CITY OF SYLVESTER, GEORGIA
ANNUAL FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
June 30, 2017

CITY OF SYLVESTER, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Sylvester, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sylvester, Georgia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sylvester, Georgia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, schedule of changes in net pension liability and related ratios on page 58, schedule of contributions on pages 59 through 61 and

budgetary comparison schedule on pages 62 through 63 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 Sylvester, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of Special Purpose Local Option Sales Tax Proceeds is presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121, and is not a required part of the financial statements. The accompanying Project Cost Schedules and Source and Application of Funds Schedules are also presented for additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2018, on our consideration of the City of Sylvester, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sylvester, Georgia's internal control over financial reporting and compliance.

Hudson & NeSmith, CPAs

Hudson & NeSmith, CPAs
Sylvester, Georgia
January 8, 2018

As management of the City of Sylvester, Georgia, we offer readers of our financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The City has $39,077,102 in total assets of which $26,015,030 are capital assets.
- The City has $7,750,096 in total liabilities of which $5,927,268 are long-term.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $31,293,374 (net position). Of this amount, $9,115,297 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors while $21,139,186 is the net investment in capital assets.
- The City's total net position increased by $2,953,452.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $2,351,050, an increase of $324,988 in comparison with the prior year. This amount consists of $873,925 reserved for specific projects and public services and an unreserved balance of $1,320,595.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $1,320,595, or 21% of total general fund expenditures.
- The City's long-term debt decreased by $58,950 during the current fiscal year as a result of decreased Net Pension Liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City of Sylvester itself (known as the *primary government*), but also a legally

separate City of Sylvester Downtown Development Authority, for which the City has some degree of financial accountability. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

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

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

Governmental Funds

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

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

The City maintains Five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and for the SPLOST 2005 and 2011 fund as they are considered to be major funds. Data from the other five (6) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, Electric (Light) Revenue Fund, Airport Fund, Sanitation Waste Fund, Telecommunications Fund, and the Gas Revenue Fund, all of which are considered to be major funds of the City.

Notes to the Financial Statements

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

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

Table 1
Major Features of the Basic Financial Statements

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private business
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenditures, and Changes in Net Assets Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $31,293,374 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets, $21,139,186, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services

to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2016 and 2017.

Table 2
Condensed Statement of Net Position

	Governmental Activities		Business – type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	$ 2,721,526	$ 2,369,500	$ 10,340,546	$ 8,902,807	$ 13,062,072	$ 11,272,307
Capital assets	11,699,129	11,063,751	14,315,901	13,360,351	26,015,030	24,424,102
Total assets	14,420,655	13,433,251	24,656,447	22,263,158	39,077,102	35,696,409
Deferred Outflows of Resources						
Pension Plan Activity	442,495	405,439	-	-	442,495	405,439
Total Deferred Outflows	442,495	405,439	-	-	442,495	405,439
Liabilities						
Other liabilities	570,138	385,107	1,252,690	1,122,308	1,822,828	1,507,415
Long-term liabilities	2,463,755	2,526,216	3,463,513	3,460,002	5,927,268	5,986,218
Total liabilities	3,033,893	2,911,323	4,716,203	4,482,310	7,750,096	7,493,633
Deferred Inflow of Resources						
Pension Plan Activity	475,327	267,493	-	-	475,327	267,493
Unearned Revenues	-	-	800	800	800	800
Total Deferred Inflows	475,327	267,493	800	800	476,127	268,293
Net position						
Invested in capital assets, net of related debt	10,452,796	10,171,410	10,686,390	9,806,411	21,139,186	19,977,821
Restricted	873,925	687,469	164,966	164,966	1,038,891	852,435
Unrestricted	27,209	(199,005)	9,088,088	7,708,671	9,115,297	7,509,666
Total net position	$ 11,353,930	$ 10,659,874	$ 19,939,444	$ 17,680,048	$ 31,293,374	$ 28,339,922

Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets exceed liabilities by $31,293,374 for 2017 as compared to $28,339,922 for 2016 for an increase of 10.4 %. Of this amount $2,259,396 came from business-type activities and $694,056 came from governmental activities.

An additional portion of the City's net assets, 3.3 %, represents resources that are subject to external restrictions on how they may be used. This is an increase of $186,456 or 21.9 % from 2016.

For governmental activities, the City reported a balance of $27,209 in unrestricted net assets. This is an increase of $226,214 from 2016. The business-type activities unrestricted net assets were $9,088,088, an increase of $1,379,417 from 2016.

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

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the years ended June 30, 2017 and 2016. Over time, increases or decreases in net assets measure whether the City's financial position is improving or deteriorating.

Table 3
Condensed Statement of Activities

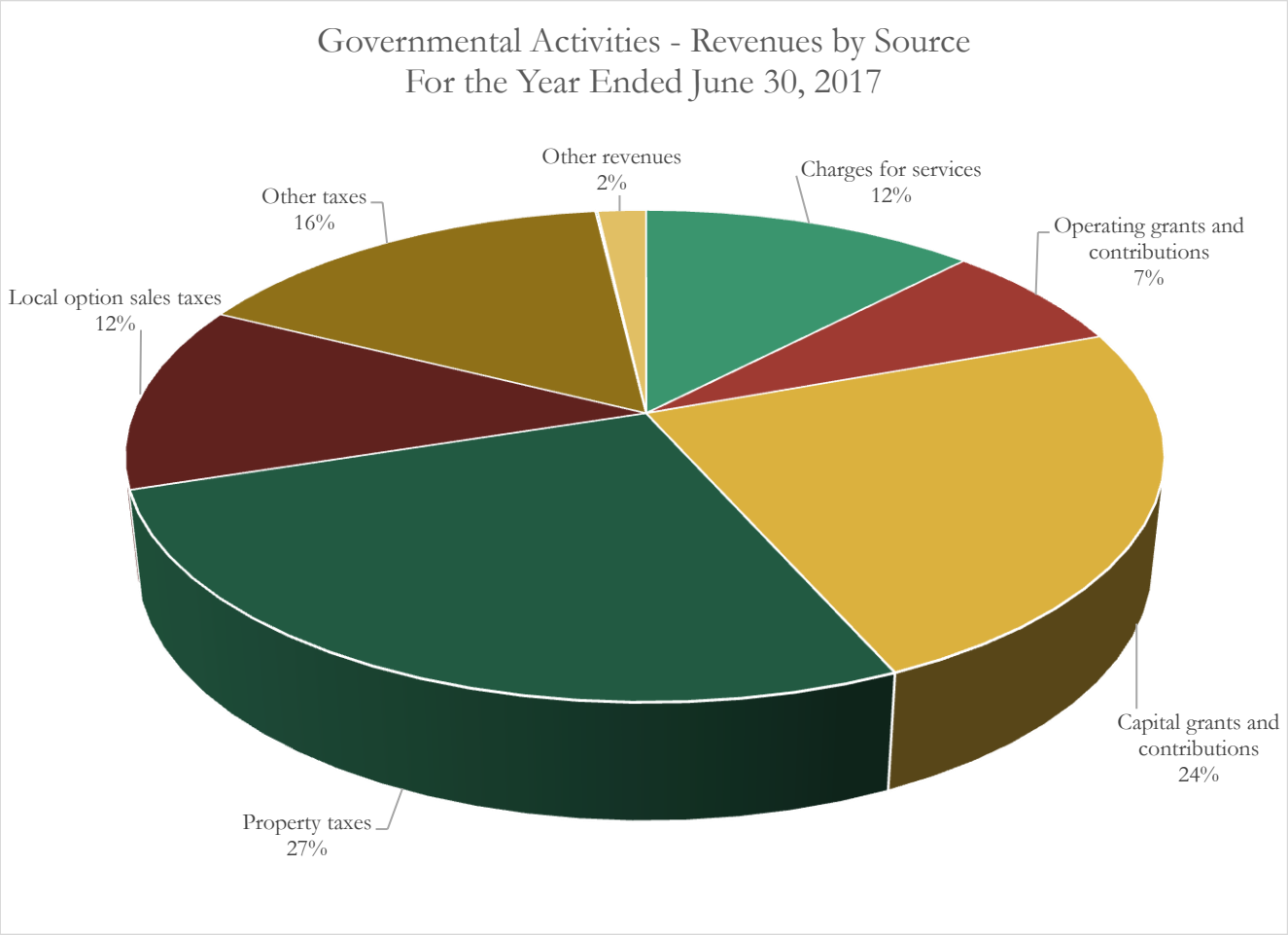
	Governmental Activities		Business – type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 427,232	$ 508,629	$ 15,345,575	$ 15,239,391	$ 15,772,807	$ 15,748,020
Operating grants and contributions	252,134	20,457	- -	- -	252,134	20,457
Capital grants and contributions	832,795	814,682	1,013,375	1,868,480	1,846,170	2,683,162
General revenues:						
Property taxes	933,595	777,058	- -	- -	933,595	777,058
Local option sales taxes	429,494	426,861	- -	- -	429,494	426,861
Other taxes	550,364	524,647	- -	- -	550,364	524,647
Investment income	2,771	6,932	4,649	6,038	7,420	12,970
Gain (loss) on disposal of capital assets	- -	- -	117,900	133,519	117,900	133,519
Other revenues	61,941	54,774	- -	- -	61,941	54,774
Total revenues	3,490,326	3,134,040	16,481,499	17,247,428	19,971,825	20,381,468
Expenses						
General government	1,870,163	1,655,651	- -	- -	1,870,163	1,655,651
Public safety	2,566,203	2,674,793	- -	- -	2,566,203	2,674,793
Public works	1,145,314	926,809	- -	- -	1,145,314	926,809
Parks and recreation	249,378	307,554	- -	- -	249,378	307,554
Community development	324,824	95,668	- -	- -	324,824	95,668
Interest - long-term debt	40,329	44,461	- -	- -	40,329	44,461
Water and sewer	- -	- -	1,402,180	1,532,551	1,402,180	1,532,551
Electric	- -	- -	7,814,953	7,948,169	7,814,953	7,948,169
Gas	- -	- -	753,576	705,120	753,576	705,120
Sanitation	- -	- -	622,476	532,488	622,476	532,488
Airport	- -	- -	148,224	30,218	148,224	30,218
Telecommunications	- -	- -	80,753	92,072	80,753	92,072
Total expenses	6,196,211	5,704,936	10,822,162	10,840,618	17,018,373	16,545,554
Increase (decrease) in net position before transfers	(2,705,885)	(2,570,896)	5,659,337	6,406,810	2,953,452	3,835,914
Transfers	3,399,941	4,560,034	(3,399,941)	(4,560,034)	- -	- -
Change in net position	$ 694,056	$ 1,989,138	$ 2,259,396	$ 1,846,776	$ 2,953,452	$ 3,835,914

Governmental activities during the fiscal year ended June 30, 2017 increased the City's net position by $694,056. Business-type activities during the same period increased net position by $2,259,396. The net change in net assets was an increase of $2,953,452. The Table above shows the revenue and expenses by activity for the total primary government. This Table shows total 2017 revenues from governmental activities at $3,490,326 while expenses were $6,196,211. Business-type activities total revenues for 2017 were $16,481,499 while expenses were $10,822,162. Transfers from business-type activities are the largest governmental activity revenue source at $3,399,941 or 49.3%. The next largest revenue source for governmental activities comes from property taxes of $933,595 which is 13.6% of the total governmental activity funding. Revenues from other taxes are the third largest governmental activity revenue source at $550,364 or 8%. Business-type activities program revenues exceeded expenses by $5,659,337 before internal transfers to support the governmental activities.

Program Revenues and Expenses for Governmental Activities

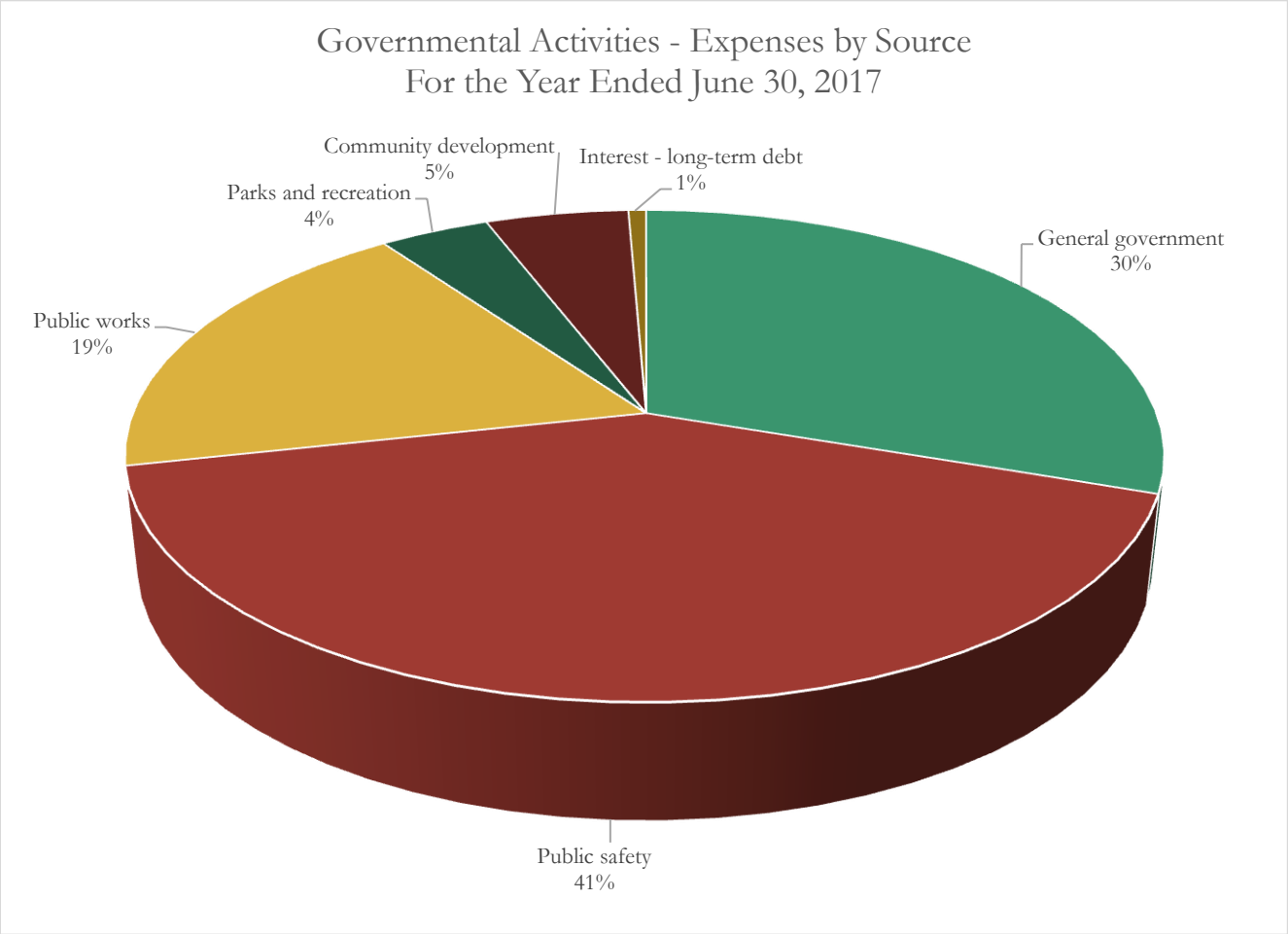
Governmental Activities - Revenues by Source

The following chart shows the governmental activities revenues by major source and includes revenues from transfers. It is easy to see from the chart that governmental activities are funded to a great degree through local option sales taxes (12%) of the primary government. For the year ended June 30, 2017 these revenues were $429,494.



Governmental Activities – Expenses by Source

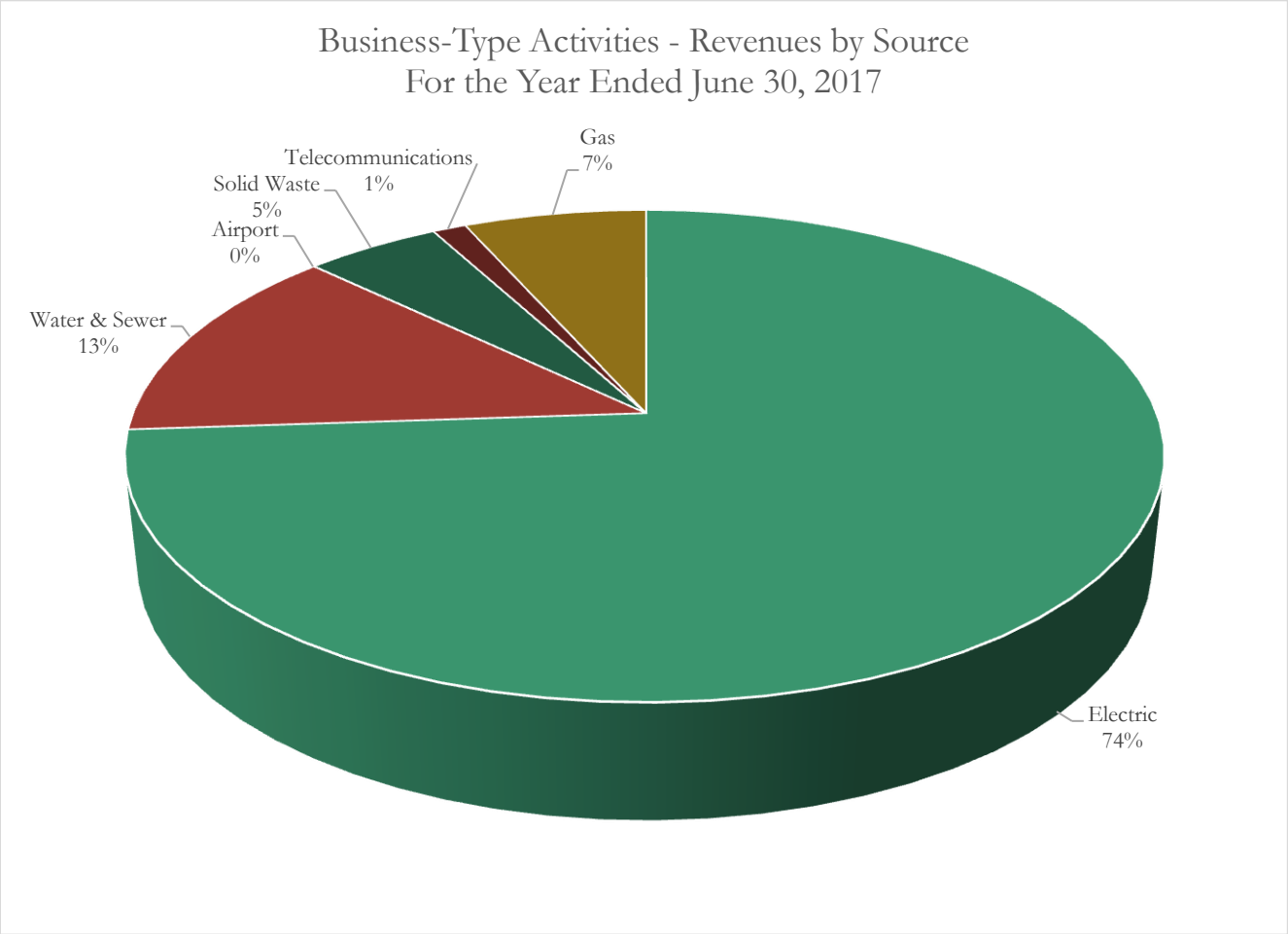
The following chart shows the governmental activities expenses by source. The City of Sylvester spent the greatest amount of its available funding on Public safety, 41%. The next largest funding was required for General Government at 30%.



