CITY OF SYLVANIA, GEORGIA

AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of Sylvania, Georgia
Annual Financial Report
For the Year Ended December 31, 2018

TABLE OF CONTENTS

	Page
Financial Section	
Independent Auditors' Report	4
Management's Discussion and Analysis (Unaudited)	6
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds:	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Fund Net Position	22
Statement of Cash Flows	23
Notes to the Basic Financial Statements	25
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *General Fund*	52
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – *UDAG Fund*	53
Notes to the Required Supplementary Information	54
Defined Benefit Plan -	
Schedule of Changes in the Net Pension Liability and Related Ratios	55
Schedule of Contributions	56
Postemployment Benefits Other Than Pensions (Health Insurance) -	
Schedule of Funding Progress	57

Page

Supplementary Information
Combining and Individual Fund Statements and Schedules:
Governmental Funds
***General Fund*:**
Comparative Balance Sheet 58
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances 59
***UDAG Fund*:**
Comparative Balance Sheet 60
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances 61

Nonmajor Governmental Funds
Combining Balance Sheet - By Fund Type 62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - By Fund Type 63

Nonmajor Special Revenue Funds:
Combining Balance Sheet 64
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances 65
Hotel/Motel Tax Fund
Comparative Balance Sheet 66
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 67
Confiscated Assets Fund
Comparative Balance Sheet 68
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 69

Nonmajor Capital Projects Fund - SPLOST
2013 SPLOST Capital Projects Fund
Comparative Balance Sheet 70
Schedule of Revenues, Expenditures and Changes in Fund Balances 71

Page

Proprietary Funds
Enterprise Funds
Major Enterprise Funds
Water and Sewer Fund
Comparative Schedule of Net Position 72
Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position 73
Electricity Utility Fund
Comparative Schedule of Net Position 74
Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position 75
Gas Utility Fund
Comparative Schedule of Net Position 76
Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position 77

Nonmajor Enterprise Fund
Solid Waste Collection Fund
Comparative Schedule of Net Position 78
Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position 79

Other Supplementary Schedules

Schedule of Hotel/Motel Tax 80

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds 81

Government Auditing Standards Section

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 82

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council
City of Sylvania, Georgia

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Sylvania, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sylvania, Georgia, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Michael A. Canady, CPA
Sarah D. Richbourg, CPA
Carlton H. Hodges, CPA
Donald T. Caines, CPA
Matthew E. Caines, CPA
Amanda S. Futrell

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-14, the budgetary comparison information on pages 52-54, the schedule of changes in net pension liability and related ratios, and schedule of contributions on pages 55-56, and the schedule of funding progress information for postemployment benefits other than pensions on page 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sylvania, Georgia's basic financial statements. The combining and individual fund statements, the schedule of Hotel/Motel Tax and the schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds (pages 58 through 82) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included on pages 58 through 82 is the responsibility of management and was 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, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 2019, on our consideration of City of Sylvania, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 City of Sylvania, Georgia's internal control over financial reporting and compliance.

Canady, Hodges, Caines & Richbourg, LLP

July 9, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Sylvania, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2018. We discuss and analyze the City's financial performance within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities by $10,869,320 (net position) for the calendar year reported.
- Total net position is comprised of the following:
  (1) Net investment in capital assets, of $9,118,732 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net position of $1,168,062 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net position of $582,526 represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of $2,261,013 this year. This compares to the prior year ending fund balance of $2,176,676 showing an increase of $84,337 during the current year. Unassigned general fund balance of $1,048,372 for calendar year 2018 shows an increase of $125,270 from the prior year balance.
- At the end of the current calendar year, unassigned fund balance for the General Fund was $1,048,974 or 34% of total General Fund expenditures.
- Overall, the City's financial position has improved due to the stabilization in the electric utility but continues to be threatened due to the volatility of the energy market .

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position.* This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities,* which reports how the City's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or

paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by property taxes and sales taxes from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, and streets. Business-type activities include the water and sewer system, the electric system, the gas system and sanitation services.

The government-wide financial statements are presented on pages 15 & 16 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17-20 of this report.

Individual fund information for non-major governmental funds is found in combining and individual fund statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The four City proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for water and sewer, gas and electric utilities and sanitation services.

The basic enterprise fund financial statements are presented on pages 21-24 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning some of the City's budget presentations as well as some comparative information. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 62.

Financial Analysis of the City as a Whole

The City's net position at December 31, 2018, is $10,869,320. The following table provides a summary of the City's net position:

Summary of Net Assets

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets:						
Current assets	$ 1,366,984	$ 8,236,445	$ 9,603,429	$ 1,228,129	$ 7,187,960	$ 8,416,089
Restricted assets	1,109,393	762	1,110,155	1,145,793	748	1,146,541
Capital assets	3,053,012	8,041,970	11,094,982	3,045,141	8,192,406	11,237,547
Total assets	5,529,389	16,279,177	21,808,566	5,419,063	15,381,114	20,800,177
Deferred outflows of resources - pension	304,553	244,746	549,299	175,138	140,748	315,886
Liabilities:						
Current liabilities	202,901	6,393,674	6,596,575	218,271	5,796,110	6,014,381
Long-term liabilities	1,450,093	3,192,298	4,642,391	1,031,961	3,008,103	4,040,064
Total liabilities	1,652,994	9,585,972	11,238,966	1,250,232	8,804,213	10,054,445
Deferred inflows of resources - pension	138,376	111,203	249,579	53,009	42,600	95,609
Net position:						
Net investment in capital assets	3,008,840	6,109,892	9,118,732	2,995,047	6,122,715	9,117,762
Restricted	1,167,300	762	1,168,062	1,206,393	748	1,207,141
Unrestricted	(133,568)	716,094	582,526	89,520	551,586	641,106
Total net position	$ 4,042,572	$ 6,826,748	$ 10,869,320	$ 4,290,960	$ 6,675,049	$ 10,966,009

The City continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 6.74 to 1, which is an increase from 2017 due to an increase in cash and accounts receivable. For business-type activities, the current ratio is 1.29 to 1 which is an increase from 2017 due to an increase in investments and a decrease in accounts payable. For the City overall, the current ratio is 1.46 to 1.

The City reported positive balances in net position for governmental and business-type activities. Net position decreased $248,388 for governmental activities and increased $151,699 for business-type activities. The City's overall financial position has begun to improve and stabilize. The City continues to be threatened financially due to the volatility in the energy market, which could result in future decreases in the operating profits of the electric and gas utilities.

Note that approximately 75% of the governmental activities' net position is invested in capital. The City uses these capital assets to provide services to its citizens. However, with business type activities, the City has invested approximately 90% of its net position in capital. Capital assets in the business-type activities provide utility services, but they also generate revenues for this fund. Eighty-four percent of the City's total net position is included in capital assets.

The following table provides a comparative summary of the City's changes in net position:

Summary of Changes in Net Position

	2018				2017			
	Governmental Activities	Business-type Activities	Total	Percentage of Total	Governmental Activities	Business-type Activities	Total	Percentage of Total
Revenues:								
Program:								
Charges for services	$ 230,196	$ 36,693,651	$ 36,923,847	96.1%	$ 274,304	$ 33,471,817	$ 33,746,121	94.8%
Operating grants and other	82,612	-	82,612	0.2%	138,919	61,033	199,952	0.6%
Capital grants and other	285,959	46,500	332,459	0.9%	252,660	457,088	709,748	2.0%
General:								
Taxes	956,507		956,507	2.5%	887,534		887,534	2.5%
Other	55,565	56,738	112,303	0.3%	45,140	21,772	66,912	0.2%
Total revenues	1,610,839	36,796,889	38,407,728	100%	1,598,557	34,011,710	35,610,267	100%
Program expenses:								
General government	708,711		708,711	1.8%	543,026		543,026	1.6%
Judicial	62,238		62,238	0.2%	69,283		69,283	0.2%
Public safety - fire	804,200		804,200	2.1%	589,648		589,648	1.7%
Public safety - police	1,010,049		1,010,049	2.6%	849,173		849,173	2.5%
Public safety - animal control	8,342		8,342	0.0%	11,162		11,162	0.0%
Public works - streets	474,443		474,443	1.2%	425,537		425,537	1.2%
Public works - garage	218,784		218,784	0.6%	191,661		191,661	0.6%
Public works - airport infrastru	-		-		27,413		27,413	
Health and welfare	125,736		125,736	0.3%	126,295		126,295	0.4%
Culture and recreation	25,708		25,708	0.1%	24,286		24,286	0.1%
Housing and development	105,056		105,056	0.3%	69,842		69,842	0.2%
Interest	1,809		1,809	0.0%	1,964		1,964	0.0%
Water and sewer		1,289,326	1,289,326	3.3%		1,091,893	1,091,893	3.2%
Electric		29,704,065	29,704,065	77.1%		26,385,307	26,385,307	77.3%
Gas		3,466,405	3,466,405	9.0%		3,275,693	3,275,693	9.6%
Solid Waste		499,545	499,545	1.3%		469,190	469,190	1.4%
Total expenses	3,545,076	34,959,341	38,504,417	100%	2,929,290	31,222,083	34,151,373	100%
Excess (deficiency)	(1,934,237)	1,837,548	(96,689)		(1,330,733)	2,789,627	1,458,894	
Transfers	1,685,849	(1,685,849)	-		1,250,263	(1,250,263)	-	
Change in net position	(248,388)	151,699	(96,689)		(80,470)	1,539,364	1,458,894	
Beginning net position	4,290,960	6,675,049	10,966,009		4,371,430	5,135,685	9,507,115	
Ending net position	$ 4,042,572	$ 6,826,748	$ 10,869,320		$ 4,290,960	$ 6,675,049	$ 10,966,009	

GOVERNMENTAL REVENUES

The City has a diversified revenue stream. The City is heavily reliant on property taxes to support governmental operations and capital. Property taxes provided only 26% of the City's total governmental revenues. Local option sales taxes are the second largest revenue source with approximately $197 thousand of revenues or 13% of the total. The insurance premium taxes generate $187,287 and $103,182 from alcohol taxes. Also, note that program revenues cover approximately 17% of governmental operating expenses. This means that the government's taxpayers, the City's other general governmental revenues, and transfers from business-type activities fund 83% of the governmental activities. As a result, the general economy and the City businesses have a major impact on the City's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

The police function spends about 29% of the governmental funds budget; the fire function spends about 23% of the governmental funds budget; and the general government function spends about 20% of the total governmental funds budget.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that has been placed on the City's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	$ 708,711	$ 453,406
Judicial	62,238	62,238
Public safety - fire	804,200	798,110
Public safety - police	1,010,049	868,101
Public safety - animal control	8,342	8,342
Public works - streets	474,443	375,268
Public works - garage	218,784	218,784
Health and welfare	125,736	29,857
Cultural and recreation	25,708	25,438
Housing and development	105,056	104,956
Interest	1,809	1,809
Total	$ 3,545,076	$ 2,946,309

After reducing gross expenses by program revenues, the police function totals 30% of the net cost of services and the fire function totals 27% of these costs. Finally, the general government function is 16% of the total.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The operating revenues for the utility funds were 9% above 2017 and operating expenses were 12% above 2017. Within the total business type activities of the City, these activities reported $2,009,211 in operating income compared to operating income of $2,557,656 in the prior year, which is a decrease of 22% from 2017.

However, after transfers in and out between other funds and non-operating revenues and expenses, these funds reported an increase in net position of $151,699 in 2018 compared to net increase in net position of $1,539,364 in 2017. Each specific fund reported the following changes in net position:

	2018 Amounts	2017 Amounts
Water and sewer fund	$ 116,516	$ 462,854
Electric utility fund	(40,843)	1,158,788
Gas utility fund	118,766	(27,183)
Sanitation fund	(42,740)	(55,095)

Water and sewer has an operating deficit for 2018 of $24,545 which is a decrease of $149,623 from 2017. During 2018, the revenues were slightly higher than the prior year. The 2018 expenses increased $193,591.

The electric utility fund reported an increase in revenues of 10% or $2.8 million. This increase is due to an increase in usage. Expenses reported an increase of approximately 13% or approximately $3.4 million. The increase in expenses relates to an increase in electricity cost. The electricity utility transferred approximately $1.5 million to other funds. Transfers between the utility funds and the general fund are common since all operating cash (i.e., receipts and disbursements) are recorded and included in the general fund. The interfund transfer is a function of activity and is forced to balance based on cash activity in individual funds.

The gas utility fund operating revenue increased in calendar year 2018 by approximately $321 thousand or 10% and operating expenses increased approximately $191 thousand or 6%. Operating revenues and expenses increased due to increased demand, especially from industrial customers. This fund transferred $252,250 to the other funds as explained above.

The solid waste collection fund operating revenue increased in calendar year 2018 by $3,090 and operating expenses increased $30,564 or 7%. The increase in the fund's expenses is due to an increase in employee benefits.

