

CITY OF DOUGLAS, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:
City of Douglas Finance Department

CITY OF DOUGLAS, GEORGIA
ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

City of Douglas Georgia
Est. 1895

CITY OF EXCELLENCE

OFFICE OF THE CITY MANAGER

City Manager
Charles W. Davis

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Douglas, GA 31534
(912) 389.3401
Fax: (912) 384.6730

Mayor
Tony L. Paulk

Mayor Pro Tem
Kentaiwon Durham

Commissioners
Edwin Taylor
Bob Moore
Olivia Pearson
Mike Gowen
Cindy McNeill

Certified City of Ethics

December 21, 2018

To the Citizens of the City of Douglas;
Honorable Tony Paulk, Mayor; and
Distinguished Members of City Commission

State law requires that all general – purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Douglas, Georgia for the fiscal year ended June 30, 2018.

This report consist of management's representations concerning the finances of the City of Douglas, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Douglas, Georgia has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Douglas, Georgia's financial statements in conformity with GAAP. The City's management is responsible for establishing a system of internal controls to safeguard City assets from loss or unauthorized use or disposal, provide reliable financial records for preparing internal and external financial reports and for maintaining accountability over City assets and to ensure compliance with applicable Federal and State laws and regulations related to programs for which the City receives assistance. No system of internal control can be perfect. Therefore internal controls are meant to provide "reasonable assurance". Reasonable assurance means: the cost of internal controls should not exceed the benefits likely to be derived from that control and the costs and benefits of internal controls are subject to estimates and judgments by management. We believe the City's internal controls reasonably safeguard assets, assure that financial transactions are properly recorded and reported, and ensure compliance with Federal and State laws and regulations. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Douglas, Georgia's financial statements have been audited by Hurst & Hurst, CPAs, LLC a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Douglas, Georgia for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Douglas, Georgia's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Douglas, Georgia's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Douglas, Georgia was incorporated in 1895 under provisions of an act of the General Assembly of Georgia. The City operates under a council-manager form of government and provides the full range of services contemplated by statute or charter. Policy-making and legislative authority are vested in the governing council consisting of the Mayor and six Commissioners. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year terms. The Mayor is also elected to serve four year terms. The council members are elected by wards.

The City of Douglas, Georgia provides a full range of services. These include police and fire protection, construction and maintenance of highways and streets, sanitation services, public infrastructure improvements, planning and zoning, general administrative services, water and sewer systems, a natural gas system, electric system, storm-water management system and parks and recreation services.

The annual budget serves as the foundation for the City of Douglas, Georgia's financial planning and control. All departments of the City are to submit requests for appropriation to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before May 15th, the proposed budget is presented to the governing council for review. The governing council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City manager or the revenue estimates must be changed by an affirmative vote of a majority of the governing council.

Relevant Financial Policies

As a practice and a standing policy, the City of Douglas, based on general accounting principles, has tried to maintain a 3 to 6 month fund balance over the last several years. We have also set out to make whatever budget adjustments needed to address deviations in the line items before the end of the budget year.

During the budgetary process, we have an established policy of trying to stay within 2 % of expenditures of the current budget. We strive to adhere to all the general accounting principles in relationship of our many funds we engage in.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The City of Douglas has seen a neutral position in primary general fund revenues. Some of the revenues are property taxes, Local Option Sales Taxes, and development related fees. In the last year, property taxes, local option sales tax, and vehicle

ad valorem have seen a slight increase on an average of 3%. Staff has been able to continue to work efficiently and operate within spending limits that provide for a modest increase in fund balance or reserves. The City of Douglas has committed to keep up with cost of living wages. Mayor and Commission approved a 2% cost of living increase for all employees. The City of Douglas benefit package remains in good position to be funded and employees have sought to keep cost down in our biggest expense which is health care. Healthcare, worker compensation, and payroll combined has not risen in the past 3 years. Healthcare and payroll has dropped due to privatizing some of our operations. Worker Compensation was up this year due to a few settlements.

Our enterprise funds have steadily improved over the past several years and we have been fortunate to be able to increase some transfers from these funds to the general fund in the absence of increased revenues from primary sources from General Funds. The City of Douglas' utility customer base make up is about 65% commercial and Industrial and 35% Residential. The City has seen a slight increased demand for energy and other services that we provide.

Commercial and Industrial growth seems to continue. The downtown business district is still seeing 90 to 95 % occupancy in the retail and commercial stores.

On the Utility side of operation, the City of Douglas has continues to operate a solid operations. Public works, water/waste water, and sanitation are privatized. Electric and gas operations is maintained by the City. Below are some highlights of the past year's activities consolidate electric, Natural Gas, Water and Wastewater under one department reducing administration cost and increasing customer service and operation.

Electric

1. The Smart Grid initiative with Tantalus is in full swing and we will be implementing the pay as you go portion shortly.

2. We had a new distribution line installed from Bowens Mill Rd down Hwy 135, to Richey Lane, and tied back in at the Southwire II on Pope Drive. This was necessary to remove load from Substation #2.

3. We added multiple switches in our distribution system to allow us to move load from Substation #1 to Substation #3. We also installed switches in our distribution system to allow us to move load off of Substation #2.
4. We added a new distribution line to serve the new Elixir Anodizing Facility that included the installation of two 2500F Pad Mount Transformers.

5. We did a total rebuild of the distribution line on West Forest Drive due to it being a problem line during Hurricane Irma.

6. We changed out 50 primary and secondary poles that were deemed possibly unsafe in our system.

7. We have changed all major routes from traditional lighting to LED lighting and continue that process now throughout our system.

8. Electric remains steady with some growth in our Agricultural and Industrial Markets.

Natural Gas

1. Made a gas line extension for Premium Peanut for their oiling operation.

2. Made a gas line extension for Elixir for the new Anodizing facility.

3. The Compress Natural Gas station is running on average about 8100 GGE's per month ($20,250.00 revenue). The CNG station loan has been paid in full.

4. We now have 52 chicken houses, 4 peanut drying operations, 2 cotton Gins, 25 Tobacco barns, 4 green houses for farming operations, 3 corn dryers, 1 vineyard operation, a pecan dryer, and 1 natural gas generator to run irrigation on a pecan orchard. Agricultural load has grown significantly over the past 4 years. Industrial load is averaging about 55,000-60,000 MCF's per month, Commercial loads have stayed steady and Residential customers have seemed to become stable.

5. The peak shaving plant has undergone an overhaul with equipment upgrades.

Water/Sewer

Below are the projects that have been completed over the last year.

1. TNT gravity line rehab project.

2. Westside sewer main rehab and new installation.

3. Bo Jo Lift Station diesel bypass pump installed.

4. Smoked tested Jackson and Hollywood Subdivisions.

5. Smoked tested the Northside Sewer Trunk Line.

6. Mingledorf water rehab project 8" line.

7. Well 5 tank had interior renovations performed.

8. Well 6 tank had exterior renovations performed.

Public Works

Highways & Streets

1. Major focus on Pothole Repair.

2. Major focus on mowing routes throughout City.

3. Major overhaul and maintenance on Airport Historic Area.

4. Every sidewalk and curb has been edged at least once this calendar year.

5. Leaf and Limb has been on schedule (only off time was Hurricane Michael).

Storm Water

1. Major focuses on ditch cleaning and reclaim of ditches.

2. Out of 15 miles of major canals we have reclaimed 8 miles thus far.

3. Poured many broken storm drain covers and repaired many storm drain basins.

4. Have started a basin cleanout regiment on all major collection streets.

5. Completed the engineering on Gordon St and Fleetwood Circle Storm Water Projects.

6. We have two Menzis running at times focusing on major canals and sub canals when necessary.

Sanitation

1. We are still contracted with Trans Waste for curbside recycling and household garbage pickup.

2. There have been some concerns with service delivery but Trans Waste at the current time has been able to become fully staffed and is in the process of training new employees. They also have moved some drivers back to certain routes that should fix most of our complaints.

We have about $2M in utility work conflicts on the $33M GADOT project to complete. We have entered into a contract agreement with ESG to provide operational and maintenance service for our Water and Wastewater operation for the City of Douglas as of January 2015. We project some cost saving and some leveraging of professional and technical services to help us address the water and wastewater needs of Douglas for now and the future. We will discuss other options of other services to consider for the future at our next retreat.

From the above indicators and the financial outlook, the City of Douglas looks promising and is on the rise for growth and will see more opportunities in the future.

Respectfully Submitted,

Charles W. Davis, City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Douglas

Georgia

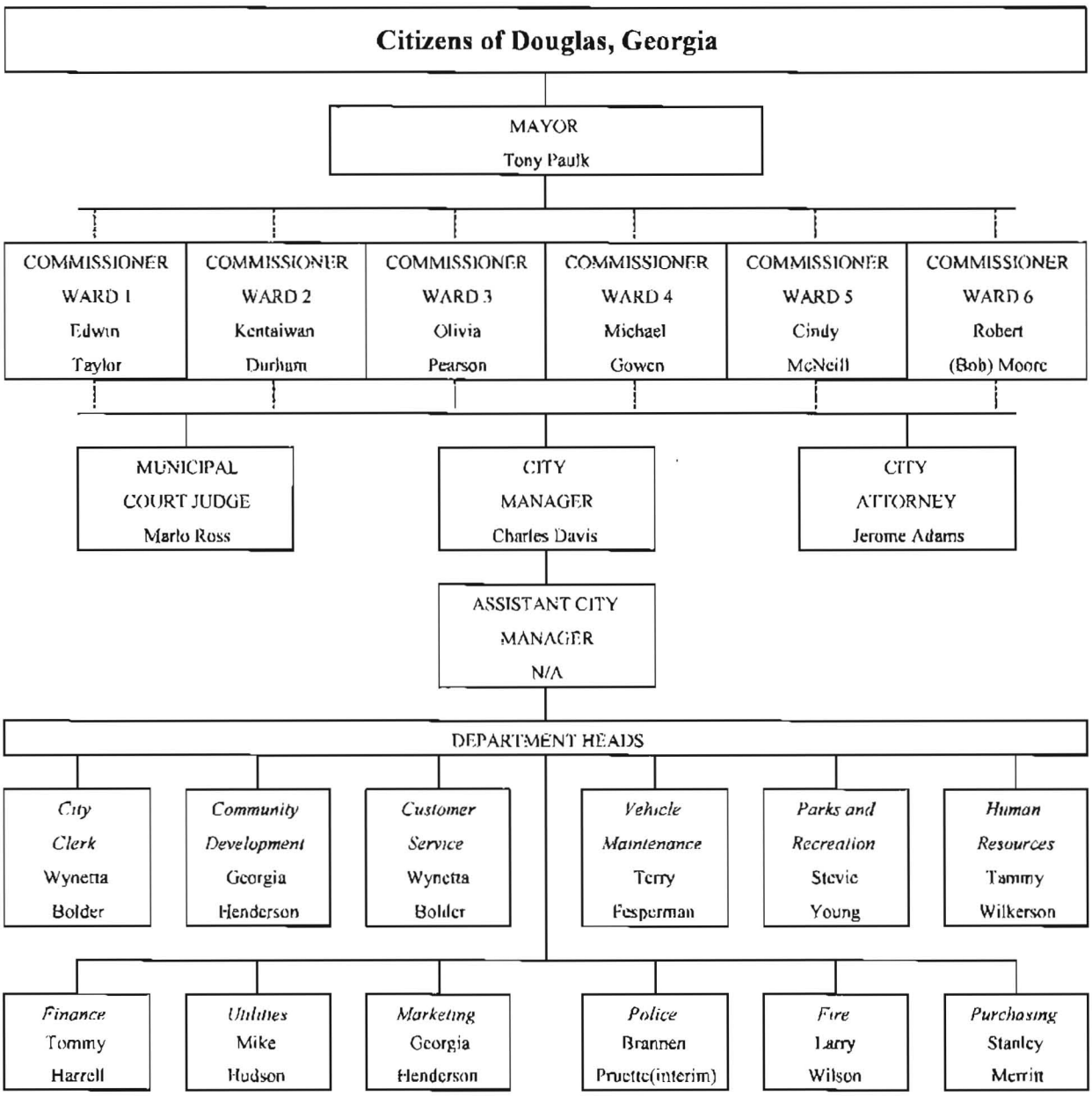
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF DOUGLAS
ORGANIZATIONAL CHART



CITY OF DOUGLAS, GEORGIA
PRINCIPAL OFFICIALS
JUNE 30, 2018

MAYOR	TONY PAULK
WARD ONE	EDWIN TAYLOR
WARD TWO	KENTAIWAN DURHAM
WARD THREE	OLIVIA PEARSON
WARD FOUR	MICHAEL GOWEN
WARD FIVE	CINDY McNEILL
WARD SIX	ROBERT (BOB) MOORE

FINANCIAL SECTION

HURST & HURST CPAs
Certified Public Accountants • Small Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Douglas, GA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Douglas, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Douglas, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Pension & OPEB information on pages 12-23 and 65-67, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Douglas, Georgia's basic financial statements as a whole. The introductory section, and combining and individual non-major fund financial statements, schedules of expenditures of special purpose local option sales tax proceeds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules and the schedules 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 non-major fund financial statements and schedules and schedules of expenditures of special purpose local option sales tax proceeds are fairly stated in all material aspects in relation to the basic financial statements as a whole.

The introductory section and 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 December 21, 2018, on our consideration of the City of Douglas, Georgia's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Douglas, Georgia's internal control over financial reporting and compliance.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
December 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Douglas, Georgia's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which begin on page 25 and the Notes to the Financial Statements, which begin on page 39.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Comprehensive Annual Financial Report (CAFR) is presented in three distinct sections:

- An Introductory Section which includes the Letter of Transmittal and general information;
- Financial Section which includes the Independent Auditor's Report, Management's Discussion and Analysis, Government-wide and Fund Financial Statements, along with Notes to these statements; and
- Statistical Section

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2018 are as follows:

- The City's net position totaled $90.5 million for its governmental and business-type activities, an increase of $4.1 million over the previous fiscal year. Net position for governmental activities decreased $2.7 million, or 9.2%, and business-type activities increased $6.8 million, or 11.8%. The decrease of the net position for governmental activities is primarily attributable to the recognition of OPEB expenses related to the requirements of GASB No. 75.

- Total combined revenues for governmental and business-type activities were $60.4 million, an increase of $.3 million over the previous fiscal year. Revenues for governmental activities decreased $.4 million, or 3.1%, and revenues for business-type activities increased $.7 million, or 1.5%.

- Overall expenses were $51.1 million, a decrease of $3.1 million over the previous year. Expenses for governmental activities decreased $.2 million, or 1.2%, and expenses for business-type activities decreased $2.9 million, or 7.3%.

- As of June 30, 2018, governmental activities' expenses exceeded program revenue, resulting in the use of $6.7 million in general revenues (primarily taxes).

- In the City's business-type activities, revenues were $47.0 million and expenses were $37.4 million, for an operating profit of approximately $9.6 million for 2018.

- The General Fund resources available for appropriation were $.23 million less than budgeted, and charges to appropriations were $.40 million less than budgeted, resulting in a $.17 million profit and increase in total fund balance.

- The combined governmental funds' balance as of June 30, 2018 was $18.3 million, of which the general fund comprised $6.3 million, SPLOST V fund comprised $10.5 and other governmental funds (which are presented in detail on pages 69 through 75) comprised $1.5 million.

NEW SIGNIFICANT ACCOUNT STANDARDS

For the fiscal year ended June 30, 2018, the City adopted a new statement of financial accounting standard issued by the Governmental Accounting Standards Board (GASB) that impact the reporting and disclosure requirements related to Postemployment Benefit Plans Other Than Pension Plans (OPEB).

- GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.

Implementation of the above noted GASB statement resulted in the restatement of the net position as of June 30, 2017 to reflect the cumulative effect resulting from this new reporting requirement. The net position of the Governmental Activities at June 30, 2018 was decreased by $4,510,985. The decrease in net position consisted of recording the OPEB liability at June 30, 2018 totaling $7,382,700 and removing the OPEB Obligation of $2,871,715, which was recorded in accordance with the prior GASB statements. The net position of the Business-Type Activities at June 30, 2018 was decreased by $659,140. The decrease in net position consisted of recording the OPEB liability at June 30, 2018 totaling $1,444,441 and removing the OPEB Obligation of $785,301, which was recorded in accordance with the prior GASB statements. The details of the restatement resulting from the implementation of GASB Statement 75 can be found in Note 26 to the financial statements.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of 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. The Statement of Net Position and the Statement of Activities (on pages 25-27) provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. The governmental fund financial statements start on page 28. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole-Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 25. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the type of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position—the difference between assets, liabilities and deferred inflows/outflows of resources —as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads and water/sewer infrastructure to assess the overall wellbeing of the City.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues(governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities—Most of the City's basic services are reported here, including the public safety, public works, airport, parks and recreation, community development, code enforcement, as well as general administration. Property taxes, fees, fines, licenses, permits, charges for services, and state and federal grants finance most of these activities.
- Business-type activities—The City charges a fee to customers to help it cover the cost of certain services it provides. The City's Water and Sewer, Natural Gas, Electric, and Sanitation Services are reported here.
- Component units— The City included no component units in its financial statements for fiscal year 2018.

Reporting the City's Most Significant Funds

The fund financial statements begin on page 28 and provide detailed information about the most significant funds—not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. Some funds are required to be established by State Law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. Fund financial statements provide detailed information about the City's major funds. The City's major governmental fund is the General Fund. The City's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are non-spendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 29 and 31, respectively.

  The City maintains 19 governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and SPLOST V Fund, which are considered to be major funds. Data from the other 17 funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

  The basic governmental fund financial statements can be found on pages 28 through 38 of this report.

- Proprietary funds—When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds are used to report activities that provide services for the City's other programs and activities. The City accounts for self-insurance programs for workers compensation and employee life and health care, in Internal Service Funds. The proprietary fund statements begin on page 34.

Notes to Financial Statements and Other Information

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 39-63. In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information and combining financial statements and schedules.

THE CITY AS A WHOLE

NET POSITION:

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position
(000's Omitted)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
Assets:	2018	2017	2018	2017	2018	2017	2017-2018
Current assets	$ 18,912	$ 17,834	$ 24,028	$ 20,105	$ 42,940	$ 37,939	13.2%
Restricted Assets -current	-	-	988	986	$ 988	986	0.2%
Unrestricted non current	-	-	2	3	2	3	-33.3%
Restricted assets - non current	-	-	23,490	21,608	23,490	21,608	8.7%
Capital assets- net	21,812	22,101	21,517	20,761	43,329	42,862	1.1%
Total assets	40,724	39,935	70,025	63,463	110,749	103,398	7.1%
Deferred Outflows of Resources	2,235	696	437	190	2,672	886	201.6%
Total assets & deferred outflows of resources	42,959	40,631	70,462	63,653	113,421	104,284	8.8%
Liabilities:							
Long-term debt outstanding	923	1,143	153	224	1,076	1,367	-21.3%
Other liabilities	11,876	9,111	5,609	5,897	17,485	15,008	16.5%
Total liabilities	12,799	10,254	5,762	6,121	18,561	16,375	13.3%
Deferred Inflows of Resources	3,655	1,200	708	296	4,363	1,496	191.6%
Total liabilities & deferred inflows of resources	16,454	11,454	6,470	6,417	22,924	17,871	28.3%
Net assets:							
Net investment in capital assets	21,812	22,056	21,517	20,761	43,329	42,817	1.2%
Restricted	11,020	10,188	-	-	11,020	10,188	8.2%
Unrestricted (deficit)	(6,327)	(3,067)	42,475	36,475	36,148	33,408	8.2%
Total net assets	$ 26,505	$ 29,177	$ 63,992	$ 57,236	$ 90,497	$ 86,413	4.7%

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. The City reported positive balances in all categories of net position except unrestricted net position in governmental activities. The City's combined net position increased $4.1 million from a net position of $86.4 million to $90.5 million as of June 30, 2018. Governmental activities decreased $2.7 million primarily due to the recording of the total OPEB liability. Business-type activities increased $6.8 million due to a profit in all enterprise funds, primarily the electric fund and water and sewer.

The growing OPEB liability may contribute to a reduction or slower increase in the City's net position. Impacts on the City's financial statements, which are beyond our control, have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, they have adopted rules that, in effect, manufacture financial commitments for governments. GASB's rules requiring accounting for other post-employment benefits (OPEB) and pensions are examples of an "obligation" that must be accounted for in financial statements and results from GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was $36.1 million at the end of this year. This is an increase of $2.7 million over the last fiscal year's net position.

The largest portion of the City's net position (approximately 48%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, sidewalks) less any debt used to acquire those assets that remain outstanding. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in 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. An additional portion of the City's net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (40%) may be used to meet the government's ongoing obligation to citizens and creditors.

The total net position of the business-type activities increased by 11.9 percent ($64.0 million in 2018 compared to $57.2 million in 2017). The increase of $7.4 million in net assets prior to the restatement of net position resulted from a net operating profit of $10.9 million, a net transfer of $5.3 million to governmental activities as compared to a $1.4 million transfer the prior year, and a capital contribution of $1.8 million(capital assets purchased with SPLOST monies). $3.9 million of the transfers to the general fund were from the Electric fund to help support rising costs without raising property taxes. The City Code states that all profits derived from the operations of the business-type activities shall be considered general funds of the city and may be used by the city council in the operation of the City, provided the use is not in conflict with the charter and the Code. The City reports positive net position balances in all of its enterprise activities (Natural Gas, Electric, Water and Sewer, and Sanitation). These activities are presented in more detail on pages 34 through 38.