Program Revenues and Expenses for Business-Type Activities

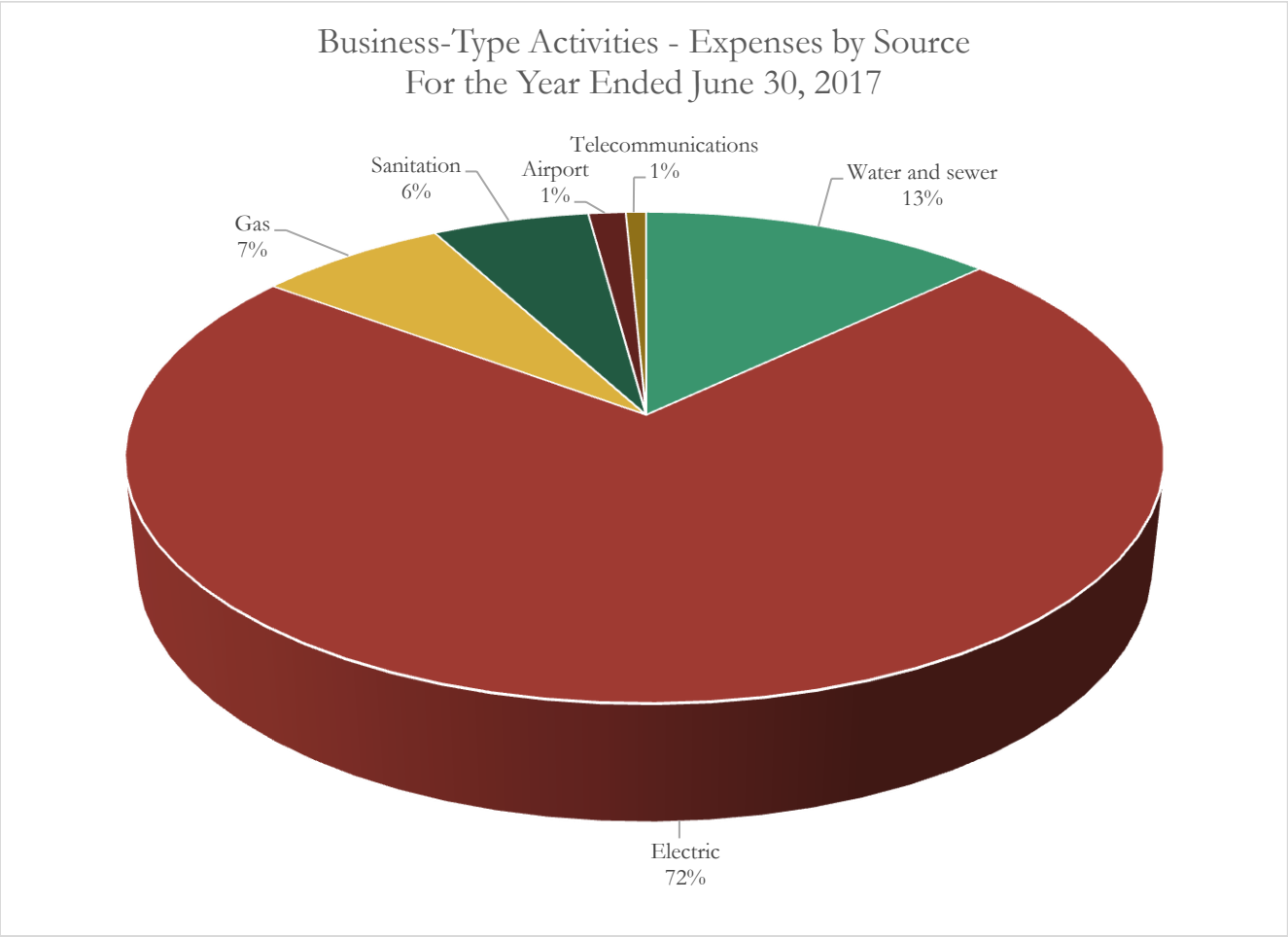
Business-Type Activities – Revenues by Source

The business-type activities largest revenue source is from the Electric Revenue Fund. More revenues, 74% or $11,344,511 are generated by the Electric Revenue Fund than all other business-type activities combined.



Business-Type Activities – Expenses by Source

The Electric Revenue fund has the largest amount of expenses as expected at 72 % or $7,814,953 but generated profits of $3,529,558 before its transfers to governmental activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City of Sylvester has two major governmental funds which are the General Fund and the SPLOST Fund. At June 30, 2017, the General Fund had a fund balance of $1,491,957 and the SPLOST Fund had a balance of $465,908. This is an increase of $138,458 for the General Fund and $64,312 for the SPLOST Fund from the beginning fund balance.

The fund balances for the other governmental funds increased by $122,218. The final fund balance for these funds was $393,185 at the end of the year.

Enterprise Funds

The Enterprise Funds, which include the City's Electric (Light) Revenue Fund, Water and Sewer Fund, Solid Waste Fund, Gas Fund, Telecommunications Fund, and Airport, showed a combined cash balance of $2,240,266 for the year ended June 30, 2017. This was an increase of $579,878 from the previous year.

The Electric Fund had an ending cash balance of $1,327,284. This is an increase of $365,586 from the previous year.

The Water and Sewer Fund had an ending cash balance of $595,961 at June 30, 2017. This was an increase of $117,255 from the previous year.

The Solid Waste Fund had an ending cash balance of $154,666. This is an increase of $72,444 from the previous year.

The Natural Gas Fund showed an ending cash balance of $110,371. This is an increase of $60,321 from the balance the previous year.

The Telecommunications Fund had an ending cash balance of $47,588. This is an increase of $10,323 from the previous year.

The Airport Fund had an ending cash balance of $4,396. This is a decrease of $46,051 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Generally, budget amendments fall into one of the following categories: 1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the original budget for 2017 related to the transfer of budgeted amounts between departments and additional appropriations were due to elimination of interfund payables.

The actual revenues of the General Fund were more than final budgeted amounts by $142,038 for the year ended June 30, 2017. The major factors contributing to this difference was a surplus in Taxes and Charges for Services and a deficit in Fines & Forfeitures.

The actual expenditures of the General Fund were less than final budgeted amounts by $74,886 for the year ended June 30, 2017. The difference was due to a decrease in actual expenditures in several departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30 2017, governmental activities and business-type activities had capital assets of $26,015,030 (net of accumulated depreciation) invested in land, buildings, system improvements, machinery and equipment and recreation and park facilities.

The net capital assets from governmental activities increased $635,378 from the 2016 amount due to current year acquisitions net of depreciation costs. The net capital assets from business-type activities increased by $955,550 from the prior year due to current year acquisitions net of depreciation costs.

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

Long-term Debt

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

At June 30, 2017, the City had $2,463,755 of outstanding long-term liabilities related to governmental activities and $3,463,513 of long-term liabilities related to business-type activities for a total of $5,927,268 compared to the previous year's total of $5,986,218. This is a decrease of $58,950 as a result of scheduled principle payments and new acquisitions.

Additional information on the City's long-term debt can be found in Note 8 of the Notes to Financial Statements.

FACTORS AFFECTING THE 2017 BUDGET

The Mayor and Council of the City of Sylvester considered many factors when approving the City's 2017 budget and are very aware of present economic conditions and their effect on its citizens. The Mayor and Council chose to continue to use additional transfers from certain business-type activities to other business-type activities and to fund governmental activities and to use reserves and reductions in fund balances to fund operations and capital expenses in 2017 instead of increasing taxes or rates to provide the necessary funds required for the City's governmental and business-type activities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City Finance Department
City of Sylvester
101 N Main Street
Sylvester, Georgia 31791

CITY OF SYLVESTER, GEORGIA
FOR THE FISCAL YEAR ENDED JUNE, 2017

BASIC FINANCIAL STATEMENTS

CITY OF SYLVESTER, GEORGIA
Statement of Net Position
June 30, 2017

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Current Assets				
Cash	$ 1,042,383	$ 2,606,100	$ 3,648,483	$ 11,535
Investments	1,266,515	5,365,939	6,632,454	-
Receivables - Net	228,935	1,986,745	2,215,680	-
Interfund	(83,255)	83,255	-	-
Intergovernmental Receivable	110,418	-	110,418	-
Inventory	52,088	298,507	350,595	
Prepaid Items	104,442	-	104,442	-
Total Current Assets	2,721,526	10,340,546	13,062,072	11,535
Noncurrent Assets				
Capital Assets				
Nondepreciable	947,748	1,735,639	2,683,387	-
Depreciable-Net	10,751,381	12,580,262	23,331,643	-
Total Noncurrent Assets	11,699,129	14,315,901	26,015,030	-
Total Assets	14,420,655	24,656,447	39,077,102	11,535
Deferred Outflows of Resources				
Pension Plan Activity	442,495	-	442,495	-
Total Assets and Deferred Outflows	14,863,150	24,656,447	39,519,597	11,535
Liabilities				
Current Liabilities				
Accounts Payable	$ 207,722	$ 732,210	$ 939,932	$ -
Accrued Expenses	99,342	44,795	144,137	-
Deposits	13,097	285,010	298,107	-
Capital Leases Payable	249,977	-	249,977	-
Notes Payable	-	190,675	190,675	-
Total Current Liabilities	570,138	1,252,690	1,822,828	-
Long-Term Liabilities				
Capital Leases Payable, Less Current Portion	996,356	-	996,356	-
Notes Payable, Less Current Portion	-	3,438,836	3,438,836	-
Net Pension Liability	1,369,191	-	1,369,191	-
Compensated Absenses	98,208	24,677	122,885	-
Total Long-Term Liabilities	2,463,755	3,463,513	5,927,268	-
Total Liabilities	3,033,893	4,716,203	7,750,096	-
Deferred Inflows of Resources				
Pension Plan Activity	475,327	-	475,327	-
Unearned Revenues	-	800	800	-
Total Liabilities and Deferred Inflows	3,509,220	4,717,003	8,226,223	-
Net Position				
Net Investment in Capital Assets	10,452,796	10,686,390	21,139,186	-
Restricted for				
Capital Projects	577,376	-	577,376	-
Debt Service	-	164,966	164,966	-
Public Welfare	10,651	-	10,651	-
Economic Development	270,328	-	270,328	-
Public Safety	4,181	-	4,181	-
Other	11,389	-	11,389	-
Downtown Development	-	-	-	11,535
Unresticted	27,209	9,088,088	9,115,297	-
Total Net Position	$ 11,353,930	$ 19,939,444	$ 31,293,374	$ 11,535

See accompanying notes to the financial statements.

CITY OF SYLVESTER, GEORGIA
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General Government	$ 1,870,163	$ 208,636	$ -	$ -
Public Safety	2,566,203	218,596	13,215	-
Public Works	1,145,314	-	-	832,795
Culture and Recreation	249,378	-	-	-
Community & Economic Development	324,824	-	238,919	-
Interest on Long-Term Debt	40,329	-	-	-
Total Governmental Activities	6,196,211	427,232	252,134	832,795
Business-Type Activities				
Electric	7,814,953	11,344,511	-	-
Water and Sewer	1,402,180	2,020,112	-	30,008
Natural Gas	753,576	1,027,357	-	-
Solid Waste	622,476	761,250	-	-
Telecommunications	80,753	188,745	-	-
Airport	148,224	3,600	-	983,367
Total Business-Type Activities	$ 10,822,162	$ 15,345,575	$ -	$ 1,013,375
Total Primary Government	$ 17,018,373	$ 15,772,807	$ 252,134	$ 1,846,170
Component Unit				
Downtown Development Authority	$ 2,699	$ 7,251	$ -	$ -
General Revenues:				
Property Taxes and Franchise Taxes				
Intangible and Transfer Taxes				
Insurance Premium Taxes				
Sales Taxes				
Alcoholic Beverage Tax				
Business Taxes				
Investment Earnings				
Gain on Investments				
Miscellaneous Revenue				
Transfers - Internal Activities				
Total General Revenues and Transfers				
CHANGE IN NET POSITION				
NET POSITION - JULY 1, 2016				
NET POSITION - JUNE 30, 2017				

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Statement of Activities (Continued)
Year Ended June 30, 2017

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
	$ (1,661,527)	$ -	$ (1,661,527)	$ -
	(2,334,392)	-	(2,334,392)	-
	(312,519)	-	(312,519)	-
	(249,378)	-	(249,378)	-
	(85,905)		(85,905)	-
	(40,329)	-	(40,329)	-
	(4,684,050)	-	(4,684,050)	-
	-	3,529,558	3,529,558	-
	-	647,940	647,940	-
	-	273,781	273,781	-
	-	138,774	138,774	-
	-	107,992	107,992	-
	-	838,743	838,743	-
	-	5,536,788	5,536,788	-
	(4,684,050)	5,536,788	852,738	
	-	-	-	4,552
	933,595	-	933,595	-
	9,844	-	9,844	-
	386,219	-	386,219	-
	429,494	-	429,494	-
	100,561	-	100,561	-
	53,740	-	53,740	-
	2,771	4,649	7,420	4
	-	117,900	117,900	-
	61,941	-	61,941	-
	3,399,941	(3,399,941)	-	-
	5,378,106	(3,277,392)	2,100,714	4
	694,056	2,259,396	2,953,452	4,556
	10,659,874	17,680,048	28,339,922	6,979
	$ 11,353,930	$ 19,939,444	$ 31,293,374	$ 11,535

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	SPLOST Capital Projects Fund	Other Governmental Funds	Total
Assets				
Cash	$ 263,428	$ 492,268	$ 271,855	$ 1,027,551
Restricted Cash	14,832	-	-	14,832
Investments-Certificates of Deposit	1,266,515	-	-	1,266,515
Receivables-Net of Allowance for Uncollectible Accounts	144,064	-	84,871	228,935
Due from Other Funds	250,988	-	-	250,988
Due from Other Governments	73,659	-	36,759	110,418
Inventory	52,088	-	-	52,088
Prepaid Items	104,442	-	-	104,442
TOTAL ASSETS	$ 2,170,016	$ 492,268	$ 393,485	$ 3,055,769
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 207,722	$ -	$ -	$ 207,722
Accrued Liabilities	99,342	-	-	99,342
Due to Other Funds	307,583	26,360	300	334,243
Deposits	13,097	-	-	13,097
Total Liabilities	627,744	26,360	300	654,404
Deferred Inflows of Resources				
Unearned Revenue - Property Taxes	50,315	-	-	50,315
Unearned Revenue-Other	-	-	-	-
Total Deferred Inflows of Resources	50,315	-	-	50,315
Fund Balances				
Nonspendable	156,530	-	-	156,530
Restricted	14,832	465,908	393,185	873,925
Unassigned	1,320,595	-	-	1,320,595
Total Fund Balances	1,491,957	465,908	393,185	2,351,050
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,170,016	$ 492,268	$ 393,485	$ 3,055,769

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Governmental Funds
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 2,351,050
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Those assets consist of:		
Land, Building and Improvements	$ 9,127,802	
Machinery and Equipment	2,160,831	
Vehicles	2,373,464	
Infrastructure	3,856,034	
Accumulated Depreciation	(5,819,002)	
		11,699,129
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.		
Capital Leases	(1,246,333)	
Compensated Absences	(98,208)	(1,344,541)
Certain revenues are not available to pay for current period expenditures and therefore are reported deferred inflows of resources in the governmental funds.		50,315
Deferred outflows of resources related to pension plan activity are not due and payable in the current period and therefore, are not reported in the governmental funds.		442,495
Deferred inflows of resources related to pension plan activity are not available to pay for current resources and therefore, are not reported in the governmental funds.		(475,327)
Net pension liability is not due and payable in the current period and therefore, is not reported in the governmental funds.		(1,369,191)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 11,353,930