Financial Analysis of the City's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $2,261,013. Of this year-end total, $1,048,372 is unassigned indicating availability for continuing City service requirements and $1,212,641 is legally restricted for program purposes.

The total ending fund balances of governmental funds shows an increase of $84,337 compared to a decrease of $53,028 in the prior year amount. This increase is due to an increase in interfund transfers.

Continued on next page.

Major Governmental Funds

The general fund is the City's primary operating fund and the largest source of day-to-day service delivery. The general fund's fund balance increased by approximately $136 thousand. In calendar year 2017, the fund balance decreased by approximately $74 thousand.

Overall, general fund revenues were 0.5% below the 2017 revenues. Total taxes increased $33,097 from calendar 2017. This increase was due to a property tax increase. General fund licenses and permits increased $552 when compared to calendar 2017. Investment earnings increased $4,420 from calendar 2017 due to an increase in market returns.

On the expenditure side, the 2018 expenditures increased $255,490 above the 2017 amount. The police and fire functions increased by $74,408 when compared to 2017. The street function's expenditures increased 17% when compared to 2017 due to an increase in repairs & maintenance.

The General Fund's ending fund balance increased 14%, and represents the equivalent of 36% of annual expenditures.

The Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The analysis is presented above.

Budgetary Highlights

The General Fund –The City realized 106% of the final revenue budget. Taxes were above budget due to a tax increase. Fines and forfeitures were below budget due to a lower number of citations written. Intergovernmental revenues were higher than budget due to unbudgeted grants.

The City spent 99% of the appropriated budget.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2018, was $3,053,012 and $8,041,970 respectively. This represents a 0.26% increase in net investment for governmental-type and a 2% decrease for business-type activities. The overall decrease was approximately 1.3% for the City as a whole. See Note 7 for additional information about changes in capital assets during the calendar year and on hand at the end of the year. The following table provides a summary of capital asset activity.

Continued on next page.

Capital Assets	Governmental Activities		Business - Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	$ 278,506	$ 278,506	$ 23,057	$ 23,057	$ 301,563	$ 301,563
Construction in progress	-	-	-	-	-	-
	278,506	278,506	23,057	23,057	301,563	301,563
Depreciable assets:						
Buildings	2,137,761	2,137,761	-	-	2,137,761	2,137,761
Land and building improvements	130,913	130,913	-	-	130,913	130,913
Machinery and equipment	655,205	641,477	-	-	655,205	641,477
Vehicles	1,150,507	1,165,074	-	-	1,150,507	1,165,074
Furniture and fixtures	89,483	89,483	-	-	89,483	89,483
Infrastructure	3,184,295	3,012,427	-	-	3,184,295	3,012,427
Water system	-	-	10,984,352	10,824,119	10,984,352	10,824,119
Electric system	-	-	4,418,038	4,476,274	4,418,038	4,476,274
Gas system	-	-	955,730	989,871	955,730	989,871
Solid waste operations	-	-	597,512	558,636	597,512	558,636
Total depreciable assets	7,348,164	7,177,135	16,955,632	16,848,900	24,303,796	24,026,035
Less accumulated depreciation	4,573,658	4,410,500	8,936,719	8,679,551	13,510,377	13,090,051
Book value - depreciable assets	2,774,506	2,766,635	8,018,913	8,169,349	10,793,419	10,935,984
Percentage depreciated	62%	61%	53%	52%	56%	54%
Book value - all assets	$ 3,053,012	$ 3,045,141	$ 8,041,970	$ 8,192,406	$ 11,094,982	$ 11,237,547

At December 31, 2018, the depreciable capital assets for governmental activities were 62% depreciated compared to 61% at December 31, 2017.

With the City's business type activities, 53% of the asset values were depreciated at December 31, 2018, compared to 52% at December 31, 2017.

Long-term Debt

At the end of the calendar year, the City had capital lease obligations outstanding of $44,172 for governmental activities and $82,925 outstanding for business-type activities. The business type activities also owed $1,849,153 in GEFA notes payable.

During the year, the City retired $65,993 of outstanding capital lease obligations and incurred $15,000 in new capital lease obligations.

Outstanding Borrowings	Governmental Activities		Business-type Activities		Totals		%
	2018	2017	2018	2017	2018	2017	Change
Capital leases	$ 44,172	$ 50,094	$ 82,925	$ 127,996	$ 127,097	$ 178,090	-29%
Notes	-	-	1,849,153	1,941,695	1,849,153	1,941,695	-5%
Total	$ 44,172	$ 50,094	$ 1,932,078	$ 2,069,691	$ 1,976,250	$ 2,119,785	-7%

See Note 11 for additional information about the City's long-term debt.

Economic Conditions Affecting the City

The City is physically located in the southeastern portion of the State of Georgia and is perfectly centered between Augusta and Port of Savannah. The 2010 US Census reported the City's population as 2,605, which is a slight decrease from year 2000. The City is the county seat for Screven County, Georgia. The County's median household income is $36,556 according to the US Census. In 2018, Screven County's unemployment rate was 5.4% and in Georgia, the unemployment rate was 3.9%.

Since the City relies primarily on property and sales taxes for its operating revenue, changes in the economy definitely affect these revenue streams. Since sales taxes are an "elastic revenue stream" in a sluggish economy, the sales tax revenues are reduced immediately. Property taxes are considered "inelastic" in the short-term; this revenue stream is more stable. Fortunately, the City, because of its revenue stream make-up, has been able to survive financially in a slow economy.

The City's electric utility fund sells an estimated 79% of its power to industrial customers, with 70% of total sales from one customer. In 2018, the gross profit from these industrial customers has increased and the City is working to increase reserves in order to help offset any future declines in the energy markets.

The County per capita income in 2017 was $20,255, reported by the US Bureau of Economic Analysis. Per capita income is total personal income (including wages, dividends, interest, rent, and government payments) divided by the total population. It is commonly used as an indicator of the quality of consumer markets and the economic well being of a community.

From an economic development perspective, the City continues success through our Downtown Development Authority (DDA). The DDA has been recognized by the National Trust for Historic Places for multiple years for having met all the standards for certification. The City is constantly trying to secure funding to replace the City's aging infrastructure. In 2016, the City was awarded a Community Development Block Grant for sewer line improvements. In 2015, $1.7 million of improvements were made to the wastewater treatment plant through a GEFA loan. Manufacturing plays an important role in the fabric of the City and in 2016 KOYO Bearings added a new line which in turn brought their employment numbers up to 446. This was an additional 30 jobs. Also, in 2016 ELK Industries announced the opening of a distribution warehouse for their lighting products resulting in 100 jobs with a $2 million investment. This company is located within the City limits and the City supplies utilities. In 2018, Claxton Poultry announced the opening of a deboning facility in the County's industrial park where the City will be providing all utilities. Other industries leading job growth in the City include professional, scientific, management and administration jobs.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Manager at:

City of Sylvania
104 South Main Street
Sylvania, GA 30467

City of Sylvania, Georgia
Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets				
Cash and cash equivalents	$ 1,055,815	$ 146,694	$ 1,202,509	$ 29,413
Investments		3,916,906	3,916,906	
Receivables				
Accounts	135,959	4,141,228	4,277,187	
Property taxes	75,067		75,067	
Other	7,507		7,507	
Interest	1,471		1,471	
Notes	45,824		45,824	
Prepaid items	45,341	31,617	76,958	
Restricted assets				
Cash	1,109,393		1,109,393	
Investments		762	762	
Capital assets (Note 7)				
Nondepreciable capital assets	278,506	23,057	301,563	19,207
Depreciable capital assets, net	2,774,506	8,018,913	10,793,419	
Total assets	5,529,389	16,279,177	21,808,566	48,620
Deferred outflows of resources				
Pension:				
Difference between expected and actual experience	136,796	109,934	246,730	
Changes in assumptions	34,934	28,073	63,007	
Contributions after measurement date	132,823	106,739	239,562	
Total deferred outflows of resources	304,553	244,746	549,299	0
Liabilities				
Current liabilities				
Accounts payable	85,852	5,849,242	5,935,094	
Accrued salaries and wages	20,082	16,072	36,154	
Sales tax payable		45,654	45,654	
Accrued interest payable	792	3,135	3,927	
Unearned revenue	5,000		5,000	
Customer deposits payable		281,650	281,650	
Compensated absences payable	64,340	51,996	116,336	
Post-employment benefits payable	11,084	6,334	17,418	
Capital leases payable	15,751	45,181	60,932	
Notes payable		94,410	94,410	
Long-term liabilities (Note 11)				
Compensated absences payable (net of current portion)	67,888	130,608	198,496	
Net pension liability	1,163,743	935,220	2,098,963	
Post-employment benefits payable (net of current portion)	190,041	333,983	524,024	
Capital leases payable (net of current portion)	28,421	37,744	66,165	
Notes payable (net of current portion)		1,754,743	1,754,743	
Total liabilities	1,652,994	9,585,972	11,238,966	0
Deferred inflows of resources				
Pension:				
Difference between expected and actual experience	26,015	20,907	46,922	
Difference between projected and actual earnings on investments	105,613	84,872	190,485	
Changes of assumptions	6,748	5,424	12,172	
Total deferred inflows of resources	138,376	111,203	249,579	0
Net Position				
Net investment in capital assets (Note 15)	3,008,840	6,109,892	9,118,732	
Restricted for:				
MEAG power generation		762	762	
Public safety - police	3,983		3,983	
Recreation	9,136		9,136	
Program purposes	1,154,181		1,154,181	48,620
Unrestricted	(133,568)	716,094	582,526	
Total net position	$ 4,042,572	$ 6,826,748	$ 10,869,320	$ 48,620

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

City of Sylvania, Georgia
Statement of Activities
For the Year Ended December 31, 2018

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary government								
Governmental activities								
General government	$ 708,711	$ 82,495		$ 172,810	$ (453,406)		$ (453,406)	
Judicial	62,238				(62,238)		(62,238)	
Public safety								
Fire	804,200			6,090	(798,110)		(798,110)	
Police	1,010,049	123,648		18,300	(868,101)		(868,101)	
Animal control	8,342				(8,342)		(8,342)	
Public works								
Streets	474,443	9,772	$ 914	88,489	(375,268)		(375,268)	
Garage	218,784				(218,784)		(218,784)	
Health and welfare	125,736	14,181	81,698		(29,857)		(29,857)	
Culture and recreation	25,708			270	(25,438)		(25,438)	
Housing and development	105,056	100			(104,956)		(104,956)	
Interest	1,809				(1,809)		(1,809)	
Total governmental activities	3,545,076	230,196	82,612	285,959	(2,946,309)	$ 0	(2,946,309)	
Business-type activities								
Water and sewer	1,289,326	1,226,357		46,500		(16,469)	(16,469)	
Electric utility	29,704,065	31,131,335				1,427,270	1,427,270	
Gas utility	3,466,405	3,836,032				369,627	369,627	
Nonmajor proprietary	499,545	499,927				382	382	
Total business-type activities	34,959,341	36,693,651	0	46,500	0	1,780,810	1,780,810	
Total primary government	$ 38,504,417	$ 36,923,847	$ 82,612	$ 332,459	(2,946,309)	1,780,810	(1,165,499)	
Component Unit								
Downtown Development Authority of Sylvania	$ 47,387	$ 10,391	$ 31,401	$ 19,207				$ 13,612
General Revenues								
Property taxes levied for general government purposes					419,744		419,744	
Local option sales and use taxes					197,082		197,082	
Insurance premium taxes					187,287		187,287	
Alcohol taxes					103,182		103,182	
Hotel-motel taxes					13,807		13,807	
Franchise taxes					35,405		35,405	
Investment earnings					15,581	43,267	58,848	
Gain on sale of assets						13,471	13,471	
Miscellaneous					39,984		39,984	
Total general revenues					1,012,072	56,738	1,068,810	0
Transfers					1,685,849	(1,685,849)	0	
Total general revenues and transfers					2,697,921	(1,629,111)	1,068,810	0
Change in net position					(248,388)	151,699	(96,689)	13,612
Net position beginning of year					4,290,960	6,675,049	10,966,009	35,008
Net position end of year					$ 4,042,572	$ 6,826,748	$ 10,869,320	$ 48,620