CHANGES IN NET POSITION:

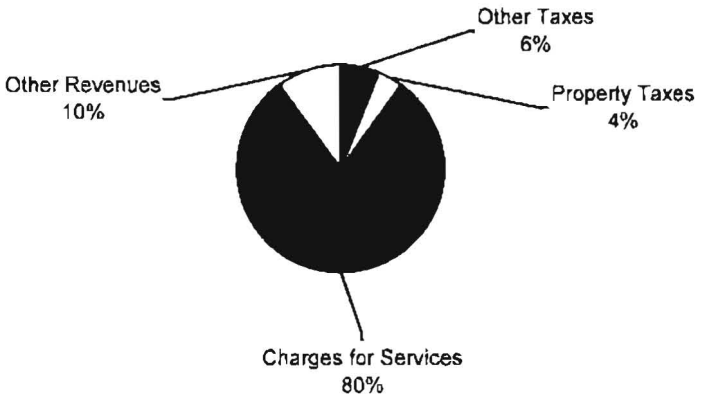
The City's total change in net position, prior to the restatement of net position in the amount of $5.1 million, was a total increase of $9.2 million comprised of an increase of $1.8 million in the current fiscal year as a result of its governmental activities and an increase of $7.4 million as a result of its business-type activities. Key elements of this increase are as follows:

Table 2
Changes in Net Position
(000 Omitted)

	Governmental Activities		Business Type Activities		Total Primary Government		Total % Change
	2018	2017	2018	2017	2018	2017	2017-2018
Revenues							
Program revenues:							
Charges for services	$ 1,606	$ 1,533	$ 47,020	$ 46,050	$ 48,626	$ 47,583	2.2%
Operating grants	196	162	-	-	196	162	21.0%
Capital grants	3,549	4,259	-	-	3,549	4,259	-16.7%
General revenues:							
Property taxes	2,630	2,599	-	-	2,630	2,599	1.2%
Other taxes	3,511	3,399	-	-	3,511	3,399	3.3%
Investment earnings	99	43	1,307	1,594	1,406	1,637	-14.1%
Other Revenues	457	440	8	-	465	440	5.7%
Total general/program revenues	**12,048**	**12,435**	**48,335**	**47,644**	**60,383**	**60,079**	0.5%
Program Expense							
General government	1,730	1,944	-	-	1,730	1,944	-11.0%
Public safety	6,204	6,033	-	-	6,204	6,033	2.8%
Public works	2,370	2,180	37,459	40,385	39,829	42,565	-6.4%
Culture and recreation	1,918	2,022	-	-	1,918	2,022	-5.1%
Housing and development	1,448	1,650	-	-	1,448	1,650	-12.2%
Interest and fiscal charges	-	3	-	32	-	35	-100.0%
Total program expenses	**13,670**	**13,832**	**37,459**	**40,417**	**51,129**	**54,249**	-5.8%
Changes in net position before special and extraordinary items and transfers	(1,622)	(1,397)	10,876	7,227	9,254	5,830	58.7%
Transfers	3,461	1,431	(5,332)	(4,805)	(1,871)	(3,374)	-44.5%
Capital Contributions	-	-	1,871	3,374	1,871	3,374	-44.5%
Changes in net position	**1,839**	**34**	**7,415**	**5,796**	**9,254**	**5,830**	58.7%
Net Position, Beginning	29,177	29,143	57,236	51,440	86,413	80,583	7.2%
Prior period adjustment	(4,511)	-	(659)	-	(5,170)	-	100.0%
Beginning net position restated	24,666	29,143	56,576	51,440	81,242	80,583	0.8%
Ending net position	26,505	29,177	63,991	57,236	90,496	86,413	4.7%

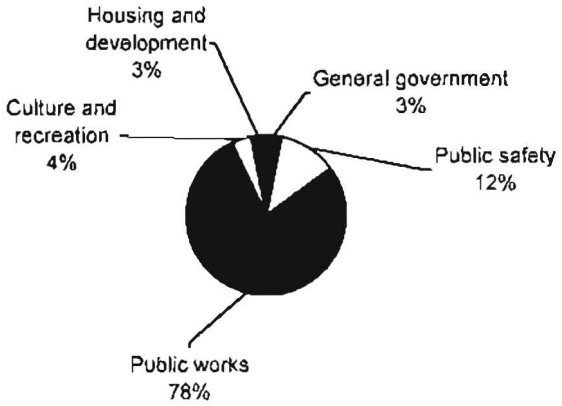
As can be seen from the following chart, approximately 4% of the City's combined total revenue is provided by property taxes, 80% by fees, fines, charges for services, an additional 6% by other taxes, and the remaining 10% by a combination of sales tax, grants, contributions, investment income and other revenues. The City charges fees for services as varied as providing copies of documents, issuing building permits, water and sewer, electric, natural gas, and sanitation.

Revenue Sources – FY 2018



The City's major expenses, at 78% of the combined total, are clearly in the area of providing services and public works activities. These services include providing services relating to highways and streets, cemetery, vehicle maintenance, natural gas, electricity, water and sewer, and sanitation.

Expenses by Activity– FY 2018



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City of Douglas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The objective of the City's governmental funds is to provide information on near-term in-flows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, the 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 City ended the 2018 fiscal year with a balance of $18.3 million in its governmental funds, an increase of $1.3 million from the prior year. This increase was mainly due to the receipt of SPLOST Funds and grants that had not been spent on SPLOST expenditures or capital projects by year-end. Of this $18.3 million balance, the unassigned portion was $5.9 million. The remaining $12.4 million is reserved for inventories, or restricted or assigned to various special revenue funds. $10.5 million of this amount was restricted for the SPLOST V fund.

Major Funds – Governmental:

General Fund

The General Fund is the chief operating fund of the City. At the end of the current year, the fund balance was $6.3 million, of which $5.9 million was unassigned, which is available for spending in the coming year, an increase of $.2 million from the prior year. As a measure of liquidity, it may be useful to compare the unassigned fund balance to total expenditures for the General Fund and transfers out to other funds. The unassigned General Fund balance represents 40.0% of that total. The General Fund pays for most of the city's governmental services. The most significant of these is general government expenses and police and fire services which incurred expenses of $3.5 million and $6.4 million, respectively, in 2018. The majority of expenses are for employee benefits, maintenance and utilities cost.

The largest sources of funds for the general fund are local option sales taxes and property taxes. There is little growth in either of these taxes over the last fiscal year. The City's overall 2018 real estate property digest shows an increase of approximately .3% compared to the 2017 digest however, the millage rate decreased from 7.497 to 7.461. There is little growth in the real estate industry at this time. Motor vehicle tax revenue had a slight increase in fiscal year 2018 after decreasing over the last few years after the Title Ad Valorem Tax enacted by the Georgia General Assembly in 2012 converted the ad valorem taxes on motor vehicles to an excise tax paid at the time of sale. There are also indications that in the future, the legislature may look to restrict other revenue sources that local governments use to finance services. The City continues to work on cost containment measures in the current economic climate. The $6.3 million fund balance should help the City weather an economic slowdown and any unanticipated events. As of June 30, 2018, the City has 5.2 months reserve based on the average monthly expenditures in the unassigned fund balance. Additional information about the General Fund can be found on pages 28 through 33.

SPLOST V Fund

This fund accounts for tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax beginning in 2012. Total assets were $10.5 million, no liabilities, and a fund balance of $10.5 million for the year ended June 30, 2018. Approximately $2.2 million was spent on water/sewer improvements. Additional information on this SPLOST Fund can be found on page 92.

Other Governmental Funds:

Combined assets were $1.75 million; liabilities were $0.27 million; and fund balance was $1.48 million for the year ended June 30, 2018. These totals are a combination of the special revenue funds and capital project funds discussed below.

Special Revenue Funds

The City uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are Recreation Activity Fund, Forfeiture Fund, DCA Program Income Fund, Central Multi-Purpose Complex Fund, Main Street Program Fund, Pave the Way, Escrow II Fund, Airport Rental Receipts Fund, Motel Tax Fund, DCA C.H.I.P Fund, Central Service Activity, Heat Grant Fund, and Park Improvement Project Fund.

Combined total assets of the above funds were $1.30 million as of June 30, 2018, liabilities were $0.06 million and fund balances were $1.24 million. The majority of the $1.24 million fund balance was in various grant funds and the Airport Rental Receipt Fund. Details on these funds are on pages 72 through 75.

Capital Projects Funds

These funds are used to account for the acquisition and construction of major capital facilities, other than those financed by proprietary funds. Included in this classification is the Airport Improvement Fund, Community Development Block Grant, Capital Projects Fund and SPLOST VI. Capital Projects Funds had $0.45 million in assets, $0.22 million of liabilities and a fund balance of $.23 million. The SPLOST VI fund began in April 2018 and had an ending fund balance of $.1 million as of June 30, 2018. Collections for SPLOST VI will be considerably lower overall

due to the City's pro-rata amount to be received after tier I county projects. Additional details of these funds are on pages 72 through 75.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the following four business-type activities as major funds - Natural Gas, Electric, Water & Sewer activities and Sanitation Fund. Charges for services had an increase from $46.1 million in 2017 to $47.0 million in 2018. In March 2017, water-sewer rates were increased by 4% There was approximately a 3% increase in units of water sold during fiscal year 2018. There was no price increase in sanitation services during fiscal year ending June 30, 2018. The last increase was in January 2017 when sanitation rates were increased 1%. In July 2014 there was a 2 mil increase and in March 2015 another 2 mil increase from 0.004 to 0.006 to all customers to cover increased wholesale power costs, to begin closing the gap between actual wholesale cost and what the City pays and to cover increased Federal environment expenses. There have been no increases in electric rates since this time. The number of electric units sold during fiscal year ending June 30, 2018 was flat. The compressed natural gas dispensing facility went online in October 2014. There were no increases in gas rates during fiscal year 2017; however the number of gas units sold were up about 18% mainly due to the agricultural load growing significantly over the last few years. Costs of services for business-type activities decreased from $40.4 million in 2017 to $37.5 million in 2018. In the prior year, the City's cost of relocating lines for DOT expansion was approximately $2.5 million and was not capitalized due to there being no new lines or significant increase in life. In addition, the City has consolidated Natural Gas, Electric, and Water and Sewer activities under one department reducing administration cost. This accounts for the decrease in the cost of services. The combined net operating income of proprietary funds totaled $10.9 million for the year ended June 30, 2018. More detailed information about the City's proprietary funds can be found on pages 34 through 38.

The City's self-insurance funds for workers' compensation and employee benefits are reported as internal service funds in the proprietary fund statements. The government-wide statements include the internal service funds as a governmental activity with revenues, expenses, and balance sheet accounts added to the governmental activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 32. The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. There were no line items overspent in 2018. The most significant budget is that of the General Fund. The City Council amends this budget throughout the fiscal year, as needed. Budgets are amended to reflect unanticipated changes in revenue collections and operating conditions.

Actual revenues were $0.28 million less than budgeted, while actual expenditures were $0.43 million less than budgeted, resulting in a $.15 million dollar net increase as compared to budgeted amounts. Operating expenditures were closely monitored to offset any revenue decreases.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to $43.3 million, net of accumulated depreciation of $44.9 million. This investment in capital assets includes land, site improvements, construction-in-progress, buildings and building improvements, equipment, and, beginning with fiscal year 2004, infrastructure. Infrastructure assets (roads, bridges, curbs, gutters, storm drains, and so forth) are items that have been heretofore not considered assets at all by this City, having been viewed as immovable, without a market in which they could be sold, without readily determinable current values, and of indeterminable salvage value, at best.

Total capital assets, net of additions, retirements and depreciation, decreased $.29 million for governmental activities and increased $.76 million for business-type activities. During FY 2018, there were additions to governmental activities of $1.15 million and additions to business-type activities of $2.9 million.

Major capital asset events during fiscal year 2018 for governmental activities included the following expenditures:

- Airport hangers - $207,031
- Maintenance Shop Improvements - $451,178
- Transportation Equipment - $146,090
- Police Department Software Upgrade - $127,225

Major capital asset events during fiscal year 2018 for business-type activities included the following expenditures:

- Transportation Equipment - $138,254
- Machinery & Equipment – Backhoe & Lawn Mowers - $116,971
- "SmartGrid" meter reading – Electric Department - $266,625
- Distribution System – Electric Department - $379,501
- Distribution System – Gas Department - $33,145
- Distribution System – Water Department - $1,945,366
- Distribution System – Sanitation Department - $23,957

Depreciation expense for the period was $3.6 million of which $1.4 million was allocated to the governmental activities functions and $2.2 million to the business-type activities functions. Additional information on Capital Assets can be found on page 48-49.

Long-term Obligations

As of June 30, 2018, the City of Douglas had $1.08 million in outstanding long-term obligations consisting of compensated absence liabilities, of which $.16 million is due within one year. In 2018, long-term obligations in governmental activities decreased $.22 million and decreased $.07 million in business-type activities. All loans have been paid in full as of June 30, 2018.

The balance outstanding on the City's long-term obligation is summarized in the following table:

City of Douglas, Georgia
Outstanding Debt
(000 Omitted)

	Governmental Activities	Business-type Activities	Total
Notes payable	$ -	$ -	$ -
Capital leases	-	-	-
Compensated Absences	924	152	1,076
	$ 924	$ 152	$ 1,076

The City continues to operate in a manner that cash balances are adequate to finance day-to-day operations without short-term borrowings such as tax anticipation notes. Long term financing, if needed, is used for equipment and other major projects. Additional information about the City's long-term obligations can be found in Note 8 of the Notes to the Financial Statements, beginning on page 51.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The City sponsors a single-employer defined benefit pension plan for all of its full-time employees. Annually, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City normally fully funds each year's annual required contribution to the

retirement system as determined by the actuary. The City contributed $1,243,636, 119% of the actuarially determined contribution during the fiscal year ending June 30, 2018, to fund the system's liability for projected benefits earned by employees.

The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 67 went into effect July 1, 2013. This statement related to the pension plan accounting and resulted in significant changes to the actuarial reporting and financial report footnotes. The provisions of GASB Statement No. 68 were effective July 1, 2014 and significantly changed the City's accounting for pension amounts. GASB asserts the new standards will improve accounting and financial reporting by state and local governments for pensions.

GASB Statement No. 68 relates to employer accounting and results in changes to the City's accounting and financial reporting for its net pension liability and related amounts. Readers of the financial report will note the net pension liability reported in the government-wide financial statements. The net pension liability is the difference between the Total Pension Liability and Plan Fiduciary Net Position. Essentially, the net pension liability is the plan's unfunded pension liability that GASB has determined meets the definition of a liability and should be recognized in the basic financial statements.

It is important to note that the GASB statements refer to plan accounting, not funding. The City continues to use the actuarially determined contribution (ARC) to determine appropriate funding of the pension plan.

At June 30, 2018, the City's total pension liability was $39,726,881. The plan fiduciary net position was $34,556,553 resulting in the City's net pension liability of $5,170,328 a decrease of $2,416,794 from the prior year primarily due to investment earnings. The plan fiduciary net position as a percentage of the total pension liability was 86.99%. The plan's funded ratio, an indicator of funding status, increased from 80.39% to 86.99%.

The City also provides post-retirement health and dental care benefits for certain retirees and their dependents. As mentioned earlier, the City began accounting for other postemployment benefits in accordance with GASB Statement No. 75 for the fiscal year ended June 30, 2018. An OPEB liability in the amount of $7,382,700 has been recorded in the Statement of Net Position as of June 30, 2018 for the Governmental Activities and an OPEB liability in the amount of $1,444,441 has been recorded in the Statement of Net Position as of June 30, 2018 for the Business-Type Activities. The annual OPEB cost is not funded. These benefits are financed on a pay-as-you go basis.

Additional information on the City's pension arrangements and postemployment benefits can be found in notes 14 and 22 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2019 budget, including, but not limited to, tax rates and fees that will be charged for services. In prior years, increased operating costs have been funded from increases in the tax digest and increased sales taxes. However, the revenue from sales taxes, ad valorem taxes and business licenses has been in a neutral position for the last few years. Although demand for an increase in services continues to rise, as do the expenses to fund services, the economy has not kept pace to provide any additional funds. Revenue concerns include the uncertain future of franchise taxes and motor vehicle taxes and legislative interference in restricting local government revenue sources. Health care costs and other employee benefits continue to rise increasing costs to provide services. The City is mindful of this and continues to search for ways to deliver cost effective services to the citizens of Douglas. There is also the ever increasing cost of operating the Water and Sewer system, maintenance of its infrastructure, and satisfying State and Federal unfunded mandates. A SPLOST referendum was passed in March 2011, with water/sewer improvements as a priority, as these improvements are needed to help support the City's industry and jobs. Another SPLOST referendum was passed in March 2017, which also included water/sewer system capital improvements and road, street, drainage and bridge projects.

Despite these concerns, the City continues to operate in an efficient manner. Salary expenses and health care costs have been reduced through downsizing and reorganization and privatizing approximately 22 jobs in fiscal year 2018 in the general government and the sanitation department. Workers compensation expense increased due to increased settlements. However, the City has committed to keep up with cost of living wages approving a 2% cost of living increase for all employees. Health care costs are being managed through a goal achieving system, but cost has

been impacted by some larger claims. A decrease in the millage rate was proposed for the 2019 budget due to the careful management of expenditures. In addition, the Proprietary Funds have steadily improved over the past several years, and the City has been fortunate to be able to increase some transfers from these funds to help balance the general fund in the absence of increased general revenues in the General Fund. SPLOST V has covered required improvements to the water/sewer system over the last several years, allowing the water/sewer fund to increase cash reserves for future capital improvements. The City Council actively participates in regional planning with State and Federal agencies, Coffee County, neighboring counties, and municipalities to maximize services to our citizens and to provide these services as economically reasonable as possible.

The City Council sets rigorous standards for sound financial management of the City, continually reviewing the needs of the community with the costs of providing for those needs and the various sources of funding available. Ultimately, the City's conservative financial practices, long-term planning, culture of innovation, and strategic approach to financial challenges have resulted in the City's ability to avoid layoffs and furloughs and to maintain high quality service delivery. Commercial and Industrial growth continues and the economic outlook for the City is positive.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Douglas, P.O. Box 470, Douglas, GA, 31534 or call 912-389-3401.

BASIC FINANCIAL STATEMENTS

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2018

	PRIMARY GOVERNMENT		
	Government Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Equity in Pooled Cash	$ 117,351	$ 13,908,512	$ 14,025,863
Equity in Investment Pool	6,179,192	3,146,795	9,325,987
Cash	12,121,716	435,648	12,557,364
Receivables			
Accounts (net of allowance of $0, and $50,162 respectively)	20,675	3,013,567	3,034,242
Unbilled	-	2,233,391	2,233,391
Property Tax (net of allowance of $2,255, and $0 respectively)	224,990	-	224,990
Sales Tax	150,301	-	150,301
Other Taxes	13,091	-	13,091
Internal Balances	(218,596)	218,596	-
Due from Other Governments	197,013	-	197,013
Inventory	106,679	1,071,123	1,177,802
Restricted Assets:			
Customer Deposits - Equity in Investment Pool	-	872,388	872,388
Customer Deposits - Certificate of Deposit	-	115,684	115,684
Total Current Assets	18,912,412	25,015,704	43,928,116
Noncurrent Assets:			
Investments	-	2,060	2,060
Restricted Assets:			
MEAG Trust	-	23,489,672	23,489,672
Capital Assets Not Being Depreciated			
Land	5,032,030	191,243	5,223,273
Construction in Progress	127,225	-	127,225
Capital Assets, Net of Accumulated Depreciation			
Buildings and Improvements	7,818,927	1,366,319	9,185,246
Infrastructure	7,208,151	-	7,208,151
Machinery and Equipment	753,947	291,159	1,045,106
Transportation Equipment	752,832	704,571	1,457,403
Distribution System	-	18,669,080	18,669,080
Computer Equipment	3,150	294,568	297,718
Office Equipment	115,417	-	115,417
Furniture and Fixtures	-	-	-
Appliances	-	-	-
Total Noncurrent Assets	21,811,679	45,008,672	66,820,351
TOTAL ASSETS	40,724,091	70,024,376	110,748,467
DEFFERRED OUTFLOWS OF RESOURCES	2,234,960	437,275	2,672,235
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 42,959,051	$ 70,461,651	$ 113,420,702
LIABILITIES			
Current Liabilities:			
Accounts and Contracts Payable	$ 126,216	$ 2,242,673	$ 2,368,889
Accrued Expenses	149,779	-	149,779
Other Payables	105,496	129,010	234,506
Payable from restricted assets: Customer Deposits Payable	-	988,071	988,071
Current Portion of Compensated Absenses	138,532	22,882	161,414
Current Portion of Long-Term Debt	-	-	-
Total Current Liabilities	520,023	3,382,636	3,902,659

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION (continued)
JUNE 30, 2018

	PRIMARY GOVERNMENT		
	Government Activities	Business-type Activities	Total
Noncurrent Liabilities:			
Estimated Liability for Compensated Absences (net of current portion)	785,013	129,666	914,679
Long Term Debt (net of current portion)	-	-	-
Total OPEB Liability	7,170,023	1,402,830	8,572,853
Net Pension Liability	4,324,274	846,054	5,170,328
Total Noncurrent Liabilities	12,279,310	2,378,550	14,657,860
TOTAL LIABILITIES	12,799,333	5,761,186	18,560,519
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferrals	3,278,875	641,520	3,920,395
OPEB Related Deferrals	342,115	66,935	409,050
Unearned Revenues	33,640	-	33,640
TOTAL DEFERRED INFLOWS OF RESOURCES	3,654,630	708,455	4,363,085
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	16,453,963	6,469,641	22,923,604
NET POSITION			
Net Investment in Capital Assets	21,811,679	21,516,940	43,328,619
Restricted for Cemetary	91,672	-	91,672
Restricted for Police Technology	47,997	-	47,997
Restricted for DCCPRD	53,889	-	53,889
Restricted for Haz-Mat	59,392	-	59,392
Restricted for Capital Projects	10,766,996	-	10,766,996
Unrestricted	(6,326,537)	42,475,070	36,148,533
TOTAL NET POSITION	26,505,085	63,992,010	90,497,095
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 42,959,051	$ 70,461,651	$ 113,420,702

