

CITY OF JESUP, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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HARRIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Commissioners
City of Jesup, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jesup, Georgia, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, budgetary comparison information on pages 59-61, schedules of funding programs on pages 62-67, and related notes to the supplementary information on pages 68-69 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 Jesup, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, and statistical section, and schedule of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the City of Jesup, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Jesup, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jesup, Georgia's internal control over financial reporting and compliance.

Harris & Company, P.C.
Jesup, Georgia
December 21, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As City Manager of Jesup, Georgia, I offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2018.

Financial Highlights

- The City of Jesup's assets exceeded its liabilities at June 30, 2018 by \$32,608,043 (net position). Of this amount, \$7,407,537 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of June 30, 2018, the City's general fund revenues and other financing sources (uses) exceeded expenditures by \$479,878. This is a 39.87% decrease from a 2017 surplus of revenues and other financing sources (uses) over expenditures of \$798,124.
- At June 30, 2018, the City's governmental funds balance sheet reports combined ending fund balances of \$6,586,395, an increase of \$458,887 over the previous fiscal year excluding the restatement of beginning fund balance. Of this amount, \$4,604,467 or 69.9% remains in the general fund of the City as unassigned.
- The City has elected to transfer the solid waste operations from the General Fund to an enterprise fund as evidenced by the restatement of beginning net position and fund balance to account for the transfer of fixed assets and related accumulated depreciation, receivables, and related liabilities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Jesup Government's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements which may be of interest to the reader.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business.

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

Government-wide Financial Statements

Government-wide financial statements are designed to provide the reader with a broad overview of the financial position of the City of Jesup and are similar to private-sector financial statements. The government-wide statements include a statement of net position and a statement of activities.

The statement of net position shows the City's assets less its liabilities at June 30, 2018. The difference between these assets and liabilities is reported as net position. Changes in net position over time may be helpful in indicating an improving or deteriorating financial position.

The statement of activities follows the statement of net position and presents information showing how the net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as uncollected taxes will produce changes in a future fiscal period.

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).

Governmental activities reported in the statements include general government, public safety, public works, culture and recreation, and housing and development.

The City's statement of net position can be found at Exhibit A of this report.

The City's government-wide statement of activities can be found at Exhibit B of this report.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Jesup, 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 of Jesup can be divided into two categories: (1) governmental funds, and (2) proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same function 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 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 of Jesup maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. The general fund is used to account for all activities of the general government not accounted for in some other fund. Data from the other three 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 presented as Schedules 8 and 9.

The City adopts an annual appropriated budget for its general fund and special revenue funds. All unencumbered annual appropriations lapse at fiscal year-end. All encumbered appropriations are carried forward in the following year's budget.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary Funds

The City of Jesup maintains two 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 an enterprise fund to account for water and sewer operations and solid waste operations.

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 water and sewer and solid waste in the proprietary fund financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26-57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the general fund as required supplementary information and can be found at Schedule 1.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71-75.

The Downtown Development Authority is a component unit of the City of Jesup, Georgia. Information on how to obtain separately issued financial statements on the Authority can be found in Note I.A on page 28-29 of this report.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. As noted earlier, the City's combined net position totaled \$32,608,043 as of June 30, 2018.