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

City of Sylvania, Georgia
Balance Sheet
Governmental Funds
December 31, 2018

	General	UDAG	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,055,815			$ 1,055,815
Restricted cash and cash equivalents	13,118	$ 926,611	$ 169,664	1,109,393
Receivables:				
Accounts	80,292		55,667	135,959
Property taxes	75,067			75,067
Other	7,507			7,507
Notes		45,824		45,824
Interest	1,471			1,471
Interfund balances	10,997		3,346	14,343
Prepaid items	44,739		602	45,341
Total assets	$ 1,289,006	$ 972,435	$ 229,279	$ 2,490,720
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 65,039		$ 20,813	$ 85,852
Accrued expenditures	20,082			20,082
Interfund balances	3,346		10,997	14,343
Unearned revenues	5,000			5,000
Total liabilities	93,467	$ 0	31,810	125,277
Deferred inflows of resources				
Property taxes	54,775			54,775
Intergovernmental	30,568		15,723	46,291
Other	3,364			3,364
Total deferred inflows of resources	88,707	0	15,723	104,430
Total liabilities and deferred inflows of resources	182,174	0	47,533	229,707
Fund balances				
Nonspendable - prepaid items	44,739		602	45,341
Restricted for:				
Capital projects			176,382	176,382
Public safety	3,983		5,364	9,347
Recreation	9,136			9,136
Housing and development		972,435		972,435
Unassigned	1,048,974		(602)	1,048,372
Total fund balances	1,106,832	972,435	181,746	2,261,013
Total liabilities, deferred inflows of resources and fund balances	$ 1,289,006	$ 972,435	$ 229,279	$ 2,490,720

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

City of Sylvania, Georgia
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total governmental fund balances		$ 2,261,013
Amounts reported for governmental activities in the statement of net position are different because:		
Property taxes are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities		54,775
Intergovernmental revenues are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities		46,291
Expense reimburesements are deferred in the governmental funds because they are not available but they are reported as revenue in the statement of activities		3,364
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. However, in the statement of net position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	$ 7,626,670	
Less accumulated depreciation	(4,573,658)	3,053,012
The deferred outflows of resources below are not current assets or financial resources and the deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds. Balances at December 31, 2018 are:		
Deferred outflows		304,553
Deferred inflows		(138,376)
Liabilities, including notes payable, compensated absences and post-employment benefits are not due and payable in the current period and therefore are not reported at the fund financial reporting level, however, these liabilities are reported at the government-wide reporting level:		
Capital lease liability	(44,172)	
Accrued interest payable	(792)	
Compensated absences payable	(132,228)	
Net pension obligation	(1,163,743)	
Post-employment benefits payable	(201,125)	(1,542,060)
Net position of governmental activities		$ 4,042,572

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

City of Sylvania, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	UDAG	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 939,773		$ 13,807	$ 953,580
Intergovernmental	194,171		157,086	351,257
Licenses and permits	73,199			73,199
Charges for services	44,947			44,947
Fines and forfeitures	111,014		1,036	112,050
Investment earnings	6,470	$ 9,111	270	15,851
Miscellaneous	39,984			39,984
Total revenues	1,409,558	9,111	172,199	1,590,868
Expenditures				
Current:				
General government				
Legislative	18,819			18,819
Executive - Mayor	8,522			8,522
Executive - Manager	217,475			217,475
Elections	3,814			3,814
Financial administration	350,505			350,505
Purchase/contract services	12,167			12,167
Judicial	62,238			62,238
Public safety:				
Police	939,843			939,843
Fire	577,701			577,701
Animal control	8,216			8,216
Public works:				
Streets	462,768			462,768
Garage	191,252			191,252
Health and welfare	127,100			127,100
Culture and recreation	11,656			11,656
Housing and development -				
Economic development and assistance	89,906		13,807	103,713
Capital outlays			89,051	89,051
Debt service:				
Principal retirement	20,922			20,922
Interest and fiscal charges	1,618			1,618
Total expenditures	3,104,522	0	102,858	3,207,380
Excess (deficit) of revenues to expenditures	(1,694,964)	9,111	69,341	(1,616,512)
Other financing sources (uses)				
Inception of capital lease	15,000			15,000
Interfund transfers	1,816,513		(130,664)	1,685,849
Total other financing sources (uses)	1,831,513	0	(130,664)	1,700,849
Net change in fund balances	136,549	9,111	(61,323)	84,337
Fund balances beginning of year	970,283	963,324	243,069	2,176,676
Fund balances end of year	$ 1,106,832	$ 972,435	$ 181,746	$ 2,261,013

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

City of Sylvania, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2018

Net changes in fund balances - total governmental funds		$ 84,337
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 over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Depreciation expense	$ (217,321)	
Capital outlay	225,192	7,871
Property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred at 12/31/18	54,775	
Deferred at 12/31/17	(51,848)	2,927
Intergovernmental revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred at 12/31/18	46,291	
Deferred at 12/31/17	(29,247)	17,044
Intergovernmental reimbursement of expenses in the statement of activities that do not provide current financial resources are not reported as reductions of expenses in the funds.		
Deferred at 12/31/18	3,364	
Deferred at 12/31/17	0	3,364
Interest expense 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.		
Liability at 12/31/18	(792)	
Liability at 12/31/17	601	(191)
The issuance of long-term debt (e.g., notes payable, capital leases) provides current financial resources to the governmental funds, but the receipt of proceeds from long-term debt increases long-term liabilities in the statement of net position.		(15,000)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		20,922
Compensated absences 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.		
Liability at 12/31/18	(132,228)	
Liability at 12/31/17	132,344	116
Net pension liability 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.		
Net pension liability		
Balance at 12/31/18	$ (1,163,743)	
Balance at 12/31/17	831,513	(332,230)
Deferred inflows/outflows of resources from pensions		
Balance at 12/31/18	166,177	
Balance at 12/31/17	(122,129)	44,048
Post-employment benefits 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.		
Liability at 12/31/18	(201,125)	
Liability at 12/31/17	119,529	(81,596)
Change in net position of governmental activities		$ (248,388)

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

City of Sylvania, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electricity Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Assets					
Current assets					
Cash and cash equivalents	$ 38,827	$ 107,867			$ 146,694
Investments		3,916,906			3,916,906
Accounts receivable	143,487	3,255,197	$ 681,094	$ 61,450	4,141,228
Prepaid insurance	16,935	8,464	1,808	4,410	31,617
Total current assets	199,249	7,288,434	682,902	65,860	8,236,445
Noncurrent assets					
Restricted assets					
Investments - MEAG Competitive Trust		762			762
Capital assets					
Nondepreciable capital assets	16,550			6,507	23,057
Depreciable capital assets, net	5,688,176	1,934,951	260,582	135,204	8,018,913
Total noncurrent assets	5,704,726	1,935,713	260,582	141,711	8,042,732
Total assets	5,903,975	9,224,147	943,484	207,571	16,279,177
Deferred outflows of resources					
Pension:					
Difference between expected and actual experience	22,888	46,004	12,523	28,519	109,934
Changes in assumptions	5,845	11,748	3,198	7,282	28,073
Contributions after measurement date	22,223	44,667	12,159	27,690	106,739
Total deferred outflows of resources	50,956	102,419	27,880	63,491	244,746
Liabilities					
Current liabilities					
Accounts payable	40,664	5,314,399	444,640	49,539	5,849,242
Sales tax payable		45,654			45,654
Accrued interest payable	3,135				3,135
Accrued payroll	2,059	8,882	1,925	3,206	16,072
Customer deposits payable		281,650			281,650
Compensated absences payable	12,391	24,691	7,544	7,370	51,996
Post employment benefit payable				6,334	6,334
Capital lease payable	6,104	29,196		9,881	45,181
Notes payable	94,410				94,410
Total current liabilities	158,763	5,704,472	454,109	76,330	6,393,674
Long-term liabilities (net of current portion):					
Compensated absences payable	35,526	72,311	8,273	14,498	130,608
Post-employment benefit payable	115,704	107,305	9,507	101,467	333,983
Net pension liability	194,708	391,362	106,534	242,616	935,220
Capital lease payable	0	30,129		7,615	37,744
Notes payable	1,754,743				1,754,743
Total long-term liabilities	2,100,681	601,107	124,314	366,196	3,192,298
Total liabilities	2,259,444	6,305,579	578,423	442,526	9,585,972
Deferred inflows of resources					
Pension:					
Difference between expected and actual experience	4,353	8,749	2,382	5,423	20,907
Difference between projected and actual earnings on investments	17,670	35,517	9,668	22,017	84,872
Changes in assumptions	1,129	2,270	618	1,407	5,424
Total deferred inflows of resources	23,152	46,536	12,668	28,847	111,203
Net Position					
Net investment in capital assets (Note 15)	3,849,469	1,875,626	260,582	124,215	6,109,892
Restricted - MEAG power generation		762			762
Unrestricted	(177,134)	1,098,063	119,691	(324,526)	716,094
Total net position	$ 3,672,335	$ 2,974,451	$ 380,273	$ (200,311)	$ 6,826,748

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

City of Sylvania, Georgia
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electricity Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Operating revenues					
Charges for services	$ 1,214,890	$ 31,126,859	$ 3,836,032	$ 499,927	$ 36,677,708
Miscellaneous	11,467	4,476			15,943
Total operating revenues	1,226,357	31,131,335	3,836,032	499,927	36,693,651
Operating expenses					
Cost of sales		28,472,219	3,257,244		31,729,463
Salaries	177,718	424,476	84,942	243,316	930,452
Social security	13,331	30,838	6,966	18,051	69,186
Group insurance	34,342	53,068	9,675	44,678	141,763
Retirement and other post-employment benefits	159,410	134,269	39,857	86,575	420,111
Workers' compensation	8,805	15,345	3,940	7,165	35,255
Contract labor and services	283,639	10,560			294,199
Chemicals	20,943				20,943
Materials and supplies	30,508	62,502	5,420		98,430
Gas, oil, and tires	11,363	16,536	2,807	24,300	55,006
Uniforms and safety equipment	3,103	1,556	274	4,478	9,411
Vehicle repairs	12,400	17,796	2,082	3,578	35,856
Engineering and consulting	0	46,485			46,485
Postage	3,578	2,528	2,961		9,067
Communications	1,982	1,664	2,641		6,287
Insurance	48,874	16,522	3,038	8,341	76,775
Public utilities	156,700	11,769	1,507		169,976
Maintenance and testing	43,011	16,787	18,885	12,085	90,768
Tipping fees				9,996	9,996
Bad debts	3,283	19,662	4,164	1,007	28,116
Other	7,345	7,930	7,909	5,098	28,282
Depreciation	230,567	106,078	12,093	29,875	378,613
Total operating expenses	1,250,902	29,468,590	3,466,405	498,543	34,684,440
Operating income (loss)	(24,545)	1,662,745	369,627	1,384	2,009,211
Non-operating revenues (expenses)					
Interest and fiscal charges	(38,424)	(235,475)		(1,002)	(274,901)
Investment earnings	78	43,175			43,253
Grant proceeds	46,500				46,500
Gain on sale of assets		12,082	1,389		13,471
MEAG Generation Trust investment earnings		14			14
Total non-operating revenues (expenses)	8,154	(180,204)	1,389	(1,002)	(171,663)
Income (loss) before transfers	(16,391)	1,482,541	371,016	382	1,837,548
Interfund transfers	132,907	(1,523,384)	(252,250)	(43,122)	(1,685,849)
Change in net position	116,516	(40,843)	118,766	(42,740)	151,699
Net position beginning of year	3,555,819	3,015,294	261,507	(157,571)	6,675,049
Net position end of year	$ 3,672,335	$ 2,974,451	$ 380,273	$ (200,311)	$ 6,826,748

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

City of Sylvania, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Cash flows from operating activities					
Cash received from customers	$ 1,172,988	$ 31,121,872	$ 3,485,892	$ 479,429	$ 36,260,181
Cash payments to employees for personal services	(546,817)	(562,872)	(125,994)	(346,730)	(1,582,413)
Cash payments for goods and services	(81,191)	(28,193,883)	(3,109,037)	(79,151)	(31,463,262)
Net cash provided by operating activities	544,980	2,365,117	250,861	53,548	3,214,506
Cash flows from noncapital financing activities					
Interfund transfers	2,243	(1,523,384)	(252,250)	(43,122)	(1,816,513)
Cash flows from capital and related financing activities					
Transfers from SPLOST	130,664				130,664
Grant proceeds	46,500				46,500
Principal paid on debt	(100,400)	(27,789)		(9,424)	(137,613)
Interest paid on debt	(38,553)	(235,475)		(1,002)	(275,030)
Payments for capital acquisitions	(587,688)	(15,750)			(603,438)
Net cash used for capital and related financing activities	(549,477)	(279,014)	0	(10,426)	(838,917)
Cash flows from investing activities					
Investment earnings	78	43,188			43,266
Purchases of investments		(616,775)			(616,775)
Proceeds from sales of fixed assets		12,082	1,389	0	13,471
Net cash provided by (used for) investing activities	78	(561,505)	1,389	0	(560,038)
Net increase (decrease) in cash and cash equivalents	(2,176)	1,214	0	0	(962)
Cash and cash equivalents beginning of year	41,003	106,653			147,656
Cash and cash equivalents end of year	$ 38,827	$ 107,867	$ 0	$ 0	$ 146,694

(continued)

City of Sylvania, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

(continued)

	Business-type Activities - Enterprise Funds				
	Water and Sewer	Electric Utility	Gas Utility	Solid Waste Collection (non-major)	Total
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	$ (24,545)	$ 1,662,745	$ 369,627	$ 1,384	$ 2,009,211
Adjustments:					
Depreciation	230,567	106,078	12,093	29,875	378,613
(Increase) decrease in assets:					
Accounts receivable	(53,369)	(13,774)	(350,140)	(20,498)	(437,781)
Prepaid insurance	4,086	770	96	144	5,096
Increase (decrease) in liabilities:					
Accounts payable	257,813	486,805	199,799	(10,412)	934,005
Sales tax payable		23,058			23,058
Accrued liabilities	227	5,420	937	996	7,580
Compensated absences payable	(4,764)	4,569	(7,702)	(2,322)	(10,219)
Customer deposits		4,311			4,311
Post-retirement benefit payable	86,749	(11,781)	(231)	(5,700)	69,037
Net pension liability	48,216	96,916	26,382	60,081	231,595
Net cash provided by operating activities	$ 544,980	$ 2,365,117	$ 250,861	$ 53,548	$ 3,214,506

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

Note 1 - Reporting Entity

The City of Sylvania, Georgia (the City) was incorporated under the provisions of Georgia law March 1, 1963. The City operates under a Council-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets and lanes, water and sewer, sanitation, various administrative services, and electric and gas utilities.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations, or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the discretely presented component unit follows:

Downtown Development Authority of Sylvania (the Authority) - The Authority is a public corporation created in 1983. The primary purposes of the Authority are to promote revitalization and redevelopment of the central business district of the City and to develop trade, commerce, industry and employment opportunities. The City Council appoints all seven board members and assists with the Authority's funding. Separate financial statements are not issued at this time.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its enterprise funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the City's accounting policies are described below.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the City's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City and it's discretely presented component unit at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and are therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function generates the revenue. For *grants and contributions,* the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns of the fund statements.