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE CHANGES IN NET POSITION: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary Government							
Governmental Activities							
General Government	$ 1,730,174	$ 469,292	$ -	$ 3,097,603	$ 1,836,721	$ -	$ 1,836,721
Public Safety	6,203,756	3,423	85,341	-	(6,114,992)	-	(6,114,992)
Public Works	2,370,453	-	-	232,261	(2,138,192)	-	(2,138,192)
Culture and Recreation	1,917,695	748,987	-	73,889	(1,094,819)	-	(1,094,819)
Housing and Development	1,448,172	384,612	111,017	145,316	(807,227)	-	(807,227)
Unallocated Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Governmental Activities	13,670,250	1,606,314	196,358	3,549,069	(8,318,509)	-	(8,318,509)
Business-Type Activities							
Natural Gas	4,371,181	5,421,756	-	-	-	1,050,575	1,050,575
Electric	23,848,426	29,340,048	-	-	-	5,491,622	5,491,622
Water and Sewer	6,566,638	9,080,237	-	-	-	2,513,599	2,513,599
Sanitation System	2,672,203	3,177,775	-	-	-	505,572	505,572
Total Business-Type Activities	37,458,448	47,019,816	-	-	-	9,561,368	9,561,368
Total Primary Government	51,128,698	48,626,130	196,358	3,549,069	(8,318,509)	9,561,368	1,242,859
General Revenues:							
Property Taxes, Levied For General Purpose					2,629,328	-	2,629,328
Sales and Use Taxes					1,722,778	-	1,722,778
Insurance Premium Tax					770,283	-	770,283
Franchise Taxes					243,709	-	243,709
Other Taxes					774,424	-	774,424
Investment Earnings					99,224	1,306,683	1,405,907
Gain on Disposition of Capital Assets					44,405	8,057	52,462
Other Revenue and Reimbursements					412,715	-	412,715
Total General Revenues					6,696,866	1,314,740	8,011,606
Transfers					3,460,496	(3,460,496)	-
Total General Revenues and Transfers					10,157,362	(2,145,756)	8,011,606
Change in Net Position					1,838,853	7,415,612	9,254,465
Net Position - Beginning (as restated)					24,666,232	56,576,397	81,242,629
Net Position - Ending					$ 26,505,085	$ 63,992,010	$ 90,497,095

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

CITY OF DOUGLAS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major Governmental Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	SPLOST V		
ASSETS				
Equity in Pooled Cash	$ 117,351	$ -	$ -	$ 117,351
Equity in Investment Pool	6,179,192	-	-	6,179,192
Cash	121,362	10,392,092	1,525,463	12,038,917
Accounts and Notes Receivable	20,675	-	-	20,675
Taxes Receivable				
Property (net of allowance of $2,255)	224,990	-	-	224,990
Sales	150,301	-	-	150,301
Franchise	13,091	-	-	13,091
Due from Other Governments	-	-	197,013	197,013
Interfund Receivables	52,531	145,315	27,800	225,646
Inventory	106,679	-	-	106,679
Total Assets	6,986,172	10,537,407	1,750,276	19,273,855
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	110,828	-	15,388	126,216
Accrued Expenditures	149,779	-	-	149,779
Other Payables	19,490	-	5,057	24,547
Interfund Payables	188,070	-	254,323	442,393
Total Liabilities	468,167	-	274,768	742,935
Deferred Inflows of Resources	248,545	-	-	248,545
Total Liabilities and Deferred Inflows of Resources	716,712	-	274,768	991,480
Fund Balances:				
Nonspendable:				
Not in Spendable Form	106,679	-	-	106,679
Restricted for:				-
Cemetary	91,672	-	-	91,672
Police Technology	47,997	-	-	47,997
DCCPRD	53,889	-	-	53,889
Haz Mat	59,392	-	-	59,392
Capital Projects	-	10,537,407	229,589	10,766,996
Committed to:	-	-	-	-
Assigned to:				
Special Revenue Funds	-	-	1,245,919	1,245,919
Unassigned:	5,909,831	-	-	5,909,831
Total Fund Balances	6,269,460	10,537,407	1,475,508	18,282,375
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,986,172	$ 10,537,407	$ 1,750,276	$ 19,273,855

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

CITY OF DOUGLAS, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds		$ 18,282,375
The net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of Capital Assets	43,308,275	
Less accumulated depreciation	(21,496,596)	
		21,811,679
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable	214,905	
Differences between expected and actual experience in OPEB plan	5,103	
Differences between expected and actual experience in pension plan	602,818	
Difference between projected and actual earnings on pension plan investments	629,234	
OPEB contributions subsequent to measurement date	345,433	
Pension contributions subsequent to measurement date	652,370	
		2,449,863
Certain liabilities, such as compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(923,545)
Other long -term liabilities are not payable in the current period and, therefore, are deferred in the funds.		
Difference between projected and actual earnings on pension plan investments	(2,148,021)	
Differences between expected and actual experience in pension plan	(518,375)	
Changes of assumptions in pension plan	(612,479)	
Changes of assumptions in OPEB plan	(342,115)	
		(3,620,990)
Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	4,324,274	
Net OPEB Liability	7,170,023	
		(11,494,297)
Total net position of governmental activities		$ 26,505,085

CITY OF DOUGLAS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Governmental Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	SPLOST V		
REVENUES:				
Taxes	$ 5,763,993	$ -	$ 302,867	$ 6,066,860
Intergovernmental Revenues	72,089	2,956,419	755,599	3,784,107
License & Permits	363,816	-	-	363,816
Charges for Services	492,476	-	366,652	859,128
Fines & Forfeitures	315,530	-	17,713	333,243
Investment Earnings	99,224	-	4	99,228
Other Revenues	507,828	-	32,559	540,387
Total Revenues	7,614,956	2,956,419	1,475,394	12,046,769
EXPENDITURES:				
Current:				
General Government	1,655,273	-	-	1,655,273
Public Safety	6,447,414	-	60,918	6,508,332
Public Works	2,241,049	-	76,938	2,317,987
Culture and Recreation	1,374,054	-	217,266	1,591,320
Housing and Development	1,161,724	-	128,633	1,290,357
Capital Outlay:	-	2,352,567	398,530	2,751,097
Debt Service:				
Principal	-	-	45,000	45,000
Interest	-	-	-	-
Total Expenditures	12,879,514	2,352,567	927,285	16,159,366
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,264,558)	603,852	548,109	(4,112,597)
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Asset Dispositions	44,405	-	-	44,405
Transfers from (to) Other Funds	5,390,439	-	(58,527)	5,331,913
Capital Lease Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	5,434,844	-	(58,527)	5,376,318
Net Change in Fund Balances	170,286	603,852	489,583	1,263,721
Fund Balances - Beginning	6,099,174	9,933,555	985,925	17,018,654
Fund Balances - Ending	$ 6,269,460	$ 10,537,407	$ 1,475,508	$ 18,282,375

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

CITY OF DOUGLAS, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net changes in fund balances - total governmental funds reported in the *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds*		$ 1,263,721
Amounts reported for governmental activities in the *Statement of Activities* are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation Expense	(1,435,679)	
Capital Outlay	1,146,263	
		(289,416)
Revenues in the *Statement of Activities* that do not provide current financial resources such as deferred revenue, are not reported as revenues in governmental funds.		(42,567)
The issuance of Long-Term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of Long-Term debt and related items.		
Repayments:		45,000
Some expenses reported in the *Statement of Activities do not require the use of current* financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absenses	173,970	
Net OPEB Liability Adjustments	221,099	
Pension Liability Adjustments	467,047	
		862,116
Change in net position of governmental activities reported in the *Statement of Activities.*		$ 1,838,853

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

CITY OF DOUGLAS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Beginning budgetary fund balance:	$ 6,099,174	$ 6,099,174	$ 6,099,174	
Resources (inflows):				
Taxes	5,530,713	5,530,713	5,763,993	233,280
Intergovernmental Revenues	109,000	109,000	72,089	(36,911)
Licenses & Permits	365,350	365,350	363,816	(1,534)
Charges for Services	476,465	476,465	492,476	16,011
Fines & Forfeitures	400,000	400,000	315,530	(84,470)
Investment Earnings	350	350	99,224	98,874
Other Revenues/Reimbursements	2,921,175	2,921,175	2,413,209	(507,966)
Total Revenues	9,803,053	9,803,053	9,520,337	(282,716)
Other Financing Sources:				
Transfers from Other Funds	5,379,495	5,379,495	5,392,552	13,057
Budgeted Fund Balance	-	-	-	-
Proceeds from Disposition of Assets	-	-	44,405	44,405
Total Other Financing Sources	5,379,495	5,379,495	5,436,957	57,462
Amounts available for appropriation	15,182,548	15,182,548	14,957,294	(225,254)
Charges to appropriations (outflows):				
General Government				
Mayor & Commission	160,360	165,360	156,991	8,369
City Manager	413,022	433,022	423,026	9,996
City Clerk	115,462	125,462	121,755	3,707
Financial Administration	372,949	352,949	338,772	14,177
Legislative	107,738	117,738	112,484	5,254
Information Technology	330,340	375,340	369,624	5,716
IT/GIS	74,592	34,592	30,466	4,126
Human Resources	170,531	200,531	198,382	2,149
Customer Service	458,560	473,560	465,401	8,159
Purchasing	187,034	187,034	180,266	6,768
General Operations	1,258,767	1,208,767	1,133,488	75,279
Total General Government	3,649,355	3,674,355	3,530,655	143,700
Public Safety				
Police				
Administration	539,981	541,981	533,805	8,176
Patrol	2,306,412	2,406,412	2,366,318	40,094
Records Services	535,545	475,545	450,435	25,110
Standards and Training	258,038	213,038	202,837	10,201
Fire	2,698,021	2,758,021	2,739,697	18,324
Haz-Mat	31,350	31,350	29,518	1,832
Animal Control	126,405	128,405	124,803	3,602
Total Public Safety	6,495,752	6,554,752	6,447,413	107,339

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

CITY OF DOUGLAS, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGET BASIS) - (continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Pos/(Neg)
	Original	Final		
Public Works				
Highways and Streets	1,136,306	1,141,306	1,132,015	9,291
General Maintenance	534,476	514,476	502,695	11,781
Vehicle Maintenance	439,742	489,742	479,654	10,088
Cemetary	160,392	140,392	126,685	13,707
		-		-
Total Public Works	2,270,916	2,285,916	2,241,049	44,867
Culture and Recreation				
Parks and Rec Admin	252,390	251,390	237,330	14,060
Golf Course	8,400	8,400	7,136	1,264
Pool	61,862	50,862	42,283	8,579
Ceramics	44,671	44,671	43,776	895
Special Activities	23,886	18,886	12,900	5,986
Athletics	263,918	273,918	263,922	9,996
Teen Center	7,000	7,000	5,367	1,633
Parks and Rec Capital Purchases	-	-	-	-
Wellness Center	66,601	66,601	60,187	6,414
Arts Center	36,000	36,000	33,916	2,084
Central Square Complex	121,520	131,520	126,754	4,766
Museum	19,385	14,385	11,274	3,111
Martin Center	30,050	26,050	23,565	2,485
Park Maintenance	536,407	490,407	479,579	10,828
Weir Center	32,000	32,000	26,065	5,935
Total Culture and Recreation	1,504,090	1,452,090	1,374,054	78,036
Housing and Development				
Inspections and Permits	72,671	74,671	72,086	2,585
City Planning	20,125	5,125	1,191	3,934
Code Enforcement	164,959	159,959	150,894	9,065
Grants Administration	166,281	172,281	162,891	9,390
Ashley Slater Welcome Center	40,150	30,150	24,203	5,947
Marketing	278,468	278,468	277,417	1,051
Mainstreet	75,276	75,276	67,918	7,358
Airport	444,505	419,505	405,124	14,381
Total Housing and Development	1,262,435	1,215,435	1,161,724	53,711
Total Expenditures	15,182,548	15,182,548	14,754,895	427,653
Other Financing Uses				
Transfers Out	-	-	32,113	(32,113)
Total charges to appropriations	15,182,548	15,182,548	14,787,008	
Net Changes in Fund Balance	-	-	170,286	
Ending Fund Balance	$ 6,099,174	$ 6,099,174	$ 6,269,460	

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Sanitation Fund	Totals	Internal Service
ASSETS						
Current Assets:						
Equity in Pooled Cash	$ 1,316,347	$ 1,934,910	$ 9,088,981	$ 1,568,274	$ 13,908,512	-
Equity in Investment Pool	14,552	374,684	1,806,973	950,586	3,146,795	-
Cash	-	111	435,537	-	435,648	82,799
Accounts Receivable	207,643	2,166,653	484,274	205,159	3,063,729	-
Less: Allowance for Doubtful Accounts	(339)	(40,120)	(6,828)	(2,875)	(50,162)	-
Unbilled Accounts Receivable	250,310	1,282,122	552,205	148,754	2,233,391	-
Due From Other Funds	26,158	78,221	80,723	33,494	218,596	-
Prepaid Items	-	-	-	-	-	-
Inventory, at cost	211,433	704,114	155,576	-	1,071,123	-
Restricted Assets:						
Customer Deposits - Equity in Investment Pool	85,535	525,210	261,643	-	872,388	-
Customer Deposits - Certificate of Deposit	23,137	57,842	34,705	-	115,684	-
Total Current Assets	2,134,776	7,083,747	12,893,789	2,903,392	25,015,704	82,799
Noncurrent Assets:						
Investments	-	2,060	-	-	2,060	-
Restricted Assets:						
MEAG Trust	-	23,489,672	-	-	23,489,672	-
Capital Assets Not Being Depreciated:						
Land	56,595	28,655	105,993	-	191,243	-
Construction in Progress	-	-	-	-	-	-
Capital Assets, Net of Accumulated Depreciation:						
Buildings and Improvements	1,048,961	-	317,358	-	1,366,319	-
Transportation Equipment	64,568	359,004	167,343	113,656	704,571	-
Machinery and Equipment	84,775	34,292	163,732	8,360	291,159	-
Computer Equipment	-	271,461	23,107	-	294,568	-
Distribution System	1,752,327	3,365,699	13,510,099	40,955	18,669,080	-
Total Noncurrent Assets	3,007,226	27,550,843	14,287,632	162,971	45,008,672	-
TOTAL ASSETS	5,142,002	34,634,590	27,181,421	3,066,363	70,024,376	82,799
Deferred Outflows of Resources	97,172	242,931	97,172	-	437,275	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,239,174	$ 34,877,521	$ 27,278,593	$ 3,066,363	$ 70,461,651	$ 82,799

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Sanitation Fund	Totals	Internal Service
LIABILITIES						
Current Liabilities:						
Accounts and Contracts Payable	$ 225,876	$ 1,690,970	$ 12,742	$ 313,085	$ 2,242,673	$ -
Interfund Payables	-	-	-	-	-	1,850
Other Payables	13,902	115,108	-	-	129,010	80,949
Accrued Interest Payable	-	-	-	-	-	
Current Portion of Long Term Debt	-	-	-	-	-	-
Current Portion Estimated Liability for Compensated Absenses	5,306	16,921	655	-	22,882	-
Current Portion of Capital Leases	-	-	-	-	-	-
Payable from restricted assets:						
Customer Deposits Payable	108,672	583,051	296,348	-	988,071	-
Total Current Liabilities	353,756	2,406,050	309,745	313,085	3,382,636	82,799
Noncurrent Liabilities:						
Long Term Debt	-	-	-	-	-	-
Net Pension Liability	188,012	470,030	188,012	-	846,054	-
Total OPEB Liability	311,740	779,350	311,740	-	1,402,830	-
Estimated Liability for Compensated Absences	30,066	95,886	3,714	-	129,666	-
Capital Leases	-	-	-	-	-	-
Total Noncurrent Liabilities	529,818	1,345,266	503,466	-	2,378,550	-
TOTAL LIABILITIES	883,574	3,751,316	813,211	313,085	5,761,186	82,799
Deferred Inflows of Resources	157,435	393,586	157,435	-	708,456	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,041,009	4,144,902	970,646	313,085	6,469,642	82,799
NET POSITION						
Net Investment in Capital Assets	3,007,226	4,059,111	14,287,632	162,971	21,516,940	-
Unrestricted	1,190,939	26,673,508	12,020,315	2,590,307	42,475,069	-
TOTAL NET POSITION	4,198,165	30,732,619	26,307,947	2,753,278	63,992,009	-
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 5,239,174	$ 34,877,521	$ 27,278,593	$ 3,066,363	$ 70,461,651	$ 82,799

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Sanitation Fund	Totals	Internal Service
OPERATING REVENUES						
Charges For Sales & Service	$ 5,215,796	$ 26,280,153	$ 8,805,339	$ 3,106,094	43,407,382	$ -
Cut-in Charges	-	4,185	6,670	-	10,855	-
Penalties	6,761	192,945	73,091	37,544	310,341	-
Other Revenues/Reimbursements	199,199	2,862,765	195,137	34,137	3,291,238	2,818,993
Total Operating Revenues	5,421,756	29,340,048	9,080,237	3,177,775	47,019,816	2,818,993
OPERATING EXPENSES						
Cost of Sales and Services	3,149,536	19,841,028	-	1,856,358	24,846,922	-
Administration & Operating	972,956	3,628,811	5,150,344	712,015	10,464,126	2,818,993
Depreciation	248,689	378,587	1,416,294	103,830	2,147,400	-
Total Operating Expenses	4,371,181	23,848,426	6,566,638	2,672,203	37,458,448	2,818,993
Operating Income (Loss)	1,050,575	5,491,622	2,513,599	505,572	9,561,368	-
NONOPERATING REVENUES (EXPENSES)						
Investment Income	1,404	1,263,816	28,783	12,680	1,306,683	-
Gain (Loss) on Capital Asset Disposals	-	-	-	8,057	8,057	
Interest Expense	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	1,404	1,263,816	28,783	20,737	1,314,740	-
Net Income (Loss) before Transfers & Contributions	1,051,979	6,755,438	2,542,382	526,309	10,876,108	-
CONTRIBUTIONS & TRANSFERS:						
Capital Contributions	-	-	1,847,459	23,957	1,871,416	-
Transfer from (to) Other Funds	(512,060)	(3,916,507)	(870,288)	(33,057)	(5,331,912)	-
Change of Net Position	539,919	2,838,931	3,519,553	517,209	7,415,612	-
Total Net Position - Beginning of Year (as restated)	3,658,246	27,893,688	22,788,394	2,236,069	56,576,397	-
Total Net Position - End of Year	$ 4,198,165	$ 30,732,619	$ 26,307,947	$ 2,753,278	$ 63,992,009	$ -

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Sanitation Fund	Totals Current Year	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Received from Customers	$ 5,356,276	$ 29,062,443	$ 8,845,796	$ 3,224,845	$ 46,489,360	$ -
Cash Paid to Suppliers	(3,818,656)	(22,530,280)	(4,658,498)	(2,550,564)	(33,557,998)	-
Cash Paid to Employees	(461,710)	(1,098,940)	(509,723)	(439,300)	(2,509,673)	-
Cash Received from Interfund Services Provided	36,970	214,457	87,349	-	338,776	2,818,993
Cash Paid for Interfund Services Provided	(53,991)	(63,501)	(187,074)	(34,210)	(338,776)	(2,840,341)
Net Cash Provided (Used) by Operating Activities	1,058,889	5,584,179	3,577,850	200,771	10,421,689	(21,348)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In (Out)	(512,060)	(3,916,507)	(870,288)	(33,057)	(5,331,912)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(512,060)	(3,916,507)	(870,288)	(33,057)	(5,331,912)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds on Sales of Capital Assets	-	-	-	8,057	8,057	-
Purchase of Capital Assets	(107,864)	(666,798)	(257,383)	-	(1,032,045)	-
Principal Payments on Note Payable	-	-	-	-	-	-
Interest Paid	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(107,864)	(666,798)	(257,383)	8,057	(1,023,988)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (Purchase) of Investments	-	-	-	-	-	-
Receipts of Interest and Dividends	1,404	1,263,816	28,783	12,680	1,306,683	-
Net Cash Provided (Used) by Investing Activities	1,404	1,263,816	28,783	12,680	1,306,683	-
Net Increase (Decrease) in Cash and	440,369	2,264,690	2,478,962	188,451	5,372,472	(21,348)
CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR	999,202	24,119,799	9,148,877	2,330,409	36,598,287	104,147
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,439,571	$ 26,384,489	$ 11,627,839	$ 2,518,860	$ 41,970,759	$ 82,799

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

CITY OF DOUGLAS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Proprietary Funds					Governmental Activities
	Natural Gas	Electric	Water and Sewer	Sanitation Fund	Totals	Internal Service
CASH AND CASH EQUIVALENT - END OF YEAR						
Unrestricted	$ 1,330,899	$ 2,311,765	$ 11,331,491	$ 2,518,860	$ 17,493,015	$ 82,799
Restricted	108,672	24,072,724	296,348	-	24,477,744	-
Total	1,439,571	26,384,489	11,627,839	2,518,860	41,970,759	82,799
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Net Operating Income (Loss)	1,050,575	5,491,622	2,513,599	505,572	9,561,368	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	248,689	378,587	1,416,294	103,830	2,147,400	-
Amortization Expense	-	-	-	-	-	-
(Increase) Decrease in Accounts Receivable	(28,510)	(21,371)	(80,312)	(34,390)	(164,583)	-
(Increase) Decrease in Unbilled Accounts Receivable	(26,026)	(71,484)	(66,780)	(3,481)	(167,771)	-
(Increase) Decrease in Interfund Receivables	(1,900)	(35,276)	(1,900)	-	(39,076)	50,410
(Increase) Decrease in Inventory	(18,465)	(25,402)	(18,050)	-	(61,917)	-
(Increase) Decrease in Prepaid Items	-	-	-	-	-	-
(Increase) Decrease in Deferred Outflows	(45,694)	(146,686)	(36,422)	46,359	(182,443)	-
Increase (Decrease) in Estimated Liability for Compensated Absences	5,940	(1,617)	(36,033)	(39,777)	(71,487)	-
Increase (Decrease) in Accounts Payable	(6,307)	(151,754)	10,222	158,892	11,053	-
Increase (Decrease) in Interfund Payables	-	-	-	-	-	1,850
Increase (Decrease) in Customer Deposits	5,895	(5,574)	2,090	-	2,411	-
Increase (Decrease) in Other Payable	1,828	(5,276)	-	-	(3,448)	(73,608)
Increase (Decrease) in Deferred Inflows	77,644	256,284	70,013	(69,123)	334,818	-
Increase (Decrease) in Net OPEB Liability	(6,285)	(15,711)	(6,285)	-	(28,281)	
Increase (Decrease) in Net Pension Liability	(198,495)	(62,163)	(188,586)	(467,111)	(916,355)	-
Net Cash Provided (Used) by Operating Activities	$ 1,058,889	$ 5,584,179	$ 3,577,850	$ 200,771	$ 10,421,689	$ (21,348)
Non-Cash Activities						
Contributed Capital	$ -	$ -	$ 1,847,459	$ 23,957	$ 1,871,416	$ -

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

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The accounting methods and procedures adopted by the City of Douglas, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Annual Financial Report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Incorporated in 1895, under the laws of the State of Georgia, the City of Douglas is governed by a six member Mayor/Council form of government. The mayor is elected to a four-year term, and council members are elected to four-year terms. The Mayor serves as the Chief Executive Officer and the other six council members serve on a part-time basis. The Mayor is assisted by a city manager to handle the daily operations of the City.