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2017

	General Fund	SPLOST Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
Taxes-Net	$ 1,985,452	$ -	$ 20,291	$ 2,005,743
Charges for Services	137,154	-	-	137,154
Fines & Forfeitures	218,596	-	-	218,596
Licenses and Permits	71,482	-	-	71,482
Intergovernmental	-	350,484	719,679	1,070,163
Interest Income	72	1,551	2,699	4,322
Miscellaneous	61,941	-	13,215	75,156
Total Revenues	2,474,697	352,035	755,884	3,582,616
EXPENDITURES				
Current				
General Government	1,926,708	-	-	1,926,708
Public Safety	2,846,748	-	-	2,846,748
Public Works	1,060,627	-	-	1,060,627
Culture and Recreation	326,318	-	-	326,318
Community & Economic Development	73,436	-	251,059	324,495
Capital Outlay	-	103,729	382,607	486,336
Debt Service				
Principal	75,756	148,923	-	224,679
Interest	5,258	35,071	-	40,329
TOTAL EXPENDITURES	6,314,851	287,723	633,666	7,236,240
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,840,154)	64,312	122,218	(3,653,624)
OTHER FINANCING SOURCES (USES)				
Capital Lease Transaction	578,671	-	-	578,671
Transfers In	3,399,941	-	-	3,399,941
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,978,612	-	-	3,978,612
NET CHANGE IN FUND BALANCES	138,458	64,312	122,218	324,988
FUND BALANCE - JULY 1, 2016	$ 1,353,499	$ 401,596	$ 270,967	$ 2,026,062
FUND BALANCE - JUNE 30, 2017	$ 1,491,957	$ 465,908	$ 393,185	$ 2,351,050

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Governmental Funds
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS		$ 324,988
Amounts reported for governmental activites in the Statement of Activities are different because		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets aquired in the current period.		1,179,040
Depreciation expense on capital assets is reported in the Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(543,662)
Pension expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds		166,912
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Deferred at June 30, 2017	$ 50,315	
Deferred at June 30, 2016	(142,606)	(92,291)
Long-term compensated absences are reported in the Statement of Activities but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds.		
Compensated Absences		
Liability at June 30, 2017	(98,208)	
Liability at June 30, 2016	111,269	13,061
The issuance of long-term debt provides current financial resources to Governmental Funds, but increases liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the Governmental Funds, but reduces long-term liabilities in the Statement of Net Position.		
Long-term debt proceeds	(578,671)	
Long-term debt payments	224,679	(353,992)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 694,056

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Proprietary Funds
Statement of Net Position
June 30, 2017

	Electric Fund	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Telecommunications Fund	Natural Gas Fund	Total
ASSETS							
Current Assets							
Cash	$ 1,327,284	$ 595,961	$ 4,396	$ 154,666	$ 47,588	$ 110,371	$ 2,240,266
Investment - Certificate of Deposit	193,038	183,563	-	-	-	-	376,601
Investments	4,989,338	-	-	-	-	-	4,989,338
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	1,449,246	261,063	-	107,079	108,000	61,357	1,986,745
Restricted Cash	85,224	91,216	-	-	-	24,428	200,868
Restricted Certificate of Deposit	-	164,966	-	-	-	-	164,966
Due from Other Funds	313,300	91,587	-	-	-	14,221	419,108
Inventory	217,410	50,050	-	-	-	31,047	298,507
Due from Other Governments	-	-	-	-	-	-	-
Total Current Assets	8,574,840	1,438,406	4,396	261,745	155,588	241,424	10,676,399
Noncurrent Assets							
Capital Assets							
Nondepreciable Capital Assets	386,270	1,085,079	247,300	-	14,490	2,500	1,735,639
Depreciable Capital Assets	4,148,201	15,971,537	4,609,875	-	331,231	1,163,705	26,224,549
Accumulated Depreciation	(2,962,470)	(8,950,992)	(447,414)	-	(264,432)	(1,018,979)	(13,644,287)
Total Noncurrent Assets	1,572,001	8,105,624	4,409,761	-	81,289	147,226	14,315,901
TOTAL ASSETS	10,146,841	9,544,030	4,414,157	261,745	236,877	388,650	24,992,300

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Proprietary Funds
Statement of Net Position
June 30, 2017

	Electric Fund	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Telecommunications Fund	Natural Gas Fund	Total
LIABILITIES							
Current Liabilities							
Accounts Payable	$ 628,928	$ 42,108	$ -	$ 34,715	$ -	$ 26,459	$ 732,210
Notes Payable	-	190,675	-	-	-	-	190,675
Accrued Expenses	29,380	10,785	-	-	-	4,630	44,795
Due to Other Funds	65,969	54,407	30,675	72,693	67,516	44,593	335,853
Customer Deposits	182,170	79,960	-	-	-	22,880	285,010
Total Current Liabilities	906,447	377,935	30,675	107,408	67,516	98,562	1,588,543
Long-Term Liabilities							
Notes Payable	-	3,438,836	-	-	-	-	3,438,836
Accrued Vacation	16,369	6,842	-	-	-	1,466	24,677
Total Long-Term Liabilities	16,369	3,445,678	-	-	-	1,466	3,463,513
TOTAL LIABILITIES	922,816	3,823,613	30,675	107,408	67,516	100,028	5,052,056
DEFERRED INFLOWS OF RESOURCES							
Unearned Revenues	-	-	800	-	-	-	800
NET POSITION							
Net Investment in Capital Assets	1,572,001	4,476,113	4,409,761	-	81,289	147,226	10,686,390
Restricted for Debt Service	-	164,966	-	-	-	-	164,966
Unrestricted	7,652,024	1,079,338	(27,079)	154,337	88,072	141,396	9,088,088
TOTAL NET POSITION	$ 9,224,025	$ 5,720,417	$ 4,382,682	$ 154,337	$ 169,361	$ 288,622	$ 19,939,444

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

	Electric Fund	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Telecommunications Fund	Natural Gas Fund	Total
OPERATING REVENUES							
Operations	$ 11,344,511	$ 2,020,112	$ 3,600	$ 761,250	$ 188,745	$ 1,027,357	$ 15,345,575
OPERATING EXPENSES							
Operating Expenses	7,711,152	948,281	21,558	622,476	59,471	729,700	10,092,638
Depreciation	103,801	360,356	126,666	-	21,282	23,876	635,981
TOTAL OPERATING EXPENSES	7,814,953	1,308,637	148,224	622,476	80,753	753,576	10,728,619
OPERATING INCOME	3,529,558	711,475	(144,624)	138,774	107,992	273,781	4,616,956
NON-OPERATING REVENUES (EXPENSES)							
Interest Income	3,383	1,210	-	-	-	56	4,649
Interest Expense	-	(93,543)	-	-	-	-	(93,543)
Principal Forgiveness on Long-Term Debt	-	30,008	-	-	-	-	30,008
Capital Grant	-	-	983,367	-	-	-	983,367
Market Gain on Investments	117,900	-	-	-	-	-	117,900
TOTAL NON-OPERATING REVENUES (EXPENSES)	121,283	(62,325)	983,367	-	-	56	1,042,381
Income Before Transfers	3,650,841	649,150	838,743	138,774	107,992	273,837	5,659,337
Transfers In	4,095	-	-	-	-	-	4,095
Transfers Out	(2,349,941)	(675,000)	(4,095)	(115,000)	-	(260,000)	(3,404,036)
CHANGE IN NET POSITION	1,304,995	(25,850)	834,648	23,774	107,992	13,837	2,259,396
NET POSITION - JULY 1, 2016	7,919,030	5,746,267	3,548,034	130,563	61,369	274,785	17,680,048
NET POSITION - JUNE 30, 2017	$ 9,224,025	$ 5,720,417	$ 4,382,682	$ 154,337	$ 169,361	$ 288,622	$ 19,939,444

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2017

	Electric Fund	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Telecommunications Fund	Natural Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash Received from Customers	$ 11,277,788	$ 1,988,213	$ 3,600	$ 742,121	$ 80,745	$ 1,044,061	$ 15,136,528
Cash Payments to Suppliers	(7,372,701)	(586,452)	(21,558)	(628,718)	(59,471)	(599,765)	(9,268,665)
Cash Paid to Employees	(484,104)	(360,501)	-	-	-	(129,695)	(974,300)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,420,983	1,041,260	(17,958)	113,403	21,274	314,601	4,893,563
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Payments from Other Funds	-	-	3,486	-	3,539	-	7,025
Payments to Other Funds	(2,269,564)	(661,452)	(4,095)	(40,959)	-	(254,197)	(3,230,267)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(2,269,564)	(661,452)	(609)	(40,959)	3,539	(254,197)	(3,223,242)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchase and Construction of Capital Assets	(248,640)	(274,150)	(1,054,251)	-	(14,490)	-	(1,591,531)
Capital Grants Received	-	-	1,026,767	-	-	-	1,026,767
Principal Paid on Capital Debt	-	(144,940)	-	-	-	-	(144,940)
Interest Paid on Capital Debt	-	(93,543)	-	-	-	-	(93,543)
Proceeds from Long Term Debt	-	250,519	-	-	-	-	250,519
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(248,640)	(262,114)	(27,484)	-	(14,490)	-	(552,728)
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of Investments	-	-	-	-	-	-	-
Purchase of Investments	(539,444)	-	-	-	-	-	(539,444)
Interest Received	3,383	1,210	-	-	-	56	4,649
NET CASH PROVIDED BY INVESTING ACTIVITIES	(536,061)	1,210	-	-	-	56	(534,795)
Net Increase (Decrease) in Cash and Cash Equivalents	366,718	118,904	(46,051)	72,444	10,323	60,460	582,798
CASH AND CASH EQUIVALENTS - JULY 1, 2016	1,238,828	916,802	50,447	82,222	37,265	74,339	2,399,903
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	$ 1,605,546	$ 1,035,706	$ 4,396	$ 154,666	$ 47,588	$ 134,799	$ 2,982,701
Displayed As:							
Investment-Certificate of Deposit	$ 193,038	$ 183,563	$ -	$ -	$ -	$ -	$ 376,601
Restricted Assets	$ 85,224	$ 256,182	$ -	$ -	$ -	$ 24,428	$ 365,834

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Proprietary Funds
Statement of Cash Flows
Year End June 30, 2017

	Electric Fund	Water and Sewer Fund	Airport Fund	Solid Waste Fund	Telecommunications Fund	Natural Gas Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities							
Operating Income (Loss)	$ 3,529,558	$ 711,475	$ (144,624)	$ 138,774	$ 107,992	$ 273,781	$ 4,616,956
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	103,801	360,356	126,666	-	21,282	23,876	635,981
(Increase) Decrease in Assets:							
Accounts Receivable	(167,644)	(33,369)	-	(19,129)	(108,000)	16,619	(311,523)
Inventory	(106,072)	-	-	-	-	-	(106,072)
Due from Other Funds	-	-	-	-	-	-	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:							
Accounts Payable	(43,448)	-	-	(6,242)	-	-	(49,690)
Accrued Expenses	3,867	1,328	-	-	-	240	5,435
Unearned Revenues	-	-	-	-	-	-	-
Customer Deposits	100,921	1,470	-	-	-	85	102,476
Accrued Vacation	-	-	-	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITES	$ 3,420,983	$ 1,041,260	$ (17,958)	$ 113,403	$ 21,274	$ 314,601	$ 4,893,563
Noncash Investing, Capital and Financing Activities							
Principal Forgiveness on Capital Debt	$ -	$ 30,008	$ -	$ -	$ -	$ -	$ 30,008
Increase in Fair Value of Investments	$ 117,900	$ -	$ -	$ -	$ -	$ -	$ 117,900

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2017

ASSETS	
Cash	$ 3,900
TOTAL ASSETS	$ 3,900
LIABILITIES	
Due to Other Governments	$ 3,900
TOTAL LIABILITIES	$ 3,900

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Component Unit
Statement of Net Position
June 30, 2017

ASSETS	
Cash	$ 11,535
TOTAL ASSETS	$ 11,535
LIABILITIES	
Liabilities	$ -
NET POSITION	
Restricted:	
Downtown Development	$ 11,535
TOTAL NET POSITION	$ 11,535

See accompanying notes to financial statements.

CITY OF SYLVESTER, GEORGIA
Component Unit
Statement of Activities
Year Ended June 30, 2017

EXPENSES	
Program Costs	$ 2,699
TOTAL EXPENSES	2,699
REVENUES	
Program Revenues	7,251
Net Program Revenue	4,552
GENERAL REVENUES	
Investment Earnings	4
CHANGE IN NET POSITION	4,556
NET POSITION-JULY 1, 2016	6,979
NET POSITION-JUNE 30, 2017	$ 11,535

See accompanying notes to financial statements.

The City of Sylvester, Georgia (the City) is a political subdivision of the State of Georgia. The City is a Council-Manager administered government, with an elected Mayor and four elected councilpersons. The City's major services include general government, public safety, public works, and culture and recreation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental and financial reporting. The City does not follow subsequent private-sector guidance for enterprise funds.

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

A. REPORTING ENTITY

The reporting entity is comprised of the primary government, a component unit 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 also may 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 identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

Discretely Presented Component Unit:

Sylvester Downtown Development Authority (DDA) – Members of the governing board of the DDA are appointed by the City Council. Also, the DDA is fiscally dependent upon the City. Separate financial statements of the component unit may be obtained from:

Sylvester Downtown Development Authority
P.O. Box 370
Sylvester, GA 31791

Related Organizations:

The City of Sylvester And Worth County Recreation Authority (SWRA) – Members of the governing board of the SWRA are appointed jointly by the City Council and the Worth County governing body. It does not meet any other of the reporting entity criteria. The City provides funding of $100,000 per year to the organization.

The City of Sylvester, Georgia Housing Authority (the Authority) –The Authority was established under federal laws to carry on activities within the city of Sylvester. The City appoints board members at the recommendation of the existing board, but the City's accountability for the Authority does not extend beyond making the appointments. Separate audited financial statements of the Authority may be obtained from:

City of Sylvester Housing Authority
411 N. Jefferson Street
Sylvester, Georgia 31791

The City provides gasoline and security services to the Authority, which are billed to the Authority at an amount that approximates the City's cost of providing those items. This basis for billing has been used by the City consistently over the years to determine the amount of revenues and expenditures arising from quasi-external transactions.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 on all non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government and the component unit are presented separately within these financial statements.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

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, proprietary, and fiduciary funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. All other revenue items are considered to be measurable and available only when cash is received. The City considers taxes as available in the period for which they were levied if they are collected within 60 days of the year end. A 90 day availability period is used for revenue recognition for all other governmental fund revenues.

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

Intergovernmental revenues are susceptible to accrual based on the compliance, legal, and contractual requirements of the individual programs. There are essentially two types of these revenues. For one type of revenue, monies must be expended for a specific purpose of project and revenues are recognized to the extent of such expenditures. Revenues of this type are deferred for monies received in advance of expenditures and accrued for expenditures in advance of monies received. For the other type of revenues, monies are virtually unrestricted as to the purpose of the expenditure. These resources are recognized as revenues when received, or earlier if susceptible to the accrual criteria.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The City reports the following major governmental funds:

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

SPLOST Capital Project Fund – The Special Purpose Local Option Sales Tax Fund is used to account for projects supported by the special purpose local option sales tax including construction of roads, sidewalks, water and sewer system improvements, and construction of municipal buildings. This fund is a capital projects type fund.

Proprietary Funds – Proprietary funds are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. The Water and Sewer Fund and Natural Gas Fund also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, including capital grants, investments earnings, and interest expense.

The City reports the following major proprietary funds:
Electric Fund – This fund accounts for charges for electric use by City residents and expenses for the maintenance and upgrading of the electric system.

Water and Sewer Fund – This fund accounts for charges for water and sewer use by City residents and expenses for the maintenance and upgrading of the water and sewer system.

Airport Fund – This fund accounts for charges for airport use by private aircraft and expenses for the maintenance and upgrading of the City's municipal airport.

Solid Waste Fund – This fund accounts for charges for garbage and refuse disposal for City residents and expenses for contracting of disposal services.

Telecommunications Fund – This fund accounts for charges for telecommunications use by public and private entities and expenses for the maintenance and upgrading of the City's fiber optic telecommunications system.

Gas Fund – This fund accounts for charges for natural gas use by City residents and expenses for the maintenance and upgrading of the natural gas system.

Fiduciary Funds – The City's fiduciary funds are limited to agency funds which have no measurement focus, but use the accrual basis of accounting to recognize receivables and payables. Because, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The City reports the following fiduciary funds:
Utility Energy Crisis Fund – This agency fund accounts for the intergovernmental payments of utility bills for certain qualified customers.

Downtown Sylvester Farmer's Market – This agency fund accounts for the operations of the local farmer's market through collection of fees and payments of expenses.

D. BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the City Charter, the City Council adopts an annual budget for the general fund, the special revenue funds, and the proprietary funds. The annual budget for the general fund, special revenue funds and for the proprietary funds is adopted under a basis consistent with GAAP. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. The Council approved supplemental appropriations during the year. Project budgets are adopted for the Capital Project Fund.

E. ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the Governmental funds.

F. CASH AND INVESTMENTS

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

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

- Obligations of the State of Georgia or of other states
- Obligations issued by the U.S. government
- Obligations fully insured or guaranteed by the U.S. government of a government agency
- Obligations of any corporation of the U.S. government
- Prime bankers' acceptances
- The State of Georgia local government investment pool
- Repurchase agreements
- Obligations of other political subdivisions of the State of Georgia

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

Investments are stated at fair value based on quoted market prices. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities in the current period. All interest revenue related to investment activities is recorded in the respective fund holding the investment.

G. RECEIVABLES

All trade and property tax receivables are reported net of all allowance for uncollectible accounts, where applicable. Unbilled utility charges are accrued as receivables and revenue at June 30, 2017. The delinquent taxes receivable account represents the past seven years of uncollected tax levies.

H. INVENTORIES

In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first out basis and are expensed when used (i.e., the consumption method).

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

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items at both reporting levels using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level for governmental funds a corresponding amount of fund balance is designated as nonspendable for prepaid items.

J. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, or loans. These receivables and payables are classified as internal balances.

K. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities 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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the proprietary 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's infrastructure consists of roads, curbs and gutters, sidewalks, bridges, drainage, traffic signals, water and sewer lines, natural gas lines, telecommunication lines and the electric distribution systems. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the proprietary funds is capitalized.

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003.

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. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Useful Lives	Capitalization Threshold
Plant, Building, and Improvements	5 – 40 Years	$ 3,000
Machinery and Equipment	5 – 15 Years	$ 3,000
Furniture and Fixtures	5 – 20 Years	$ 3,000
Vehicles	3 – 10 Years	$ 3,000
Infrastructure	40 Years	$ 20,000

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

L. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arise only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

N. COMPENSATED ABSENCES

It is the policy of the City to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service.

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

O. FUND EQUITY

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

Fund Balance – Generally, fund balance represents the difference between the 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 constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – Fund balances are reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed* – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the city council through the adoption of a resolution. The city council also may modify or rescind the commitment.
- *Assigned* – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The intent can be expressed by either the highest level of decision making, or by a body or an official to which the city council has delegated the authority. The city manager has authority to express assignments.
- *Unassigned* – Fund balances are reported as unassigned as the residual amounts which cannot be properly classified in one of the other four categories.

  Flow Assumptions – When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

  - Committed
  - Assigned
  - Unassigned

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

- *Net investment in capital assets* – consists of capital assets net accumulated depreciation, and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets.
- *Restricted net position* – This amount is 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 of regulations of other governments.
- *Unrestricted net position* – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

P. PROPERTY TAX REVENUES

Property taxes are levied on October 1 and are due on December 20. The City contracts with the Worth County tax office for the billing and collection of its property taxes. Collections of taxes are made throughout the year. Liens may attach to property for unpaid taxes after the due date of December 20.

Q. LEASE REVENUE

The Airport Fund leases its property to an operator under a lease agreement at $400 per month. This lease is classified as an operating lease.

R. PENSIONS

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from GMEBS's fiduciary net position have been determined on the same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported are fair value.

S. POST-EMPLOYMENT HEALTH CARE BENEFITS

Retiree Benefits:
The City provides post-retirement term life insurance to its employees who retire from the City. See Note 16 for additional details.

COBRA Benefits:
Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the fifth (5^{th}) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program, and no participants were in the program as of June 30, 2017.

T. 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. Comparative total data for the prior year has not been presented in the accompanying financial statements.

NOTE 2 – LEGAL COMPLIANCE - BUDGETS

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

- On or before the last Monday in May of each year, all departments of the City submit requests for appropriation to the city manager so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

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

Results of operations are presented on the budgetary basis at the legal level of control in the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund in order to provide a meaningful comparison of actual results with the budget.

NOTE 3 – DEPOSITS AND INVESTMENTS

Total cash and cash equivalents as of June 30, 2017 consisted of the following:

Primary Government Fund Reporting Level		Cash and Cash Equivalents
Governmental Funds - Balance Sheet	$	2,294,066
Governmental Funds - Balance Sheet - Restricted		14,832
Proprietary Fund Type Statement of Net Position		2,616,866
Proprietary Fund Type Statement of Net Position - Restricted		365,834
Statement of Fiduciary Assets and Liabilities		3,900
Total	$	5,295,498

Investments

For fiscal year 2017, the City invested in certificates of deposits and obligations of the U.S. Government or its agencies and instrumentalities. All investments in obligations of the U.S. Government are held in an internal investment pool – MEAG Flexible Operating Account.

As of June 30, 2017, the City had the following investments:

Investment Types	Maturities		Fair Value
U.S. Government Obligations	Less than 28 days	$	610,083
	Less than 1 year		1,636,342
	1 to 5 years		308,841
	6 to 10 years		360,176
	More than 10 years		191,918
Municipal Bonds	Less than 1 year		640,595
	1 to 5 years		847,144
	6 to 10 years		322,110
MEAG Note	More than 10 years		72,129
Bank Certificates of Deposit	Various		1,808,082
Total Investments		$	6,797,420

Credit Risk

The City limits its credit risk by investing the majority of its investments in U.S. government agencies which are rated AAA.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, the City's investment policy has been established to structure the investment portfolio so that securities mature to meet the City's cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity as well as investing operating funds primarily in short-term securities, money market funds, certificates of deposit or similar investment pools.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered.

As of June 30, 2017, all of the City's bank deposits were covered either by FDIC coverage or collateralized with securities held by the City's agent in the City's name.

The City's U.S. government agency securities have varying maturities as listed above which range from July 7, 2017 through December 22, 2031. The weighted average maturity of the investments is less than 365 days.

Concentration of Credit Risk

GASB Statement 40 requires disclosure when the percent of investment is 5% or more in any one issuer. The City's investments consist of the following as of June 30, 2017:

Municipal Bonds	26.63%
Bank Certificates of Deposit	26.60%
Federal Home Loan Bank	45.71%

Given the restriction to the highest rating, the concentration is not considered to be an additional risk to the City.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2017, for the City's individual major funds and non-major funds in the aggregate, including the related allowance for uncollectible accounts, are as follows:

	General Fund	Non-Major Governmental Funds	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Tele-Communications Fund	Natural Gas Fund	Total
Receivables								
Taxes	$ 92,960	$ -	$ -	$ -	$ -	$ -	$ -	$ 92,960
Accounts	21,719	-	1,551,246	277,570	112,929	108,000	66,857	2,138,321
Notes	-	82,324	-	-	-	-	-	82,324
Other Governments	73,659	36,759	-	-	-	-	-	110,418
Other	29,385	-	-	-	-	-	-	29,385
Gross Receivables	217,723	119,083	1,551,246	277,570	112,929	108,000	66,857	2,453,408
Less: Allowance for uncollectibles	-	-	(102,000)	(16,507)	(5,850)	-	(5,500)	(129,857)
Net Receivables	$ 217,723	$ 119,083	$ 1,449,246	$ 261,063	$ 107,079	$ 108,000	$ 61,357	$ 2,323,551

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the proprietary funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

NOTE 5 – RESTRICTED ASSETS

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

Certain proprietary fund resources are restricted for service of long-term debt and customer deposits. Restricted net position includes the excess of assets over certain liabilities restricted for the debt service on capital assets.

NOTE 6 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2017:

Governmental Activities	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
Capital assets not being depreciated:				
Land	$ 769,904	$ -	$ -	$ 769,904
Construction in progress	536,253	73,975	(432,384)	177,844
Total capital assets not being depreciated	1,306,157	73,975	(432,384)	947,748
Capital assets being depreciated:				
Plant, buildings, improvements	8,159,273	20,781	-	8,180,054
Machinery and equipment	2,083,294	77,537	-	2,160,831
Vehicles	1,853,053	520,411	-	2,373,464
Infrastructure	2,937,314	918,720	-	3,856,034
Total capital assets being depreciated	15,032,934	1,537,449	-	16,570,383
Less accumulated depreciation:				
Plant, building, improvements	(2,334,842)	(150,732)	-	(2,485,574)
Machinery and equipment	(1,599,379)	(217,577)	-	(1,816,956)
Vehicles	(1,069,065)	(101,920)	-	(1,170,985)
Infrastructure	(272,054)	(73,433)	-	(345,487)
Total accumulated depreciation	(5,275,340)	(543,662)	-	(5,819,002)
Net capital assets being depreciated	9,757,594	993,787	-	10,751,381
Total Capital Assets, Net	$ 11,063,751	$ 1,067,762	$ (432,384)	$ 11,699,129

Depreciation expense of the General Fund was charged to governmental functions as follows:

General Government	$ 67,775
Public Safety	301,453
Public Works	156,289
Culture and Recreation	17,816
Community and Economic Development	329
Total	$ 543,662

Business-Type Activities	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
Capital assets not being depreciated:				
Land	$ 271,600	$ -	$ -	$ 271,600
Construction in progress	4,112,684	408,123	(3,056,768)	1,464,039
Total capital assets not being depreciated	4,384,284	408,123	-	1,735,639
Capital assets being depreciated:				
Plant, buildings, improvements	19,909,987	4,111,019	-	24,021,006
Machinery and equipment	1,090,918	23,632	-	1,114,550
Vehicles	983,467	105,525	-	1,088,992
Total capital assets being depreciated	21,984,372	4,240,176	-	26,224,548
Less accumulated depreciation:				
Plant, buildings, improvements	(11,346,366)	(588,180)	-	(11,934,546)
Machinery and equipment	(971,625)	(3,703)	-	(975,328)
Vehicles	(690,315)	(44,098)	-	(734,413)
Total accumulated depreciation	(13,008,306)	(635,981)	-	(13,644,287)
Net capital assets being depreciated	8,976,066	3,604,195	-	12,580,261
Total Capital Assets, Net	$ 13,360,350	$ 4,012,318	$ -	$ 14,315,900

NOTE 7 – OPERATING LEASES

The City leases copiers and a postage machine under operating leases expiring in various years through 2019. Total costs for such leases were approximately $13,037 for the year ended June 30, 2017.

The future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2017 are as follows:

Year ending June 30	Amounts
2018	$ 2,418
2019	300
2020	-
2021	-
2022	-
Total minimum future rental payments	$ 2,718

NOTE 8 – LONG – TERM LIABILITIES

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Capital leases	$ 892,341	$ 578,671	$ (224,679)	$ 1,246,333	$ 249,977
Compensated absences	111,269	11,127	(24,188)	98,208	-
Total Governmental Activities	1,003,610	589,798	(248,867)	1,344,541	249,977

Compensated absences are liquidated by the General Fund.

Business-Type Activities					
Notes Payable	$ 3,553,940	$ 250,519	$ (174,948)	$ 3,629,511	$ 190,675
Compensated absences	24,677	5,647	(5,647)	24,677	-
Total Business-Type Activities	$ 3,578,617	$ 256,166	$ (180,595)	$ 3,654,188	$ 190,675

Compensated absences are liquidated by the Electric Fund, the Water and Sewer Fund, and the Natural Gas Fund.

NOTES PAYABLE

The City had the following notes payable as of June 30, 2017:

Business-Type Activities

Georgia Environmental Facilities Authority dated June 27, 2007 for $1,532,885 to be used for improvements to the Isabella water system. Loan is to be repaid in 240 monthly installments of $9,224 including interest at 3.92% beginning November 1, 2010. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - $1,148,081

Georgia Environmental Facilities Authority dated June 27, 2007 for $570,139 to be used for the Isabella water system extension. Loan is to be repaid in 240 Monthly installments of $2,376 with no interest, beginning March 1, 2010. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - $361,088

Georgia Environmental Facilities Authority dated October 6, 2011 for $549,000 to be used for water and sewer system improvements. Loan is to be repaid in 240 monthly installments of $3,272 including interest at 3.81%, beginning May 1, 2012. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - $444,409

Georgia Environmental Facilities Authority originally dated January 15, 2013 and subsequently modified on June 28, 2017 for amounts up to $1,725,500 to be used for water and sewer system improvements. Loan is to be repaid in 239 monthly installments of $3,279 including interest at 1.82%, beginning July 1, 2017. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - $1,423,822

Georgia Environmental Facilities Authority dated November 14, 2014 for amounts up to $2,245,667 to be used for water system improvements. Loan is to be repaid in 239 monthly installments of $10,641including interest at 1.31%, beginning the earlier of November 1, 2017 or the project completion date. The City has pledged its full faith and credit and revenue-raising power, including its taxing power. Principal balance - $252,111

The following schedule represents the annual requirements to amortize all notes payable outstanding as of June 30, 2017.

Year Ending June 30	Principal	Interest	Total
2018	$ 190,675	$ 88,921	$ 279,596
2019	195,431	84,165	279,596
2020	200,395	79,201	279,596
2021	205,597	73,999	279,596
2022	210,907	68,689	279,596
2023-2027	1,141,114	256,862	1,397,976
2028-2032	1,041,318	99,105	1,140,423
2033-2037	444,074	18,173	462,247
Total	$ 3,629,511	$ 769,115	$ 4,398,626

NOTE 9 - CAPITAL LEASES

The City has entered into capital lease agreements as lessee for financing the acquisition of a police building, police equipment, street equipment, vehicles, and a fire truck. These leases qualify as capital leases for accounting purposes (i.e., title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the lease. These capital leases are financed from General Fund resources. Amortization of assets recorded under capital leases is included with depreciation expense of the General Government, Public Safety, and Public Works functions of the City.

The net book value of assets acquired through capital leases is as follows:

Buildings	$ 2,125,778
Equipment and Vehicles	1,752,419
	$ 3,878,197
Less: Accumulated depreciation	(847,050)
Carrying Value	$ 3,031,147

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Year Ended June 30	Total
2018	$ 292,889
2019	286,725
2020	254,131
2021	232,614
2022	79,286
2023-2027	239,049
Total minimum lease payments	1,384,694
Less amounts representing interest	(138,361)
Present value of minimum capital lease payments	$ 1,246,333

NOTE 10 - INTERNAL BALANCES

Internal balances consist of transactions to alleviate cash deficits at year-end. The composition of internal balances as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount	Due Within One Year
General	Water and Sewer	$ 54,407	$ 54,407
General	SPLOST Capital Projects	26,360	26,360
General	Airport	29,712	29,712
General	Telecommunications	67,516	67,516
General	Designated Grant	300	300
General	Solid Waste	72,693	72,693
Electric	General	293,362	293,362
Electric	Natural Gas	18,975	18,975
Electric	Airport	963	963
Natural Gas	General	14,221	14,221
Water and Sewer	Natural Gas	25,618	25,618
Water and Sewer	Electric	65,969	65,969
Total		$ 670,096	$ 670,096

NOTE 11 - INTERNAL TRANSFERS

Individual fund transfers for operating purposes and capital projects for the current year were as follows:

Receivable Fund	Paying Fund	Amount
General	Natural Gas	$ 260,000
General	Electric	2,349,941
General	Water & Sewer	675,000
General	Solid Waste	115,000
Electric	Airport	4,095
Total		$ 3,404,036

NOTE 12 - CONTINGENT LIABLILITES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

It is the opinion of the City's management that the legal actions in progress by or against the City at June 30, 2017 are at a stage in the proceedings in which an opinion as to the probable outcomes cannot be determined. The City is vigorously defending its positions.

MEAG – The City, together with 47 other cities and one county in the State, has entered into Power Sales Contracts dated March 1, 1976 with the Municipal Electric Authority of Georgia (MEAG) under which the City purchases certain power and energy for resale to its electric system customers. Under the contract entitlement, if the City were unable to purchase budgeted power, MEAG would be obligated to make a good faith effort to sell the power elsewhere. If MEAG were unable to sell the power at a price above its cost, the difference would be an obligation of the City. The contracts are agreements to pay the cost of generating power budgeted for the City. The obligation to pay MEAG certain amounts, whether or not power and energy are received, is a general obligation of the City to which its full faith and credit are pledged. If payments under the Power Sales Contracts are not made from revenues of the electric distribution system, the City is required under the contracts to include in its general revenue or appropriation measures sums sufficient together with other available revenues to make such payments. During the fiscal year, the City purchased electric power under these contracts for a total cost of $6,750,536.

On February 22, 1999, the City approved a resolution adopting the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers (governments) who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power.

The Trust created three types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of June 30,

2017, the balance in this account was $4,989,338. This amount is included in cash and investments in the Electric Fund.

The two additional accounts created were the credit support operating account and the reserve funded debt account. The funds in the credit support operating account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can be only applied to charges related to MEAG's bond obligations. The balance of these accounts at June 30, 2017 was $1,822,957 and $432,521, respectively. Due to the restrictive nature of these funds, neither is shown in the cash balance for the electric fund.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund is to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City purchases commercial insurance for all other risks of loss other than the workers compensation covered under the risk pool.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

NOTE 14 - JOINT VENTURES

The City has the following joint ventures:

MEAG and MGAG – The City is a participant in the Municipal Electric Authority of Georgia (MEAG) and the Municipal Gas Authority of Georgia (MGAG). Under such arrangements, the City has a contractual obligation to purchase the majority of its electricity and natural gas from said entities. Because the City does not have any significant control over the budgeting, financing and election of officers and management of MEAG and MGAG, their results of operation and financial position have not been included in the City's financial statements.

Also, the City has not reflected participation under the equity method of accounting. Separate financial statements of each entity may be obtained from:

Municipal Electric Authority of Georgia
1470 Riveredge Parkway, NW
Atlanta, Georgia 30328

Municipal Gas Authority of Georgia
104 Town Park Drive
Kennesaw, Georgia 30144

During the fiscal year ended June 30, 2017, the City purchased $6,759,322 of its electricity from MEAG, with accounts payable of $600,830 to MEAG at June 30, 2017.

During the fiscal year ended June 30, 2017, the City purchased $512,261 of its gas from MGAG, with accounts payable of $26,459 to MGAG at June 30, 2017.

Southwest Georgia Regional Commission – Under Georgia law, the City, in conjunction with other cities and counties in the fourteen county Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (the Commission). Membership in the Commission is required by the official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the Commission. The Commission board membership includes the chief elected official of each county and municipality of the area. The City is required to pay annual dues to the Commission and paid $6,654 in such dues during the year ended June 30, 2017.

OCGA 50-5-39.1 provides that member governments are liable for any debts or obligations of a Commission. The Commission revenues are sufficient to cover its operating costs and the City does not expect the entity to dissolve in the foreseeable future. The Commission is neither accumulating significant financial resources nor experiencing fiscal stress that may cause an additional financial benefit to or burden upon the City. Separate financial statements may be obtained from:

Southwest Georgia Regional Commission
30 West Broad Street
Camilla, GA 31730

NOTE 15 – PENSION PLAN

Plan Description

The City, as authorized by the City Council, has a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. The City of Sylvester Retirement Plan (the Plan) is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governments in the municipalities in Georgia. Regulations of the State of Georgia assign the authority to establish and amend the benefit provisions of the plans that participate in GMEBS to the respective employer entities; for the City of Sylvester Retirement Plan that authority rests with the City of Sylvester, Georgia. All full-time employees participate in the Plan upon employment and all elected officials who hold office on or after February 1, 2008 participate in the plan. Benefits vest after 10 years of credited service. City employees can retire at or after age 65 with five years of credited service or after age 50 with 30 years of credited service. There is no maximum employee entry age. The benefit formula is 1.5% of final average earnings up to the amount of covered compensation, plus 2.25% of final average earnings in excess of said covered compensation, multiplied by years of total credited service as an eligible regular employee. Elected officials can retire at the earlier of age 65 or 50 with 30 years of service. The monthly normal retirement benefit for elected officials is $20 per month for each year of total credited service as an elected official.