Fund Accounting - The City uses funds to maintain financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The city uses two categories of funds: governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

Note 2 - Summary of Significant Accounting Policies (continued)

The General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

The UDAG Fund - The UDAG (Urban Development Action Grant) fund accounts for grant proceeds received in the 1990's that is to be used as a revolving loan fund for development in and around the City of Sylvania.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds. The City's major enterprise funds are as follows:

Water and Sewer Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing water and sewer services.

Electric Utility Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing electric services.

Gas Utility Fund - This fund is used to account for the construction of facilities and operation of activities involved in providing electric services.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports the sources (i.e., revenues and other financing resources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (Note 6). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, revenues are deferred for grants and entitlements received before the eligibility requirements are met (e.g., cash advances).

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

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 Government agency
- Obligations of any corporation of the United States Government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Note 2 - Summary of Significant Accounting Policies (continued)

Receivables
All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable. Unbilled water and sewer charges, gas and electric charges and charges for sanitation services are accrued as receivables and revenue at December 31, 2018. The City reports utility receivables net of an allowance for uncollectible accounts.

Interfund Balances
On the fund financial statements, receivables and payables resulting from short term interfund loans are classified as "interfund receivables/interfund 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.

Prepaid Items
Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items 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 non-spendable as this amount is not available for general appropriation.

Restricted Assets
Confiscated cash in the confiscated assets fund and customer deposits in the enterprise funds are reported as restricted assets.

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 position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, water lines and sewer lines. 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. The City has capitalized all infrastructure, including infrastructure acquired prior to the implementation of GASB Statement No. 34. The City's infrastructure includes assets acquired prior to June 30, 1980. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

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Note 2 - Summary of Significant Accounting Policies (continued)

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 Useful Lives	
Asset Class	Governmental Activities	Business-type Activities
Buildings	25-50 Years	40 Years
Land and building improvements	10-25 years	
Machinery and equipment	5-10 years	3-10 Years
Furniture and fixtures	5 years	
Vehicles	5-8 years	3-4 Years
Infrastructure	25-40 years	
Building and pump stations		40 Years
Sewer collection system		50 Years
Water tank and wells		10-50 Years
Water mains and hydrants		30-50 Years
Meters and regulators		20 Years
Lines, transformers and poles		10-50 Years
Gas mains		50 Years
Other		3-50 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. The cost of assets acquired with capital leases is capitalized and depreciated at the fund level for enterprise funds and at the government wide level for governmental activities and business-type activities.

Compensated Absences

Vacation and sick benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick benefits are payable only at retirement on a limited basis.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. The proprietary fund reports total compensated absence liability at the fund level, if applicable. Governmental funds report compensated absence liability at the fund reporting level only "when due."

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Note 2 - Summary of Significant Accounting Policies (continued)

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 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. Capital leases are recognized as a liability in the governmental fund financial statements when due.

Bond Premiums, Discounts and Issuance Costs
On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the life of the debt using the effective interest method.

Debt issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

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

Fund Balance – Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the city is bound to honor constraint on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable fund balance - amounts that are not in spendable form (such as prepaid items) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. the City Council). To be reported as committed, amounts cannot be used for any other purposes unless the city takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position Flow Assumptions – 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."

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance Flow Assumptions – It is the City's policy to consider restricted fund balance to have been used before 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 the fund balance in the following order: committed, assigned and then unassigned.

Net Position - Net position represents the difference between assets and liabilities. Net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net position amount also is adjusted by any bond issuance deferral amounts. The net position is reported as restricted when there are limitations imposed on its 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. The balance of the net position is reported as unrestricted.

Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer, electric, gas and solid waste programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contribution 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.

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 the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

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.

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Note 3 - Stewardship, Compliance and Accountability

Comparative Data
Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

Budgetary Information
The City adopts an annual operating budget for the general fund and each special revenue fund. The budget resolution reflects the total of each department's appropriation in each fund.

The general and special revenue fund's budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

The City Manager may approve budget transfers within departments. All unexpended annual appropriations lapse at year-end.

Accumulated Fund Deficit
The City has an accumulated fund deficit in the solid waste collection fund totaling $200,311. This deficit resulted from the accrual of unfunded post employment benefits and the recording of net pension liability.

Note 4 - Deposits and Investments

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2018, the City was not exposed to custodial credit risk.

Investments - Municipal Competitive Trust - At year end, proprietary fund investments were $3,917,668 which are held by Wells Fargo in the Municipal Competitive Trust. The Municipal Competitive Trust consists of pooled funds from the members of MEAG and is invested in United States Government securities held in the name of the Municipal Competitive Trust and allocated to members based on shares of ownership in the trust. Investments are stated at fair values based on quoted market prices. The investments would be classified as uninsured and uncollateralized because the securities are held by Wells Fargo in the name of the Municipal Competitive Trust.

Note 5 - Receivables

Receivables at December 31, 2018, consisted of taxes, interest, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Note 6 - Property Taxes

Property taxes are assessed based upon property values determined by the Screven County Assessor's Office at January 1, 2018. The levy date was July 17, 2018; the tax bills were mailed September 17, 2018; and were due December 20, 2018. The lien date is December 20, 2018.

Note 7 - Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 278,506			$ 278,506
Depreciable capital assets				
Buildings	2,137,761			2,137,761
Land and building improvements	130,913			130,913
Machinery and equipment	641,477	$ 19,765	$ 6,037	655,205
Vehicles	1,165,074	33,558	48,125	1,150,507
Furniture and fixtures	89,483			89,483
Infrastructure	3,012,427	171,868		3,184,295
Total depreciable capital assets	7,177,135	225,191	54,162	7,348,164
Total capital assets	7,455,641	225,191	54,162	7,626,670
Accumulated depreciation:				
Buildings	1,198,935	47,555		1,246,490
Land and building improvements	111,413			111,413
Machinery and equipment	392,118	46,636	6,037	432,717
Vehicles	1,019,364	50,446	48,125	1,021,685
Furniture and fixtures	85,837	1,250		87,087
Infrastructure	1,602,833	71,433		1,674,266
Total accumulated depreciation	4,410,500	217,320	54,162	4,573,658
Governmental activities capital assets, net	$ 3,045,141	$ 7,871	$ 0	$ 3,053,012

Governmental activities depreciation expense	
General government	$ 17,287
Public safety - fire	69,103
Public safety - police	31,986
Public safety - animal control	126
Public works - streets	75,166
Public works - garage	8,258
Recreation	14,052
Housing and development	1,342
Total governmental activities depreciation expense	$ 217,320

Note 7 - Capital Assets (continued)

Capital asset activity for business-type activities for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deductions	Reclassifications	Balance 12/31/2018
Business-type activities:					
Water and sewer fund:					
Capital assets not being depreciated					
Land and rights	$ 16,550				$ 16,550
Construction in progress	0	$ 154,829		$ (154,829)	0
Total capital assets not being depreciated	16,550	154,829	$ 0	(154,829)	16,550
Depreciable capital assets:					
Building and pump stations	5,023,983			154,829	5,178,812
Sewer collection system	2,471,348				2,471,348
Water tank and wells	869,178				869,178
Water mains and hydrants	1,292,587				1,292,587
Meters	83,084				83,084
Vehicles	330,997		13,318		317,679
Other	752,942	18,722			771,664
Total depreciable capital assets	10,824,119	18,722	13,318	154,829	10,984,352
Total capital assets	10,840,669	173,551	13,318	0	11,000,902
Accumulated depreciation:					
Building and pump stations	1,452,732	69,128			1,521,860
Sewer collection system	1,183,605	82,510			1,266,115
Water tank and wells	589,967	11,850			601,817
Water mains and hydrants	809,918	24,204			834,122
Meters	81,163	275			81,438
Vehicles	330,997		13,318		317,679
Other	630,545	42,600			673,145
Total accumulated depreciation	5,078,927	230,567	13,318	0	5,296,176
Water and sewer capital assets, net	$ 5,761,742	$ (57,016)	$ 0	$ 0	$ 5,704,726

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Note 7 - Capital Assets (continued)

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Business-type activities:				
Electric utility fund:				
Depreciable capital assets:				
Buildings	$ 474,045			$ 474,045
Meters	73,199			73,199
Lines, transformers and poles	2,753,748			2,753,748
Vehicles	837,320		$ 73,986	763,334
Machinery and equipment	337,962	$ 15,750		353,712
Total capital assets	4,476,274	15,750	73,986	4,418,038
Accumulated depreciation:				
Buildings	197,749	14,832		212,581
Meters	73,138	132		73,270
Lines, transformers and poles	1,234,148	54,414		1,288,562
Vehicles	630,372	33,776	73,986	590,162
Machinery and equipment	315,588	2,924		318,512
Total accumulated depreciation	2,450,995	106,078	73,986	2,483,087
Electric utility capital assets, net	$ 2,025,279	$ (90,328)	$ 0	$ 1,934,951
Gas utility fund:				
Depreciable capital assets:				
Buildings	$ 2,509			$ 2,509
Gas mains	713,066			713,066
Meters and regulators	108,600			108,600
Vehicles	118,067		$ 34,141	83,926
Machinery and equipment	47,629			47,629
Total capital assets	989,871	$ 0	34,141	955,730
Accumulated depreciation:				
Buildings	1,909	63		1,972
Gas mains	482,080	9,136		491,216
Meters and regulators	67,511	2,894		70,405
Vehicles	118,067		34,141	83,926
Machinery and equipment	47,629			47,629
Total accumulated depreciation	717,196	12,093	34,141	695,148
Gas utility fund capital assets, net	$ 272,675	$ (12,093)	$ 0	$ 260,582

Note 7 - Capital Assets (continued)

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Business-type activities:				
Solid Waste Collection fund				
Capital assets not being depreciated:				
Land and rights	$ 6,507			$ 6,507
Depreciable capital assets:				
Buildings	11,449			11,449
Vehicles	422,471			422,471
Machinery and equipment	124,716	$ 38,876		163,592
Total depreciable capital assets	558,636	38,876	$ 0	597,512
Total capital assets	565,143	38,876	0	604,019
Accumulated depreciation:				
Buildings	8,973	382		9,355
Vehicles	327,899	19,235		347,134
Machinery and equipment	95,561	10,258		105,819
Total accumulated depreciation	432,433	29,875	0	462,308
Solid Waste Collection fund capital assets, net	$ 132,710	$ 9,001	$ 0	$ 141,711

Note 8 - Interfund Balances and Transfers

Interfund balances represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made.

General fund payable to the confiscated assets fund for amounts deposited in the general fund account which should have been deposited in the confiscated assets fund account was $3,346 at December 31, 2018.

Hotel/motel tax fund payable to the general fund for amounts paid by the general fund for hotel/motel tax fund expenditures was $1,326 at December 31, 2018.

SPLOST fund payable to the general fund for amounts paid by the general fund for SPLOST fund expenditures was $9,671 at December 31, 2018.

Interfund transfers for the year ended December 31, 2018, consisted of the following:

The general fund transferred $2,243 to the water/sewer fund through payments of water/sewer expenses.
The electric fund transferred $1,523,384 to the general fund to supplement its finances.
The natural gas fund (non-major) transferred $252,250 to the general fund to supplement its finances.
The solid waste collection fund (non-major) transferred $43,122 to the general fund to supplement its finances.
The SPLOST capital projects fund (non-major) transferred $130,664 to the water/sewer fund for the payment of qualified expenditures.