The financial statements of the City of Douglas, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's major operations include social services, public safety, fire protection, culture-recreation, regulation and control of the water, sewer, electricity, and sanitation system, highways and streets, public works maintenance and general administrative services.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement including the following:

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations. A comparative analysis of financial information is presented in the MD&A.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The financial statements of the reporting entity include those of the City of Douglas (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the City.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of the City of Douglas, Georgia (the primary government) and its component units. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name);
- The City holds the corporate powers of the organization;
- The City appoints a voting majority of the organization's board;
- The City is able to impose its will on the organization;
- The organization has the potential to impose a financial benefit/burden on the City;
- There is fiscal dependency by the organization on the City;

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

Discretely presented component units: Based on the aforementioned criteria, the only component unit of the city is the Downtown Development Authority. See Note Below.

Downtown Development Authority

The purpose of the Downtown Development Authority (DDA) is developing and revitalizing of downtown and facilitating loans between banks and property owners. The revitalization of DDA is governed by seven directors which are appointed by the City Commission. The Mayor, City Manager, Director of Community Development and the Executive Secretary of The Douglas-Coffee County of Commerce act as advisory members. City employees act as record keepers of the DDA. The City has the ability to impose its will upon the DDA.

The Downtown Development Authority did not issue separate Component Unit Financial Statements. The financial information for the Downtown Development Authority is not presented in this report because the amounts are immaterial to the financial statements of City of Douglas, Georgia.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category - *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues and expenses, such as charges for services and cost of services and administration, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating items not meeting these definitions are reported as non-operating revenues or expenses, and/or result from non-exchange transactions or ancillary activities.

The City reports the following **major** governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Splost 2012 – This fund accounts for tax revenues and capital expenditures related to the Special Purpose Local Option Sales Tax beginning in 2012.

City reports the following **major** proprietary funds:

Electric System – This fund accounts for user fees and expenses for the electric services provided to the citizens of the City.

Water and Sewer System - The water and sewer fund accounts for the operation and maintenance of the City's water and sewer services.

Gas System – The gas fund account for the operation and maintenance of the City's gas services.

Sanitation System – The sanitation fund accounts for the operation and maintenance of the City's sanitation services.

Additionally, the government reports the following fund types:

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

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Internal Service Fund - The Internal Service Fund accounts for the City's self-insured worker's compensation and health insurance claims. Charges are allocated back out to the various funds and departments on a pro-rata basis.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

C. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data for the funds reflected in the financial statements.

1. In May, a proposed operating budget for the fiscal year commencing July 1 is submitted to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgetary amounts between line items within a fund can be done with the approval of the City Administrator. Transfer of amounts between each department of each fund must be approved by the City Commission. This is the legal level of budgetary control.
5. The funds obtained from any source may be used for any appropriations named in said budget, except funds specifically restricted by City ordinance or State law.
6. The City does employ the use of encumbrance accounting.
7. Unexpended appropriations lapse at the end of the year.
8. At the end of the fiscal year, all amendments to the budget are approved through passage of an ordinance.

D. Encumbrances

The City of Douglas does use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation.

E. Cash, Investments and Cash Equivalents

Cash consists of demand deposits held in banks. Any bank deposits in excess of FDIC insured amounts must be secured by an equivalent amount of State of Georgia or U.S. obligations or direct loans to the City. For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are stated at fair value based on quoted market prices.

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

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government

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

State Statutes require all deposits to be collateralized by depository insurance, obligations of the United States or certain obligations guaranteed by the U.S. Government, obligations of the State of Georgia or bonds of public or development authorities, counties, or municipalities of the State of Georgia. The acceptable collateral pledged in the City's name is composed of bonds of U.S. Government agencies and bonds of the State of Georgia and its public authorities, counties, and municipalities.

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

F. Receivables

All trade and property tax receivables are reported net of allowance for uncollectibles, where applicable. Unbilled utility charges are accrued as receivables and revenue at June 30, 2018. The delinquent taxes receivable account represents the past seven years of uncollected tax levies.

G. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

H. Consumable Inventories

On the government-wide financial statements, inventories of supplies are presented at cost, whereas inventories held for resale are reported at the lower of cost or market on a first-in, first-out basis.

On the fund financial statements, inventories of governmental and proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items are recorded as an expenditure in the governmental fund types when purchased (i.e., the purchasing method). Inventories of the proprietary funds are expensed when consumed.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items at both reporting levels using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level an equal amount of fund balance is reserved as this amount is not available for general appropriation.

J. Restricted Assets

Restricted assets represent resources segregated as required by bond ordinances, lease agreements and policies of the City.

K. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of Net Positions but does not report these assets in the governmental fund financial statements. Capital assets utilized by proprietary funds are reported both in the business-type activities column of the government-wide statement of Net positions and in the proprietary funds' statement of Net Positions. All general infrastructure assets acquired or constructed after June 30, 2003 have been reported in government-wide financial statements. In implementation of GASB Statement 34 infrastructure assets, the city has elected to limit its transition capitalization to street projects that resulted in acquisition, construction, or significant reconstruction or improvements since June 30, 1980. The city has made use of historical cost records and using normal depreciable lives to add infrastructure assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated works of art, assets received in a service concession arrangement, and other similar items are reported at their acquisition value. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, curbs, and gutters, sidewalks, bridges, drainage, traffic signals, water and sewer lines and the electric distribution systems. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the proprietary funds is capitalized.

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

	Estimated Lives		
Asset Class	Governmental Activities	Business-type Activities	Component Unit
Buildings, Plants, Tanks	20-50 Years	20-50 Years	---
Improvements other than buildings	15-25 Years	15-25 Years	---
Utility systems	---	20-50 Years	---
Machinery and equipment	5-25 Years	5-25 Years	5-10 Years
Vehicle	4-6 Years	4-6 Years	5-10 Years
Infrastructure	30-60 Years	30-60 Years	---

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

L. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual sick and vacation leave. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Up to 960 hours of unused sick leave may be accumulated. For employees with a hire date before September 2009, this time is payable upon termination. For employees with a hire date after September 2009, this time may only be applied to credit time served for pension benefits. Sick leave pay has been accrued in the Proprietary Funds. In accordance with the provisions of GASB Statement 11, concerning accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. All employees are allowed to carryover unused vacation leave up 160 hours.

All compensated absence liabilities include salary-related payments, where applicable. Vested or accumulated sick and vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the government fund that is responsible for the payment.

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

M. Accrued Liabilities and Long-term Obligations

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

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

N. Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method. At government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

O. Fund Equity

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

Fund Balance- Fund balances may be classified as follows:

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City Council or through external restriction imposed by creditors, grantors, or laws or regulations of other governments.
- Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through a motion. The fund balance must result from a specific revenue stream committed for a specific purpose. Only the City Council may modify or rescind the commitment.
- Assigned – Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year end that is included in the subsequent year's budget is reported as assigned.
- Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports a positive unassigned fund balance only in the general fund.

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The City reported the following assigned fund balance amounts for the year ended June 30, 2018:

Assigned for:	
Various City Recreation Activity Operations	128,859
Public Safety Operations	13,701
Downtown Development Projects	3,567
Matching Requirements future Grants	62,442
Operation of the City's Various Complexes	101,669
Airport Memorial Projects	5,203
Capital Projects as needed	453,091
Airport Rental Operations	335,520
Tourism and Marketing	141,867
	1,245,919

Net Position – Net position represents the difference between assets and liabilities. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, plus any outstanding balances of borrowing not yet expended, but restricted for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All remaining net position is reported as unrestricted.

Net Position Flow Assumption - In order to report net position as a restricted net position and an unrestricted net position in the government wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City's policy to use restricted net position first before using unrestricted net position

P. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating 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. For the City, these revenues are charges to customers for water and sewerage services, electricity, gas, and services for solid waste management. The Water and Sewer Fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including operating grants, investment earnings and interest expense.

Q. Contributions of Capital

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

R. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statement of activities are reported below general revenues as the last item before the change in Net positions. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

The general fund charges each of the proprietary funds for specific payroll and other administrative costs that relate to these funds. The proprietary funds report these expenses as inter-fund allocations and the general fund records these payments as offsets to the corresponding expense account.

S. Estimates

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

The City had no individual departments with expenditures in excess of appropriations.

NOTE 3: CASH AND INVESTMENTS

The City's deposits and investments include cash on deposit with financial institutions, cash equivalents, including money market accounts, cash invested in the State of Georgia's local government investment pool, Georgia Fund One and investments authorized by State Statutes and City ordinances.

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States Government or Government Agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;

- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

According to the Office of the State Treasurer in accordance with 2010 Senate Bill 296, all deposits must be secured by certain statutory obligations in an amount equal to 110% of uninsured deposits. As of June 30, 2018 the City was not under collateralized at any financial institutions.

The City has $9,325,987 invested in the Georgia Fund I. Georgia Fund I, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAA rated money market funds. However, Georgia Fund I operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is managed by the Georgia Office Treasury and Fiscal Services.

The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

INTEREST RATE RISK

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses accruing from increasing interest rates.

CONCENTRATION OF CREDIT RISK

The City's investment policy provides that the City will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

By Instrument

	Maximum %
U.S. Treasury Obligations	75%
U.S. Government Agencies	75%
Certificate of Deposit (Commercial Banks)	75%
(Savings & Loans)	10%
Local Government Investment Pool (State Sponsored)	75%

By Institutions

Certificates of Deposit in Commercial Banks – no more than 25% of total investment with any one institution.

More than 5% of the City's investments are invested in individual commercial banks. These investments are 97% of the City's total investments.

The City has more than 25% of its investment in one institution.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital Assets, not being depreciated:				
Land	$ 5,032,030	$ -	$ -	$ 5,032,030
Assets Not in Use	-	-	-	-
Construction in Progress	-	127,225	-	127,225
Total Capital Assets, not being Depreciated	5,032,030	127,225	-	5,159,255
Capital Assets, Being Depreciated:				
Building and Improvements	17,742,967	658,209	-	18,401,176
Furniture and Fixtures	53,000	-	-	53,000
Transportation Equipment	4,040,837	146,089	(53,184)	4,133,742
Office Equipment	222,741	79,662	-	302,403
Infrastructure	12,130,467	39,528	-	12,169,995
Appliances	5,919	-	-	5,919
Machinery and Equipment	2,904,596	95,550	-	3,000,146
Computer Equipment	82,639	-	-	82,639
Total Capital Assets, Being Depreciated	37,183,166	1,019,038	(53,184)	38,149,020
Less Accumulated Depreciation:				
Buildings and Improvements	9,880,507	701,742	-	10,582,249
Furniture and Fixtures	53,000	-	-	53,000
Transportation Equipment	3,197,842	236,252	(53,184)	3,380,910
Office Equipment	177,646	9,340	-	186,986
Infrastructure, Retroactive Implementation	4,614,993	346,851	-	4,961,844
Appliances	5,919	-	-	5,919
Machinery and Equipment	2,106,349	139,850	-	2,246,199
Computer Equipment	77,845	1,644	-	79,489
Total Accumulated Depreciation	20,114,101	1,435,679	(53,184)	21,496,596
Total Capital Assets, Being Depreciated, Net	17,069,065	(416,641)	-	16,652,424
Governmental Activities Capital Assets, Net	$ 22,101,095	$ (289,416)	$ -	$ 21,811,679

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	$ 191,243	$ -	$ -	$ 191,243
Construction in Progress	-	-	-	-
Total Capital Assets, not being Depreciated	191,243	-	-	191,243
Capital Assets, being Depreciated				
Buildings and Improvements	1,716,971	-	-	1,716,971
Transporation Equipment	3,026,129	138,254	(70,606)	3,093,777
Machinery and Equipment	1,720,995	116,971	(37,688)	1,800,278
Computer Equipment	201,297	266,625	(3,919)	464,003
Distribution Plant and Other Improvements	35,284,550	2,381,984	-	37,666,534
Total Capital Assets, being Depreciated	41,949,942	2,903,834	(112,213)	44,741,563
Less Accumulated Depreciation:				
Buildings and Improvements	264,484	86,168		350,652
Transporation Equipment	2,158,317	301,495	(70,606)	2,389,206
Machinery and Equipment	1,418,092	128,715	(37,688)	1,509,119
Computer Equipment	158,857	14,497	(3,919)	169,435
Distribution Plant and Other Improvements	17,380,929	1,616,525	-	18,997,454
Total Accumulated Depreciation	21,380,679	2,147,400	(112,213)	23,415,866
Total Capital Assets, Being Depreciated, Net	20,569,264	756,434	-	21,325,697
Business-type Activities Capital Assets, Net	$ 20,760,511	$ 756,434	$ -	$ 21,516,940

Depreciation Expense was charged to Governmental Activities as follows:

General and Administrative	$ 408,093
Public Safety	268,802
Public Works	99,254
Culture and Recreation	453,000
Housing and Development	206,530
Total	$ 1,435,679

NOTE 5: DUE FROM OTHER GOVERNMENTS

Receivables from other governments as of June 30, 2018, are as follows:

SPLOST VI Fund		
Coffee County Board of Commissioners	$	72,104
Capital Projects Fund		
Coffee County Board of Commissioners		73,889
H.E.A.T. GRANT FUND		
State of Georgia - Grant Receivable		11,946
Various Nonmajor Projects Fund		
Boys and Girls Club of Coffee County		500
Central Service Activity Fund		
Various miscellaneous		470
DCA C.H.I.P. Fund		
Georgia Department of Community Affairs - Grant Receivable		38,104
Total Receivables	$	197,013

NOTE 6: INTERFUND BALANCES AND ACTIVITY

The City has interfund receivables and payables at June 30, 2018 as follows:

Balances due to/from other funds	Interfund Receivables	Interfund Payables
GOVERNMENTAL FUNDS:		
Major Funds:		
General Fund	$ 52,531	$ 188,070
SPLOST V	145,315	
Nonmajor Governmental Funds	27,800	254,323
INTERNAL SERVICE FUND	-	1,850
ENTERPRISE FUNDS:		
Gas Fund	26,158	-
Electric Fund	78,221	-
Water & Sewer Fund	80,723	-
Sanitation	33,494	-
Total	$ 444,243	$ 444,243

General Fund:		
Due from Nonmajor Governmental Funds	$	50,683
Due from Internal Service Fund		1,850
SPLOST V:		
Due from Nonmajor Governmental Funds		145,315
Nonmajor Governmental Funds:		
Due from Nonmajor Governmental Funds		27,800
Enterprise Funds:		
Electric Due from General		47,696
Due from Nonmajor Gov't Funds		30,525
Water & Sewer Due from General		80,723
Gas Due from General		26,158
Sanitation Due from General		33,494
	$	444,243

The balances due between the General Fund, the SPLOST V fund, and Non-major Governmental funds result solely from amounts due for expenses related to pending reimbursable grant expenditures.

The balance due between the Electric fund and a Non-major Governmental Fund relates to the Electric fund's advancement of monies for expenditures that will be ultimately reimbursed by Coffee County, GA on a jointly funded capital project.

The remaining outstanding balances between funds results solely from balances due in relation to the Internal Service Fund providing services to the various other funds. These balances are adjusted on an annual basis based on the final activities calculated at year-end.

NOTE 7: RESTRICTED ASSETS

Restricted assets reported in the Proprietary Funds are cash and investments restricted by ordinance or City policy for customer deposits, by bond covenants, or by special agreement with the MEAG Trust. The following is a summary of the balances in these accounts:

Customer Deposits:	
Natural Gas Fund	$ 108,672
Electric Fund	583,051
Water and Sewer Fund	296,348
Total Customer Deposits	$ 988,071
MEAG Trust	
Generation Trust Account	$ 5,922,142
Flexible Operating Account (Intermediate Extended Maturity)	4,367,756
Flexible Operating Account (Intermediate)	1,809,158
Flexible Operating Account (Short-term)	11,390,616
Total MEAG Flexible Trust	$ 23,489,672

NOTE 8: LONG-TERM OBLIGATIONS

A. Compensated Absences and other Pension & Postemployment Benefits

Governmental activities:
Accumulated sick pay obligation as of June 30, 2018, amounted to $923,545. This amount is shown as a long-term liability on the entity-wide statements, with an estimated portion reflected as a current liability.

Business-type activities:
Accumulated sick pay obligation as of June 30, 2018 amounted to $152,548. This amount is shown as a long-term liability on the entity-wide statements and individual fund statements, with an estimated portion reflected as a current liability.

The compensated absence, pension, and other postemployment benefit liabilities are normally liquidated by the fund from which the employee is paid.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Loan Payable	$ 45,000	$ -	$ 45,000	$ -	$ -
Compensated Absences	1,097,515	923,545	1,097,515	923,545	138,532
Total	$ 1,142,515	$ 923,545	$ 1,142,515	$ 923,545	$ 138,532
Business Type activities:					
Compensated Absences	224,035	152,548	224,035	152,548	22,882
Total	$ 224,035	$ 152,548	$ 224,035	$ 152,548	$ 22,882

NOTE 9: CONTINGENCIES AND COMMITMENTS

A. Grants

The City receives grant funds, principally from the U.S. Government for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures.

B. Litigation

The City is a defendant in various lawsuits. The City records liabilities resulting from claims and legal actions only when they become probable and measurable. No additional accrual or disclosure of these lawsuits is required.

C. Commitments

Agreement with the Municipal Electric Authority of Georgia

In 1975, the City of Douglas entered into a contract with the Municipal Electric Authority of Georgia (MEAG). The purpose of the agreement was to secure electric power supply from MEAG. MEAG consented to provide this power supply to the City of Douglas in return for the City's promise to pay its share of MEAG's cost of generating and transmitting electrical power.

The term of the contract will continue in full force until such time, not exceeding fifty years, as all MEAG's bonds and the interest thereon have been paid or provision for payment has been made or until such time as the MEAG Project is retired from service, whichever is later.

MEAG has issued bonds to generate funds for the purpose of building generation and transmission plants. Each participant, such as the City of Douglas, is responsible for their pro-rata share of those bonds until they are paid or deferred. The City's guarantee varies by individual projects undertaken by MEAG and is approximately $153,547,213 as of June 30, 2018. During fiscal year 1999, the City of Douglas Council voted to accept the offer from MEAG in a Municipal Competitive Trust (the Trust).

The Trust was created by MEAG in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electric systems of political subdivisions, which are wholesale power customers of MEAG, such as the City of Douglas. MEAG expects that after such legislation is effective, market rates for power will result which will likely be lower for some period of time than the costs of power generated by MEAG facilities. The purpose of the Trust to deposit funds to be invested at the best prudent rates of return and be applied, in accordance with the provisions of the Trust, to mitigate the change to full competition as a result of anticipated deregulation.

The Trust creates an account for the City of Douglas, and within the account creates the following sub-accounts in which the City of Douglas participates:

1. Reserve Funded Debt Trust Account – The source of funding for this sub-account was the bond reserve funds accumulated from bond proceeds over the years. The bond reserves were released by the bond holders from the lien of the bond resolutions after substitution of a surety bond in lieu of cash funded bond reserves. The majority of the funds in the Municipal Competitive Trust are deposited in this sub account.