As of June 30, 2017, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	49
Terminated plan members entitled to, but not yet receiving benefits	18
Active plan participants	84
Total	151

GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City of Sylvester Retirement Plan. That report may be obtained by writing to:

Georgia Municipal Association
The Burgess Building
201 Pryor Street, SW
Atlanta, GA 30303-3606

Funding Policy

The City's policy is to contribute the actuarially determined amount as recommended by GMEBS. 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) the interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The City makes all contributions to the Plan. The City is required to contribute at an actuarially determined rate; the current rate is 9.27% of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by the GMEBS Board of Trustees.

At June 30, 2017, the City reported a liability of $1,369,191 for its pension liability. The City's net pension liability was measured as of September 30, 2016 and was determined by an actuarial valuation as of January 1, 2017. The changes in the Net Pension Liability for the year ended September 30, 2016 (the measurement date) were as follows:

Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balance at June 30, 2016	$ 7,839,429	$ 6,132,548	$ 1,706,881
Changes for the year:			
Service cost	123,275	-	123,275
Interest	590,322	-	590,322
Differences between expected and actual experience	(100,006)	-	(100,006)
Contributions - employer	-	287,114	(287,114)
Contributions - employee	-	-	-
Net investment income	-	677,155	(677,155)
Benefit payments, including refunds of employee contributions	(444,745)	(444,745)	-
Administrative expense	-	(12,988)	12,988
Other	-	-	-
Net changes	168,846	506,536	(337,690)
Balances at June 30, 2017	$ 8,008,275	$ 6,639,084	$ 1,369,191

Pension Expense

Pension expense for the year ended June 30, 2017		
Service cost	$	123,275
Interest on TPL		590,322
Employee contributions		-
Administrative expense		12,988
Expected return on assets		(468,661)
Expensed portion of current year period differences between expected and actual experience on TPL		(25,000)
Expensed portion of current year period assumption changes		-
Current year plan changes		-
Expensed portion of current year period differences between projected and actual investment earnings		(41,698)
Current year recognition of deferred inflows and outflows established in prior years		(77,149)
Total expense	$	114,077

Deferred Outflows/Inflows of Resources Related to Pensions as of June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 202,165	$ -
Demographic	-	(206,633)
Investment	240,330	(248,990)
Assumption change	-	(19,704)
Total	$ 442,495	$ (475,327)

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

Year ended June 30:	
2018	$ (143,850)
2019	(62,857)
2020	13,409
2021	(41,699)
2022	-

Discount Rate

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

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Employer's proportionate share of the net liability	$ 2,346,609	$ 1,369,191	$ 555,542

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	0%	
	100%	

Actuarial Methods and Assumptions

Valuation Date	January 1, 2017
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies from the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus age and service based merit increases
Cost of Living Adjustments	0.00%
Inflation Rate	3.25%
Mortality Rates:	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-district rates, set forward two years for males and one year for females.
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-district rates
Plan termination basis (all lives):	1994 Group Annuity Reserving Unisex Table
Retirement Rates:	
Employees	Earlier of 65 with 5 years of service and 50 with 30 years of service.
Officials	Earlier of 65 and 50 with 30 years of service
Retirement age for inactive vested participants	65
Form of Payment	Life annuity
Administrative Expense	$6,500 plus $54 per active and terminated vested participant and $66 per retiree and beneficiary, plus 0.06% of the market value of assets.

Georgia Municipal Employees Benefit System

Summary of Plan Provisions for January 1, 2017 Valuation:

Employer	City of Sylvester
Social Security	Yes
Participant Contributions	Noncontributory
Original Effective date	Employees: 7-7-72 Officials: 6-1-79 (Officials who come into office after 2-1-88 are not eligible. Officials in office on 2-1-88 continue to receive credit for service until the end of their current term)
Master Plan/Adoption Agreement	9/1/2003
Eligibility Requirements	Employees: No waiting period; participation is mandatory on and after 9-1-03 Officials: those who hold office on or after 2-1-08. Elected officials were not eligible after 2-1-88 and before 2-1-08
Normal Retirement Age	Employees: 65+5 or 50+30 Officials: 65 or 50+30
Early Retirement	55+10
Date Indexed	9-1-80 [dynamic break point] (applies to all employees hired on or after 9-1-80 and to those employees hired before 9-1-80 if this break point and 1.5%-2.25% benefit formula would result in a higher benefit than the break point in table and 1.0-1.075% benefit formula) in a higher benefit than the break point in table and 1.0-1.75% benefit formula)
Benefit Formula	1.0%-1.75% with table (prior to 9-1-80) 1.5%-2.25% with dynamic index break point
Official's Benefits	$20
Vesting	10 years
Death Benefits	Actuarial Reserve No Death Benefit for Termed Vested
Disability Minimum	20%
Cost-of-Living	---
Other	In-service distribution effective 4-1-13 for elected officials who remain in service of a normal or alternative normal or retired Participants who return to service as an elected or appointed member of the Governing Authority after normal retirement. With respect for the in-service, the participant must be at least 62 years of age in order to begin drawing retirement benefits. Participants who terminate on or after 10-1-88 and designate their spouse as beneficiary under Plan B at retirement receive unreduced retirement benefits. Spouses' benefits may be reduced depending upon age difference.

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the retirement plan described in Note 15, the City provides post-retirement term life insurance to all retirees who retire after June 1, 1999. The benefit is provided in accordance with City of Sylvester ordinances. The post-employment benefit is not part of a qualified plan and accordingly, expenditures for term life insurance premiums are recognized as the premiums are paid. Currently twelve retirees are eligible for this post-employment benefit. During the year, total expenditures of $4,786 were recognized for post-retirement term life insurance. The premiums are paid to GMEBS. Information pertaining to an actuarial valuation for this benefit is not provided by GMEBS. This post-retirement benefit is considered immaterial to the financial statements.

NOTE 17 - GRANTS FROM OTHER GOVENMENTS

Federal and state governmental units represent an important source of supplementary funding used to finance housing, employment, construction programs, and other activities beneficial to the community. This funding, primarily in the form of grants, is recorded in both Governmental and Proprietary funds. All grant proceeds in the Proprietary Funds are for the purpose of construction activities, or land or easement acquisitions. Accordingly, as per GASB 33, they are recorded as nonoperating revenues. For all funds, a grant receivable is recorded when the City has a right to receive the related grant proceeds.

NOTE 18 - HOTEL-MOTEL TAX

The City has levied a 5% Hotel-Motel tax in accordance with OCGA 48-13-51. The tax was effective October 1, 2000. A summary of the transactions for the year ending June 30, 2017 is as follows:

Hotel-Motel Tax Receipts		$ 20,291
Disbursements to Worth County- Sylvester Chamber of Commerce	60%	12,140
Balance Retained by City	40%	$ 8,151

The City has received a report from the Worth County-Sylvester Chamber of Commerce. Disbursements of the Hotel-Motel tax funds to the Worth County-Sylvester Chamber of Commerce were used for the promotion of tourism as required by the Official Code of Georgia Annotated (OCGA) 48-13-51.

NOTE 19 – E-911 SERVICES

The City entered into an agreement with Worth County, Georgia to contract with the County for the provision of E-911 Service to the City by the County in consideration of payment by the City to the County for the salaries of two dispatchers effective July 21, 2008. In exchange for the provision of the E-911 Service, the City shall pay to the County the annual salaries including benefits for two dispatchers; provided that such dispatchers shall at all times be employed by the County. Such annual salaries and benefits shall be in the about of $35,248 per dispatcher for an annual total of $70,496 with the provision of an annual increase not to exceed the prevailing Consumer Price Index.

NOTE 20 – FUND BALANCE CLASSIFICATIONS

The fund balances presented in the aggregate in the Balance Sheet for Governmental Funds are allocated according to balance classification and fund as follows:

		Special Revenue Funds			
	General Fund	SPLOST Capital Projects Fund	CDBG Loan Fund	Designated Grant Fund	Hotel/ Motel Tax Fund
Fund Balances					
Nonspendable:					
Inventory	$ 52,088	$ -	$ -	$ -	$ -
Prepaid Items	104,442	-	-	-	-
Total Nonspendable	156,530	-	-	-	-
Restricted:					
Public Safety	4,181	-	-	-	-
Public Welfare	10,651	-	-	-	-
Capital Projects	-	465,908	-	111,468	-
Economic Development	-	-	270,328	-	-
Tourism	-	-	-	-	11,389
Total Restricted	14,832	465,908	270,328	111,468	11,389
Unassigned	1,320,595	-	-	-	-
Total Fund Balances	$ 1,491,957	$ 465,908	$ 270,328	$ 111,468	$ 11,389

NOTE 21 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition of disclosure through January 8, 2018, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SYLVESTER, GEORGIA
Required Supplementary Information
Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2017

	Total Pension Liability		
Measurement Date	**Fiscal Year End June 30, 2017**	**Fiscal Year End June 30, 2016**	**Fiscal Year End June 30, 2015**
Total Pension Liability			
Service cost	$ 123,275	$ 127,640	$ 143,056
Interest	590,322	580,864	581,530
Differences between expected and actual experience	(100,006)	(140,677)	(245,155)
Changes of assumptions	-	-	(78,814)
Changes of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(444,745)	(446,823)	(371,608)
Net change in total pension liability	168,846	121,004	29,009
Total pension liability - beginning	7,839,429	7,718,425	7,689,416
Total pension liability - ending (a)	$ 8,008,275	$ 7,839,429	$ 7,718,425
Plan Fiduciary Net Position			
Contributions - employer	$ 287,114	$ 326,057	$ 351,208
Contributions - employee	-	-	-
Net investment income	677,155	74,217	637,350
Benefit payments, including refunds of employee contributions	(444,745)	(446,823)	(371,608)
Administrative expenses	(12,988)	(14,676)	(11,697)
Other	-	-	-
Net change in total pension liability	506,536	(61,225)	605,253
Plan fiduciary net position - beginning	6,132,548	6,193,773	5,588,520
Plan fiduciary net position - ending (b)	$ 6,639,084	$ 6,132,548	$ 6,193,773
Net pension liability - ending (a) - (b)	$ 1,369,191	$ 1,706,881	$ 1,524,652
Plan's fiduciary net position as percentage of the total pension liability	82.90%	78.23%	80.25%
Covered-employee payroll	$ 2,704,446	$ 2,777,874	$ 2,499,865
Net pension liability as a percentage of covered-employee payroll	50.63%	61.45%	60.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF SYLVESTER, GEORGIA
Required Supplementary Information
Retirement Plan
Schedule of Contributions
June 30, 2017

	Fiscal Year End June 30, 2017	Fiscal Year End June 30, 2016		Fiscal Year End June 30, 2015
Actuarially determined contribution	$ -	$ 292,967	*	$ 337,087
Contributions in relation to the actuarially determined contribution	-	292,667	*	337,087
Contribution deficiency (excess)	-	-	*	-
Covered-employee payroll	-	2,777,874	*	2,499,865
Contributions as a percentage of covered-employee payroll	-	10.54%	*	13.48%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF SYLVESTER, GEORGIA
Required Supplementary Information
Retirement Plan
Notes to Schedule of Contributions
June 30, 2017

NOTE 1

Significant methods and assumptions used in calculating the actuarially determined calculations are as follows:

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and 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 valued is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Mortality Rates –	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan termination basis	1994 Group Annuity Reserving Unisex Table

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2016 are summarized in the following table:

CITY OF SYLVESTER, GEORGIA
Required Supplementary Information
Retirement Plan
Notes to Schedule of Contributions
June 30, 2017

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Cash	0%	
	100%	

Changes of assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

CITY OF SYLVESTER, GEORGIA
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended June 30, 2017

	Budget			Variance
	Original	Final	Actual	with Budget
REVENUES				
Taxes - Net	$ 1,752,859	$ 1,752,859	$ 1,985,452	$ 232,593
Charges for Services	135,650	148,650	137,154	(11,496)
Fines & Forfeitures	297,600	297,600	218,596	(79,004)
Licenses and Permits	62,700	62,700	71,482	8,782
Intergovernmental	-	-	-	-
Interest Income	3,600	3,600	72	(3,528)
Miscellaneous	67,250	67,250	61,941	(5,309)
TOTAL REVENUES	2,319,659	2,332,659	2,474,697	142,038
EXPENDITURES				
Legislative	97,227	105,227	103,687	(1,540)
Judicial	31,800	28,300	27,893	(407)
Administrative	1,488,437	1,584,437	1,579,170	(5,267)
Police	1,851,747	1,746,747	1,745,479	(1,268)
Fire	837,241	1,119,598	1,070,654	(48,944)
Animal Control	33,900	35,700	34,854	(846)
Street	661,043	771,601	770,786	(815)
Storm Water	222,782	218,882	217,466	(1,416)
Shop	114,389	117,389	116,892	(497)
Cemetery and Parks	214,877	333,877	326,318	(7,559)
Code Enforcement	144,198	133,698	132,828	(870)
Building and Zoning	130,781	120,181	115,388	(4,793)
Downtown Development	96,600	74,100	73,436	(664)
TOTAL EXPENDITURES	5,925,022	6,389,737	6,314,851	(74,886)
Deficiency of Revenue Under Expenditures	(3,605,363)	(4,057,078)	(3,840,154)	67,152
OTHER FINANCING SOURCES				
Capital Lease Transaction	-	451,715	578,671	126,956
Transfers from Other Funds	3,605,363	3,605,363	3,399,941	(205,422)
NET CHANGE IN FUND BALANCE	-	-	138,458	(11,314)
FUND BALANCE - JULY 1, 2016			1,353,499	
FUND BALANCE - JUNE 30, 2017			$ 1,491,957	

CITY OF SYLVESTER, GEORGIA
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended June 30, 2017

BUDGETS AND BUDGETARY ACCOUNTING

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

- On or before the last Monday in May of each year, all departments of the City submit requests for appropriation to the city manager so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

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

Results of operations are presented on the budgetary basis at the legal level of control in the Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund in order to provide a meaningful comparison of actual results with the budget.

As set forth in the City Charter, the City Council adopts an annual budget for the general fund, the special revenue funds, and the proprietary funds. The annual budget for the general fund, special revenue funds and for the proprietary funds is adopted under a basis consistent with GAAP. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department which constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. The Council approved supplemental appropriations during the year. Project budgets are adopted for the Capital Project Fund.

Supplementary Information

Individual Fund Statements and Schedules

CITY OF SYLVESTER, GEORGIA
General Fund
Balance Sheet
June 30, 2017

ASSETS

Assets	
Cash	$ 263,428
Restricted Cash	14,832
Investment-Certificates of Deposit	1,266,515
Receivables	
Property Taxes	92,960
Due From Other Governments	73,659
Other	51,104
Due from Other Funds	250,988
Inventory, at Cost	52,088
Prepaid Items	104,442
TOTAL ASSETS	$ 2,170,016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities	
Accounts Payable	$ 207,722
Accrued Expenses	86,754
Accrued Taxes and Withholdings	12,588
Due to Other Funds	307,583
Deposits	13,097
Total Liabilities	627,744
Deferred Inflows of Resources	
Unearned Revenue - property taxes	50,315
Fund Balance	
Nonspendable:	
Inventory	52,088
Prepaid Items	104,442
Restricted:	
Public Safety	4,181
Public Welfare	10,651
Unassigned	1,320,595
Total Fund Balance	1,491,957
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,170,016

CITY OF SYLVESTER, GEORGIA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended June 30, 2017

	Budget			
	Original	Final	Actual	Variance with Budget
REVENUES (Schedule 1)				
Taxes - Net	$ 1,752,859	$ 1,752,859	$ 1,985,452	$ 232,593
Charges for Services	135,650	148,650	137,154	(11,496)
Fines & Forfeitures	297,600	297,600	218,596	(79,004)
Licenses and Permits	62,700	62,700	71,482	8,782
Intergovernmental	-	-	-	-
Interest Income	3,600	3,600	72	(3,528)
Miscellaneous	67,250	67,250	61,941	(5,309)
TOTAL REVENUES	2,319,659	2,332,659	2,474,697	142,038
EXPENDITURES (Schedule 2)				
Legislative	97,227	105,227	103,687	(1,540)
Judicial	31,800	28,300	27,893	(407)
Administrative	1,488,437	1,584,437	1,579,170	(5,267)
Police	1,851,747	1,746,747	1,745,479	(1,268)
Fire	837,241	1,119,598	1,070,654	(48,944)
Animal Control	33,900	35,700	34,854	(846)
Street	661,043	771,601	770,786	(815)
Storm Water	222,782	218,882	217,466	(1,416)
Shop	114,389	117,389	116,892	(497)
Cemetery and Parks	214,877	333,877	326,318	(7,559)
Code Enforcement	144,198	133,698	132,828	(870)
Building and Zoning	130,781	120,181	115,388	(4,793)
Downtown Development	96,600	74,100	73,436	(664)
TOTAL EXPENDITURES	5,925,022	6,389,737	6,314,851	(74,886)
Deficiency of Revenue Under Expenditures	(3,605,363)	(4,057,078)	(3,840,154)	67,152
OTHER FINANCING SOURCES				
Capital Lease Transaction	-	451,715	578,671	126,956
Transfers from Other Funds	3,605,363	3,605,363	3,399,941	(205,422)
NET CHANGE IN FUND BALANCE	-	-	138,458	(11,314)
FUND BALANCE - JULY 1, 2016			1,353,499	
FUND BALANCE - JUNE 30, 2017			$ 1,491,957	