Note 9- Deferred Inflows of Resources

In addition to assets, the financial statements of the City will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources in the form of expenditures until that time. The differences between expected and actual experience related to pensions and the contributions made to the pension plan after the measurement date are the only items that qualify for reporting in this category.

In addition to liabilities, the financial statements of the City will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources in the form of revenue until that time. The portion of property taxes, grant revenues, and expense reimbursements from other entities that are not available for use (not received within 60 days subsequent to year end) are reported as deferred inflows of resources in the governmental funds balance sheet. This element is not present in the government-wide statement of net position. The changes in assumptions, the difference between expected and actual experience, and the difference between projected and actual earning on investments related to pensions are the only items that qualify for reporting in this category in the government-wide statement of net position for governmental activities.

Note 10 - Short-Term Debt

During the current year, the City has issued tax anticipation notes. The purpose of these notes was to provide temporary financing needed to cover shortfalls in anticipated tax revenues of the City for current expenses of the general fund. All balances were repaid at December 31, 2018.

Changes in Short-term Debt - Changes in the City's short-term obligations consisted of the following for the year ended December 31, 2018.

Governmental Activities	Outstanding 12/31/2017	Additions	Reductions	Outstanding 12/31/2018
Notes payable				
Farmers and Merchants Bank	$ 0	2,400,000	$ 2,400,000	$ 0

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Note 11 - Long-Term Liabilities

Governmental Capital Lease

The City has entered into capital leases for vehicles and fire department equipment. These leases meet the criteria of a capital lease since they transfer benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are reflected as debt service expenditures at the governmental fund reporting level. The cost of the assets purchased with the capital lease are capitalized and depreciated over the estimated useful life of the asset. Depreciation expense on capital assets purchased with capital leases is reported as a direct expense in the activity that utilizes the asset.

Capital lease payable to Georgia Municipal Association in quarterly payments of $2,167 paid off in 2018. The extrication equipment acquired by the lease is included in governmental activities general capital assets in the amount of $5,925 (cost of $32,307 less accumulated depreciation of $26,382).

Capital lease payable to Georgia Municipal Association in quarterly payments of $1,719. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $6,302 (cost of $31,502 less accumulated depreciation of $25,200). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 6,535	$ 341	$ 6,876
2020	6,729	147	6,876
	$ 13,264	$ 488	$ 13,752

Capital lease payable to Georgia Municipal Association in annual payments of $3,942. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $14,036 (cost of $23,073 less accumulated depreciation of $9,037). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 3,665	$ 277	$ 3,942
2020	3,801	141	3,942
	$ 7,466	$ 418	$ 7,884

Capital lease payable to United States Department of Agriculture (USDA) in annual payments of $2,970. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $15,727 (cost of $30,437, less accumulated depreciation of $14,710). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 2,739	$ 231	$ 2,970
2020	2,813	157	2,970
2021	2,890	80	2,970
	$ 8,442	$ 468	$ 8,910

Note 11 - Long-Term Liabilities (continued)

Capital lease initiated in 2018 payable to United States Department of Agriculture (USDA) in annual payments of $3,299. The vehicle acquired by the lease is included in governmental activities general capital assets in the amount of $29,084 (cost of $33,558, less accumulated depreciation of $4,474). The outstanding balance of the corresponding liability is included in governmental activities general current debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 2,812	$ 487	$ 3,299
2020	2,903	396	3,299
2021	2,997	302	3,299
2022	3,095	204	3,299
2023	3,193	106	3,299
	$ 15,000	$ 1,495	$ 16,495

Business-Type Activities

Capital lease payable to Georgia Municipal Association in quarterly payments of $2,065. The mini excavator acquired by the lease is included in the water and sewer fund capital assets in the amount of $4,410 (cost of $37,800 less accumulated depreciation of $33,390) The outstanding balance of the corresponding liability is included in business activities long-term debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 6,104	$ 90	$ 6,194

Capital lease payable to Georgia Municipal Association in quarterly payments of $7,709. The bucket trucks acquired by the lease are included in the electric utility fund capital assets in the amount of $91,666 (cost of $140,000 less accumulated depreciation of $48,334). The outstanding balance of the corresponding liability is included in business activities long-term debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 29,196	$ 1,642	$ 30,838
2020	30,129	709	30,838
	$ 59,325	$ 2,351	$ 61,676

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Note 11 - Long-Term Liabilities (continued)

Capital lease payable to Georgia Municipal Association in quarterly payments of $2,586. The backhoe acquired by the lease is included in the solid waste collection fund capital assets in the amount of $24,060 (cost of $47,000 less accumulated depreciation of $22,940). The outstanding balance of the corresponding liability is included in business activities long-term debt. Annual debt service requirements to amortize this capital lease as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 9,881	$ 462	$ 10,343
2020	7,615	142	7,757
	$ 17,496	$ 604	$ 18,100

GEFA 2015 Loan – Contract CWSRF 14-017 - payable to Georgia Environmental Finance Authority in equal monthly installments of $8,624 including interest at 2.03% beginning June 1, 2016 and ending May 1, 2036. The purpose of this loan was to upgrade the sewer system. Annual debt service requirements to amortize the loan outstanding as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 73,371	$ 30,119	$ 103,490
2020	74,874	28,616	103,490
2021	76,409	27,081	103,490
2022	77,974	25,516	103,490
2023	79,572	23,918	103,490
2024-2028	422,995	94,457	517,452
2029-2033	468,143	49,309	517,452
2034-2036	243,866	6,237	250,103
Total	$ 1,517,204	$ 285,253	$ 1,802,457

GEFA 2017 Loan – Contract 2016L07WQ - payable to Georgia Environmental Finance Authority in equal monthly installments of $2,264 including interest at 1.90% beginning December 1, 2017 and ending November 1, 2032. The purpose of this loan was to upgrade the sewer system. Annual debt service requirements to amortize the loan outstanding as of December 31, 2018, follow:

Year	Principal	Interest	Total
2019	$ 21,039	$ 6,124	$ 27,163
2020	21,443	5,720	27,163
2021	21,853	5,310	27,163
2022	22,272	4,891	27,163
2023	22,699	4,464	27,163
2024-2028	120,191	15,626	135,817
2029-2032	102,452	3,944	106,396
Total	$ 331,949	$ 46,079	$ 378,028

Note 11- Long-Term Liabilities (continued)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended December 31, 2018:

Governmental Activities	Outstanding 12/31/2017	Additions	Reductions	Outstanding 12/31/2018	Amounts Due in One Year
Capital lease	$ 8,481		$ 8,481	$ 0	
Capital lease	19,506		6,242	13,264	$ 6,535
Capital lease	11,000		3,534	7,466	3,665
Capital lease	11,107		2,665	8,442	2,739
Capital lease		$ 15,000		15,000	2,812
Compensated absences	132,344	61,760	61,876	132,228	64,340
Post-employment benefits	119,529	95,021	13,425	201,125	11,084
Net pension liability	831,513	332,230		1,163,743	
Total Government-Type Activities	$ 1,133,480	$ 504,011	$ 96,223	$ 1,541,268	$ 91,175

Business-Type Activities	Outstanding 12/31/2017	Additions	Reductions	Outstanding 12/31/2018	Amounts Due in One Year
Capital lease (water and sewer)	$ 13,962		$ 7,858	$ 6,104	$ 6,104
Capital lease (electric)	87,114		27,789	59,325	29,196
Capital lease (solid waste)	26,920		9,424	17,496	9,881
GEFA loan - 2015	1,589,103		71,899	1,517,204	73,371
GEFA loan - 2017	352,592		20,643	331,949	21,039
Compensated absences	192,823	43,045	53,264	182,604	51,996
Post-employment benefits	271,280	69,037	0	340,317	6,334
Net pension liability	668,230	266,990		935,220	
Total Business-Type Activities	$ 3,202,024	$ 379,072	$ 190,877	$ 3,390,219	$ 197,921

The governmental activities capital lease payable is being financed through future general fund expendable available financial sources as they become due. The business-type activities capital lease payable is financed from income derived from the respective utility funds. Principal and interest payments related to the City's GEFA loans are financed from the income derived from the operation of the water and sewer system.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In 2018, compensated absences were liquidated through the general fund, water and sewer fund, electric utility fund, gas utility fund and solid waste collection fund.

The post-employment benefits liability will be paid from the fund from which the employees' salaries are paid. In 2018, post-employment benefit liabilities were liquidated through the general fund.

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Note 11- Long-Term Liabilities (continued)

The total interest expense for the year ended December 31, 2018, was $1,809 for governmental-type activities and $274,901 for business-type activities, all of which was charged to operations.

Note 12 - Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description - Prior to July 1, 2017, all full-time city employees were eligible to participate in the Georgia Municipal Employees Benefit System (GMEBS) which is an agent multiple employer defined benefit plan administered by the Georgia Municipal Association which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by state statute and an adoption agreement executed by City Council. The Georgia Municipal Association issues a publicly available annual report that includes financial statements and required supplementary information for the Georgia Municipal Employees Benefit System Retirement Trust. That report may be obtained by writing to Georgia Municipal Association, 201 Pryor Street SW, Atlanta, Georgia, 30303. Employees hired after June 30, 3017, are not eligile to participate in this plan but are eligible for the City's defined contribution plan. See Note 13.

Benefits Provided - GMEBS provides retirement, disability benefits and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with 5 years of total service are eligible to retire at age 55.

Employees Covered - At December 31, 2018, the following employees were covered by the benefit terms for the plan:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	31
Active employees	39
Total	100

Contributions - The City's employee's participation is noncontributory. The City is subject to minimum standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). Policy set by the City for contributing the annual pension expense exceeds the minimum requirements. Employer contribution rates are determined on an annual basis by the actuary and shall be effective on the July 1 following the notice of a change in the rate.

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The City's contributions to the plan were $287,473 for the year ended December 31, 2018.

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Note 12 - Defined Benefit Pension Plan (continued)

Net Pension Liability

The City's net pension liability (NPL) for the plan is measured as the total pension liability (TPL), less the pension plan's fiduciary net position (FNP). The net pension liability of the plan is measured as of March 31, 2017, using an annual actuarial valuation as of July 1, 2018. a summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	July 1, 2018
Measurement date	March 31, 2018
Actuarial cost method	Entry age normal
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 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.
Discount rate	7.50%
Inflation rate	2.75%, plus service based merit increases
Net investment rate of return	7.50%
Projected salary increase	2.75% plus service based merit increases
Cost of living adjustments	Not applicable
Postretirement benefit increase	Not applicable

The underlying mortality assumptions and all other actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2010, through June 30, 2014. Further details of the experience study can be obtained by contacting the Georgia Municipal Association.

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2018, (see the discussion of the pension plan's investment policy) are summarized in the following table.

Note 12 - Defined Benefit Pension Plan (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
Total	100%	

Changes in Net Pension Liability

The changes in the Net Pension Liability for the plan are as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ Asset
Balances as of March 31, 2017	$ 6,253,189	$ 4,753,446	$ 1,499,743
Changes for the year:			
Service cost	91,216		91,216
Interest	474,552		474,552
Differences between expected and actual experience	282,358		282,358
Contributions - employer		271,675	(271,675)
Net investment income		591,131	(591,131)
Benefit payments	(259,873)	(259,873)	0
Administrative expense		(19,772)	19,772
Other	594,128		594,128
Net changes	1,182,381	583,161	599,220
Balances as of March 31, 2018	$ 7,435,570	$ 5,336,607	$ 2,098,963

Sensitivity of the Net Pension Liability to changes in the discount rate is as follows:

1% Decrease	Current Discount Rate	1% Increase
$ 2,952,817	$ 2,098,963	$ 1,376,600

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Note 12 - Defined Benefit Pension Plan (continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the City recognized pension expense of $232,304. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 246,730	
Pension contributions subsequent to measurement date	239,562	
Difference between expected and actual experience		$ (46,922)
Net difference between projected and actual earnings on pension plan investments		(190,485)
Changes of assumptions	63,007	(12,172)
Total	$ 549,299	$ (249,579)

$239,562 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31:	
2019	$ 115,034
2020	83,299
2021	(93,564)
2022	(44,611)
	$ 60,158

Note 13 - Defined Contribution Plan

The City has a 457(b) defined contribution plan, established in 2017, which is administered by the Georgia Municipal Association. The City does not contribute to the plan or act in a fiduciary capacity, and individual participants determine investment decisions. The City employees contributed $29,137.

For employees hired after June 30, 2017, the City established a 401(a) defined contribution plan which is administered by the Georgia Municipal Association. The City makes a basic contribution to the 401(a) plan in the amount of 3% of qualified compensation. In addition, the City matches participant contributions on a 1:1 ratio up to 2% of compensation. The employee-elected deferrals are deposited in the 457(b) plan, while the City's basic and matching contributions are deposited in the 401(a) plan. There were no employer or employee contributions to the 401(a) plan in 2018.