   The funds deposited in this sub account may be utilized by a City after deregulation, with the written consent of MEAG, only for the purpose of applying such funds to the outstanding balance of the City's current monthly billing relating to its entitlement or obligation share under the Power Sales Contract of MEAG's Annual Project Generation Fixed Charges. Otherwise, after December 31, 2025, each City may have any funds remaining in its Reserve Funded Debt Trust Account applied to any remaining obligations for debt service, or disbursed to the Utility and City if its obligations for debt service are fulfilled.

   The City had a balance in this account of $308,404 and $1,197,747 as of June 30, 2018 and 2017, respectively.

2. Credit Support Operating Trust Account – This type of sub-account may be funded from the funds allocated to the City's account in MEAG's Rate Stabilization Reserve Fund or the City's Discretionary Reserve with MEAG, or from any other available funds.

   According to Trust provisions, the City has the following withdrawal rights with respect to this fund:

   Prior to the anticipated actual deregulation date, the City shall have the right to cause the Trustee to use funds from the Credit Support Operating Trust Account to reduce, or as credit against, its monthly billings (i) to mitigate wholesale rate increases which have an impact of greater than 20% on the City's wholesale cost in any year, (ii) to mitigate the adverse impact of any wholesale cost increase which results from the phase-out of special rates in any year, and (iii) to mitigate the impact of

wholesale costs which exceed the system average whole costs by more than 20% in any year, all as set forth in a certificate of the City and MEAG.

The City also has the right to borrow, if certain conditions are met, part or all of the funds in the Credit Support Operating Trust Account for the purpose of paying the cost of any capital expenditure, provided that the City executes and delivers to the Trustee a promissory note and such other documents reasonably satisfactory to MEAG in which the City agrees to repay the withdrawn amount to the Trustee.

The City had a balance in this account of $0 and $0 as of June 30, 2018 and 2017, respectively.

3. Flexible Operating Trust Accounts – This type of sub-account may be funded from contributions by the City, from the City's Discretionary Reserve Fund with MEAG, or from any other available funds.

   According to the Trust provisions, the City has the following withdrawal rights with respect to this fund:

   The City has, at any time, the right to withdraw part or all funds from the Flexible Operating Trust Account.

   The City had a balance in this account of $17,567,530 and $15,765,874 as of June 30, 2018 and 2017, respectively. This amount is included in restricted investments in the electric fund.

4. Generation Trust Account – This type of sub-account may be funded from contributions by the City, or from any other the other MEAG trust account.

   The City's access to this account is restricted to withdrawals for new generation projects or to mitigate wholesale rate increases.

   The City had a balance of $5,922,142 and $5,841,643 as of June 30, 2018 and 2017, respectively. This amount is included in restricted investments in the electric fund.

Georgia Public Web

In May of 1996, in conjunction with the aforementioned power sales contract, the City entered into an additional contract with MEAG, whereby the City agrees to participate in MEAG's Telecommunications Project (Georgia Public Web) for a period not to exceed fifty years. In the event that the City is unable to make any of its annually determined payments for use of the communication system, the City has agreed to assess and collect property taxes sufficient to provide such funds for the remainder of the life of this contract. In the year ended June 30, 2008, the City chose to pay off their pro-rata share of the bonds and to treat the entire payment of $770,851 as a current Special Item on the Statement of Revenues, Expenses, & Changes in Fund Balance.

Agreement with The Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City. These obligations, which extend through the year 2018, are general obligations of the City of which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply.

NOTE 10: RISK MANAGEMENT

The City 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 established a Self-Insurance Fund (internal service fund) and Workers Compensation Fund (internal service fund) to account for its self-insured risks of loss related to workers' compensation and health claims (with stop loss or excess coverage purchased when available). The commercial insurance provides for the transfer of risk from the City for all other major programs. The City's risk is constituted by a $1,000 deductible for each occurrence. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts did not exceed insurance coverage for the previous three years.

NOTE 11: CONTRIBUTED CAPITAL-PROPRIETARY FUNDS

The following is a summary of additions to contributed capital for the City's Proprietary Funds during the year ended June 30, 2018:

	Contributions From Federal Govt. After 6/30/79	Contributions From Other Governments	Contributions From Other City Sources/ Funds	Contributions From Water & Sewer Impact Fees
Natural Gas Fund				
Balance, June 30, 2017	$ 12,694	$ 18,767	$ 33,107	$ -
Current Year Additions	-	-	-	-
Balance, June 30, 2018	$ 12,694	$ 18,767	$ 33,107	$ -
Electric Fund				
Balance, June 30, 2017	$ 269,663	$ -	$ -	$ -
Current Year Additions	-	-	-	-
Balance, June 30, 2018	$ 269,663	$ -	$ -	$ -
Water & Sewer Fund				
Balance, June 30, 2017	$ 2,413,862	$ 194,829	$ 5,202,999	$ 902,940
Current Year Additions	-	-	1,847,459	-
Balance, June 30, 2018	$ 2,413,862	$ 194,829	$ 7,050,458	$ 902,940
Sanitation Fund				
Balance, June 30, 2017	324,259	-	124,874	-
Current Year Additions	-	-	23,957	-
Balance, June 30, 2018	324,259	-	148,831	-

NOTE 12: VEHICLE MAINTENANCE AND CENTRAL PURCHASING/WAREHOUSE DEPARTMENTS – GENERAL FUND

For this and prior fiscal years, these departments have been treated as budgeted departments of the general fund rather than as separate internal service funds. All expenses of these departments are budgeted in the general fund except for repairs and maintenance, parts, supplies and other direct costs which are budgeted to the individual operating departments. Vehicle parts and supplies and inventory items purchased by the City are charged to these departments initially and then charged out to the various departments as used.

NOTE 13: CONTINGENT ASSETS

The City of Douglas has an asset whose estimated value is not recognized on the books in accordance with accounting procedures for Community Development Grant Funds (Special Revenue Funds). This asset, when sold or realized, will result in Program Income which is subject to Federal regulations before it can be expended. Contingent assets at June 30, 2018 include:

Asset	Estimated Amount	Orginal Source of Asset
Land - N. Madison Ave.	$ 2,300	HUD-CDBG/Small Cities
Land - Lonnie Street	2,000	DCA CDBG/Small Cities
Land- Lonnie Street	2,000	DCA CDBG/Small Cities
Total	$ 6,300	

NOTE 14: PENSION PLAN

Plan Description

The City provides retirement benefits for substantially all of its employees under a revised noncontributory pension plan adopted March 28, 1977, City of Douglas Retirement Plan (the Plan). The City of Douglas Retirement Plan is a participating member of the Georgia Municipal Employees Benefit System (GMEBS) Defined Benefit Plan, an agent multiple employer public employee retirement system. The (GMEBS) issues a stand-alone financial report that may be obtained from the Georgia Municipal Association.

Effective January 1, 2016, employees are eligible for the City of Douglas Retirement Plan immediately upon employment. Elected officials are eligible for the retirement plan.

Members can retire when age at retirement plus years of service equals ninety. The plan also provides death benefits; however, only participants who have completed 5 years of credited service are eligible to designate a beneficiary to receive death benefits. The plan provisions are adopted by the governing body of the city within the options available in the Public Retirement Systems Standards Laws and within the actuarial constraints also in the statutes.

Plan Disclosures

Effective July 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* which significantly changed the disclosures required related to the Plan. The information presented below is presented in accordance with this new standard.

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2018.

For the year ended June 30, 2018, the City recognized a net pension expense of ($78,864). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

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The following schedule reconciles the differences between the beginning and ending net pension liability for the year ended June 30, 2018:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2016*	$ 38,697,030	$ 31,109,908	$ 7,587,122
Changes for the year:			
Service cost	379,056	-	379,056
Interest	2,905,952	-	2,905,952
Differences between expected and actual experience	961,430	-	961,430
Contributions - Employer	-	1,243,636	(1,243,636)
Contributions - Employee	-	81,099	(81,099)
Net investment income	-	4,591,097	(4,591,097)
Benefit payments, including refunds of employee contributions	(2,401,742)	(2,401,742)	
Administrative expense	-	(67,445)	67,445
Other	(814,845)		(814,815)
Net changes	1,029,851	3,446,645	(2,416,764)
Balances at September 30, 2017**	$ 39,726,881	$ 34,556,553	$ 5,170,358

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	$ 779,369	$ -
Differences between expected and actual experience	721,074	620,066
Changes in assumptions	-	732,630
Net difference between projected and actual earnings on plan investments	752,672	2,567,699
Total	$ 2,253,115	$ 3,920,395

$779,369 reported as deferred outflows of resources related to the plan results from City contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 616,694	$ 1,600,237
2020	$ 616,694	$ 1,030,084
2021	$ 240,358	$ 845,189
2022	$ -	$ 444,885

Actuarial assumptions

The required schedule of changes in the City's net pension liability and related ratios immediately follow the notes to the financial statements and present multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

The total pension liability was determined by an actuarial valuation as of January 1, 2018. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75%
Projected Salary Increases	2.75%
Investment Rate of Return	7.50%

Mortality rates were based upon the RP-2000 Mortality Table, which contained sex-distinct and disabled rates.

The 7.50% 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 estimate of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

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

Changes In Assumptions

Amounts reported for the fiscal year ended June 30, 2018 and later will reflect the following assumption changes based on the actuarial study conducted in September 2017:

- The investment return assumption was decreased from 7.75% to 7.50%.
- The inflation assumption was decreased from 3.25% to 2.75%.
- The cost-of-living assumption was changed from 3.25% to 2.75%

Participants

The actuarial valuation as of January 1, 2018 was conducted based on the following information:

-Pensioners as of the valuation date (including 27 beneficiaries)		155
-Participants inactive during the year ended December 31, 2017 with vested rights		39
-Participants active during the year ended December 31, 2017 (including 6 elected officials)		177
Fully Vested	89	
Not Vested	88	

Discount Rate

The discount rates used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made equal to the actuarial determined contribution rate. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%), or 1% higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
City's net pension liability	$ 9,836,885	$ 5,170,328	$ 1,259,872

NOTE 15: DEFERRED COMPENSATION PLAN

The City maintains a deferred compensation plan which is available to all employees. The Public Employees Benefit Services Corporation (PEBSCO) is the independent plan administrator. The plan, which complies with Section 457 of the Internal Revenue Code (Deferred Compensation Plans with Respect to Service for State and Local Governments), has been approved by a private letter ruling from the Internal Revenue Service. Employees who choose to participate may elect the amount of their contributions, within legal limits, and defer federal income taxation on that portion of their salaries and the earnings thereon.

The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Under the revised terms of IRC Section 457, the employee's contributions and all income attributable to the investment of such amounts have been placed in trust by the City and are the property of the participants or their beneficiaries.

NOTE 16: SELF INSURANCE (LIFE & HEALTH)

The City of Douglas established a self-insurance plan for employee health coverage effective March 1, 1989. The plan name is "The City of Douglas Employee Health Benefit Plan." The City has contracted with Meritain Health to serve as its plan administrator in handling all processing of claims and payments. The self-insurance program is being accounted for separately in an internal service fund to the proprietary fund type. The purpose of this fund is to pay medical insurance claims of the City employees and their covered dependents and to minimize the total cost of annual insurance to the municipality. Coverage charges to the various departments are actuarially determined and are allocated pro rata based on the number of employees in the respective departments. Dependent coverage is funded by charges to employees via payroll deductions. Health claims payable are estimated based upon historical claims and new diagnosis.

The following is a reconciliation of the liability for unpaid claims for the year ended June 30,

	2017	2018
Health Claims Payable - July 1	$ 347,485	$ 125,587
Claims Incurred During the Year Ended June 30	2,692,195	2,395,220
	3,039,680	2,520,807
Claims Paid During the Year Ended June 30	(2,914,093)	(2,372,416)
Health Claims Payable - June 30	$ 125,587	$ 148,391

NOTE 17: SELF INSURANCE (WORKERS' COMPENSATION)

The City of Douglas established a self-insurance plan for workers' compensation coverage effective May 1, 1991. The plan name is "The City of Douglas Workers' Compensation Insurance Trust Plan". The City has contracted with Associated Risk Services, Incorporated, (AMPRO) to serve as its plan administrator in handling all processing of claims and payments.

The self-insurance workers' compensation program is being accounted for separately in an internal service fund of the proprietary fund type. The purpose of this fund is to pay workers' compensation claims of the City employees and to minimize the total cost of annual insurance to the municipality. Coverage charges to the various departments are actuarially determined and are allocated pro rata based on the number of employees in the respective departments. Unpaid claims are estimated based upon state allowed costs for claims that have been received.

The following is a reconciliation of the liability for unpaid claims for the year ended June 30,

	2017	2018
Worker's Compensation Claims Payable - July 1	$ 347,661	$ 148,866
Claims Incurred During the Year Ended June 30	144,558	312,749
	492,219	461,615
Claims Paid During the Year Ended June 30	(343,353)	(317,089)
Worker's Compensation Claims Payable - June 30	$ 148,866	$ 144,526

NOTE 18: RECONCILIATION OF EXPENDITURES FOR GOVERNMENTAL FUND TYPES GAAP BASIS/BUDGETARY BASIS

The following schedule reconciles actual expenditures of the governmental funds from GAAP to budgetary basis for the fiscal year ended June 30, 2018:

	Current Operations	Enterprise Fund Overhead Allocations	Budgetary Basis
General Government	$ 1,655,273	1,875,382	$ 3,530,655
Public Safety	6,447,414		6,447,414
Public Works	2,241,049	-	2,241,049
Culture and Recreation	1,374,054	-	1,374,054
Housing and Development	1,161,724	-	1,161,724
Total	$ 12,879,514	$ 1,875,382	$ 14,754,895

NOTE 19: JOINT VENTURES

The City of Douglas, Georgia, in conjunction with cities and counties in the eight (8) county Southeast Georgia area are members of the Southern Georgia Regional Commission (SGRC). Membership in an SGRC is automatic for municipality and county in the state. The official code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the SGRCs. Each county and municipality in the state is required by law to pay the minimum annual dues to the SGRC. The City paid annual dues in the amount of $19,539 to the SGRC for the year ended June 30, 2018. The SGRC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and the municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the nonpublic Board member from a County.

The Georgia Planning Act of 1989 (O.C.G.A 50-8-39.1) defines SGRC's as "public agencies and instrumentalities of their members". Georgia law also provides that the member governments are liable for any debts or obligations of an SGRC beyond its resources. (O.C.G.A. 50-8-39.1) The financial statements of the SGRC can be obtained from the SGRC board.

NOTE 20: HOTEL/MOTEL TAX

The City of Douglas levies an annual hotel/motel tax in accordance with the provisions of OCGA 48-13-51 and is contractually required to expend 40% of the amount received on tourism expenditures. The city has elected to expend 100% of the amount collected on tourism expenditures. The amount that is not expended during the current fiscal year is allocated to a designated fund balance. During fiscal year 2018, the City collected $302,867 in hotel/motel taxes. The City expended $277,417, which was 92% of the amount collected.

NOTE 21: INTERFUND TRANSFERS

The following is a list of transfers the City made during fiscal year 2018. General Fund transfers from the Enterprise Funds are done for the purpose of financing basic City services. Transfers between the General Fund/Non-Major Governmental Funds and other Non/Major Governmental Funds are done for the purposes of financing tourism expenditures and providing advanced funding for reimbursable grant expenditures. SPLOST Fund transfers to the Water and Sewer Fund and Sanitation Fund are the transfer of assets purchased by the SPLOST Fund for the benefit of the Water and Sewer Fund and Sanitation Fund.

	Gas Fund	Electric Fund	Water and Sewer Fund	Sanitation Fund	Non-Major Governmental Funds	SPLOST V Fund	General Fund	Total
Transfers from/(to):								
General Fund	$ (512,060)	$ (3,837,147)	$ (735,288)	$ (33,057)	$ (272,887)	$ -	$ -	$ (5,390,439)
SPLOST V			1,847,459	23,957		-	-	1,871,416
Gas Fund	-	-	-	-	-	-	512,060	512,060
Electric Fund	-	-	-	-	79,360	-	3,837,147	3,916,507
Water & Sewer	-	-	-	-	135,000	(1,847,459)	735,288	(977,171)
Sanitation	-	-	-	-	-	(23,957)	33,057	9,100
Non-Major Governmental Funds	-	(79,360)	(135,000)	-	-	-	272,887	58,527
Total	$ (512,060)	$ (3,916,507)	$ 977,171	$ (9,100)	$ (58,527)	$ (1,871,416)	$ 5,390,439	$ -

The City of Douglas has eliminated all interfund balances and transfers in the governmental-wide financial statements. Balances reported as transfers on the Government Wide statements may differ from fund level reporting due to differing accounting treatments.

NOTE 22: POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

Plan Administration

The City of Douglas Other Postemployment Benefits Plan (the OPEB plan) is a defined benefit postretirement healthcare and prescription drug plan. The OPEB plan is administered through the Georgia Municipal Employees Benefit System (GMEBS), an agent-multiple employer OPEB plan administered by the Georgia Municipal Association (GMA).

Plan Membership

As of January 1, 2016, the OPEB plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	28
Vested terminated members entitled to but not yet receiving benefits	-
Active members	182
Total Participants	210

Benefits Provided

The City provides postretirement healthcare benefits, in accordance with City statutes, to all employees who retire from the City after their normal retirement date in the pension plan. The benefit is provided for the retiree until they reach the age of eligibility for Medicare. There are two plan available, with a small contribution for retirees and a larger contribution for spouses.

City Contributions

The City has not elected to advance fund the OPEB plan, but rather maintains the OPEB plan on a "pay-as-you-go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The GMA issues a publically available financial report that includes the financial statements and required supplementary information for GMEBS.

Total OPEB Liability

The total OPEB liability (TOL) was measured as of June 30, 2017. The total OPEB liability was determined from actuarial valuations using data as of January 1, 2016.

Actuarial Assumptions

The total OPEB liability was measured as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.25%	
Salary Increases:	3.75% to 8.75% including inflation	
Discount Rate:	3.58%	
Healthcare cost trend rates:	Medical	8.00% trended down to 5.00% by 2022
	Drug	8.00% trended down to 5.00% by 2022
Healthy mortality rates:	RP-2000 Combined Healthy Mortality Table with sex distinct rates, set forward two years for males and one year for females.	

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

Schedule of Changes in Total OPEB Liability

Service costs	$ 429,965
Interest	255,968
Change in benefit terms	-
Differences between expected and actual experience	7,118
Changes of assumptions	(477,228)
Benefit payments, including refunds of member contributions	(388,647)
Net change in Total OPEB Liability	(172,824)
Total OPEB Liability, beginning	8,745,678
Total OPEB Liability, ending	$ 8,572,854

Notes to schedule:

Benefit Changes: There have been no benefit changes since GASB 75 implementation

Changes of Assumptions: The discount rate effective for June 30, 2016 was 2.85%, and effective for June 30, 2017 was 3.58%.

The total OPEB expense recognized by the City for the period ending June 30, 2018 was $618,771

Discount Rate

Determination of the Discount Rate

Since the City funds the OPEB plan on a "pay-as-you-go" basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality or another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax exempt general obligation bonds. Specifically, the chosen rate is 3.58%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2017.

Discount Rate Sensitivity

The following presents the TOL of the City as well as what the City's TOL would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate. Also, shown is the TOL as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates:

	Discount Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
City's Total OPEB Liability	$ 7,970,315	$ 8,572,854	$ 9,234,945

	Healthcare Trend Rate Sensitivity		
	1% Decrease	Current Rate	1% Increase
City's Total OPEB Liability	$ 9,513,090	$ 8,572,854	$ 7,754,508

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	$ 413,018	$ -
Differences between expected and actual experience	6,102	-
Changes in assumptions	-	409,050
Total	$ 419,120	$ 409,050

$413,018 reported as deferred outflows of resources related to the plan results from City contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 1,017	$ 68,175
2020	$ 1,017	$ 68,175
2021	$ 1,017	$ 68,175
2022	$ 1,017	$ 68,175
2023	$ 1,017	$ 68,175
2024	$ 1,017	$ 68,175

NOTE 23: PROPERTY TAX CALENDAR

Property taxes are assessed and attached as an enforceable lien on property as of January 1. The City's property taxes are billed and collected by the Coffee County Tax Commissioner and remitted to the City. The City pays a commission of 2.5% for the collection of its taxes to the Coffee County Tax Commissioner. City property tax revenues are recognized when levied to the extent that they result in current receivables. Property taxes are levied in September of each year based on the assessed valuation of property as of the proceeding January 1 and are due within 60 days. Taxes levied on October 1, 2017 were due on December 1, 2017. Liens were attached to property for unpaid taxes on January 31, 2018.

Assessed values are established by the Coffee County Tax Assessor's office and are currently calculated at 40% of the market value. The assessed value of property at January 1, 2017 was $333,976,115.

Based on the 2016 City millage levy of 7.461, a property owner would pay $7.46 per $1,000 of assessed valuation.

Current real and personal tax collections of $2,048,361 for the fiscal year ended June 30, 2018 were 95% of the respective tax levy. Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Property taxes deferred at June 30, 2018 were $214,905.

NOTE 24: TAX ABATEMENT AGREEMENTS

GASB Statement No. 77 requires each reporting government – in this case, the City – to disclose in its financial statements (i) the details of any tax abatement agreements entered into between it as the reporting government and any individual or entity pursuant to which the reporting government agreed to forego any tax revenues to which it is otherwise due; and (ii) the details of any tax abatement agreements entered into between any other governments and any individual or entity that reduce the reporting government's tax revenue.