CITY OF SYLVESTER, GEORGIA
General Fund
Revenues-Budget and Actual
Year Ended June 30, 2017

SCHEDULE 1	Budget			Variance with
	Original	Final	Actual	Budget
REVENUES				
Ad Valorem Taxes	$ 718,281	$ 718,281	$ 936,436	$ 218,155
Alcoholic Beverage Tax	101,991	101,991	100,561	(1,430)
Licenses and Permits	62,700	62,700	71,482	8,782
Franchise Tax	89,976	89,976	89,449	(527)
Cemetery Lot Sales	14,500	14,500	29,780	15,280
Fines and Forfeitures	297,600	297,600	218,596	(79,004)
Interest Income	3,600	3,600	72	(3,528)
Insurance Premium Tax	361,875	361,875	386,219	24,344
Intangible and Transfer Tax	9,736	9,736	9,844	108
Business and Occupation Tax	40,000	40,000	33,449	(6,551)
Other Revenues	42,050	42,050	15,816	(26,234)
Sales Tax-Local Option	431,000	431,000	429,494	(1,506)
Charges for Services	135,650	148,650	137,154	(11,496)
Intergovernmental	-	-	-	-
Rent	10,700	10,700	16,345	5,645
TOTAL REVENUES	$ 2,319,659	$ 2,332,659	$ 2,474,697	$ 142,038

CITY OF SYLVESTER, GEORGIA
General Fund
Expenditures-Budget and Actual
Year Ended June 30, 2017

SCHEDULE 2

EXPENDITURES	Budget Original	Budget Final	Actual	Variance with Budget
LEGISLATIVE				
Personnel Services	$ 32,495	$ 32,495	$ 31,186	$ (1,309)
Employee Medical Insurance	15,687	15,687	15,524	(163)
Retirement Fund Contribution	13,045	13,045	13,046	1
Dues and Membership	-	-	-	-
Miscellaneous	1,000	1,000	87	(913)
Telephone and Utilities	6,000	6,000	5,406	(594)
Travel and Training	29,000	37,000	38,438	1,438
Total Legislative	97,227	105,227	103,687	(1,540)
JUDICIAL				
Municipal Court Judge	10,800	10,800	12,630	1,830
Indigent Defence Attorney	6,000	2,500	1,887	(613)
City Solicitor	15,000	15,000	13,376	(1,624)
Dues and Membership	-	-	-	-
Total Judicial	31,800	28,300	27,893	(407)
ADMINISTRATIVE				
Personnel Services	737,571	737,571	771,319	33,748
Employee Medical Insurance	72,900	72,900	56,803	(16,097)
Retirement Fund Contribution	59,476	59,476	55,884	(3,592)
Advertising	10,000	22,000	21,628	(372)
Appropriations:				-
DeSoto Trail Regional Library	57,500	57,500	57,500	-
Recreation Program and Community	100,000	100,000	100,000	-
Chamber of Commerce	25,000	25,000	25,000	-
Other	17,000	17,000	26,638	9,638
Capital Outlay	-	-	-	-
Clerical and Administrative	23,400	23,400	25,285	1,885
Dues and Membership	11,022	11,022	15,512	4,490
Insurance	37,023	40,023	38,886	(1,137)
Miscellaneous	25,885	25,885	23,476	(2,409)
Motor Fuels	2,500	2,500	1,733	(767)
Professional Services	120,060	142,060	116,236	(25,824)
Repairs and Maintenance - Equipment	39,400	46,900	45,526	(1,374)
Supplies	56,600	59,600	62,448	2,848

CITY OF SYLVESTER, GEORGIA
General Fund
Expenditures-Budget and Actual (Continued)
Year Ended June 30, 2017

	Budget			Variance with Budget
	Original	Final	Actual	
Administrative (continued)				
Telephone and Utilities	$ 23,000	$ 23,000	$ 23,592	$ 592
Travel and Training	14,100	26,600	27,110	510
Uniforms	4,000	4,000	1,177	(2,823)
Capital Lease-Principal	-	-	-	-
Capital Lease-Interest	-	-	-	-
Flood Buyout	-	-	-	-
Worth County Family Connection	52,000	52,000	47,456	(4,544)
Daisy Gamble Learning Center	-	36,000	35,961	(39)
Total Administrative	1,488,437	1,584,437	1,579,170	(5,267)
POLICE				
Personnel Services	1,073,615	1,073,615	1,054,009	(19,606)
Employee Medical Insurance	196,723	176,723	173,249	(3,474)
Retirement Fund Contribution	78,108	66,108	64,932	(1,176)
Capital Outlay	2,058	2,058	65,557	63,499
Clerical and Administrative	4,550	4,550	7,511	2,961
Community Programs	8,700	5,700	4,614	(1,086)
Courtware Solutions	21,000	15,000	13,872	(1,128)
Dues and Membership	600	600	230	(370)
Inmate Medical and Board	33,000	21,000	14,525	(6,475)
Insurance	29,425	29,425	26,907	(2,518)
Miscellaneous	5,350	5,350	1,931	(3,419)
Motor Fuels	70,500	35,500	37,669	2,169
Professional Services	5,580	5,580	18,267	12,687
Repairs and Maintenance-Equipment	54,200	52,200	73,939	21,739
Supplies	25,500	25,500	20,939	(4,561)
Travel and Training	13,000	13,000	11,290	(1,710)
Telephone and Utilities	41,427	36,427	32,461	(3,966)
Trust Fund Contributions	47,600	47,600	37,312	(10,288)
Uniforms	13,000	13,000	12,071	(929)
Capital Lease-Principal	46,844	46,844	14,949	(31,895)
Capital Lease-Interest	4,140	4,140	1,453	(2,687)
911 Cost	76,827	66,827	57,792	(9,035)
Total Police	1,851,747	1,746,747	1,745,479	(1,268)

CITY OF SYLVESTER, GEORGIA
General Fund
Expenditures-Budget and Actual (Continued)
Year Ended June 30, 2017

	Budget			Variance with
	Orginal	Final	Actual	Budget
FIRE				
Personnel Services	$ 494,943	$ 440,143	$ 405,595	$ (34,548)
Employee Medical Insurance	94,719	80,719	77,372	(3,347)
Retirement Fund Contribution	29,887	29,887	32,084	2,197
Capital Outlay	19,500	432,157	428,882	(3,275)
Clerical and Adminstrative	6,110	6,110	8,247	2,137
Dues and Membership	1,200	1,200	775	(425)
Miscellaneous	1,000	1,000	385	(615)
Motor Fuels	14,000	6,000	3,823	(2,177)
Professional Services	500	500	107	(393)
Repairs and Maintenance-Equipment	45,000	41,500	53,389	11,889
Supplies	28,500	23,500	16,758	(6,742)
Telephone and Utilities	19,600	16,100	14,853	(1,247)
Travel and Training	9,000	6,500	5,150	(1,350)
Uniforms	10,000	8,000	7,503	(497)
Capital Lease-Principal	50,530	18,530	14,197	(4,333)
Capital Lease-Interest	12,752	7,752	1,534	(6,218)
Total Fire	837,241	1,119,598	1,070,654	(48,944)
ANIMAL CONTROL				
Humane Society	33,000	34,800	34,650	(150)
Miscellaneous	900	900	204	(696)
Total Animal Control	33,900	35,700	34,854	(846)
CEMETERY AND PARKS				
Personnel Services	$ 32,060	$ 32,060	$ 31,851	$ (209)
Capital Outlay	-	88,000	94,757	6,757
Clerical and Adminstrative	2,020	2,020	3,347	1,327
Insurance	5,057	6,057	5,790	(267)
Maintenance Contract	64,680	57,680	57,330	(350)
Motor Fuels	400	800	320	(480)
Repairs and Maintenance-Cemetery	1,000	1,000	280	(720)
Repairs and Maintenance-Equipment	24,900	86,000	84,844	(1,156)
Supplies	39,560	7,560	5,466	(2,094)
Telephone and Utilities	45,200	52,700	42,333	(10,367)
Total Cemetery and Parks	214,877	333,877	326,318	(7,559)

CITY OF SYLVESTER, GEORGIA
General Fund
Expenditures-Budget and Actual (Continued)
Year Ended June 30, 2017

	Budget			Variance with
	Original	Final	Actual	Budget
STREET				
Personnel Services	$ 284,630	$ 284,630	$ 292,864	$ 8,234
Employee Medical Insurance	54,645	54,645	54,566	(79)
Retirement Fund Contribution	16,966	16,966	17,170	204
Capital Outlay	-	40,058	39,207	(851)
Clerical and Administrative	-	-	855	855
General Supplies	7,200	7,200	9,324	2,124
Grounds Maintenance Contract	122,562	137,062	144,222	7,160
Miscellaneous	2,000	2,000	30	(1,970)
Motor Fuels	26,750	26,750	13,870	(12,880)
Professional Fees	100	100	170	70
Repairs and Maintenance-Equipment	47,583	87,583	81,112	(6,471)
Repairs and Maintenance-System	32,082	48,082	49,584	1,502
System Supplies and Chemicals	15,825	15,825	20,977	5,152
Telephone and Utilities	11,390	11,390	7,364	(4,026)
Travel and Training	2,000	2,000	1,391	(609)
Uniforms	2,500	2,500	3,906	1,406
Capital Lease-Principal	34,000	34,000	33,154	(846)
Capital Lease-Interest	810	810	1,020	210
Total Street	661,043	771,601	770,786	(815)
STORM WATER				
Personnel Services	118,008	118,008	120,915	2,907
Employee Medical Insurance	29,144	29,144	28,530	(614)
Retirement Fund Contribution	9,221	9,221	8,352	(869)
Capital Outlay	-	-	-	-
Motor Fuels	8,250	8,250	9,590	1,340
Repairs and Maintenance	35,500	31,600	35,445	3,845
Professional Fees	-	-	29	29
Rent	7,000	7,000	236	(6,764)
Telephone and Utilities	400	400	786	386
Travel and Training	600	600	1,753	1,153
Miscellaneous	1,807	1,807	436	(1,371)
Uniforms	1,400	1,400	1,051	(349)
Capital Lease-Principal	10,847	10,847	9,516	(1,331)
Capital Lease-Interest	605	605	827	222
Total Storm Water	222,782	218,882	217,466	(1,416)

CITY OF SYLVESTER, GEORGIA
General Fund
Expenditures-Budget and Actual (Continued)
Year Ended June 30, 2017

	Budget			Variance with
	Original	Final	Actual	Budget
SHOP				
Personnel Services	$ 74,297	$ 74,297	$ 74,663	$ 366
Employee Medical Insurance	14,572	14,572	14,382	(190)
Retirement Fund Contribution	5,420	5,420	5,144	(276)
Motor Fuels	2,600	2,600	1,680	(920)
Repairs and Maintenance	5,600	5,600	1,511	(4,089)
Supplies	3,800	6,800	14,176	7,376
Telephone and Utilities	5,600	5,600	3,838	(1,762)
Travel and Training	1,500	1,500	303	(1,197)
Uniforms	1,000	1,000	1,195	195
Capital Outlay	-	-	-	-
Total Shop	114,389	117,389	116,892	(497)
CODE ENFORCEMENT				
Personnel Services	77,422	77,422	62,805	(14,617)
Employee Medical Insurance	14,572	14,572	14,401	(171)
Retirement Fund Contribution	4,664	4,664	4,474	(190)
Capital Outlay	-	-	30,198	30,198
Clerical and Administrative	600	600	-	(600)
Advertising	2,000	2,000	1,152	(848)
Community Relations	1,500	1,500	30	(1,470)
Dues and Membership	275	275	52	(223)
Great Sylvester Cleanup	2,500	2,500	980	(1,520)
Miscellaneous	700	700	-	(700)
Motor Fuels	2,000	2,000	1,872	(128)
Professional Services	10,000	2,000	1,500	(500)
Rent	3,000	3,000	2,475	(525)
Repairs and Maintenance-Equipment	1,875	1,875	3,663	1,788
Supplies	2,200	2,200	1,498	(702)
Telephone and Utilities	3,800	3,800	2,593	(1,207)
Travel and Training	5,500	5,500	147	(5,353)
Uniforms	1,000	1,000	623	(377)
Capital Lease-Principal	9,077	6,577	3,930	(2,647)
Capital Lease-Interest	1,513	1,513	435	(1,078)
Total Code Enforcement	144,198	133,698	132,828	(870)

CITY OF SYLVESTER, GEORGIA
General Fund
Expenditures-Budget and Actual (Continued)
Year Ended June 30, 2017

	Budget			Variance with
	Original	Final	Actual	Budget
BUILDING AND ZONING				
Personnel Services	$ 95,037	$ 90,037	$ 89,630	$ (407)
Retirement Contributions	6,817	6,817	6,534	(283)
Employee Medical Insurance	14,572	11,072	10,955	(117)
Professional Services	1,080	1,080	1,080	-
Clerical and Administrative	3,475	2,375	1,371	(1,004)
Motor Fuels	800	800	495	(305)
Rent	-	-	-	-
Repairs and Maintenance	3,000	3,000	1,002	(1,998)
Telephone and Utilities	2,000	2,000	1,686	(314)
Travel and Training	4,000	3,000	2,635	(365)
Total Building and Zoning	130,781	120,181	115,388	(4,793)
DOWNTOWN DEVELOPMENT				
Personnel Services	42,979	29,979	27,285	(2,694)
Employee Medical Insurance	7,286	4,286	3,605	(681)
Retirement Fund Contribution	3,069	3,069	2,778	(291)
Advertising	5,000	3,000	7,670	4,670
Community Relations	6,800	4,500	11,211	6,711
Georgia Cities Week	1,500	1,500	2,838	1,338
Clerical and Administrative	2,600	2,600	816	(1,784)
Dues and Membership	600	(600)	450	1,050
Façade Program	6,000	6,000	6,000	-
Miscellaneous	200	200	-	(200)
Rent	3,000	3,000	2,475	(525)
Repairs and Maintenance	2,916	2,916	524	(2,392)
Supplies	6,100	5,100	1,128	(3,972)
Telephone and Utilities	4,050	4,050	3,027	(1,023)
Travel and Training	4,500	4,500	1,429	(3,071)
Capital Outlay	-	-	2,200	2,200
Total Downtown Development	96,600	74,100	73,436	(664)
TOTAL EXPENDITURES	$ 5,925,022	$ 6,389,737	$ 6,314,851	$ (74,886)

CITY OF SYLVESTER, GEORGIA
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	CDBG Loan Fund	Designated Grant Fund	Hotel/ Motel Tax Fund	Total
ASSETS				
Cash	$ 188,004	$ 75,009	$ 8,842	$ 271,855
Taxes Receivable	-	-	2,547	2,547
Loan Receivable	82,324	-	-	82,324
Due from Other Governments	-	36,759	-	36,759
TOTAL ASSETS	$ 270,328	$ 111,768	$ 11,389	$ 393,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ -
Due to Other Funds	-	300	-	300
Total Liabilities	-	300	-	300
Deferred Inflows of Resources				
None	-	-	-	-
Fund Balances				
Restricted:				
Economic Development	270,328	-	-	270,328
Tourism	-	-	11,389	11,389
Capital Projects	-	111,468	-	111,468
Total Fund Balances	270,328	111,468	11,389	393,185
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 270,328	$ 111,768	$ 11,389	$ 393,485

CITY OF SYLVESTER, GEORGIA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2017

	SPECIAL REVENUE FUNDS			
	CDBG Loan Fund	Designated Grant Fund	Hotel/ Motel Tax Fund	Total
REVENUES				
Grant Proceeds	$ -	$ 719,679	$ -	$ 719,679
Contributions	-	13,215	-	13,215
Investment Income	2,699	-	-	2,699
Hotel/Motel Taxes	-	-	20,291	20,291
TOTAL REVENUES	2,699	732,894	20,291	755,884
EXPENDITURES				
Culture and Recreation	-	-	-	-
Community and Economic Development	-	238,919	12,140	251,059
Capital Outlay	-	382,607	-	382,607
TOTAL EXPENDITURES	-	621,526	12,140	633,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,699	111,368	8,151	122,218
OTHER FINANCING USES				
Transfer In (Out)	-	-	-	-
NET CHANGE IN FUND BALANCE	2,699	111,368	8,151	122,218
FUND BALANCE - JULY 1, 2016	267,629	100	3,238	270,967
FUND BALANCE - JUNE 30, 2017	$ 270,328	$ 111,468	$ 11,389	$ 393,185

CITY OF SYLVESTER, GEORGIA
CDBG Economic Development Revolving Loan Fund
Balance Sheet
June 30, 2017

ASSETS		
Cash	$	188,004
Loan Receivable		82,324
TOTAL ASSETS	$	270,328
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable		-
Fund Balance		
Restricted:		
Economic Development		270,328
TOTAL LIABILITIES AND FUND BALANCE	$	270,328

CITY OF SYLVESTER, GEORGIA
CDBG Economic Development Revolving Loan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended June 30, 2017

	Budget			Variance with
	Original	Final	Actual	Budget
REVENUES				
Interest on Loan Receivable	$ 11,803	$ 11,803	$ 2,663	$ (9,140)
Interest-Bank	2,699	2,699	36	(2,663)
TOTAL REVENUES	14,502	14,502	2,699	(11,803)
EXPENDITURES				
Loan Servicing Fees	2,000	2,000	-	(2,000)
Contingency	12,502	12,502	-	(12,502)
TOTAL EXPENDITURES	14,502	14,502	-	(14,502)
Excess of Revenues Over Expenditures	-	-	2,699	2,699
NET CHANGE IN FUND BALANCE	-	-	2,699	2,699
FUND BALANCE - JULY 1, 2016			267,629	
FUND BALANCE - JUNE 30, 2017			$270,328	

