gallons and over.
Sanitation:	$22.50 flat rate - residential
	$30.00 - $2,042.40 - commercial (based on $3.85 cu/yd per pickup)
Gas:	$2.37 minimum
	Gas price based on spot market price and distributed costs
	Gas price varies month-to-month based on market cost

Perry L. Henry, LLC

Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

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

Honorable Mayor and Members of
the City Council
City of Donalsonville, Georgia

We have audited, in accordance with the auditing standard generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of Donalsonville as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Donalsonville's financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item *2015-1* that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Donalsonville'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 test disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Donalsonville's Response to Findings

The City of Donalsonville's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Donalsonville's response was not subjected to the auditing procedure 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.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
November 20, 2017

2015-1

Condition:

The City does not have adequate separation of duties in various functions of the City.

Criteria:

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

(1) financial reporting,
(2) effectiveness and efficiency of operation, and
(3) compliance with applicable laws and regulations.

Cause:

There is an insufficient number of staff to properly segregate functions of all transaction cycles.

Effect:

The City will be exposed to increased risk that the financial statements will be materially misstated whether by error or intentionally could occur and not be detected in a timely manner.

Recommendation:

The City should monitor the control environment and continue to strengthen controls where cost effective.

Management's Response:

Management agrees. A corrective action plan will be issued under a separate cover.