For the City, the only entity that can provide tax abatements is the Douglas-Coffee County Industrial Authority (the EDA). The EDA was created by an amendment to the Constitution of the State of Georgia of 1945 (Ga. Laws 1957, page 568), and an act of the General Assembly of the State of Georgia (Ga. Laws 1959, page 2801). This constitutional amendment and act of the State legislature empowers the EDA to undertake projects for the development, expansion and promotion of industry, commerce, agriculture, natural resources and vocational training in the City of Douglas and Coffee County, and to lease such projects to private persons, firms or corporations. Property in the EDA's name as the result of its undertaking such projects results in the project property being exempt from property taxes.

As of result of all outstanding projects in the EDA's name, the amount of real property taxes abated for the 2017 tax year was $57,938, and the amount of personal property taxes abated for the 2017 tax year was $252,531.

NOTE 25: SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through December 21, 2018 (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has identified no events that required adjustment and disclosure in the financial statements that were issued on December 21, 2018.

NOTE 26: PRIOR PERIOD ADJUSTMENT

The opening balances reported in these financial statements have been adjusted for the implementation of GASB Statement No. 75 regarding other post-employment benefits. The depiction below reconciles these changes with previously reported balances:

	Electric Fund	Water & Sewer	Sanitation Fund	Gas Fund
Net Position, beginning	$28,446,907	$22,917,934	$ 2,044,622	$ 3,826,075
Remove Net OPEB Obligation	249,248	191,448	191,448	153,158
Record Total OPEB Liability and related Deferrals	(802,467)	(320,987)	-	(320,987)
Net Position, as restated	$27,893,688	$22,788,394	$ 2,236,069	$ 3,658,246

	Governmental Activities	Business-type Activities	Primary Government
Net Position, beginning	$29,177,217	$57,235,538	$86,412,755
Remove Net OPEB Obligation	2,871,715	785,301	3,657,016
Record Total OPEB Liability and related Deferrals	(7,382,700)	(1,444,441)	(8,827,141)
Net Position, as restated	$24,666,232	$56,576,397	$81,242,629

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOUGLAS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS *

	2015	2016	2017	2018
Total Pension Liability				
Service Costs	$ 467,828	$ 479,525	$ 380,769	$ 379,056
Interest	2,866,014	2,847,503	2,891,522	2,905,952
Differences between expected and actual experience	(646,841)	(483,633)	(739,578)	961,430
Changes of assumptions	-	-	-	(814,845)
Benefits payments, including refunds of employee contributions	(2,257,615)	(2,379,135)	(2,340,755)	(2,401,742)
Other	(607,483)	84,534	24,739	-
Net change in total pension liability	(178,097)	548,794	216,697	1,029,851
Total pension liability - beginning	38,109,636	37,931,539	38,480,333	38,697,030
Total pension liability - ending	$ 37,931,539	$ 38,480,333	$ 38,697,030	$ 39,726,881
Plan Fiduciary Net Position				
Contributions - Employer	$ 1,574,311	$ 1,505,317	1,286,684	1,243,636
Contributions - Employee	86,080	83,091	79,874	81,099
Net Investment Income	3,058,666	365,102	3,186,345	4,591,097
Benefits payments, including refunds of employee contributions	(2,257,615)	(2,379,135)	(2,340,755)	(2,401,742)
Administrative Expense	(38,498)	(45,227)	(40,113)	(67,445)
Net change in fiduciary net position	2,422,944	(470,852)	2,172,035	3,446,645
Plan fiduciary net position - beginning	26,985,781	29,408,725	28,937,873	31,109,908
Plan fiduciary net position - ending	$ 29,408,725	$ 28,937,873	$ 31,109,908	$ 34,556,553
City's Net Pension Liability	$ 8,522,814	$ 9,542,460	$ 7,587,122	$ 5,170,328
Plan fiduciary net position as a percentage of the total pension liability	77.53%	75.20%	80.39%	86.99%
Covered employee payroll	$ 7,141,650	$ 6,228,879	6,246,716	6,438,613
City's net pension liability as a percentage of covered employee payroll	119.34%	153.20%	121.46%	80.30%

*** The schedule will present the required 10 years of information once it is accumulated**

CITY OF DOUGLAS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS*

	2015	2016	2017	2018
Actuarially determined contribution	$ 1,544,801	$ 1,307,898	$ 1,180,616	$ 1,039,158
Contributions in relation to the actuarially determined contribution	1,413,086	1,330,633	1,191,212	1,243,636
Contribution deficiency (excess)	$ 131,715	$ (22,735)	$ (10,596)	$ (204,478)
Covered employee payroll	$ 7,141,650	$ 6,228,879	$ 6,246,716	$ 6,438,613
Contributions as a percentage of covered employee payroll	19.79%	21.36%	19.07%	19.32%

Notes to the Schedule

Valuation Date: The actuarially determined contribution rate was determined as of January 1, 2018, with an interest adjustment to the fiscal year

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 period of ten 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	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of Living Adjustments	2.75%
Retirement Age	65
Mortality	RP-2000 Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

*** The schedule will present the required 10 years of information once it is accumulated**

CITY OF DOUGLAS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS *

	2018
Total Pension Liability	
Service Costs	$ 429,965
Interest	255,968
Differences between expected and actual experience	7,118
Changes of assumptions	(477,228)
Benefits payments, including refunds of employee contributions	(388,647)
Other	-
Net change in total OPEB liability	(172,824)
Total OPEB liability - beginning	8,745,678
Total OPEB liability - ending	$ 8,572,854
Plan Fiduciary Net Position	
Contributions - Employer	-
Contributions - Employee	388,647
Net Investment Income	-
Benefits payments, including refunds of employee contributions	(388,647)
Administrative Expense	-
Net change in fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending	$ -
City's Total OPEB Liability	$ 8,572,854
Covered employee payroll	6,127,660
City's net pension liability as a percentage of covered employee payroll	139.90%

*** The schedule will present the required 10 years of information once it is accumulated**

COMBINING NON-MAJOR FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds:

Airport Improvement Fund – to account for the construction ongoing improvements to the Douglas Municipal Airport.

Community Development Block Grant – to account for grant activity related to C.D.B.G. received from the Georgia Department of Community Affairs.

Capital Projects Fund – to account for various ongoing capital improvement projects.

Splost VI – to account for revenues and capital expenses related to the City's current SPLOST collections.

Special Revenue Funds:

Recreation Activity Fund – to account for revenues and expenses related to the City's recreation activities provided as a service to the citizens.

Forfeiture Fund – to account for confiscated funds collected by the City of Douglas' Police Department.

DCA Program Income Fund – to account for program income related to previous grant funds received from the Georgia Department of Community Affairs.

Central Multipurpose Complex Fund- to account for funds originally assigned for the construction of a new central multipurpose complex for the City. Amounts remaining are residual remaining after completion. The City anticipates utilizing these funds within the next fiscal year for necessary repairs and/or upgrades.

Mainstreet Program Fund – to account for revenues and expenses for the maintenance and revitalization of the City's downtown area. Revenues in this fund are received from the General Fund and Coffee County, Georgia.

Pave the Way – to account for proceeds received from the sale of commemorative bricks at the Airport. Proceeds are reserved for Airport improvements.

Various Nonmajor Projects Fund – to account for various miscellaneous grants and revenues received for non-major projects and uses.

Airport Rental Receipts Fund – to account for the rental activity of the various rented units at the Douglas Municipal Airport.

Motel Tax Fund – to account for the hotel/motel tax monies received by the City. These monies are transferred over to the General Fund at year end to offset a portion of the cost of tourism promotion.

DCA C.H.I.P. Fund – To account for grant revenues received from the Georgia Department of Community Affairs for the City's participation in the C.H.I.P. program.

Central Service Activity – to account for the rental activities related to the Central Multipurpose Complex facility.

H.E.A.T. Grant Fund – to account for grant revenue received from the Governor's Office of Highway Safety for the City's participation in the H.E.A.T. Program.

Park Improvement Project Fund – to account for funds received from the Georgia Department of Natural Resources for local park rehabilitation.

CITY OF DOUGLAS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash	$ 1,222,663	$ 302,800	$ 1,525,463
Investments	-	-	-
Due from Other Governments	51,020	145,993	197,013
Interfund Receivable	27,800	-	27,800
TOTAL ASSETS	$ 1,301,483	$ 448,793	$ 1,750,276
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts/Deposits Payable	15,388	-	15,388
Other Payables	5,057	-	5,057
Interfund Payables	35,119	219,204	254,323
Total Liabilities	55,564	219,204	274,768
Fund Balance:			
Assigned	1,245,919	0	1,245,919
Restricted for Capital Projects	-	229,589	229,589
Total Fund Balance	1,245,919	229,589	1,475,508
TOTAL LIABILITIES & FUND BALANCE	$ 1,301,483	$ 448,793	$ 1,750,276

CITY OF DOUGLAS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental Revenues	$ 339,194	$ 416,405	$ 755,599
Other Taxes	302,867	-	302,867
Investment Earnings	4	-	4
Fines and Forfeitures	17,713	-	17,713
Charges for Services or Materials	366,652	-	366,652
Other Revenues	32,559	-	32,559
Total Revenues	1,058,989	416,405	1,475,394
EXPENDITURES			
Current Operating:			
Culture & Recreation	217,266	-	217,266
Public Safety	60,918	-	60,918
Public Works	76,938	-	76,938
Housing & Development	128,633	-	128,633
Capital Outlay	-	398,530	398,530
Debt service			
Principal	45,000	-	45,000
Interest	-	-	-
Total Expenditures	528,755	398,530	927,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	530,235	17,875	548,110
OTHER FINANCING SOURCES (USES)			
Transfers from (to) Other Funds	(155,000)	96,473	(58,527)
Total Other Financing Sources (Uses)	(155,000)	96,473	(58,527)
NET CHANGE IN FUND BALANCES	375,235	114,348	489,583
FUND BALANCE - BEGINNING	870,684	115,241	985,925
FUND BALANCES - ENDING	$ 1,245,919	$ 229,589	$ 1,475,508

CITY OF DOUGLAS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Project Funds				Special Revenue Funds				
	Airport Improvement Fund	Community Development Block Grant	Capital Projects Fund	SPLOST VI Fund	Recreation Activity Fund	Forfeiture Fund	DCA Program Income Fund	Central Multipurpose Complex Fund	Main Street Program Fund
ASSETS									
Cash	$233,720	$ -	$ -	$ 69,080	$ 133,943	$ 13,701	$ 34,642	$ 471	$ 3,567
Investments	-	-	-	-	-	-	-	-	-
Due from Others	-	-	73,889	72,104	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	27,800	-	-
TOTAL ASSETS	233,720	-	73,889	141,184	133,943	13,701	62,442	471	3,567
LIABILITIES AND FUND BALANCE									
Accounts Payable	-	-	-	-	5,084	-	-	-	-
Other Payables	-	-	-	-	-	-	-	-	-
Interfund Payables	145,315	-	73,889	-	-	-	-	-	-
Total Liabilities	145,315	-	73,889	-	5,084	-	-	-	-
Fund Balance									
Assigned	-	-	-	-	128,859	13,701	62,442	471	3,567
Restricted for Capital Projects	88,405	-	-	141,184	-	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	$233,720	$ -	$ 73,889	$ 141,184	$ 133,943	$ 13,701	$ 62,442	$ 471	$ 3,567

CITY OF DOUGLAS, GEORGIA
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2018

	Special Revenue Funds								
	Pave The Way	Various Nonmajor Projects Fund	Airport Rental Receipts Fund	Motel Tax Fund	DCA C.H.I.P Fund	Central Service Activity	H.E.A.T. Grant Fund	Park Improvement Project Fund	Total Nonmajor Governmental Funds
ASSETS									
Cash	$ 5,203	$ 452,791	$ 335,520	$ 141,867	$ -	$ 100,958	$ -	$ -	$ 1,525,463
Investments	-	-	-	-	-	-	-	-	-
Due from Others	-	500	-	-	38,104	470	11,946	-	197,013
Interfund Receivables	-	-	-	-	-	-	-	-	27,800
TOTAL ASSETS	5,203	453,291	335,520	141,867	38,104	101,428	11,946	-	1,750,276
LIABILITIES AND FUND BALANCE									
Accounts/Deposits Payable	-	-	-	-	10,304	-	-	-	15,388
Other Payables	-	200	-	-	-	230	4,627	-	5,057
Interfund Payables	-	-	-	-	27,800	-	7,319	-	254,323
Total Liabilities	-	200	-	-	38,104	230	11,946	-	274,768
Fund Balance									
Assigned	5,203	453,091	335,520	141,867	-	101,198	-	-	1,245,919
Restricted for Capital Projects	-	-	-	-	-	-	-	-	229,589
TOTAL LIABILITIES & FUND BALANCE	$ 5,203	$ 453,291	$ 335,520	$ 141,867	$ 38,104	$ 101,428	$ 11,946	$ -	$ 1,750,276

CITY OF DOUGLAS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Project Funds				Special Revenue Funds				
	Airport Improvement Fund	Community Development Block Grant	Capital Projects Fund	SPLOST VI Fund	Recreation Activity Fund	Forfeiture Fund	DCA Program Income Fund	Central Multi-Purpose Complex Fund	Main Street Program Fund
REVENUES									
Intergovernmental Revenues	$ 145,316	$ 56,016	$ 73,889	$ 141,184	$ -	$ 960	$ -	$ -	$ 15,000
Other Taxes	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-		2,463	-	-	-
Charges for Services or Materials	-	-	-	-	201,242	-	-	-	-
Other Revenues/Reimbursements	-	-	-	-	-	-	21,824	-	-
Total Revenues	145,316	56,016	73,889	141,184	201,242	3,423	21,824	-	15,000
EXPENDITURES									
Current Operating:									
Culture & Recreation	-	-	-	-	184,401	-	-	1,800	-
Public Safety	-	-	-	-	-	1,950	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Housing & Development	-	-	-	-	-	-	6,272	-	-
Capital Outlay	172,152	56,016	170,362	-	-	-	-	-	-
Debt Service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-		-	-	-	-
Total Expenditures	172,152	56,016	170,362	-	184,401	1,950	6,272	1,800	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,836)	-	(96,473)	141,184	16,841	1,473	15,552	(1,800)	15,000
Other Financing Sources (Uses) Transfers from (to) Other Funds	-	-	96,473	-	(25,000)	-	-	-	(15,000)
Net Change in Fund Balances	(26,836)	-	-	141,184	(8,159)	1,473	15,552	(1,800)	-
FUND BALANCES - BEGINNING OF YEAR	115,241	-	-	-	137,018	12,228	46,890	2,271	3,567
FUND BALANCES - END OF YEAR	$ 88,405	$ -	$ -	$ 141,184	$ 128,859	$ 13,701	$ 62,442	$ 471	$ 3,567

CITY OF DOUGLAS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2018

	Special Revenue Funds								
	Pave The Way	Various Nonmajor Projects Fund	Airport Rental Receipts Fund	Motel Tax Fund	DCA C.H.I.P. Fund	Central Service Activity	H.E.A.T. Grant Fund	Park Improvement Project Fund	Total Nonmajor Governmental Funds
REVENUES									
Intergovernmental Revenues	$ -	$ 179,746	$ -	$ -	$ 89,193	$ -	$ 54,295	$ -	$ 755,599
Other Taxes	-	-	-	302,867	-	-	-	-	302,867
Investment Earnings	4	-	-	-	-	-	-	-	4
Fines and Forfeitures	-	-	15,250	-	-	-	-	-	17,713
Charges for Services or Materials	80	-	110,344	-	-	54,986	-	-	366,652
Other Revenues/Reimbursements	-	10,735	-	-	-	-	-	-	32,559
Total Revenues	84	190,481	125,594	302,867	89,193	54,986	54,295	-	1,475,394
EXPENDITURES									
Current Operating:									
Culture & Recreation	2,205	-	-	1,193	-	27,667	-	-	217,266
Public Safety	-	4,663	-	-	-	-	54,305	-	60,918
Public Works	-	76,938	-	-	-	-	-	-	76,938
Housing & Development	-	254	32,914	-	89,193	-	-	-	128,633
Capital Outlay	-	-	-	-	-	-	-	-	398,530
Debt Service									
Principal	-	-	45,000	-	-	-	-	-	45,000
Interest	-	-	-	-	-	-	-	-	-
Total Expenditures	2,205	81,855	77,914	1,193	89,193	27,667	54,305	-	927,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,121)	108,626	47,681	301,674	-	27,319	(10)	-	548,110
Other Financing Sources (Uses)									
Transfers from (to) Other Funds	-	135,000	-	(250,000)	-	-	-	-	(58,527)
Net Change in Fund Balances	(2,121)	243,626	47,681	51,674	-	27,319	(10)	-	489,583
FUND BALANCES - BEGINNING OF YEAR	7,324	209,465	287,839	90,193	-	73,879	10	-	985,925
FUND BALANCES - END OF YEAR	$ 5,203	$ 453,091	$ 335,520	$ 141,867	$ -	$ 101,198	$ -	$ -	$ 1,475,508

CITY OF DOUGLAS, GEORGIA
AIRPORT IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 205,000	$ 145,316	$ (59,684)
Investment Earnings	-	-	-
Other Revenues/Reimbursements	-	-	-
Total Revenues	205,000	145,316	(59,684)
Expenditures			
Housing and Development	205,000	172,152	32,848
Total Expenditures	205,000	172,152	32,848
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(26,836)	(26,836)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(26,836)	$ (26,836)
Fund Balances Beginning of Year		115,241	
Fund Balances End of Year		$ 88,405	

CITY OF DOUGLAS, GEORGIA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 100,000	$ 73,889	$ (26,111)
Investment Earnings	-	-	-
Total Revenues	100,000	73,889	(26,111)
Expenditures			
Housing and Development	200,000	170,362	29,638
Total Expenditures	200,000	170,362	29,638
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(100,000)	(96,473)	3,527
Other Financing Sources (Uses)			
Transfers from other funds	100,000	96,473	(3,527)
Net Changes in Fund Balance	$ -	-	$ -
Fund Balances Beginning of Year		-	
Fund Balances End of Year		$ -	

CITY OF DOUGLAS, GEORGIA
RECREATION ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	$ 210,000	$ 201,242	$ (8,758)
Total Revenues	210,000	201,242	(8,758)
Expenditures			
Culture and Recreation	185,000	184,401	599
Total Expenditures	185,000	184,401	599
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,000	16,841	(8,159)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	(25,000)	(25,000)	-
Net Changes in Fund Balance	$ -	(8,159)	$ (8,159)
Fund Balances Beginning of Year		137,018	
Fund Balances End of Year		$ 128,859	

CITY OF DOUGLAS, GEORGIA
FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Fines and Forfeitures	$ 13,204	$ 2,463	$ (10,741)
Intergovernmental Revenues	1,000	960	(40)
Total Revenues	14,204	3,423	(10,781)
Expenditures			
Public Safety	14,204	1,950	12,254
Total Expenditures	14,204	1,950	12,254
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	1,473	1,473
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	1,473	$ 1,473
Fund Balances Beginning of Year		12,228	
Fund Balances End of Year		$ 13,701	

CITY OF DOUGLAS, GEORGIA
PROGRAM INCOME DCA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Revenues/Reimbursements	$ 6,500	$ 21,824	$ 15,324
Total Revenues	6,500	21,824	15,324
Expenditures			
Housing and Development	6,500	6,272	228
Total Expenditures	6,500	6,272	228
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	15,552	15,552
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	15,552	$ 15,552
Fund Balances Beginning of Year		46,890	
Fund Balances End of Year		$ 62,442	

CITY OF DOUGLAS, GEORGIA
CENTRAL MULTI-PURPOSE COMPLEX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment Earnings	$ -	$ -	$ -
Total Revenues	-	-	-
Expenditures			
Culture and Recreation	1,800	1,800	-
Total Expenditures	1,800	1,800	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(1,800)	(1,800)	-
Other Financing Sources (Uses)			
Prior year fund balance	1,800	-	(1,800)
Net Changes in Fund Balance	$ -	(1,800)	$ (1,800)
Fund Balances Beginning of Year		2,271	
Fund Balances End of Year		$ 471	

CITY OF DOUGLAS, GEORGIA
MAINSTREET PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 15,000	$ 15,000	$ -
Investment Earnings	-	-	-
Total Revenues	15,000	15,000	-
Expenditures			
Culture and Recreation	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	15,000	15,000	-
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	15,000	15,000	-
Net Changes in Fund Balance	$ 30,000	30,000	$ -
Fund Balances Beginning of Year		3,567	
Fund Balances End of Year		$ 33,567	

CITY OF DOUGLAS, GEORGIA
PAVE THE WAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment Earnings	$ -	$ 4	$ 4
Charges for Services	7,000	80	(6,920)
Total Revenues	7,000	84	(6,916)
Expenditures			
Culture and Recreation	7,000	2,205	4,795
Total Expenditures	7,000	2,205	4,795
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(2,121)	(2,121)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(2,121)	$ (2,121)
Fund Balances Beginning of Year		7,324	
Fund Balances End of Year		$ 5,203	

CITY OF DOUGLAS, GEORGIA
VARIOUS NON-MAJOR PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 167,314	$ 179,746	$ 12,432
Other Revenues/Reimbursements	-	10,735	10,735
Charges for Services	-	-	-
Total Revenues	167,314	190,481	23,167
Expenditures			
Public Safety	10,000	4,663	5,337
Public Works	292,000	76,938	215,062
Housing and Development	314	254	60
Total Expenditures	302,314	81,855	60
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(135,000)	108,626	243,626
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	135,000	135,000	-
Net Changes in Fund Balance	$ -	243,626	$ 243,626
Fund Balances Beginning of Year		209,465	
Fund Balances End of Year		$ 453,091	