City of Jesup's Net Position-Exhibit A

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 7,189,102	\$ 7,503,450	\$ 7,514,902	\$ 7,086,776	\$ 14,704,004	\$ 14,590,226
Capital assets	10,832,923	11,577,877	22,393,686	22,084,096	33,226,609	33,661,973
Total assets	<u>18,022,025</u>	<u>19,081,327</u>	<u>29,908,588</u>	<u>29,170,872</u>	<u>47,930,613</u>	<u>48,252,199</u>
Deferred Outflows of Resources	402,803	620,476			402,803	620,476
Long-term liabilities outstanding	2,936,160	2,808,105	10,440,736	10,555,770	13,376,896	13,363,875
Other liabilities	238,136	518,836	1,479,457	936,052	1,717,593	1,454,888
Total liabilities	<u>3,174,296</u>	<u>3,326,941</u>	<u>11,920,193</u>	<u>11,491,822</u>	<u>15,094,489</u>	<u>14,818,763</u>
Deferred Inflows of Resources	630,884	374,296			630,884	374,296
Net position:						
Net investment in capital assets	11,446,168	11,577,877	12,377,029	11,720,308	23,823,197	23,298,185
Restricted	1,377,309	1,312,545			1,377,309	1,312,545
Unrestricted	1,796,171	3,110,144	5,611,366	5,958,742	7,407,537	9,068,886
Total net position	<u>\$ 14,619,648</u>	<u>\$ 16,000,566</u>	<u>\$ 17,988,395</u>	<u>\$ 17,679,050</u>	<u>\$ 32,608,043</u>	<u>\$ 33,679,616</u>

There was a decrease of \$72,300 in net position reported in the City's governmental and business-type activities. There was an increase of \$712,315 in unrestricted cash in the combined governmental and business-type funds. The increase in unrestricted cash is due to the enterprise funds profits for the year. See Exhibit G and H.

The largest portion of the City's net position (73.1%) from governmental and business-type activities reflects its investment in capital assets such as land, buildings, water and sewer system, equipment and roads acquired during the year, net of related debt. 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.

An additional portion of the City's net position (4.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (22.7%) may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

Governmental and Business-Type Activities

The following table presents a summary of the changes in net position for the years ended June 30, 2018 and 2017:

	City of Jesup's Changes in Net Position				
	Governmental Activities		Business-type Activities		Total
	2018	2017	2018	2017	2017
Revenues:					
Program revenues:					
Charges for services	\$ 1,271,472	\$ 2,128,782	\$ 4,451,234	\$ 3,636,770	\$ 5,722,706
Operating grants and contributions	54,002	338,403	14,873		68,875
Capital grants and contributions	842,638	906,868			842,638
General revenues:					
Property taxes	1,154,243	1,170,475			1,154,243
Sales taxes	1,382,038	1,282,843			1,382,038
Franchise taxes	703,079	733,387			703,079
Alcoholic beverage taxes	180,848	189,420			180,848
Other taxes	443,992	229,707			443,992
Other revenues	138,015	91,245	(149,613)	(171,262)	(11,598)
Total revenues	6,170,327	7,071,130	4,316,494	3,465,508	10,486,821
Expenses:					
General government	802,460	663,587			802,460
Public safety	3,775,705	3,491,025			3,775,705
Public works	1,349,339	2,000,012			1,349,339
Health and welfare	7,580	7,580			7,580
Culture and recreation	188,634	208,261			188,634
Housing and development	482,681	346,758			482,681
Solid waste			818,998		818,998
Water and sewer			3,133,724	3,285,115	3,133,724
Total expenses	6,606,399	6,717,223	3,952,722	3,285,115	10,559,121
Increase in net position before transfers	(436,072)	353,907	363,772	180,393	(72,300)
Transfers	440,987	302,923	(440,987)	(302,923)	534,300

Governmental and Business-Type Activities

The following table presents a summary of the changes in net position for the years ended June 30, 2018 and 2017 (Continued):

	City of Jesup's Changes in Net Position (Continued)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Changes in net position	\$ 4,915	\$ 656,830	\$ (77,215)	\$ (122,530)	\$ (72,300)	\$ 534,300
Net position, beginning	14,614,733	15,343,736	18,065,610	17,801,580	32,680,343	33,145,316
Net position, ending	\$ 14,619,648	\$ 16,000,566	\$ 17,988,395	\$ 17,679,050	\$ 32,608,043	\$ 33,679,616

Governmental Activities

Governmental activities increased the City of Jesup's net position by \$4,915, resulting from prudent fiscal management and a transfer from the Water and Sewer fund.