CITY OF SYLVESTER, GEORGIA
Designated Grant Fund
Balance Sheet
June 30, 2017

ASSETS		
Cash	$	75,009
Due from Other Governments		36,759
TOTAL ASSETS	$	111,768
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$	-
Due to Other Funds		300
TOTAL LIABILITIES		300
Fund Balance		
Restricted:		
Capital Projects		111,468
TOTAL LIABILITIES AND FUND BALANCE	$	111,768

CITY OF SYLVESTER, GEORGIA
Designated Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended June 30, 2017

	Budget			Variance with
	Original	Final	Actual	Budget
REVENUES				
Grant Proceeds	$ 1,637,621	$ 1,637,621	$719,679	$ (917,942)
Contributions	-	-	13,215	13,215
TOTAL REVENUES	1,637,621	1,637,621	732,894	(904,727)
EXPENDITURES				
Community and Economic Development	306,000	306,000	238,919	(67,081)
Capital Outlay	1,331,621	1,331,621	382,607	(949,014)
TOTAL EXPENDITURES	1,637,621	1,637,621	621,526	(1,016,095)
Excess of Revenues Over Expenditures	-	-	111,368	111,368
OTHER FINANCING USES				
Transfer In	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	111,368	111,368
FUND BALANCE - JULY 1, 2016			100	
FUND BALANCE - JUNE 30, 2017			$111,468	

CITY OF SYLVESTER, GEORGIA
Hotel/Motel Tax Fund
Balance Sheet
June 30, 2017

ASSETS		
Cash	$	8,842
Taxes Receivable		2,547
TOTAL ASSETS	$	11,389
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable		-
Fund Balance		
Restricted:		
Tourism		11,389
TOTAL LIABILITIES AND FUND BALANCE	$	11,389

CITY OF SYLVESTER, GEORGIA
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended June 30, 2017

	Budget			Variance with
	Original	Final	Actual	Budget
REVENUES				
Hotel/Motel Taxes	$ 16,570	$ 19,570	$ 20,291	$ 721
TOTAL REVENUES	16,570	19,570	20,291	721
EXPENDITURES				
Chamber of Commerce Allocation	9,600	12,600	12,140	(460)
Bank Charges	-	-	-	-
TOTAL EXPENDITURES	9,600	12,600	12,140	(460)
Excess of Revenues Over Expenditures	6,970	6,970	8,151	1,181
OTHER FINANCING USES				
Transfer Out	(6,970)	(6,970)	-	6,970
NET CHANGE IN FUND BALANCE	-	-	8,151	8,151
FUND BALANCE - JULY 1, 2016			3,238	
FUND BALANCE - JUNE 30, 2017			$ 11,389	

CITY OF SYLVESTER, GEORGIA
SPLOST Capital Projects Fund
Balance Sheet
June 30, 2017

ASSETS		
Cash	$	492,268
Taxes Receivable		-
TOTAL ASSETS	$	492,268
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$	-
Due to Other Funds		26,360
Fund Balance		
Restricted:		
Capital Projects		465,908
TOTAL LIABILITIES AND FUND BALANCE	$	492,268

CITY OF SYLVESTER, GEORGIA
SPLOST Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Year Ended June 30, 2017

	Budget			Variance With
	Original	Final	Actual	Budget
REVENUES				
Intergovernmental	$ 773,755	$ 773,755	$ 350,484	$ (423,271)
Interest	2,000	2,000	1,551	(449)
Total Revenues	775,755	775,755	352,035	(423,720)
EXPENDITURES				
Capital Projects	591,761	591,761	103,729	(488,032)
Debt Service:				
Principal	148,848	148,848	148,923	75
Interest	35,146	35,146	35,071	(75)
TOTAL EXPENDITURES	775,755	775,755	287,723	(488,032)
Deficiency of Revenues Under Expenditures	-	-	64,312	64,312
NET CHANGE IN FUND BALANCE	$ -	$ -	64,312	$ 64,312
FUND BALANCE-JULY 1, 2016			401,596	
FUND BALANCE-JUNE 30, 2017			$ 465,908	

CITY OF SYLVESTER, GEORGIA
Electric Fund
Statement of Net Position
June 30, 2017

ASSETS		
Current Assets		
Cash	$	1,327,284
Investment-Certificate of Deposit		193,038
Investment		4,989,338
Restricted Assets		
Cash-Customer Deposits		85,224
Accounts Receivable (Net of Allowance for Uncollectible Accounts)		1,449,246
Inventory		217,410
Due from Other Funds		313,300
Total Current Assets		8,574,840
Noncurrent Assets		
Capital Assets		
Electric System		3,212,429
Machinery and Equipment		161,975
Vehicles		773,797
Construction in Progress		386,270
Accumulated Depreciation		(2,962,470)
Total Noncurrent Assets		1,572,001
TOTAL ASSETS		10,146,841
LIABILITIES		
Current Liabilities		
Accounts Payable		628,928
Accrued Expenses		29,380
Liabilities Payable from Restricted Assets-Customer Deposits		182,170
Due to Other Funds		65,969
Total Current Liabilities		906,447
Long-Term Liabilities		
Accrued Vacation		16,369
Total Long-Term Liabilities		16,369
TOTAL LIABILITIES		922,816
Net Investment in Capital Assets		1,572,001
Unrestricted		7,652,024
TOTAL NET POSITION	$	9,224,025

CITY OF SYLVESTER, GEORGIA
Electric Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

OPERATING REVENUES	
Electric Sales	$ 11,039,660
Penalties	81,282
Service Fees	50,071
Miscellaneous	106,328
Pole Rental	67,170
TOTAL OPERATING REVENUES	11,344,511
OPERATING EXPENSES	
Personnel Services	366,537
Employee Medical Insurance	84,388
Retirement Fund Contribution	25,261
Purchases - Electricity	6,759,322
Clerical and Administrative	28,422
Insurance - General	38,301
Marketing	22,655
Miscellaneous	13,438
Motor Fuels	10,210
Professional Fees	42,541
Repairs and Maintenance-Equipment	35,829
Repairs and Maintenance-System	66,620
Supplies-General	12,239
Supplies-System	77,753
Technical Support	75,155
Telephone and Utilities	28,018
Travel and Training	16,545
Uniforms	7,918
Depreciation	103,801
TOTAL OPERATING EXPENSES	7,814,953
OPERATING INCOME	3,529,558

CITY OF SYLVESTER, GEORGIA
Electric Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Year Ended June 30, 2017

NON-OPERATING REVENUES (EXPENSES)	
Interest Income	$ 3,383
Market Gain on Investments	117,900
TOTAL NON-OPERATING REVENUES (EXPENSES)	121,283
Income Before Transfers	3,650,841
Transfers In	4,095
Transfers Out	(2,349,941)
CHANGE IN NET POSITION	1,304,995
NET POSITION - JULY 1, 2016	7,919,030
NET POSITION - JUNE 30, 2017	$ 9,224,025

CITY OF SYLVESTER, GEORGIA
Electric Fund
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 11,277,788
Cash Payments to Suppliers	(7,372,701)
Cash Payments to Employees	(484,104)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,420,983
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to Other Funds	(2,269,564)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and Construction of Capital Assets	(248,640)
Capital Grant	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(248,640)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	3,383
Purchase of Investments	(539,444)
NET CASH USED BY INVESTING ACTIVITIES	(536,061)
Net Increase in Cash and Cash Equivalents	366,718
CASH AND CASH EQUIVALENTS-JULY 1, 2016	1,238,828
CASH AND CASH EQUIVALENTS-JUNE 30, 2017	$ 1,605,546
Displayed As:	
Investment-Certificate of Deposit	$ 193,038
Restricted Assets	$ 85,224

CITY OF SYLVESTER, GEORGIA
Electric Fund
Statement of Cash Flows (Continued)
Year Ended June 30, 2017

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 3,529,558
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	103,801
(Increase) Decrease in Assets:	
Accounts Receivable	(167,644)
Inventory	(106,072)
Increase (Decrease) in Liabilities:	
Accounts Payable	(43,448)
Accrued Expenses	3,867
Accrued Vacation	-
Customer Deposits	100,921
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,420,983
Noncash Investing, Capital and Financing Activities	
Increase in Fair Value of Investments	$ 117,900

CITY OF SYLVESTER, GEORGIA
Water and Sewer Fund
Statement of Net Position
June 30, 2017

ASSETS		
Current Assets		
Cash	$	595,961
Investment-Certificate of Deposit		183,563
Restricted Assets		
Cash-Customer Deposits		91,035
Cash-GEFA		181
Investment-Certificate of Deposit-GEFA		164,966
Accounts Receivable (Net of Allowance for Uncollectible Accounts)		261,063
Inventory		50,050
Due from Other Funds		91,587
Total Current Assets		1,438,406
Noncurrent Assets		
Capital Assets		
Land		21,800
Buildings		365,283
Water and Sewer System		14,615,266
Machinery and Equipment		783,513
Vehicles		207,475
Construction in Progress		1,063,279
Accumulated Depreciation		(8,950,992)
Total Noncurrent Assets		8,105,624
TOTAL ASSETS		9,544,030
LIABILITIES		
Current Liabilities		
Accounts Payable		42,108
Notes Payable		190,675
Accrued Expenses		10,785
Liabilities Payable from Restricted Assets-Customer Deposits		79,960
Due to Other Funds		54,407
Total Current Liabilities		377,935
Long-Term Liabilities		
Accrued Vacation		6,842
Notes Payable		3,438,836
Total Long-Term Liabilities		3,445,678
TOTAL LIABILITIES		3,823,613
Net Investment in Capital Assets		4,476,113
Restricted for Debt Service		164,966
Unrestricted		1,079,338
TOTAL NET POSITION	$	5,720,417

CITY OF SYLVESTER, GEORGIA
Water and Sewer Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

OPERATING REVENUES	
Water Revenue	$ 1,106,592
Sewer Revenue	887,107
Penalties	13,456
Other	12,957
TOTAL OPERATING REVENUES	2,020,112
OPERATING EXPENSES	
Water (Schedule 1)	442,977
Sewer (Schedule 2)	505,304
Depreciation	360,356
TOTAL OPERATING EXPENSES	1,308,637
OPERATING INCOME	711,475
NON-OPERATING REVENUES (EXPENSES)	
Principal Forgiveness on Long-Term Debt	30,008
Interest Income	1,210
Interest Expense	(93,543)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(62,325)
Income Before Transfers	649,150
Transfers In	-
Transfers Out	(675,000)
CHANGE IN NET POSITION	(25,850)
NET POSITION-JULY 1, 2016	5,746,267
NET POSITION-JUNE 30, 2017	$ 5,720,417

CITY OF SYLVESTER, GEORGIA
Water and Sewer Fund
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Received from Customers	$ 1,988,213
Cash Payments to Suppliers	(586,452)
Cash Payment to Employees	(360,501)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,041,260
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to Other Funds	(661,452)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases and Construction of Capital Assets	(274,150)
Principal Paid on Capital Debt	(144,940)
Interest Paid on Capital Debt	(93,543)
Proceeds from Long Term Debt	250,519
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(262,114)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	1,210
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,210
Net Increase in Cash and Cash Equivalents	118,904
CASH AND CASH EQUIVALENT-JULY 1, 2016	916,802
CASH AND CASH EQUIVALENT-JUNE 30, 2017	$ 1,035,706
Displayed As:	
Investment-Certificate of Deposit	$ 183,563
Restricted Assets	$ 256,182
Non Cash Transactions:	
Principal Forgiveness on Capital Debt	$ 30,008

CITY OF SYLVESTER, GEORGIA
Water and Sewer Fund
Statement of Cash Flows (Continued)
Year Ended June 30, 2017

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$ 711,475
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	360,356
(Increase) Decrease in Assets:	
Accounts Receivable	(33,369)
Inventory	-
Increase (Decrease) in Liabilities:	
Accounts Payable	-
Accrued Expenses	1,328
Accrued Vacation	-
Customer Deposits	1,470
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,041,260

CITY OF SYLVESTER, GEORGIA
Water and Sewer Fund
Water Operating Expenses – Schedule 1
Year Ended June 30, 2017

Water Operating Expenses

Personnel Services	$	148,421
Employee Medical Insurance		31,779
Retirement Fund Contribution		9,838
Advertising		-
Clerical and Administrative		2,532
Dues and Memberships		835
Insurance		38,301
Lab Fees		9,080
Motor fuels		3,996
Repairs and Maintenance-Equipment		2,966
Repairs and Maintenance-System		64,217
Supplies-General		7,632
Supplies- System		63,201
Telephone and Utilities		50,194
Travel and Training		5,667
Uniforms		4,318
Total Operating Expenses	$	442,977

CITY OF SYLVESTER, GEORGIA
Water and Sewer Fund
Sewer Operating Expenses – Schedule 2
Year Ended June 30, 2017

Sewer Operating Expenses

Personnel Services	$ 134,159
Employee Medical Insurance	22,116
Retirement Fund Contribution	8,073
Advertising	-
Clerical and Administrative	4,328
Insurance	43,940
Lab Fees	42,366
Motor Fuels	8,093
Repairs and Maintenance - Equipment	17,140
Repairs and Maintenance - System	88,242
Supplies - General	8,973
Supplies - System	12,277
Telephone and Utilities	112,458
Travel and Training	1,342
Uniforms	1,797
Total Operating Expenses	$ 505,304

CITY OF SYLVESTER, GEORGIA
Airport Fund
Statement of Net Position
June 30, 2017

ASSETS	
Current Assets	
Cash	$ 4,396
Due from Other Governments	-
Due from Other Funds	-
Total Current Assets	4,396
Noncurrent Assets	
Capital Assets	
Land	247,300
Land Improvements	4,603,835
Equipment	6,040
Construction in Progress	-
Accumulated Depreciation	(447,414)
Total Noncurrent Assets	4,409,761
TOTAL ASSETS	4,414,157
LIABILITIES	
Current Liabilities	
Accounts Payable	-
Due to Other Funds	30,675
TOTAL LIABILITIES	30,675
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenues - Rent Proceeds	800
NET POSITION	
Investment in Capital Assets	4,409,761
Unrestricted	(27,079)
TOTAL NET POSITION	$ 4,382,682

CITY OF SYLVESTER, GEORGIA
Airport Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

OPERATING REVENUES	
Rent	$ 3,600
TOTAL OPERATING REVENUES	3,600
OPERATING EXPENSES	
Advertising	-
Dues and Licenses	725
Insurance	5,183
Repairs and Maintenance	11,453
Utilities	2,427
Miscellaneous	1,770
Depreciation	126,666
TOTAL OPERATING EXPENSES	148,224
OPERATING LOSS	(144,624)
NON-OPERATING REVENUES	
Capital Grants	983,367
Income Before Transfers	838,743
Transfers out	(4,095)
CHANGE IN NET POSITION	834,648
NET POSITION-JULY 1, 2016	3,548,034
NET POSITION-JUNE 30, 2017	$ 4,382,682

CITY OF SYLVESTER, GEORGIA
Airport Fund
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 3,600
Cash Payments to Suppliers	(21,558)
NET CASH USED BY OPERATING ACTIVITIES	(17,958)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments from Other Funds	3,486
Payments to Other Funds	(4,095)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(609)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase and Construction of Capital Assets	(1,054,251)
Capital Grants Received	1,026,767
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(27,484)
CASH FLOWS FROM INVESTING ACTIVITIES	-
Net Decrease in Cash and Cash Equivalents	(46,051)
CASH AND CASH EQUIVALENTS - JULY 1, 2016	50,447
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	$ 4,396
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Loss	(144,624)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	126,666
Increase (Decrease) in Assets:	
Accounts Receivable	-
Increase (Decrease) in Liabilities:	
Accounts Payable	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (17,958)

CITY OF SYLVESTER, GEORGIA
Solid Waste Fund
Statement of Net Position
June 30, 2017

ASSETS	
Current Assets	
Cash	$ 154,666
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	107,079
Due from Other Funds	-
TOTAL ASSETS	261,745
LIABILITIES	
Current Liabilities	
Accounts Payable	34,715
Accrued Expenses	-
Due to Other Funds	72,693
TOTAL LIABILITIES	107,408
NET POSITION	
Unrestricted	154,337
TOTAL NET POSITION	$ 154,337

CITY OF SYLVESTER, GEORGIA
Solid Waste Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

OPERATING REVENUES	
Refuse Collection Fees	$ 732,942
Landfill Collection Fees	21,661
Penalties	6,245
Other Revenues	402
TOTAL OPERATING REVENUES	761,250
OPERATING EXPENSES	
Refuse Disposal Fees	442,668
Landfill Fees	177,808
Miscellaneous	2,000
TOTAL OPERATING EXPENSES	622,476
OPERATING INCOME	138,774
Income Before Transfers	138,774
Transfers out	(115,000)
CHANGE IN NET POSITION	23,774
NET POSITION-JULY 1, 2016	130,563
NET POSITION-JUNE 30, 2017	$ 154,337

CITY OF SYLVESTER, GEORGIA
Solid Waste Fund
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$	742,121
Cash Payments to Suppliers		(628,718)
NET CASH PROVIDED BY OPERATING ACTIVITIES		113,403
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to Other Funds		(40,959)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		-
CASH FLOWS FROM INVESTING ACTIVITIES		-
Net Decrease in Cash and Cash Equivalents		72,444
CASH AND CASH EQUIVALENTS - JULY 1, 2016		82,222
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	$	154,666
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income		138,774
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Assets:		
Accounts Receivable		(19,129)
Increase (Decrease) in Liabilities:		
Accounts Payable		(6,242)
Accrued Expenses		-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	113,403

CITY OF SYLVESTER, GEORGIA
Telecommunications Fund
Statement of Net Position
June 30, 2017