CITY OF DOUGLAS, GEORGIA
AIRPORT RENTAL RECEIPTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	$ 80,000	$ 110,344	$ 30,344
Fines and Forfeitures	-	15,250	15,250
Total Revenues	80,000	125,594	45,594
Expenditures			
Housing and Development	80,000	77,914	2,087
Total Expenditures	80,000	77,914	2,087
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	47,681	47,681
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	47,681	$ 47,681
Fund Balances Beginning of Year		287,839	
Fund Balances End of Year		$ 335,520	

CITY OF DOUGLAS, GEORGIA
MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Other Taxes	$ 255,000	$ 302,867	$ 47,867
Investment Earnings	-	-	-
Total Revenues	255,000	302,867	47,867
Expenditures			
Culture and Recreation	5,000	1,193	3,807
Total Expenditures	5,000	1,193	3,807
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	250,000	301,674	51,674
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	(250,000)	(250,000)	-
Net Changes in Fund Balance	$ -	51,674	$ 51,674
Fund Balances Beginning of Year		90,193	
Fund Balances End of Year		$ 141,867	

CITY OF DOUGLAS, GEORGIA
DCA C.H.I.P. FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 306,000	$ 89,193	$ (216,807)
Total Revenues	306,000	89,193	(216,807)
Expenditures			
Housing and Development	306,000	89,193	216,807
Total Expenditures	306,000	89,193	216,807
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	-	$ -
Fund Balances Beginning of Year		-	
Fund Balances End of Year		$ -	

CITY OF DOUGLAS, GEORGIA
CENTRAL SERVICE ACTIVITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Charges for Services	39,180	54,986	15,806
Total Revenues	39,180	54,986	15,806
Expenditures			
Culture and Recreation	39,180	27,667	11,513
Total Expenditures	39,180	27,667	11,513
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	27,319	27,319
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	27,319	$ 27,319
Fund Balances Beginning of Year		73,879	
Fund Balances End of Year		$ 101,198	

CITY OF DOUGLAS, GEORGIA
H.E.A.T. GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ 164,471	$ 54,295	$ (110,176)
Investment Earnings	-	-	-
Total Revenues	164,471	54,295	(110,176)
Expenditures			
Public Safety	164,471	54,305	110,166
Total Expenditures	164,471	54,305	110,166
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	(10)	(10)
Other Financing Sources (Uses)			
Transfers from/(to) Other Funds	-	-	-
Net Changes in Fund Balance	$ -	(10)	$ (10)
Fund Balances Beginning of Year		10	
Fund Balances End of Year		$ -	

CITY OF DOUGLAS, GEORGIA
PARK IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Intergovernmental Revenues	$ -	$ -	$ -
Investment Earnings	2	-	(2)
Total Revenues	2	-	(2)
Expenditures			
Culture and Recreation	2	-	2
Total Expenditures	2	-	2
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Prior Year Fund Balance	-	-	-
Net Changes in Fund Balance	$ -	-	$ -
Fund Balances Beginning of Year		-	
Fund Balances End of Year		$ -	

SUPPLEMENTAL FINANCIAL DATA

CITY OF DOUGLAS, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2012
FOR THE YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost	Revised Estimated Cost	Prior Years	Current Years	Total	Estimate Percentage of Completion
1 Airport Improvements	$ 737,000	$ 737,000	$ 41,375	$ 61,716	$ 103,091	13.99%
2 Public Safety - Facility Improvements	45,000	45,000	-	45,000	45,000	100.00%
3 Public Works - Facility Improvements	90,000	90,000	92,725	-	92,725	103.03%
4 Recreation - Facility Improvements	400,000	417,974	236,904	7,046	243,950	58.36%
5 Renovations - Municipal Buildings	50,000	50,000	679	-	679	1.36%
6 Road, Street, & Bridge Projects	1,000,000	1,000,000	803,638	-	803,638	80.36%
7 Technology Equipment & Upgrades	200,000	200,000	-	-	-	0.00%
8 Water/Sewer System Improvements, and Land Acquisitions	18,595,561	19,195,561	6,831,192	2,238,805	9,069,997	47.25%
Total	$ 21,117,561	$ 21,735,535	$ 4,297,436	$ 2,352,567	$ 10,359,080	47.66%

CITY OF DOUGLAS, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX 2018
FOR THE YEAR ENDED JUNE 30, 2018

Project	Original Estimated Cost	Prior Years	Current Years	Total	Estimate Percentage of Completion
1 Airport Capital Improvements	$ 667,750	$ -	$ -	$ -	0.00%
2 Public Safety - Capital Outlay & Facility Improvements	1,950,000	-	-	-	0.00%
3 Recreation - Capital Outlay and Facility Improvements to include Land Acquisition	1,498,736	-	-	-	0.00%
4 Renovations - Municipal Buildings	100,000	-	-	-	0.00%
5 Road, Street, Storm Drainage & Bridge Projects	900,000	-	-	-	0.00%
6 Technology Equipment & Upgrades	280,000	-	-	-	0.00%
7 Water/Sewer System Capital Outlay & Improvements	1,970,000	-	-	-	0.00%
Total	$ 7,366,486	$ -	$ -	$ -	0.00%

CITY OF DOUGLAS, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT # 14p-y-034-2-5795
SOURCE & APPLICATION OF FUNDS SCHEDULE
FROM INCEPTION THROUGH JUNE 30, 2018

Total Program Funds Allocated to Recipient	$ 325,176
Less: Total Program Funds Drawn by Recipient	(325,176)
Funds Still Available from Program Resources	$ -
Total Program Funds Drawn and Received by Recipient	$ 325,176
Less: Funds Applied and Expended to Program Costs	(325,176)
Total Program Funds Held by Recipient	$ -

PROGRAM ACTIVITY	CDBG ACTIVITY NUMBER	ORIGINAL APPROVED BUDGET	REVISED APPROVED BUDGET	COST TO DATE	AVAILABLE BALANCE
Contingencies	C-022-00	30,382	-	-	-
Water Improvements	P-03J-01	43,559	47,127	(47,127)	-
Wastewater Improvements	P-03J-02	231,725	258,540	(258,540)	-
Administration	A-21A-00	19,510	19,510	(19,510)	-
Total		$ 325,176	$ 325,176	$ (325,176)	$ -

STATISTICAL SECTION (unaudited)

This part of the City of Douglas' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

Financial Trends:

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time 96

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the electric department sales 102

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future 106

Demographic and Economic Information

These schedules of demographic and economic indicators help the reader understand the environment within which the government's financial activities take place 108

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs 110

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DOUGLAS, GEORGIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018**
Governmental Activities:										
Net Investment in Capital Assets	$ 20,877,512	$ 19,451,293	$ 20,376,663	$ 21,168,409	$ 21,897,267	$ 21,953,716	$ 22,611,871	$ 22,193,979	$ 22,056,095	$ 21,811,679
Restricted	-	-	-	(35,241)	3,296,513	5,629,063	8,191,407	10,497,749	10,187,661	11,019,946
Unrestricted	3,635,408	4,296,706	3,179,288	3,107,032	2,321,894	4,523,771	(3,619,060)	(3,548,637)	(3,066,539)	(6,326,537)
Total Governmental Net Position	$ 24,512,920	$ 23,747,999	$ 23,555,951	$ 24,240,200	$ 27,515,674	$ 32,106,550	$ 27,184,218	$ 29,143,091	$ 29,177,217	$ 26,505,085
Business-type Activities										
Net Investment in Capital Assets	$ 16,286,524	$ 16,451,492	$ 17,909,528	$ 18,214,332	$ 17,933,443	$ 17,615,877	$ 17,733,969	$ 17,759,151	$ 20,760,511	$ 21,516,940
Restricted	487,633	478,630	-	-	-	-	-	-	-	-
Unrestricted	9,380,538	13,115,932	15,840,316	18,612,364	21,418,459	24,978,779	27,214,211	33,681,403	36,475,027	42,475,069
Total Business-type Activites	$ 26,154,695	$ 30,046,054	$ 33,749,844	$ 36,826,696	$ 39,351,902	$ 42,594,656	$ 44,948,180	$ 51,440,554	$ 57,235,538	$ 63,992,009
Primary Government:										
Net Investment in Capital Assets	$ 37,164,036	$ 35,902,785	$ 38,286,191	$ 39,382,741	$ 39,830,710	$ 39,569,593	$ 40,345,840	$ 39,953,130	$ 42,816,606	$ 43,328,619
Restricted	487,633	478,630	-	(35,241)	3,296,513	5,629,063	8,191,407	10,497,749	10,187,661	11,019,946
Unrestricted	13,015,946	17,412,638	19,019,604	21,719,396	23,740,353	29,502,550	23,595,151	30,132,766	33,408,488	36,148,532
Total Primary Government Net Position	$ 50,667,615	$ 53,794,053	$ 57,305,795	$ 61,066,896	$ 66,867,576	$ 74,701,206	$ 72,132,398	$ 80,583,645	$ 86,412,755	$ 90,497,094

* During fiscal year 2015 the City implemented GASB Statement No. 68, thereby recording the impact of the City's Net Pension Liability on unrestricted net position.

** During fiscal year 2018 the City implemented GASB Statement No. 75, thereby recording the impact of the City's Net OPEB Liability on unrestricted net position.

CITY OF DOUGLAS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Expenditures	2009	2010	2011	2012	2013	2014	2015	2016*	2017	2018
Governmental Activities:										
General Government	$ 4,918,157	$ 5,567,977	$ 4,906,729	$ 4,860,549	$ 4,897,398	$ 3,691,642	$ 3,942,490	$ 1,845,067	$ 1,944,591	$ 1,730,174
Public Safety	4,965,256	5,344,200	5,330,018	5,666,100	5,724,075	6,243,436	5,684,083	6,132,173	6,032,885	6,203,756
Public Works	-	-	-	-	-	2,337,109	2,268,249	2,143,414	2,179,744	2,370,453
Culture and Recreation	2,751,982	2,746,448	2,158,133	2,373,613	2,106,607	2,344,417	2,002,687	2,018,180	2,022,025	1,917,695
Housing and Development	1,280,566	956,541	919,714	1,151,026	1,833,263	1,478,537	1,316,644	1,542,590	1,649,935	1,448,172
Interest on Long-term Debt	23,513	48,151	31,376	46,987	18,123	20,879	4,566	3,586	2,750	-
Total Governmental Activities	13,939,474	14,663,317	13,345,970	14,098,275	14,579,466	16,116,020	15,218,719	13,685,010	13,831,930	13,670,250
Business-type Activities										
Natural Gas	6,071,056	3,717,559	4,284,721	3,940,444	4,151,613	4,966,924	4,538,215	3,843,441	4,626,789	4,371,181
Electric	19,142,763	17,470,126	19,766,003	21,013,941	22,259,348	22,523,339	23,404,010	22,283,959	26,232,879	23,848,426
Water and Sewer	5,435,605	4,915,268	4,989,444	5,285,780	5,779,348	6,323,375	6,706,690	6,633,710	6,736,962	6,566,638
Sanitation	2,244,265	2,042,638	2,314,328	2,432,334	2,563,170	2,625,493	2,693,431	2,849,021	2,821,278	2,672,203
Total Business-type Activites	32,893,689	28,145,591	31,354,496	32,672,499	34,753,479	36,439,131	37,342,346	35,610,131	40,417,908	37,458,448
Total Primary Government Expenses	$ 46,833,163	$ 42,808,908	$ 44,700,466	$ 46,770,774	$ 49,332,945	$ 52,555,151	$ 52,561,065	$ 49,295,141	$ 54,249,838	$ 51,128,698

CITY OF DOUGLAS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS, cont.
(accrual basis of accounting)

Program Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Charges for Services:										
General Government	$ 1,770,992	$ 2,009,465	$ 2,082,798	$ 2,237,270	$ 2,202,535	$ 2,264,622	$ 2,248,161	$ 444,310	$ 468,864	$ 469,292
Public Safety	-	-	-	-	63,175	36,375	76,592	8,127	3,412	3,423
Culture and Recreation	881,901	917,801	526,158	476,377	804,150	865,318	780,410	753,448	774,348	748,987
Housing and Development	274,088	237,537	246,891	238,924	285,352	331,917	333,050	255,306	286,434	384,612
Operating Grants and Contributions	246,125	454,962	241,783	521,967	-	89,192	116,702	221,791	161,840	196,358
Capital Grants and Contributions	-	-	493,262	761,656	4,605,319	3,736,644	4,451,846	3,795,573	4,258,887	3,549,069
Total Governmental Activities										
Program Revenue	3,173,106	3,619,765	3,590,892	4,236,194	7,960,531	7,324,068	8,006,761	5,478,555	5,953,785	5,351,741
Business-type Activities:										
Charges for Services:										
Natural Gas	6,362,854	4,235,468	4,699,582	4,397,886	4,931,753	5,912,014	5,791,377	4,582,608	4,851,978	5,421,756
Electric	23,423,457	24,102,744	25,500,980	25,718,050	26,800,894	29,215,975	29,979,855	29,469,147	29,451,518	29,340,048
Water and Sewer	6,289,913	5,097,939	5,891,656	7,174,910	7,059,716	7,309,595	7,986,545	8,199,153	8,664,258	9,080,237
Sanitation	2,410,181	2,153,143	2,419,264	2,595,901	2,821,915	2,971,476	2,978,550	3,044,257	3,081,469	3,177,775
Total Business-type Activities Revenue	38,486,405	35,589,294	38,511,482	39,886,747	41,614,278	45,409,060	46,736,327	45,295,165	46,049,223	47,019,816
Total Primary Gov't Program Revenue	$ 41,659,511	$ 39,209,059	$ 42,102,374	$ 44,122,941	$ 49,574,809	$ 52,733,128	$ 54,743,088	$ 50,773,720	$ 52,003,008	$ 52,371,557
Net (Expense)/Revenue:										
Governmental Activities	$ (10,766,368)	$ (11,043,552)	$ (9,755,078)	$ (9,862,081)	$ (6,618,935)	$ (8,791,952)	$ (7,211,958)	$ (8,206,455)	$ (7,878,145)	$ (8,318,509)
Business-type Activities	5,592,716	7,443,703	7,156,986	7,214,248	6,860,799	8,969,929	9,393,981	9,685,034	5,631,315	9,561,368
Total Primary Government net expense	$ (5,173,652)	$ (3,599,849)	$ (2,598,092)	$ (2,647,833)	$ 241,864	$ 177,977	$ 2,182,023	$ 1,478,579	$ (2,246,830)	$ 1,242,859

CITY OF DOUGLAS, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS, cont.
(accrual basis of accounting)

General Revenues & Other	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Changes in Net Position										
Governmental Activities										
Taxes:										
Property	$ 2,622,513	$ 2,663,198	$ 2,329,403	$ 2,277,014	$ 2,265,452	$ 2,863,239	$ 2,637,862	$ 2,631,167	$ 2,598,555	$ 2,629,328
Sales and Use	2,049,052	1,869,547	1,741,974	1,776,986	1,724,358	1,621,353	1,714,134	1,699,057	1,676,486	1,722,778
Insurance Premium	-	-	-	-	**	597,807	625,104	667,821	723,380	770,283
Franchise	340,882	284,480	259,574	298,711	338,155	251,691	279,077	280,512	258,063	243,709
Other	1,615,134	1,605,390	1,396,826	1,714,758	1,450,309	921,957	679,177	687,325	741,832	774,424
Interest	29,057	29,577	7,545	16,479	3,825	5,490	8,328	19,846	42,928	99,224
Gain on Capital Asset Sales	82,299	(786)	33,212	14,313	106,401	54,368	110,021	28,666	49,458	44,405
Other Revenues/Reimbursements	129,437	153,374	253,498	224,219	348,253	271,268	301,783	385,004	390,983	412,715
Transfers in	3,616,557	3,673,851	3,540,998	4,223,850	4,427,963	4,719,997	4,578,642	3,765,930	1,430,586	3,460,496
Total Governmental Activities	10,484,931	10,278,631	9,563,030	10,546,330	10,664,716	11,307,170	10,934,128	10,165,328	7,912,271	10,157,362
Business-type Activities										
Interest/Investment Earnings	237,257	121,507	87,802	86,454	7,645	474,678	246,538	573,269	1,594,255	1,306,683
Gain on Capital Asset Sales	-	-	-	-	-	-	-	-	-	8,057
Transfers	(3,616,557)	(3,673,851)	(3,540,998)	(4,223,850)	(4,343,238)	(4,126,188)	(4,363,299)	(3,765,930)	(1,430,586)	(3,460,496)
Total Business-type Activities	(3,379,300)	(3,552,344)	(3,453,196)	(4,137,396)	(4,335,593)	(3,651,510)	(4,116,761)	(3,192,661)	163,669	(2,145,756)
Total Primary Government	7,105,631	6,726,287	6,109,834	6,408,934	6,329,123	7,655,660	6,817,367	6,972,667	8,075,940	8,011,606
Change in Net Position										
Governmental Activities	$ (281,437)	$ (764,921)	$ (192,048)	$ 684,249	$ 4,045,781	$ 2,515,218	$ 3,722,170	$ 1,958,873	$ 34,126	$ 1,838,853
Business-type Activities	2,213,416	3,891,359	3,703,790	3,076,852	2,525,206	5,318,419	5,277,220	6,492,373	5,794,984	7,415,612
Total Primary Government	$ 1,931,979	$ 3,126,438	$ 3,511,742	$ 3,761,101	$ 6,570,987	$ 7,833,637	$ 8,999,390	$ 8,451,246	$ 5,829,110	$ 9,254,465

* During fiscal year 2016 the City changed its method of reporting "charges for services" collected by the General Fund from the Enterprise Funds to more accurately reflect the nature of the transactions, thereby impacting General Government expenditures, and General Government charges for services.

** Prior to fiscal year 2014, the City reported its franchise taxes as "other taxes".

CITY OF DOUGLAS, GEORGIA
FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Nonspendable	$ 76,144	$ 115,968	$ 122,265	$ 158,024	$ 149,777	$ 226,920	$ 138,275	$ 111,685	$ 120,562	$ 106,679
Restricted	188,000	141,906	172,311	176,644	197,378	220,970	215,790	221,761	254,126	252,950
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	2,963,797	2,844,839	2,277,514	2,308,313	2,743,022	4,602,802	5,384,028	5,416,096	5,724,486	5,909,831
Total General Fund	$ 3,227,941	$ 3,102,713	$ 2,572,090	$ 2,642,981	$ 3,090,177	$ 5,050,692	$ 5,738,093	$ 5,749,542	$ 6,099,174	$ 6,269,460
All other Governmental Funds:										
Special Revenue Funds:										
Assigned	$ 726,801	$ 705,786	$ 734,820	$ 620,457	$ 565,439	$ 750,966	$ 852,021	$ 997,344	$ 870,684	$ 1,245,919
Capital Project Funds:										
Restricted	136,419	89,506	(49,517)	37,158	3,423,686	5,629,063	7,975,617	10,275,988	10,048,796	10,766,996
Total All Other Governmental Funds	$ 863,220	$ 795,292	$ 685,303	$ 657,615	$ 3,989,125	$ 6,380,029	$ 8,827,638	$ 11,273,332	$ 10,919,480	$ 12,012,915

CITY OF DOUGLAS, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016*	2017	2018
Revenues										
Taxes	$ 5,909,734	$ 5,524,407	$ 5,238,685	$ 5,183,573	$ 5,174,203	$ 5,665,473	$ 5,717,273	$ 5,874,994	$ 5,839,371	$ 6,066,860
Intergovernmental	246,125	616,462	734,973	2,107,416	4,688,072	3,810,618	4,689,513	4,032,364	4,543,666	3,784,107
Licenses and Permits	321,374	321,204	317,318	322,917	332,563	348,218	349,014	346,721	358,068	363,816
Charges for Services	597,950	607,768	634,273	680,599	601,211	701,386	696,995	729,804	800,250	859,128
Fines and Forfeitures	285,204	277,575	352,059	307,296	321,874	482,964	427,098	318,790	316,825	333,243
Interest	29,057	29,577	7,617	17,013	5,246	7,556	8,328	19,846	42,928	99,228
Other Revenues/Reimbursements	2,538,952	2,797,454	2,908,310	2,861,769	2,897,853	2,607,229	2,381,041	490,971	513,724	540,387
Total Revenues	9,928,396	10,174,447	10,193,235	11,480,583	14,021,022	13,623,444	14,269,262	11,813,490	12,414,832	12,046,769
Expenditures										
General Government	4,602,422	5,151,613	4,458,597	4,785,943	4,243,261	3,274,436	3,213,242	1,434,958	1,509,733	1,655,273
Public Safety	4,792,675	5,057,932	5,636,830	5,506,688	5,464,136	5,972,200	5,803,259	6,418,782	6,058,021	6,508,332
Public Works	-	-	-	-	-	2,269,209	2,308,359	2,157,546	2,593,739	2,317,987
Culture and Recreation	2,432,462	2,427,061	2,223,901	2,075,319	1,836,708	1,870,524	1,614,534	1,573,308	1,556,401	1,591,320
Housing and Development	1,094,053	771,983	1,172,337	970,161	1,440,326	1,135,482	1,113,391	1,194,091	1,191,217	1,290,357
Capital Outlay	1,020,683	516,688	723,883	2,262,721	1,469,529	1,277,519	1,734,816	1,342,137	4,279,184	2,751,097
Debt Service:										
Principal	111,482	276,175	295,160	228,053	253,525	301,803	30,748	31,727	82,607	45,000
Interest	23,513	48,151	31,376	46,987	18,123	20,879	4,566	3,586	2,750	-
Total Expenditures	14,077,290	14,249,603	14,542,084	15,875,872	14,725,608	16,122,052	15,822,915	14,156,135	17,273,652	16,159,366
Other Financing Sources(Uses)										
Sale of Capital Assets	82,299	11,845	36,211	14,313	106,401	54,368	110,021	28,666	49,458	44,405
Transfers in (out)	3,616,557	3,673,851	3,540,898	4,056,635	4,427,963	6,795,662	4,578,642	4,771,122	4,805,142	5,331,913
Capital Lease Proceeds	767,999	196,304	131,125	367,544	-	-	-	-	-	-
Total Other Financing	4,466,855	3,882,000	3,708,234	4,438,492	4,534,364	6,850,030	4,688,663	4,799,788	4,854,600	5,376,318
Change in Fund Balance	$ 317,961	$ (193,156)	$ (640,615)	$ 43,203	$ 3,829,778	$ 4,351,422	$ 3,135,010	$ 2,457,143	$ (4,220)	$ 1,263,721
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A	2%	0.26%	0.27%	0.53%	0.30%

* During fiscal year 2016 the City changed its method of reporting allocations collected by the General Fund from the Enterprise Funds to more accurately reflect the nature of the transactions, thereby impacting General Government *Expenditures*, and General Government *Other Revenues/Reimbursements*.