Business-Type Activities

Business-type activities decreased the City's net position by \$77,215, or 0.44%. This was due to a transfer of funds to the General fund.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City of Jesup's governmental fund balance sheet is presented as Exhibit C on page 17 of this report. Most of the City's basic services are included under this fund category. Basic services consist of general government, public safety, street, park and tree, building inspections, and housing and development. The balance sheet's focus is on (1) cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. The governmental funds balance sheet shows the City's overall funds financial status as of June 30, 2018.

The general fund is the chief operating fund of the City. The general fund's ending total fund balance was \$4,833,715 of which \$4,604,467 was unassigned. This is a 8.87% increase from 2017 ending total fund balance of \$4,439,928.

General Fund Budgetary Highlights

Both revenues and expenditures were less than budgeted, with actual revenues and other uses exceeding expenditures by \$675,082. The following are areas where actual expenditures exceeded final budgeted amounts:

	FINAL BUDGETARY AMOUNT	ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET
GOVERNMENTAL FUNDS:			
GENERAL FUND			
General Government-			
Financial administration:			
Supplies	\$ 55,300	\$ 62,283	\$ 6,983
Other costs	49,800	131,858	82,058
Public Safety-			
Police department-			
Interdepartmental charges	118,900	149,084	30,184
Housing and Development:			
Protective Inspection:			
Supplies	6,200	6,967	767
Interdepartmental charges	5,000	15,959	10,959
Economic Development-			
Other costs	135,000	160,547	25,547
HOTEL/MOTEL TAX SPECIAL REVENUE FUND -			
HOUSING AND DEVELOPMENT:			
Tourism	100,000	118,005	18,005
Downtown Development Authority	35,000	39,409	4,409

During the year the City had an increase in supplies within financial administration. The \$6,983 increase over budgeted is attributed to the City purchasing more supplies than budgeted. The \$82,058 other costs incurred being higher than anticipated.

Within the public safety department the overage was due to interdepartmental charges within the police department. This increase over budgeted is attributed to the unforeseen increase to health insurance claims, and insurance costs that arose within the department during the fiscal year.

The economic development department within housing and development experienced an overage in other costs and interdepartmental charges, respectively. The increase over budgeted is attributed to the unforeseen rise in others costs and health insurance costs.

Capital Asset and Debt Administration

Capital Asset

The City of Jesup's investments in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$33,226,609 (net of accumulated depreciation). This investment in capital assets consists of land, improvements, construction in progress, buildings, water and sewer system, and machinery and equipment. The total decrease in investment in capital assets for the current fiscal year was \$435,364 or (1.29%).

The major capital asset events during the current year included the following:

- Purchase of a bucket truck.
- Construction in progress on new solar system for the wastewater treatment plant.
- Purchase of equipment for water & sewer.
- Purchase new police cars and fire equipment.
- Paving projects completed.

Additional information on the City of Jesup's capital assets can be found in Note III.C. on pages 38-39 of this report.

Long Term Debt

At the end of the 2018 fiscal year, the City is repaying borrowed funds from the Georgia Environmental Finance Authority (GEFA). As of year-end, the City has a balance of \$6,031,752 on the \$7,500,000 loan for the construction of a new wastewater treatment plant at an interest rate of 2.13% for a 20 year period. In addition to the \$7,500,000 loan, the City has taken out an additional loan of \$5,000,000 to help construct the wastewater treatment plant. As of year-end, the City has a balance on the \$5,000,000 loan of \$3,733,595 at an interest rate of .50% for 20 years. The city has begun drawing down funds on a new loan from the Georgia Environmental Finance Authority for a solar system for the treatment plant. As of year-end, the City has drawn down \$335,120 with loan forgiveness of \$83,810.

Additional information on the City of Jesup's long-term debt activity can be found in Note III.F. on pages 42-44.

Future Year Budget Projections

The City has signed the contract for road and sidewalk construction utilizing LMIG funds. The City of Jesup is drawing down funds on a GEFA loan of \$1,710,000 with \$427,500 of loan forgiveness to construct solar panels for the new wastewater treatment plant. The project is slated to be completed in FY2019.