Plan provisions and contribution requirements are established and amended by a resolution of the City Council. Participants are 100% vested in the 401(a) plan after 5 years of eligible employment. Prior to that date participants are 0% vested (cliff vesting).

Note 14 - Postemployment Benefits Other Than Pensions

Plan Description - The City has established a plan that allows for all full-time city employees that are 62 years old and older with 20 years of service to retire with the City providing health insurance until age 65 through the City's group health insurance plan, which covers both active and retired members. Benefit provisions were established by approval of City Council. The plan is a single-employer defined benefit plan administered by the City and is operated in conjunction with the City's health insurance plan. The plan does not issue a publicly available report.

Funding Policy - The City contributes the full amount of the current-year premiums for eligible retired plan members. The City is financing the postemployment benefits on a pay-as-you-go basis. The City had retired employees affecting 2018. One employee ceased receiving benefits during 2018; one began receiving benefits in 2018; one continued receiving benefits in 2018. For 2018, the City recognized $13,922 of net benefit expenditures.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	$ 152,831
Interest on net OPEB obligation	11,724
Annual OPEB cost	164,555
Contributions made	13,922
Increase in net OPEB obligation	150,633
Net OPEB obligation, beginning of year	390,809
Net OPEB obligation, end of year	$ 541,442

Methods and Assumptions - The City has under 100 plan members as defined by GASB Statement 45 - *Accounting and Financial Reporting by Employers for Post Employment Benefits other Than Pensions* and, therefore, has elected to use the alternative measurement method allowed by the statement. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, which is consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:
Retirement age for active employees - Based on the historical average retirement age from the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Turnover - Based on historical turnover data for the City, all employees reaching 20 years of employment are assumed to remain employed with the City until age 62.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on actual historical increase for the City. A rate of 12 percent annual increase was used.

Note 14 - Postemployment Benefits Other Than Pensions (continued)

Health insurance premiums - January 2018 individual health insurance costs per employee for active employees were used as the basis for calculation of the present value of total benefits to be paid.

Based on a tax-exempt, high-quality municipal bond rate the City has used a discount rate of 3 percent.

Trend information - The City's annual OPEB cost , the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Year Ended	*OPEB Cost*	*Contribution (ARC)*	*OPEB Cost Contributed*	*% of ARC Contributed*	*OPEB Obligation*
12/31/2013	66,778	66,778	9,358	14.01%	324,260
12/31/2014	5,497	5,497	14,875	270.60%	314,882
12/31/2015	179,281	179,281	20,419	11.39%	473,744
12/31/2016	9,319	9,319	19,023	204.13%	464,040
12/31/2017	(62,048)	(62,048)	11,183	-18.02%	390,809
12/31/2018	164,555	164,555	13,922	8.46%	541,442

Funded Status and Funding Progress - The funded status and progress of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL/(UAAL) (2)-(1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
12/31/2013	0	324,260	0	324,260	699,962	46.33%
12/31/2014	0	314,882	0	314,882	523,052	60.20%
12/31/2015	0	473,744	0	473,744	618,890	76.55%
12/31/2016	0	464,040	0	464,040	817,519	56.76%
12/31/2017	0	390,809	0	390,809	811,436	48.16%
12/31/2018	0	541,442	0	541,442	643,651	84.12%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about retirement age, future employment, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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Note 15 - Net Investment in Capital Assets

The "net investment in capital assets" amount as reported on the government-wide statement of net position as of December 31, 2018, is as follows:

	Governmental Activities	Business-Type Activities
Cost of capital assets	$ 7,626,670	$ 16,978,689
Less accumulated depreciation	4,573,658	8,936,719
Book value	3,053,012	8,041,970
Less capital related debt	44,172	1,932,078
	$ 3,008,840	$ 6,109,892

Note 16 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions; and workers compensation for which the City carries the following insurance coverages.

The City joined the Georgia Interlocal Risk Management Agency (GIRMA). Insurance coverage and deductible options for property, casualty and crime under the policy are selected by the City's management based on the anticipated needs. The City is required to pay all premiums, applicable deductibles and assessments billed by GIRMA, as well as following loss reduction and prevention procedures established by GIRMA. GIRMA's responsibility includes paying claims, and representing the city in defense and settlement of claims. GIRMA's basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary. The City has not compiled a record of claims paid up to the applicable deductible for the prior year or the current fiscal year. The City is unaware of any claims for which the City is liable (up to the applicable deductible) which were outstanding and unpaid at December 31, 2018. No provisions have been made in the financial statements for the year ended December 31, 2018, for any estimate of potential unpaid claims.

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (the Fund). As a participant in the Fund, the City has no legal obligation to pay its own workers' compensation claims. The City is required to make an annual contribution to the Fund in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims. However, the enabling statute creating the Fund permits the Fund to levy an assessment upon its members to make up any deficiency the Fund may have in surplus or reserves. No amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

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Note 17 - MEAG Power Contract

In 1976, the City along with 45 other cities and one county (the Participants), all political subdivisions of the State of Georgia, entered into a Power Sales Contract with the Municipal Electric Authority of Georgia (MEAG), a public corporation and instrumentality of the State of Georgia. Under the terms of the agreement, MEAG agrees to provide, and the Participants are obligated to purchase, all of their bulk power supply requirements for a period not to exceed 50 years. In 2004, the Participants unanimously voted to extend the contract with MEAG an additional 50 years. The Participants have agreed to purchase all their future power and energy requirements in excess of that received by the Participants through the Southeastern Power Administration at prices intended to cover the operating costs of the systems and to retire any debt incurred by MEAG. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each Participant has guaranteed a portion of the unpaid debt based on their individual entitlement shares of the output and services of generating units acquired or constructed by MEAG. In addition, in the event of discontinued service to a participant in default, the City would be obligated to purchase additional power subject to contractual limitations.

At December 31, 2018, the outstanding debt of MEAG was approximately $6.0 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $60 million at December 31, 2018.

In 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (the Trust), which was created by MEAG for the mutual benefit of MEAG and its wholesale customers which have elected to become beneficiaries. The Trust was established to provide MEAG and the trust's beneficiaries a means to mitigate the expected differential between market rates for power and the costs of power generated by MEAG facilities, after deregulation of the electric industry.

The Trust created four funds in which the City participates. The following is a brief description of each fund:

Flexible Operating Trust Account - This account is available to the City for withdrawal without restriction. This account has a balance of $3,916,906 at December 31, 2018, and is included as a current investment in the Electric Utility fund.

New Generation Trust Account - This account is available to the City for certain restricted purposes including funding of future generation projects created by MEAG or for the purchase of additional power sales contracts. This account has a balance of $762 at December 31, 2018, and is included as a non-current restricted investment in the Electric Utility fund.

Reserve Funded Debt Account - This account is restricted to loan or offset to billings from MEAG for power usage, at the discretion of MEAG, and is not currently available to the City. This account is not recorded as an asset by the Electric fund. The balance of this account at December 31, 2018, was $3,214,518.

Note 18 - Contingent Liabilities

Federal and State Grant Audits - The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 18 - Contingent Liabilities (continued)

Contractual Obligation - The City, through its cooperative participation in the MEAG, is contractually obligated to purchase additional energy that will be available from MEAG's additional future ownership in Plant Vogtle. This contractual obligation, based on management's estimates, will not materially affect the City's financial position. Management's estimates are based in part on increased industrial energy sales projected and the City's ability to increase consumer rates to cover energy cost increases.

Because the General Fund of the City relies heavily on the operating profits of the Utility Funds, the general fund financial position would be materially effected, should management's projections not be realized.

Economic Dependency - The City's electric utility fund sells an estimated 79% of its power to its industrial customers, with 71% of total sales from one customer. This one customer accounts for more than 95% of the gross profits. Should the gross profit from these industrial customers materially decrease, the City's financial position would be materially affected in the future. Additionally, the City purchases substantially all of the electricity it sells from MEAG and purchases all of the gas it sells from Municipal Gas Authority of Georgia.

Note 19 - Joint Ventures

Under Georgia law, the City, in conjunction with other cities and counties in the coastal Georgia area, is a member of the Coastal Regional Commission of Georgia (CRC) and is required to pay annual dues thereto. Membership in a CRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the CRC in Georgia. The CRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a CRC. Separate financial statements may be obtained from CRC, 127 F Street, Brunswick, Georgia 31520.

Note 20 - Related Organizations

The Housing Authority of the City of Sylvania, Georgia (the Housing Authority) is considered a related organization. The Housing Authority is a legally separate entity having a board composed of members appointed primarily by the City of Waynesboro, Georgia. The City appoints one member to the board. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority is a related organization.

Note 21 Subsequent Events

Subsequent events have been evaluated by management through July 9, 2019, which is the date the financial statements were available to be issued.

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City of Sylvania, Georgia
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 901,200	$ 901,200	$ 939,773	$ 38,573
Intergovernmental	123,195	123,195	194,171	70,976
Licenses and permits	69,230	69,230	73,199	3,969
Charges for services	42,750	42,750	44,947	2,197
Fines and forfeitures	176,100	176,100	111,014	(65,086)
Investment earnings	2,000	2,000	6,470	4,470
Miscellaneous	22,600	22,600	39,984	17,384
Total revenues	1,337,075	1,337,075	1,409,558	72,483
Expenditures				
Current:				
General government:				
Legislative	22,102	22,102	18,819	3,283
Executive - Mayor	8,418	8,522	8,522	0
Executive - Manager	201,185	217,475	217,475	0
Elections		3,814	3,814	0
Financial administration	317,070	350,505	350,505	0
Purchase/contractual services	5,300	12,167	12,167	0
Judicial	71,670	71,670	62,238	9,432
Public safety:				
Police	946,280	953,690	953,690	0
Fire	539,285	586,394	586,394	0
Animal control	11,560	11,560	8,216	3,344
Public works:				
Streets	405,360	462,768	462,768	0
Garage	158,300	191,252	191,252	0
Health and welfare - Nutrition program	107,190	127,100	127,100	0
Culture and recreation	11,500	11,656	11,656	0
Housing and development				
Economic development and assistance	46,500	89,906	89,906	0
Total expenditures	2,851,720	3,120,581	3,104,522	16,059
Deficiency of revenues to expenditures	(1,514,645)	(1,783,506)	(1,694,964)	88,542
Other financing sources				
Inception of capital lease			15,000	15,000
Proceeds from sale of assets	500	500		(500)
Interfund transfers	1,472,145	1,472,145	1,816,513	344,368
Total other financing sources	1,472,645	1,472,645	1,831,513	358,868
Net change in fund balances	$ (42,000)	$ (310,861)	136,549	$ 447,410
Fund balances beginning of year			970,283	
Fund balances end of year			$ 1,106,832	

See the accompanying notes to the required supplementary information.

City of Sylvania, Georgia
UDAG Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Investment earnings	$ 0	$ 9,200	$ 9,111	$ (89)
Expenditures - Housing and development	0	0	0	0
Net change in fund balance	$ 0	$ 9,200	9,111	$ (89)
Fund balances beginning of year			963,324	
Fund balances end of year			$ 972,435	

Note 1 - Budgetary Information

The City adopts an annual operating budget for the general fund, each special revenue fund, each capital projects fund and the debt service fund.

All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund.

The City Manager may approve budget transfers within departments. Any changes to a fund total or departmental appropriation within a fund requires approval of the City Council. During the year, there was one budget revision.

All unexpended annual appropriations lapse at year-end.

On the budgetary basis, debt service expenditures (i.e. $22,540) are budgeted within the functions but are reported as separate character classifications on the GAAP basis. The reconciliation to the Schedule of Revenue, Expenditures and Changes in Fund Balance is as follows:

	Financial Statement	Budgetary Adjustment	Budget
Public safety:			
Police	$ 939,843	$ 13,847	$ 953,690
Fire	577,701	8,693	586,394
Animal control	8,216	0	8,216
Debt service:			
Principal	20,922	(20,922)	0
Interest and fiscal charges	1,618	(1,618)	0
	$ 1,548,300	$ 0	$ 1,548,300

City of Sylvania, Georgia
Schedule of Changes in the Net Pension Liability and Related Ratios
Defined Benefit Pension Plan
For the Year Ended December 31, 2018

	2018	2017
Total Pension Liability		
Service cost	$ 91,216	$ 89,693
Interest	474,552	455,175
Difference between expected and actual experience	282,358	(43,149)
Benefit payments, including refunds of employee contributions	(259,873)	(243,512)
Other	594,128	
Net change in total pension liability	1,182,381	258,207
Total pension liability - beginning	6,253,189	5,994,982
Total pension liability - ending	$ 7,435,570	$ 6,253,189
Plan fiduciary net position		
Contributions - employer	$ 271,675	$ 323,014
Net investment income	591,131	526,921
Benefit payments, including refunds of employee contributions	(259,873)	(243,512)
Administrative expense	(19,772)	(21,328)
Net change in fiduciary net position	583,161	585,095
Plan fiduciary net position - beginning	4,753,446	4,168,351
Plan fiduciary net position - ending	$ 5,336,607	$ 4,753,446
Net pension liability - ending	$ 2,098,963	$ 1,499,743
Plan fiduciary net position as a percentage of total pension liability	71.77%	76.02%
Covered employee payroll	2,089,977	2,213,025
Net position liability as a percentage of covered-employee payroll	100.43%	67.77%

Benefit changes
No significant plan amendments were made in current period.