CITY OF DOUGLAS, GEORGIA
ELECTRIC SALES BY CATEGORY
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential	$ -	$ -	$ -	$ 6,171,186	$ 6,625,548	$ 5,626,554	$ 6,049,179	$ 5,765,021	$ 5,787,046	$ 5,811,293
Commercial				17,506,239	17,315,141	18,954,310	18,565,533	18,332,699	18,356,392	18,259,584
Other Sales	-	-	-	1,159,696	781,582	1,120,406	1,934,188	2,253,879	2,210,089	2,209,942
Total	$ -	$ -	$ -	$ 24,837,121	$ 24,722,271	$ 25,701,270	$ 26,548,900	$ 26,351,599	$ 26,353,527	$ 26,280,819
Transfers to General Fund*				$ 3,574,850	$ 3,574,850	$ 3,685,526	$ 3,574,850	$ 3,703,330	$ 3,614,850	$ 3,837,147

Source: City of Douglas, Georgia Finance Department

* Annual transfers to the General Fund are done for the purpose of financing basic City services and exceed property tax collections for all years presented.

** The City has not presented the revenue by category for its most significant single own-source revenue for all ten years as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
ELECTRIC RATES
LAST TEN FISCAL YEARS*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential**										
Base Charge	-	-	-	-	-	10	$ 10.00	$ 10.00	$ 10.00	$ 10.00
Environmental Compliance Cost Recovery (per kWh)	-	-	-	-	-	0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Power Cost Adjustment (per kWh)	-	-	-	-	-	0.002	$ 0.002	$ 0.006	$ 0.006	$ 0.006
Summer (May 1 - Nov 1)										
First 750 kWh's (per kWh)	-	-	-	-	-	0.089	$ 0.089	$ 0.089	$ 0.089	$ 0.089
Next 750 kWh's (per kWh)	-	-	-	-	-	0.119	$ 0.119	$ 0.119	$ 0.119	$ 0.101
Over 1500 kWh's (per kWh)	-	-	-	-	-	0.127	$ 0.127	$ 0.127	$ 0.127	$ 0.109
Non-Summer (Nov 1 - May 1)										
First 750 kWh's (per kWh)	-	-	-	-	-	0.089	$ 0.089	$ 0.089	$ 0.089	$ 0.089
Next 750 kWh's (per kWh)	-	-	-	-	-	0.081	$ 0.081	$ 0.081	$ 0.081	$ 0.101
Over 1500 kWh's (per kWh)	-	-	-	-	-	0.077	$ 0.077	$ 0.077	$ 0.077	$ 0.109
Commercial *****										
Base Charge	-	-	-	-	-	50	$ 50.00	$ 50.00	$ 50.00	$ 50.00
Demand Charge ($/billing kW)	-	-	-	-	-	2.75	$ 2.75	$ 2.75	$ 2.75	$ 2.75
1st Block										
First 200 hrs x Billing kW										
First 6000 kWh ($/kWh)	-	-	-	-	-	0.111	$ 0.111	$ 0.111	$ 0.111	$ 0.111
additional kWh's ($/kWh)	-	-	-	-	-	0.103	$ 0.103	$ 0.103	$ 0.103	$ 0.103
2nd Block										
Next 200 hrs x Billing kW	-	-	-	-	-	0.053	$ 0.053	$ 0.053	$ 0.053	$ 0.053
3rd Block										
In excess of 400 hrs x Billing kW	-	-	-	-	-	0.048	$ 0.048	$ 0.048	$ 0.048	$ 0.048

* The City has not presented the rate schedule of its most significant single own-source revenue for all ten years as generally required. This is the City's fifth presentation of CAFR, therefore not all prior year information is available

** Rates above do not include 8% Sales Tax, if applicable.

*** Commercial rates are reported on the "Medium Power" schedule. This is the predominent schedule used for commercial accounts within the City

CITY OF DOUGLAS, GEORGIA
PRINCIPLE ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

	June 30, 2018			June 30, 2008*		
Taxpayer	Balance Remitted	Rank	Percentage of Total Revenue	Balance Remitted	Rank	Percentage of Total Revenue
Precision Castparts Corporation	$ 2,013,536	1	7.66%	-	-	-
Southwire Company	$ 1,635,474	2	6.22%	-	-	-
Coats and Clark	$ 799,503	3	3.04%	-	-	-
Wal-Mart Distribution Center #6010	$ 797,628	4	3.04%	-	-	-
Coffee Regional Medical Center	$ 688,400	5	2.62%	-	-	-
Americold	$ 621,796	6	2.37%	-	-	-
Elixir Extrusions	$ 585,415	7	2.23%	-	-	-
Pilgrim's Pride - Hatchery	$ 518,664	8	1.97%	-	-	-
Optima Chemicals	$ 420,635	9	1.60%	-	-	-
Wal-Mart Store #593	$ 386,666	10	1.47%	-	-	-
Totals	$ 8,467,717		32%	-		-

Source: City of Douglas, Georiga Electric Department Records

*The City has not presented the principle Electric customers from nine years ago as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN CALENDER YEARS*

	Collected within the Fiscal Year of the Levy			Total Collections to Date		
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collection Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage Levy
2009	$ -	$ -	-	$ -	$ -	-
2010	$ -	$ -	-	$ -	$ -	-
2011	$ -	$ -	-	$ -	$ -	-
2012	$ -	$ -	-	$ -	$ -	-
2013	$ -	$ -	-	$ -	$ -	-
2014	$ 2,098,998	$ 2,002,748	95.41%	$ 87,053	$ 2,089,801	99.56%
2015	$ 2,116,616	$ 2,018,090	95.35%	$ 83,004	$ 2,101,094	99.27%
2016	$ 2,155,734	$ 2,045,986	94.91%	$ 82,992	$ 2,128,978	98.76%
2017	$ 2,130,473	$ 2,031,200	95.34%	$ 53,866	$ 2,085,066	97.87%
2018	$ 2,138,801	$ 2,048,361	95.77%		$ 2,048,361	95.77%

Source: Coffee County, Georgia Tax Commissioner

* The City has not presented the Property Tax Levies and Collections for all ten years as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

	Governmental Activities			Business-Type Activities					
Fiscal Year	General Obligation Bonds	Term Loans	Capital Leases	Revenue Bonds	Term Loans	Capital Leases	Total Primary Government	Percentage of Personal Income**	Per Capita
2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2014	$ -	$ 58,750	$ 131,331	$ -	$ 2,051,354	$ 87,365	$ 2,328,800	1.55%	$ 194
2015	$ -	$ 53,750	$ 105,584	$ -	$ 1,602,227	$ 44,201	$ 1,805,762	1.18%	$ 150
2016	$ -	$ 48,750	$ 78,857	$ -	$ 1,007,114	$ -	$ 1,134,721	0.70%	$ 93
2017	$ -	$ 45,000	$ -	$ -	$ -	$ -	$ 45,000	0.03%	$ 4
2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%	$ -

Note: Details on the City's outstanding debt can be found in the notes to the financial statements
Source: City of Douglas, Georgia financial records
* The City has not presented the ratio of outstanding debt by type for all ten years as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior years information is available.
** See Schedule of Demographics and Economic Statistics for personal income and population data

CITY OF DOUGLAS, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$ -	$ -	$ -	$ -	$ -	$ 30,073,910	$ 33,325,768	$ 33,825,655	$ 33,280,444	$ 33,280,444
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	$ -	$ -	$ -	$ -	$ -	$ 30,073,910	$ 33,325,768	$ 33,825,655	$ 33,280,444	$ 33,280,444
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal debt margin calculation:	
Assessed value	$ 333,976,115
Debt limit (10% of total assessed value)	33,397,612
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal Debt Margin	$ 33,397,612

Source: City of Douglas, Georgia Finance Department

* The City has not presented the legal debt margin information for all ten years as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDER YEARS

Year		Population *	Personal Income (in thousands)**	Per Capita Income***	Unemployment Rate****
2009		11,494	$ 280,396	$ 24,379	17.0%
2010		11,589	$ 287,547	$ 24,536	15.5%
2011		11,684	$ 305,458	$ 10,219	13.4%
2012		11,780	$ 305,114	$ 10,322	11.7%
2013		11,876	$ 320,911	$ 27,374	10.5%
2014		11,974	$ 332,521	$ 28,016	11.0%
2015		12,072	$ 348,501	$ 28,868	6.4%
2016		12,171	$ 357,047	$ 29,336	5.9%
2017		12,271	$ 377,106	$ 30,732	4.9%
2018	*****	N/A	N/A	N/A	N/A

Source. Georgia Department of Labor, Workforce Statistics, and Economic Research

* Extrapolated from 2010 Census at an average annual growth. Population for 2010 is based on the 2010 Census.

** Extrapolated from County wide data available from the US Bureau of Economic Analysis.

*** County wide data available from the US Bureau of Economic Analysis.

**** County wide data as reported by the US Department of Labor - Bureau of Labor Statistics as of June 20XX.

***** 2018 Calendar year data not yet available.

CITY OF DOUGLAS, GEORGIA
PRINCIPLE EMPLOYERS**
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2017			Fiscal Year 2008**		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Coffee County Board of Education	1,200	1	7.49%	-	-	-
Pilgrim's Pride	1,010	2	6.31%			
Coffee Regional Medical Center	904	3	5.64%	-	-	-
Wal-Mart Distribution	867	4	5.41%	-	-	-
Precision Cartparts Corporation	720	5	4.50%	-	-	-
Coffee Correctional Facility	395	6	2.47%	-	-	-
Wal-Mart Dispatch Center	330	7	2.06%	-	-	-
Coffee County Board of Commissioners	300	8	1.87%	-	-	-
Diamond Builders	282	9	1.76%	-	-	-
Elixir Extrusion	280	10	1.75%	-	-	-
Totals	6,288		39.26%	-		-

Source: Douglas-Coffee County Chamber of Commerce

*The City has not presented the principle employers from nine years ago as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior year information is available.

** County Wide Data per most recent Douglas-Coffee County Economic Development Authority issuance.

Concerted Services

CITY OF DOUGLAS, GEORGIA
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS*

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Management	-	-	-	-	-	3	3	3	3	2
City Clerk	-	-	-	-	-	1	1	1	1	1
Financial Administration	-	-	-	-	-	5	5	4	5	5
Information Technology	-	-	-	-	-	1	1	1	1	1
Human Resources	-	-	-	-	-	2	2	2	2	2
Customer Service	-	-	-	-	-	8	7	7	5	4
Purchasing	-	-	-	-	-	3	3	3	3	3
Public Safety										
Police Administration	-	-	-	-	-	6	6	7	6	4
Police Patrol	-	-	-	-	-	29	30	32	32	31
Records Management	-	-	-	-	-	7	7	7	7	6
Professional Standards and Training	-	-	-	-	-	2	1	2	2	2
Fire	-	-	-	-	-	33	33	35	34	36
Animal Control	-	-	-	-	-	1	1	1	1	1
Public Works										
Highways and Streets	-	-	-	-	-	8	7	6	6	-
General Maintenance	-	-	-	-	-	9	9	10	10	7
Vehicle Maintenance	-	-	-	-	-	6	6	6	6	6
Water / Wastewater	-	-	-	-	-	37	10	10	10	6
Electric	-	-	-	-	-	13	14	13	11	15
Gas	-	-	-	-	-	8	9	8	8	6
Sanitation	-	-	-	-	-	11	12	11	11	-
Cemetary	-	-	-	-	-	1	1	1	1	1
Culture and Recreation										
Parks and Recreation Administration	-	-	-	-	-	3	3	3	3	3
Ceramics	-	-	-	-	-	1	1	1	1	1
Athletics	-	-	-	-	-	3	3	3	3	3
Special Activities	-	-	-	-	-	-	-	1	-	-

CITY OF DOUGLAS, GEORGIA
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS*, cont.

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Wellness Center	-	-	-	-	-	1	1	1	1	1
Park Maintenance	-	-	-	-	-	6	5	5	5	8
Housing and Development										
Inspections and Permits	-	-	-	-	-	1	1	1	1	1
Code Enforcement	-	-	-	-	-	1	2	2	2	2
Marketing	-	-	-	-	-	3	3	3	3	2
Mainstreet	-	-	-	-	-	1	1	1	1	1
Airport	-	-	-	-	-	2	2	2	2	2
Grants Administration	-	-	-	-	-	2	2	2	2	2
TOTALS	-	-	-	-	-	218	192 **	195	189	165 ***

Source: City of Douglas, Georgia Human Resources Department

* The City has not presented the full-time equivalent city government employees by function for all ten years as generally required. This is the City's fifth presentation of a CAFR, therefore not all prior year information is available.

** In fiscal year 2015 the City outsourced most water and sewer operations, accounting for the majority of change in full time employees between FY 2014 & FY 2015. The remaining water & sewer employees will drop off as vesting criteria for post employment benefits are met.

*** In fiscal year 2018 the City outsourced its public works operations, accounting for the significant change in full time employees between FY 2017 & FY 2018.

CITY OF DOUGLAS, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2009	2010	2011	2012	2013	2014	2015	2016		2017	2018
Police											
Physical Arrests	-	-	-	-	-	1084	1,121	426	*	660	726
Traffic Violations	-	-	-	-	-	5889	5,853	2,946	*	4,962	4,955
911 Calls Answered	-	-	-	-	-	39074	34,686	33,268		35,283	31,244
Fire											
Number of Calls Answered	-	-	-	-	-	690	496	520		251	562
Sanitation											
Residential Customers	-	-	-	-	-	4115	4,142	4,067		4,131	4,111
Commercial Customers	-	-	-	-	-	883	896	950		905	908
Water											
Active Meters	-	-	-	-	-	5689	5,695	5,693		5,704	5,772
Inactive Meters	-	-	-	-	-	691	689	694		674	664
Main Repairs	-	-	-	-	-	20	15	50		17	15
Average Daily Consumption (in thousands)	-	-	-	-	-	3500	3,381	3,300		3,173	3,145
Electric											
Active Meters	-	-	-	-	-	5454	5,462	5,484		5,483	5,569
Inactive Meters	-	-	-	-	-	362	378	386		311	204
Average Daily Consumption (in megawatts)	-	-	-	-	-	801	828	783		774	772
Gas											
Active Meters	-	-	-	-	-	1247	1,208	1,224		1,175	1,170
Inactive Meters	-	-	-	-	-	543	558	535		525	49
Average Daily Consumption (MCF/day)	-	-	-	-	-	1850	2,140	1,917		1,890	2,233

Source: City of Douglas, Georgia Various Departments

* Data system conversion and loss during fiscal year 2016. Full year data not presented.

** The City has not presented the operating indicators by function for all ten years as generally required. This is the City's fifth presentation of a CAFR. therefore not all prior year information is available.

CITY OF DOUGLAS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS*

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	-	-	-	-	-	1	1	1	1	1
Patrol Units	-	-	-	-	-	30	30	31	31	31
Admin & Other Vehicles	-	-	-	-	-	11	15	16	16	16
Fire										
Stations	-	-	-	-	-	3	3	3	3	3
Fire Engines	-	-	-	-	-	3	3	3	3	3
Ladder Trucks	-	-	-	-	-	2	2	2	2	2
Rescue Trucks	-	-	-	-	-	1	1	1	1	2
Sanitation										
Vehicles	-	-	-	-	-	11	11	4	6	3
Collection Trucks	-	-	-	-	-	4	4	4	4	4
Highways and Streets										
Vehicles	-	-	-	-	-	19	19	13	10	12
Non-vehicle Rolling Stock	-	-	-	-	-	15	15	13	13	16
Streets (miles)	-	-	-	-	-	135	129	108	108	108
Streetlights	-	-	-	-	-	1438	1,462	1,463	1,463	1,442
Traffic Signals	-	-	-	-	-	36	36	36	38	38
Water										
Vehicles	-	-	-	-	-	-	7.00	7	9	6
Water Mains (miles)	-	-	-	-	-	120	120	120	120	120
Fire Hydrants	-	-	-	-	-	780	780	1,028	1,028	1,031
Maximum Daily Capacity (MGD)	-	-	-	-	-	6	6	6	6	6
Sewer										
Vehicles	-	-	-	-	-	14	7	9	13	10
Sanitary Sewer (miles)	-	-	-	-	-	130	130	130	130	130
Max Daily Treatment Capacity (MGD)	-	-	-	-	-	6	6	6	6	6

CITY OF DOUGLAS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION (continued)
LAST TEN FISCAL YEARS*

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gas										
Vehicles	-	-	-	-	-	7	8	8	8	8
Gas Mains:										
Plastic	-	-	-	-	-	35	37	38	38	39
Steel	-	-	-	-	-	125	125	125	125	125
Electric										
Vehicles	-	-	-	-	-	11	11	11	12	12
Power Lines (miles)	-	-	-	-	-	126	165	130	133	135
Substations	-	-	-	-	-	4	4	3	3	3
Recreation										
Vehicles	-	-	-	-	-	19	18	20	18	18
Baseball/Softball Fields	-	-	-	-	-	16	16	16	16	16
Football Fields	-	-	-	-	-	1	1	1	1	1
Tennis Courts	-	-	-	-	-	12	14	12	12	12
Parks	-	-	-	-	-	12	12	12	12	12

Source: City of Douglas, Georgia Various Departments

* The City has not included the capital assets statistics by function for all ten years as generally required. This is the Cty's fifth presentation of a CAFR, therefore not all prior year information is available.

SPECIAL REPORTS SECTION

Section I Reporting on Compliance and on Internal Controls over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *GOVERNMENT AUDITING STANDARDS*

HURST & HURST CPAs
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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

The Honorable Mayor and City Council
City of Douglas, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Douglas, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Douglas, Georgia's basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is 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. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Douglas, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-2.

City of Douglas, Georgia's Responses to Findings

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

We noted certain matters that were reported to management of the City of Douglas, Georgia, in a separate letter dated December 21, 2018.

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.

Hurst & Hurst

Hurst and Hurst CPAs, LLC

Douglas, Georgia
December 21, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____Yes	__X__None Reported
Significant deficiencies identified not considered to be material weaknesses?	_____Yes	__X__None Reported
Noncompliance material to financial Statements noted?	__X__Yes	_____None Reported

Section II – Financial Statement Findings

2018-1 Improper use of SPLOST funds

Criteria: According to the Official Code of Georgia Annotated (O.C.G.A) §48-8-121(a)(1) "...proceeds of the sales and use tax shall not in any manner be commingled with other funds..."

Condition: The City advanced SPLOST monies to cover expenditures on a project that is to be paid via a reimbursable grant that is recorded in a different special revenue fund.

Effect: Although the project is joint and will ultimately consume both SPLOST & other grant monies, the entity was in violation of the above referenced Georgia statute regarding the use of SPLOST funds by commingling SPLOST funds via the temporary use of SPLOST funds to cover expenses to be reimbursed by the grant.

Recommendation: The SPLOST fund should immediately reimburse the advanced monies. In the future, for projects that are to be jointly paid including SPLOST, the other funds should be deposited into the SPLOST fund prior to any disbursements on the joint project.

Management's Response: We agree with the above recommendation and have already transferred the referenced grant proceeds over to the SPLOST fund immediately upon receipt.

2018-2 Improper use of Hotel/Motel Tax funds

Criteria: In relation to excise tax on rooms, lodgings, and accommodations, and according to the Official Code of Georgia Annotated (O.C.G.A. Section 48-13-51(a)(3) "...Amounts so expended shall be expended only through a contract or contracts with the state, a department of state government, a state authority, a convention and visitors bureau authority created by local Act of the General Assembly for a municipality, or a private sector nonprofit organization, or through a contract or contracts with some combination of such entities..."

Condition: The City is currently not expending the required portion (40%) of Hotel/Motel tax collections via any of the approved methods as noted above.

Effect: The City is in violation of the above referenced Georgia Statute.

Recommendation: The method of expending of Hotel/Motel tax funds should be immediately changed to be in compliance with the above referenced statute via one of the approved methods.

Management's Response: We agree with the above recommendation and are currently in discussions with an approved entity per the statute listed above for the future expenditure of these funds.