ASSETS	
Current Assets	
Cash	$ 47,588
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	108,000
Total Current Assets	155,588
Noncurrent Assets	
Capital Assets	
Construction in Progress	14,490
Fiber Optics System	328,171
Vehicles	3,060
Accumulated Depreciation	(264,432)
Total Noncurrent Assets	81,289
TOTAL ASSETS	236,877
LIABILITIES	
Current Liabilities	
Accounts Payable	-
Due to Other Funds	67,516
TOTAL LIABILITIES	67,516
NET POSITION	
Investment in Capital Assets	81,289
Unrestricted	88,072
TOTAL NET POSITION	$ 169,361

CITY OF SYLVESTER, GEORGIA
Telecommunications Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

OPERATING REVENUES		
Telecom Charges	$	188,745
Internet Charges		-
TOTAL OPERATING REVENUES		188,745
OPERATING EXPENSES		
Contractual Services		26
Internet Fees		-
Leases		-
Licenses		-
Professional Services		25,138
Repairs and Maintenance-System		34,307
Supplies		-
Depreciation		21,282
TOTAL OPERATING EXPENSES		80,753
OPERATING INCOME		107,992
Income Before Transfers		107,992
Transfers Out		-
CHANGE IN NET POSITION		107,992
NET POSITION-JULY 1, 2016		61,369
NET POSITION-JUNE 30, 2017	$	169,361

CITY OF SYLVESTER, GEORGIA
Telecommunications Fund
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$	80,745
Cash Payments to Suppliers		(59,471)
NET CASH PROVIDED BY OPERATING ACTIVITIES		21,274
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments (to) from Other Funds		3,539
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and Construction of Capital Assets		(14,490)
CASH FLOWS FROM INVESTING ACTIVITIES		-
Net Decrease in Cash and Cash Equivalents		10,323
CASH AND CASH EQUIVALENTS - JULY 1, 2016		37,265
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	$	47,588
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income		107,992
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		21,282
(Increase) Decrease in Assets:		
Accounts Receivable		(108,000)
Increase (Decrease) in Liabilities:		
Accounts Payable		-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	21,274

CITY OF SYLVESTER, GEORGIA
Natural Gas Fund
Statement of Net Position
June 30, 2017

ASSETS	
Current Assets	
Cash	$ 110,371
Restricted Assets	
Cash-Customer Deposits	24,428
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	61,357
Due from Other Funds	14,221
Inventory	31,047
Total Current Assets	241,424
Noncurrent Assets	
Capital Assets	
Land	2,500
Natural Gas System	896,021
Machinery and Equipment	197,577
Vehicles	70,107
Accumulated Depreciation	(1,018,979)
Total Noncurrent Assets	147,226
TOTAL ASSETS	388,650
LIABILITIES	
Current Liabilities	
Accounts Payable	26,459
Accrued Expenses	4,630
Due to Other Funds	44,593
Liabilities Payable from Restricted Assets-Customer Deposits	22,880
Total Current Liabilities	98,562
Long-Term Liabilities	
Accrued Vacation	1,466
TOTAL LIABILITIES	100,028
NET POSITION	
Investment in Capital Assets	147,226
Unrestricted	141,396
TOTAL NET POSITION	$ 288,622

CITY OF SYLVESTER, GEORGIA
Natural Gas Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2017

OPERATING REVENUES		
Gas Sales	$	968,770
Penalties		58,587
Miscellaneous		-
TOTAL OPERATING REVENUES		1,027,357
OPERATING EXPENSES		
Purchases-Natural Gas		512,261
Personnel Services		107,396
Employee Medical Insurance		14,695
Advertising		4,688
Clerical and Administrative		861
Dues and Membership		9,833
Insurance - General		38,301
Motor Fuels		3,842
Professional Fees		8,750
Repairs and Maintenance - Equipment		4,337
Repairs and Maintenance - System		5,473
Retirement Fund Contribution		7,604
Supplies - General		4,278
Supplies - System		399
Telephone and Utilities		1,227
Travel and Training		3,468
Uniforms		2,287
Depreciation		23,876
TOTAL OPERATING EXPENSES		753,576
OPERATING INCOME		273,781
NON-OPERATING REVENUES		
Interest Income		56
Income Before Transfers		273,837
Transfers In		-
Transfers Out		(260,000)
CHANGE IN NET POSITION		13,837
NET POSITION - JULY 1, 2016		274,785
NET POSITION - JUNE 30, 2017	$	288,622

CITY OF SYLVESTER, GEORIGA
Natural Gas Fund
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 1,044,061
Cash Payments to Suppliers	(599,765)
Cash Payments to Employee	(129,695)
NET CASH PROVIDED BY OPERATING ACTIVITIES	314,601
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to Other Funds	(254,197)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(254,197)
CASH FLOWS FROM CAPITAL AND RELATING FINANCING ACTIVITIES	
Purchase of Capital Assets	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	56
NET CASH USED BY INVESTING ACTIVITIES	56
Net Increase in Cash and Cash Equivalents	60,460
CASH AND CASH EQUIVALENTS - JULY 1, 2016	74,339
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	$ 134,799
Displayed As:	
Restricted Assets	$ 24,428
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	273,781
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation Expense	23,876
(Increase) Decrease in Assets:	
Accounts Receivable	16,619
Inventory	-
Increase (Decrease) in Liabilities	
Accounts Payable	-
Accrued Expenses	240
Customer Deposits	85
Accrued Vacation	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 314,601

CITY OF SYLVESTER, GEORGIA
Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Utility Energy Crisis				
ASSETS				
Cash	$ 760	$ -	$ -	$ 760
LIABILITIES				
Due to Other Governments	$ 760	$ -	$ -	$ 760
Downtown Sylvester Farmer's Market				
ASSETS				
Cash	$ 3,383	$ 237	$ (480)	$ 3,140
LIABILITIES				
Due to Other Governments	$ 3,383	$ 237	$ (480)	$ 3,140
Totals				
ASSETS				
Cash	$ 4,143	$ 237	$ (480)	$ 3,900
LIABILITIES				
Due to Other Governments	$ 4,143	$ 237	$ (480)	$ 3,900

CITY OF SYLVESTER, GEORGIA
Schedule of Projects Constructed with Special Sales Tax Proceeds
Year Ended June 30, 2017

2005 Referendum

Category	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	% Complete as of 6/30/2017
City of Sylvester	$ 2,168,414	$ 2,168,414				
Roads, bridges and sidewalks			$ 1,014,021	$ -	$ 1,014,021	
Muncipal building renovations/ construction			21,044	-	21,044	
Water and sewer system improvements			251,718	-	251,718	
Library			4,983	-	4,983	
Parks and recreation improvements			120,213	-	120,213	
Public safety building and related equipment (1)	-	-	950,636	-	950,636	
TOTAL	$ 2,168,414	$ 2,168,414	$ 2,362,615	$ -	$ 2,362,615	100.00%

(1) The City has incurred expenditures for debt service payments on a public safety project as follows:

Prior Years	$ 1,171,187
Current Years	-
	$ 1,171,187

CITY OF SYLVESTER, GEORGIA
Schedule of Projects Constructed with Special Sales Tax Proceeds
Year Ended June 30, 2017

2011 Referendum

Category	Original Estimated Cost	Revised Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Total	% Complete as of 6/30/2017
Roads, bridges and sidewalks	$ 400,000	$ 1,000,000	$ 682,454	$ 103,729	$ 786,183	79%
Muncipal building renovations/ construction	750,000	150,000	85,100	-	85,100	57%
Water and sewer system improvements	250,000	250,000	12,300	-	12,300	5%
Parks and recreation improvements	150,000	150,000	25,000	-	25,000	17%
Public safety building and related equipment (1)	1,177,476	1,177,476	82,322	-	82,322	7%
TOTAL	$ 2,727,476	$ 2,727,476	$ 887,176	$ 103,729	$ 990,905	

(1) The City has incurred expenditures for debt service payments on a public safety project as follows:

Prior Years	$ 628,626
Current Year	183,994
	$ 812,620

CITY OF SYLVESTER, GEORGIA
Schedule of Projects Constructed with Special Sales Tax Proceeds
Year Ended June 30, 2017

2016 Referendum

Category	Original Estimated Cost	Revised Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	% Complete as of 6/30/2017
Roads, bridges, sidewalks and associated capital equipment	$ 537,015	$ 537,015	$ -	$ -	$ -	0%
City Hall renovations and associated capital equipment	950,000	950,000	-	-	-	0%
Water and sewer improvements and associated capital equipment	250,000	250,000	-	-	-	0%
Parks and recreation improvements and associated capital equipment	50,000	50,000	-	-	-	0%
Depot improvements and parking lot	100,000	100,000	-	-	-	0%
Holly School Gym	100,000	100,000	-	-	-	0%
Public safety and associated capital equipment	1,010,000	1,010,000	-	-	-	0%
TOTAL	$ 2,997,015	$ 2,997,015	$ -	$ -	$ -	

CITY OF SYLVESTER, GEORGIA
Community Development Block Grant
Project Cost Schedule
13p-x-159-2-5559
Year Ended June 30, 2017

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Accumulative Expenditures To Date CDBG Funds	Accumulative Expenditures To Date Other Funds	Grant Total Expenditures To Date
Water Facilities	P-03J-01	$ 169,200	$ 178,053	$ 105,629	$ 283,682
Sewer Facilities	P-03J-02	330,800	321,947	105,629	427,576
Contingencies - Unprogramed Funds	C-022-00	-	-	-	-
Total		$ 500,000	$ 500,000	$ 211,258	$ 711,258

CITY OF SYLVESTER, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
13p-x-159-2-5559
Year Ended June 30, 2017

Total Program Year 2013 CDBG Funds Allocated to Recipient	$	500,000
Less: Deobligations		-
Net Program Year 2013 Funds Allocated to Recipient		500,000
Less: Total Program Year 2013 Funds Drawn Down by Recipient	$	500,000
Funds Still Available from Program Year 2013 Resources	$	-
Total Program Year 2013 CDBG Funds Drawn and Received by Recipient	$	500,000
Local Matches and Other Receipts		211,258
Total Receipts Available for Program Year 2013 Costs		711,258
Less: Funds Applied and Expended to Program Year 2013 Costs		711,258
Total Program Year 2013 Funds Held by Recipient	$	-

CITY OF SYLVESTER, GEORGIA
Community Development Block Grant
Project Cost Schedule
15p-x-159-2-5754
Year Ended June 30, 2017

Program Activity	Activity Number	Latest Approved Budget CDBG Funds	Accumulative Expenditures To Date CDBG Funds	Accumulative Expenditures To Date Other Funds	Grant Total Expenditures To Date
Sewer Facilities	P-03J-02	$ 440,651	$ 233,489	$ -	$ 233,489
Engineering	T-03J-00	16,000	16,000	26,160	42,160
General Administration	A-21A-00	30,000	23,000	7,000	30,000
Contingencies - Unprogramed Funds	C-022-00	13,349	-	-	-
Total		$ 500,000	$ 272,489	$ 33,160	$ 305,649

CITY OF SYLVESTER, GEORGIA
Community Development Block Grant
Source & Application of Funds Schedule
15p-x-159-2-5754
Year Ended June 30, 2017

Total Program Year 2015 CDBG Funds Allocated to Recipient	$	500,000
Less: Deobligations		-
Net Program Year 2015 Funds Allocated to Recipient		500,000
Less: Total Program Year 2015 Funds Drawn Down by Recipient	$	272,489
Funds Still Available from Program Year 2013 Resources	$	227,511
Total Program Year 2015 CDBG Funds Drawn and Received by Recipient	$	272,489
Local Matches and Other Receipts		33,160
Total Receipts Available for Program Year 2015 Costs		305,649
Less: Funds Applied and Expended to Program Year 2015 Costs		305,649
Total Program Year 2015 Funds Held by Recipient	$	-

CITY OF SYLVESTER, GEORGIA
Schedule of OneGeorgia Grants
Project Cost Schedule
11ga-159-2-4622
From Inception and for the Year Ended June 30, 2017

Grant # 11ga-159-2-4622	Activity Number	Project Award	Prior Years	Current Year	Total to Date
Revenues					
OneGeorgia Authority-					
AIRGeorgia: Economic Development					
Grant Drawdown (9/13/16)				$ 268,462	
Grant Drawdown (10/14/2016)				51,437	
Grant Drawdown (11/4/2016)				86,414	
Grant Drawdown (12/7/2016)				219,842	
Total Revenues		$ 1,997,676	$ 1,371,521	$ 626,155	$ 1,997,676
Expenditures					
Public Infrastructure	G71-1414-I			626,155	
Total Expenditures		1,997,676	1,371,521	626,155	1,997,676
Total		$ -	$ -	$ -	$ -

CITY OF SYLVESTER, GEORGIA
OneGeorgia AIRGeorgia Grant Program
Source & Application of Funds Schedule
Year Ended June 30, 2017

City of Sylvester, Georgia
Recipient Name

11-ga-159-2-4622
Grant Number

For the Period Ending: **June 30, 2017**
(Cumulative)

Total Fiscal Year 2011 OneGeorgia AIRGeorgia Grant Program Funds Awarded to Recipient (Revised)	$	1,997,676
Total Amount Drawdown by Recipient from OneGeoriga from Program Year 2011		1,997,676
Less: Funds Expended by Recipient		(1,997,676)
Amount of Fiscal Year 2011 Funds held by Recipient	$	-
Funds Still Available from Program Year 2011	$	-

CITY OF SYLVESTER, GEORGIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures
U.S. Environmental Protection Agency:			
Pass-Through Georgia Environmental Finance Authority (GEFA):			
GEFA Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 12-002	$ 115,747
GEFA Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWSRF 14-005	134,771
U.S. Department of Housing and Urban Development:			
Pass-Through Georgia Department of Community Affairs:			
Community Development Block Grants	14.228	13P-X-159-2-5559	67,616
Community Development Block Grants	14.228	15P-X-159-2-5754	250,190
Home Investment Partnerships Program	14.239	CH14XSYL-01	228,037
U.S. Department of Agriculture:			
Farmers' Market and Local Food Promotion Program	10.168		10,632
U.S. Department of Transportation:			
Pass-Through Georgia Department of Transportaion:			
Airport Improvement Program	20.106	APO15-9021-10(321)	357,214
Total Expenditures of Federal Awards			$ 1,164,207

NOTE 1 – BASIS OF PRESENTATION
The accompanying schedule of expenditure of federal awards (the "Schedule") includes the federal grant activity of the City under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year.

NOTE 3 – INDIRECT COST RATE
The City is not reimbursed for indirect costs under any of its federal awards and does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance or any other indirect cost rate.

Hudson & NeSmith, CPAs

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

To the City Council
City of Sylvester, 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 Sylvester, Georgia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Sylvester, Georgia's basic financial statements and have issued our report thereon dated January 8, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sylvester, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sylvester, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sylvester, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies. We consider the deficiency (Item 2017-1) described in the accompany schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sylvester, 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*.

City of Sylvester, Georgia's Response to Findings

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

Purpose of this Report

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



Hudson & NeSmith, CPAs
Sylvester, Georgia
January 8, 2018

Hudson & NeSmith, CPAs

Ronald D. Hudson, CPA, CFP®

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Private Companies Practice Section

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

To the City Council
City of Sylvester, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Sylvester, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Sylvester, Georgia's major federal programs for the year ended June 30, 2017. The City of Sylvester, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Sylvester, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Hudson & NeSmith, CPAs

Hudson & NeSmith, CPAs
Sylvester, Georgia
January 8, 2018

CITY OF SYLVESTER, GEORGIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

SECTION 1 - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Sylvester, Georgia.

2. No material weaknesses relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and On Compliance Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards.*

3. One significant deficiency relating to the audit of the financial statements is reported in the *Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards.*

4. No instances of noncompliance material to the financial statements were disclosed during the audit.

5. No significant deficiencies relating to the audit of the major federal award programs were reported in the *Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.*

6. The auditor's report on compliance for all the major federal award programs for the City of Sylvester, Georgia expresses an unmodified opinion on all major federal programs.

7. No audit findings that are required to be reported in accordance with 2 CFR § 200.516(a) of the Uniform Guidance are reported in this Schedule.

8. The programs tested as major programs include:

U.S. Department of Housing and Urban Development:	
Home Investment Partnerships Program	CFDA #14.239
U.S. Department of Transportation:	
Airport Improvement Program	CFDA #20.106

9. The threshold used for distinguishing between Type A and B programs was $750,000.

10. The City of Sylvester, Georgia qualified as a low-risk auditee.

SECTION 11-FINANCIAL STATEMENT FINDINGS

2017-1 Segregation of Duties

Condition and Criteria – Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons. There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component unit.

Effect – The possibility that errors or irregularities will occur and not be detected on a timely basis in the normal course of business.

Cause – The limited number of personnel to perform all of the required duties.

Recommendation – Segregation of duties should be implemented to the extent practical and accounting records reviewed by responsible officials on a regular basis.

Management's Response – The City concurs with the recommendation. City management will work to continually improve and implement as many procedures as possible to improve internal controls in this area.

CITY OF SYLVESTER, GEORGIA
Schedule of Prior Audit Findings
Year Ended June 30, 2017

2016-1 Segregation of Duties (*Government Auditing Standards Finding*)

Condition and Criteria – Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons. There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component unit.

Recommendation – Segregation of duties should be implemented to the extent practical and accounting records reviewed by responsible officials on a regular basis.

Current Status – This was a repeat finding in the current year.

City of Sylvester
P.O. Box 370
101 N Main Street
Sylvester, GA 31791
Telephone: 229-776-8505

January 8, 2018

Georgia Department of Audits and Accounts
Atlanta, Georgia 30334-8400

Re: Section 11-Financial Statement Finding audit report year ending 6/30/2017.

2017-1 Segregation of Duties

We agree with the auditor's comments as to segregation of duties. The small staff prevents this at present; however we will continue to work to improve the situation.