City of Sylvania, Georgia
Schedule of Contributions
Defined Benefit Pension Plan
For the Year Ended December 31, 2018

	2018	2017	2016	2015
Actuarially determined contribution	*	$ 298,350	$ 329,802	$ 294,158
Contributions in relation to actuarially determined contribution	*	$ 325,834 **	$ 303,393 **	$ 319,395 **
Contribution deficiency (excess)	*	$ (27,484)	$ 26,409	$ (25,237)
Covered-employee payroll	*	$ 2,213,025 ***	$ 2,267,939 ***	$ 2,373,473 ***
Contributions as a percentage of covered-employee payroll	*	14.72%	13.38%	13.46%

* 2018 information will be determined after fiscal year end and will be included in the 2017 valuation report.

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

*** Covered payroll is based on data collected as of February 28, of each respective year for the actuarial valuations for the respective years.

The City implemented GASB 68 for the fiscal year ended December 31, 2015. In time this schedule will present the required ten years of data.

City of Sylvania, Georgia
Schedule of Funding Progress
Postemployment Benefits Other Than Pensions (Health Insurance)
For the Year Ended December 31, 2018

As of the most recent valuation date, December 31, 2018, the funded status of the Plan was as follows:

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL/(UAAL) (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3)/(5)
12/31/2014	0	314,882	314,882	0.00%	523,052	60.20%
12/31/2015	0	473,744	473,744	0.00%	618,890	76.55%
12/31/2016	0	464,040	464,040	0.00%	817,519	56.76%
12/31/2017	0	390,809	390,809	0.00%	811,436	48.16%
12/31/2018	0	541,442	541,442	0.00%	643,651	84.12%

The assumptions used in the preparation of the above schedule are disclosed in Note 14 to the financial statements.

City of Sylvania, Georgia
General Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 1,055,815	$ 954,404
Restricted cash and cash equivalents	13,118	7,816
Receivables:		
Accounts	80,292	81,734
Property taxes	75,067	77,639
Other	7,507	7,431
Interest	1,471	1,471
Interfund balances	10,997	0
Prepaid items	44,739	39,365
Total assets	$ 1,289,006	$ 1,169,860
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable	$ 65,039	$ 59,197
Accrued expenditures	20,082	12,922
Interfund balances	3,346	3,876
Unearned revenue	5,000	42,487
Total liabilities	93,467	118,482
Deferred inflows of resources		
Property taxes	54,775	51,848
Intergovernmental	30,568	29,247
Other	3,364	
Total deferred inflows of resources	88,707	81,095
Total liabilities and deferred inflows of resources	182,174	199,577
Fund balances		
Nonspendable - prepaid items	44,739	39,365
Restricted for		
Public safety - police	3,983	
Recreation	9,136	7,816
Unassigned	1,048,974	923,102
Total fund balances	1,106,832	970,283
Total liabilities, deferred inflows of resources and fund balances	$ 1,289,006	$ 1,169,860

City of Sylvania, Georgia
General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Taxes	$ 939,773	$ 906,676
Intergovernmental	194,171	194,322
Licenses and permits	73,199	72,647
Charges for services	44,947	46,888
Fines and forfeitures	111,014	153,248
Investment earnings	6,470	2,050
Miscellaneous	39,984	41,149
Total revenues	1,409,558	1,416,980
Expenditures		
Current:		
General government:		
Legislative	18,819	18,082
Executive - Mayor	8,522	6,593
Executive - Manager	217,475	205,262
Financial administration	350,505	306,013
Elections	3,814	3,671
Purchase/contract services	12,167	5,294
Judicial	62,238	69,283
Public safety:		
Police	939,843	924,084
Fire	577,701	519,052
Animal control	8,216	11,036
Public works:		
Streets	462,768	398,158
Garage	191,252	175,472
Health and welfare - Nutrition program	127,100	125,318
Culture and recreation	11,656	10,111
Housing and development - economic development and assistance	89,906	53,088
Debt service:		
Principal retirement	20,922	16,846
Interest and fiscal charges	1,618	1,669
Total expenditures	3,104,522	2,849,032
Deficiency of revenues to expenditures	(1,694,964)	(1,432,052)
Other financing sources		
Inception of capital lease	15,000	11,000
Interfund transfers	1,816,513	1,346,713
Total other financing sources	1,831,513	1,357,713
Net change in fund balances	136,549	(74,339)
Fund balances beginning of year	970,283	1,044,622
Fund balances end of year	$ 1,106,832	$ 970,283

City of Sylvania, Georgia
UDAG Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Restricted cash and cash equivalents	$ 926,611	$ 907,502
Receivables - notes	45,824	55,822
Total assets	$ 972,435	$ 963,324
Liabilities and Fund Balances		
Fund Balances		
Restricted for housing and development	$ 972,435	$ 963,324
Total liabilities and fund balances	$ 972,435	$ 963,324

City of Sylvania, Georgia
UDAG Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Investment earnings	$ 9,111	$ 1,941
Expenditures		
Net change in fund balance	9,111	1,941
Fund balances beginning of year	963,324	961,383
Fund balances end of year	$ 972,435	$ 963,324

City of Sylvania, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Restricted cash and cash equivalents	$ 2,018	$ 167,646	$ 169,664
Accounts receivable	724	54,943	55,667
Interfund balances	3,346		3,346
Prepaid items	602		602
Total assets	$ 6,690	$ 222,589	$ 229,279
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable		$ 20,813	$ 20,813
Interfund balances	$ 1,326	9,671	10,997
Total liabilities	1,326	30,484	31,810
Deferred inflows of resources			
Intergovernmental	0	15,723	15,723
Total liabilities and deferred inflows of resources	1,326	46,207	47,533
Fund Balances			
Nonspendable - prepaid items	602		602
Restricted for:			
Capital projects		176,382	176,382
Public safety	5,364		5,364
Unassigned	(602)		(602)
Total fund balances	5,364	176,382	181,746
Total liabilities, deferred inflows of resources and fund balances	$ 6,690	$ 222,589	$ 229,279

City of Sylvania, Georgia

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - By Fund Type

Nonmajor Governmental Funds

For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 13,807		$ 13,807
Intergovernmental		$ 157,086	157,086
Fines and forfeitures	1,036		1,036
Investment earnings		270	270
Total revenues	14,843	157,356	172,199
Expenditures			
Current:			
Housing and development	13,807		13,807
Capital Outlays		89,051	89,051
Total expenditures	13,807	89,051	102,858
Excess of revenues to expenditures	1,036	68,305	69,341
Other financing uses			
Transfer to water and sewer fund		(130,664)	(130,664)
Net change in fund balances	1,036	(62,359)	(61,323)
Fund balances beginning of year	4,328	238,741	243,069
Fund balances end of year	$ 5,364	$ 176,382	$ 181,746

City of Sylvania, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	Hotel/Motel Tax Fund	Confiscated Assets Fund	Total Nonmajor Special Revenue Funds
Assets			
Restricted cash and cash equivalents		$ 2,018	$ 2,018
Accounts receivable	$ 724		724
Interfund balance	0	3,346	3,346
Prepaid items	602		602
Total assets	$ 1,326	$ 5,364	$ 6,690
Liabilities and Fund Balances			
Liabilities			
Interfund balance	$ 1,326		$ 1,326
Fund Balances			
Nonspendable - prepaid items	602		602
Restricted for public safety		$ 5,364	5,364
Unassigned	(602)		(602)
Total liabilities and fund balances	$ 1,326	$ 5,364	$ 6,690

City of Sylvania, Georgia
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	Hotel/Motel Tax Fund	Confiscated Assets Fund	Total Nonmajor Special Revenue Funds
Revenues			
Taxes	$ 13,807		$ 13,807
Fines and forfeitures		$ 1,036	1,036
Total revenues	13,807	1,036	14,843
Expenditures			
Current:			
Housing and development	13,807		13,807
Excess of revenues to expenditures	0	1,036	1,036
Fund balances beginning of year		4,328	4,328
Fund balances end of year	$ 0	$ 5,364	$ 5,364

City of Sylvania
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Accounts receivable	$ 724	$ 1,015
Interfund balance		530
Prepaid items	602	
Total assets	1,326	1,545
Liabilities and Fund Balances		
Liabilities		
Interfund balance	$ 1,326	
Accounts payable		$ 1,545
Total liabilities	1,326	1,545
Fund Balances		
Nonspendable - prepaid items	602	
Unassigned	(602)	
Total fund balances	0	0
Total liabilities and fund balances	$ 1,326	$ 1,545

City of Sylvania, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Taxes	$ 15,000	$ 15,000	$ 13,807	$ (1,193)	$ 15,411
Expenditures					
Housing and development	15,000	15,000	13,807	1,193	15,411
Excess of revenues to expenditures	$ 0	$ 0	0	$ 0	0
Fund balances beginning of year			0		0
Fund balances end of year			$ 0		$ 0

City of Sylvania
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Restricted cash and cash equivalents	$ 2,018	$ 982
Interfund balance	3,346	3,346
Total assets	$ 5,364	$ 4,328
Liabilities and Fund Balances		
Liabilities	$ 0	$ 0
Fund Balances		
Restricted for public safety	5,364	4,328
Total liabilities and fund balances	$ 5,364	$ 4,328

City of Sylvania, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Fines and forfeitures	$ 0	$ 1,050	$ 1,036	$ 14	$ 1,520
Expenditures					
Public safety - police	0	0		0	
Excess of revenues to expenses	$ 0	$ 1,050	1,036	$ 14	1,520
Fund balances beginning of year			4,328		2,808
Fund balances end of year			$ 5,364		$ 4,328

City of Sylvania
2013 SPLOST Capital Projects Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Restricted cash and cash equivalents	$ 167,646	$ 229,493
Accounts receivable	54,943	9,248
Total assets	222,589	238,741
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities		
Accounts payable - intergovernmental	$ 20,813	
Interfund balances	9,671	
Total liabilities	30,484	$ 0
Deferred inflows of resources		
Intergovernmental	15,723	
Total liabilities and deferred inflows of resources	46,207	0
Fund Balances		
Restricted for capital projects	176,382	238,741
Total liabilities, deferred inflows of resources and fund balances	$ 222,589	$ 238,741

City of Sylvania
2013 SPLOST Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues		
Intergovernmental	$ 157,086	$ 167,792
Investment earnings	270	218
Total revenues	157,356	168,010
Expenditures		
Capital outlays		
General government - office equipment	5,671	11,000
Public works - streets	83,380	97
Public works - airport infrastructure		27,413
Recreation		15,200
	89,051	53,710
Excess revenues to expenditures	68,305	114,300
Other financing uses		
Transfer to water and sewer fund	(130,664)	(96,450)
Net change in fund balances	(62,359)	17,850
Fund balances beginning of year	238,741	220,891
Fund balances end of year	$ 176,382	$ 238,741

City of Sylvania, Georgia
Water and Sewer Fund
Comparative Schedule of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 38,827	$ 41,003
Accounts receivable	143,487	90,118
Prepaid insurance	16,935	21,021
Total current assets	199,249	152,142
Noncurrent assets		
Capital assets		
Nondepreciable capital asset	16,550	16,550
Depreciable capital assets, net	5,688,176	5,745,192
Total noncurrent assets	5,704,726	5,761,742
Total assets	5,903,975	5,913,884
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	22,888	10,852
Changes in assumptions	5,845	
Contributions after measurement date	22,223	18,451
Total deferred outflows of resources	50,956	29,303
Liabilities		
Current liabilities		
Accounts payable	40,664	196,988
Accrued interest payable	3,135	3,264
Accrued payroll	2,059	1,832
Compensated absences payable	12,391	13,771
Capital lease payable	6,104	7,874
Notes payable	94,410	92,541
Total current liabilities	158,763	316,270
Long-term liabilities		
Compensated absences payable (net of current portion)	35,526	38,910
Post-employment benefit payable (net of current portion)	115,704	28,955
Net pension liability	194,708	139,122
Capital lease payable (net of current portion)		6,088
Notes payable (net of current portion)	1,754,743	1,849,154
Total long-term liabilities	2,100,681	2,062,229
Total liabilities	2,259,444	2,378,499
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	4,353	6,129
Difference between projected and actual earnings on investments	17,670	482
Changes in assumptions	1,129	2,258
Total deferred inflows of resources	23,152	8,869
Net position		
Net investment in capital assets	3,849,469	3,806,085
Unrestricted	(177,134)	(250,266)
Total net position	$ 3,672,335	$ 3,555,819

City of Sylvania, Georgia
Water and Sewer Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Charges for services	$ 1,214,890	$ 1,153,560
Miscellaneous	11,467	28,829
Total operating revenues	1,226,357	1,182,389
Operating expenses		
Salaries	177,718	193,839
Social security	13,331	12,781
Group insurance	34,342	32,673
Retirement and other post-employment benefits	159,410	(16,395)
Workers' compensation	8,805	10,721
Contract services	283,639	256,466
Chemicals	20,943	19,172
Materials and supplies	30,508	38,606
Gas, oil, and tires	11,363	12,257
Uniforms and safety equipment	3,103	4,324
Vehicle repairs	12,400	12,892
Engineering and consulting		5,845
Postage	3,578	3,579
Communications	1,982	1,847
Insurance	48,874	50,787
Public utilities	156,700	152,722
Maintenance and testing	43,011	48,903
Tipping fees		
Bad debts	3,283	3,121
Other	7,345	12,006
Depreciation	230,567	201,165
Total operating expenses	1,250,902	1,057,311
Operating income (loss)	(24,545)	125,078
Non-operating revenues (expenses)		
Interest and fiscal charges	(38,424)	(34,582)
Grant proceeds	46,500	457,088
Investment earnings	78	94
Total non-operating revenues	8,154	422,600
Income (loss) before transfers	(16,391)	547,678
Interfund transfers		
Transfer in - SPLOST	130,664	96,450
Transfer in (out) - General Fund	2,243	(181,274)
Total transfers	132,907	(84,824)
Change in net position	116,516	462,854
Net position beginning of year	3,555,819	3,092,965
Net position end of year	$ 3,672,335	$ 3,555,819

City of Sylvania, Georgia
Electricity Utility Fund
Comparative Schedule of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	$ 107,867	$ 106,653
Investments	3,916,906	3,300,144
Accounts receivable	3,255,197	3,241,423
Prepaid insurance	8,464	9,234
Total current assets	7,288,434	6,657,454
Noncurrent assets		
Restricted assets:		
Investments - MEAG Generation Trust	762	748
Capital assets:		
Depreciable capital assets, net	1,934,951	2,025,279
Total noncurrent assets	1,935,713	2,026,027
Total assets	9,224,147	8,683,481
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	46,004	21,813
Changes in assumptions	11,748	
Contributions after measurement date	44,667	37,086
Total deferred outflows of resources	102,419	58,899
Liabilities		
Current liabilities		
Accounts payable	5,314,399	4,827,594
Sales tax payable	45,654	22,596
Accrued liabilities	8,882	3,462
Compensated absences payable	24,691	22,945
Customer deposits payable	281,650	277,339
Capital lease	29,196	27,961
Total current liabilities	5,704,472	5,181,897
Long-term liabilities		
Compensated absences payable (net of current portion)	72,311	69,488
Post-employment benefit payable	107,305	119,086
Net pension liability	391,362	279,635
Capital lease (net of current portion)	30,129	59,153
	601,107	527,362
Total liabilities	6,305,579	5,709,259
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	8,749	12,319
Difference between projected and actual earnings on investments	35,517	969
Changes in assumptions	2,270	4,539
Total deferred inflows of resources	46,536	17,827
Net Position		
Net investment in capital assets	1,875,626	1,938,165
Restricted - MEAG power generation and credit support	762	748
Unrestricted	1,098,063	1,076,381
Total Net Position	$ 2,974,451	$ 3,015,294

City of Sylvania, Georgia
Electricity Utility Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating revenues		
Charges for services	$ 31,126,859	$ 28,242,668
Miscellaneous	4,476	34,547
Total operating revenues	31,131,335	28,277,215
Operating expenses		
Cost of sales	28,472,219	25,135,343
Salaries	424,476	409,934
Social security	30,838	29,983
Group insurance	53,068	50,694
Retirement and other post-employment benefits	134,269	140,092
Workers' compensation	15,345	16,715
Contract labor and services	10,560	4,405
Materials and supplies	62,502	73,671
Gas, oil, and tires	16,536	13,632
Uniforms and safety equipment	1,556	405
Vehicle repairs	17,796	25,899
Engineering and consulting	46,485	16,960
Postage	2,528	2,989
Communications	1,664	1,154
Insurance	16,522	15,709
Public utilities	11,769	11,174
Maintenance and testing	16,787	41,974
Bad debts	19,662	22,899
Other	7,930	5,527
Depreciation	106,078	94,019
Total operating expenses	29,468,590	26,113,178
Operating income	1,662,745	2,164,037
Non-operating revenues (expenses)		
Interest and fiscal charges	(235,475)	(272,129)
Investment earnings	43,175	21,672
FEMA grant proceeds		56,264
Gain on sale of fixed assets	12,082	
MEAG Generation Trust investment earnings	14	6
Total non-operating revenues (expenses)	(180,204)	(194,187)
Income before transfers	1,482,541	1,969,850
Interfund transfers	(1,523,384)	(811,062)
Change in net position	(40,843)	1,158,788
Net position beginning of year	3,015,294	1,856,506
Net position end of year	$ 2,974,451	$ 3,015,294

City of Sylvania, Georgia
Gas Utility Fund
Comparative Schedule of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets		
Accounts receivable	$ 681,094	$ 330,954
Prepaid insurance	1,808	1,904
Total current assets	682,902	332,858
Noncurrent assets		
Capital assets		
Depreciable capital assets, net	260,582	272,675
Total assets	943,484	605,533
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	12,523	5,938
Changes in assumptions	3,198	
Contributions after measurement date	12,159	10,095
Total deferred outflows of resources	27,880	16,033
Liabilities		
Current liabilities		
Accounts payable	444,640	244,841
Accrued payroll	1,925	988
Compensated absences payable	7,544	10,591
Total current liabilities	454,109	256,420
Long-term liabilities		
Compensated absences payable (net of current portion)	8,273	12,928
Post-employment benefit payable	9,507	9,738
Net pension liability	106,534	76,120
	124,314	98,786
Total liabilities	578,423	355,206
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	2,382	3,353
Difference between projected and actual earnings on investments	9,668	264
Changes in assumptions	618	1,236
Total deferred inflows of resources	12,668	4,853
Net Position		
Net investment in capital assets	260,582	272,675
Unrestricted	119,691	(11,168)
Total net position	$ 380,273	$ 261,507

Gas Utility Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating revenues		
Charges for services	$ 3,836,032	$ 3,515,376
Operating expenses		
Cost of sales	3,257,244	3,082,355
Salaries	84,942	118,660
Social security	6,966	8,535
Group insurance	9,675	14,489
Retirement and other post-employment benefits	39,857	(18,672)
Workers' compensation	3,940	3,858
Materials and supplies	5,420	8,205
Gas, oil, and tires	2,807	2,671
Uniforms and safety equipment	274	95
Vehicle repairs	2,082	1,053
Postage	2,961	3,039
Communications	2,641	3,269
Insurance	3,038	2,585
Public utilities	1,507	1,083
Repairs, maintenance and testing	18,885	22,354
Bad debts	4,164	2,701
Other	7,909	7,330
Depreciation	12,093	12,083
Total operating expenses	3,466,405	3,275,693
Operating income	369,627	239,683
Non-operating revenues (expenses)		
Gain on sale of fixed assets	1,389	0
Interfund transfers	(252,250)	(266,866)
Change in net position	118,766	(27,183)
Net position beginning of year	261,507	288,690
Net position end of year	$ 380,273	$ 261,507

City of Sylvania, Georgia
Solid Waste Collection Fund
Comparative Schedule of Net Position
December 31, 2017 and 2016

	2018	2017
Assets		
Current assets		
Accounts receivable	$ 61,450	$ 40,952
Prepaid insurance	4,410	4,554
Total current assets	65,860	45,506
Noncurrent assets		
Capital assets		
Nondepreciable capital assets	6,507	6,507
Depreciable capital assets, net	135,204	126,203
Total noncurrent assets	141,711	132,710
Total assets	207,571	178,216
Deferred outflows of resources		
Pension:		
Difference between expected and actual experience	28,519	13,522
Changes in assumptions	7,282	
Contributions after measurement date	27,690	22,991
Total deferred outflows of resources	63,491	36,513
Liabilities		
Current liabilities		
Accounts payable	49,539	21,075
Accrued payroll	3,206	2,210
Compensated absences payable	7,370	8,764
Post-employment benefit payable	6,334	
Capital lease	9,881	9,474
Total current liabilities	76,330	41,523
Long-term liabilities		
Compensated absences payable (net of current portion)	14,498	15,426
Post-employment benefit payable (net of current portion)	101,467	113,501
Net pension liability	242,616	173,353
Capital lease (net of current portion)	7,615	17,446
	366,196	319,726
Total liabilities	442,526	361,249
Deferred inflows of resources		
Pension:		
Difference between expected and actual experience	5,423	7,636
Difference between projected and actual earnings on investments	22,017	601
Changes in assumptions	1,407	2,814
Total deferred inflows of resources	28,847	11,051
Net position		
Net investment in capital assets	124,215	105,790
Unrestricted	(324,526)	(263,361)
Total net position	$ (200,311)	$ (157,571)

City of Sylvania, Georgia
Solid Waste Collection Fund
Comparative Schedule of Revenues,
Expenses and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating revenues		
Charges for services	$ 499,927	$ 496,837
Operating expenses		
Salaries	243,316	246,580
Social security	18,051	18,158
Group insurance	44,678	44,461
Retirement and other post-employment benefits	86,575	48,464
Workers' compensation	7,165	7,705
Gas, oil, and tires	24,300	22,038
Uniforms and safety equipment	4,478	2,929
Vehicle repairs	3,578	2,503
Insurance	8,341	7,148
Repairs, maintenance and testing	12,085	7,596
Tipping fees	9,996	25,838
Bad debts	1,007	2,900
Other	5,098	3,172
Depreciation	29,875	28,487
Total operating expenses	498,543	467,979
Operating income	1,384	28,858
Non-operating revenues (expenses)		
FEMA grant proceeds		4,769
Interest and fiscal charges	(1,002)	(1,211)
Total non-operating revenues (expenses)	(1,002)	3,558
Income before transfers	382	32,416
Interfund transfers		
Transfers out	(43,122)	(87,511)
Change in net position	(42,740)	(55,095)
Net position beginning of year	(157,571)	(102,476)
Net position end of year	$ (200,311)	$ (157,571)

CITY OF SYLVANIA, GEORGIA
SCHEDULE OF HOTEL/MOTEL TAX
FOR THE YEAR ENDED DECEMBER 31, 2018

In accordance with O.C.G.A. 48-13-51, the City of Sylvania levies a 5% tax on hotel/motel lodging and disburses collected funds to the Screven County Chamber of Commerce and the Sylvania Downtown Development authority to use for the promotion of tourism.

This schedule provides information on the amount of Hotel/Motel tax cash receipts and the amount of such receipts which were disbursed or contractually committed to be disbursed to the Screven County Chamber of Commerce and the Sylvania Downtown Development Authority.

Revenues and expenditures for the year ended December 31, 2018, were as follows.

	Amount	Amount as a percentage of revenue
Hotel/Motel tax cash receipts	$ 13,807	
Expenditures to:		
Screven County Chamber of Commerce	$ 8,407	
Sylvania Downtown Development Authority	5,400	
	$ 13,807	100.00%

City of Sylvania, Georgia
Schedule of Projects Constructed with
Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2018

2013 SPLOST	Original Estimated Cost	Revised Estimated Cost	Actual Cost			Estimated Percentage Complete
			Prior Years	Current Year	Total	
Upgrade city facilities	$ 315,500	$ 315,500	$ 41,726	$ 5,671	$ 47,397	15.02%
Street paving, sidewalks, bike paths, curbs and gutters	478,855	478,855	122,904	83,380	206,284	43.08%
Sanitation trucks	327,600	327,600	134,645		134,645	41.10%
Airport infrastructure	136,500	136,500	33,464		33,464	24.52%
Retire GEFA debt	227,500	227,500	191,050	130,664	321,714	141.41%
Passive parks and nature center development	158,250	158,250	37,909		37,909	23.96%
	$ 1,644,205	$ 1,644,205	$ 561,698	$ 219,715	$ 781,413	

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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*

To the Mayor and Council
City of Sylvania, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Sylvania, Georgia, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise City of Sylvania, Georgia's basic financial statements, and have issued our report thereon dated July 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Sylvania, 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 City of Sylvania, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Sylvania, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these 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.

Michael A. Canady, CPA
Sarah D. Richbourg, CPA
Carlton H. Hodges, CPA
Donald T. Caines, CPA
Matthew E. Caines, CPA
Amanda S. Futrell

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of 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.

Canady, Hodges, Caines & Richburg, LLP

July 9, 2019