Request for Information

This financial report is designed to provide a general overview of Jesup, Georgia's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to City Manager, P.O. Box 427, Jesup, Georgia, 31598, Telephone (912) 427-1313.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash	\$ 5,852,206	\$ 7,112,502	\$ 12,964,708	\$ 158,186
Receivables (net of allowance for uncollectibles)	731,935	431,946	1,163,881	6,537
Internal balances	360,405	(360,405)		
Due from component unit	15,308		15,308	(15,308)
Prepays	122,403	91,873	214,276	
Restricted cash	106,845	238,986	345,831	
Capital assets not being depreciated:				
Land	740,259	212,386	952,645	
Construction in progress		613,075	613,075	
Capital assets, net of accumulated depreciation:				
Buildings	4,791,057	86,671	4,877,728	
Water and sewer system		20,411,369	20,411,369	
Machinery and equipment	1,068,358	1,070,185	2,138,543	
Infrastructure	4,233,249		4,233,249	
Total assets	<u>18,022,025</u>	<u>29,908,588</u>	<u>47,930,613</u>	<u>149,415</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>402,803</u>		<u>402,803</u>	
Total deferred outflows of resources	<u>402,803</u>		<u>402,803</u>	
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	238,136	687,734	925,870	
Liabilities payable from restricted assets		238,986	238,986	
Non-current liabilities:				
Due within one year		552,737	552,737	
Due in more than one year		9,463,920	9,463,920	
Compensated absences	226,590	97,912	324,502	455
OPEB obligation	677,941		677,941	
Net pension obligation	2,031,629	878,904	2,910,533	
Total liabilities	<u>3,174,296</u>	<u>11,920,193</u>	<u>15,094,489</u>	<u>455</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals	65,191		65,191	
Pension deferrals	565,693		565,693	
Total deferred inflows of resources	<u>630,884</u>		<u>630,884</u>	
NET POSITION				
Net investment in capital assets	11,446,168	12,377,029	23,823,197	
Restricted for :				
Capital projects	1,377,309		1,377,309	
Unrestricted	1,796,171	5,611,366	7,407,537	148,960
Total net position	<u>\$ 14,619,648</u>	<u>\$ 17,988,395</u>	<u>\$ 32,608,043</u>	<u>\$ 148,960</u>

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

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Downtown Development Authority	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental activities:								
General government	\$ 802,460	\$ 1,063,429	\$ 21,182	\$	\$ 282,151	\$ 282,151		
Public safety	3,775,705	193,557	32,820		(3,549,328)	(3,549,328)		
Public works	1,349,339	240		842,638	(506,461)	(506,461)		
Health and welfare	7,580				(7,580)	(7,580)		
Culture and recreation	188,634				(188,634)	(188,634)		
Housing and development	482,681	14,246			(468,435)	(468,435)		
Total governmental activities	6,606,399	1,271,472	54,002	842,638	(4,438,287)	(4,438,287)		
Business-type activities:								
Solid waste	818,998	885,010	14,873		\$ 80,885	\$ 80,885		
Water and sewer	3,133,724	3,566,224			432,500	432,500		
Total business-type activities	3,952,722	4,451,234	14,873		513,385	513,385		
Total primary government	\$ 10,559,121	\$ 5,722,706	\$ 68,875	\$ 842,638	(4,438,287)	(3,924,902)		
Component unit - Downtown Development Authority	\$ 179,058	\$ 23,320	\$ 212,675			\$ 56,937		

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

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

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government	Business-type Activities	Total	
	\$ (4,438,287)	\$ 513,385	\$ (3,924,902)	\$ 56,937
General revenues:				
Property taxes	1,154,243		1,154,243	
Sales taxes for general purposes	1,382,038		1,382,038	
Franchise taxes	703,079		703,079	
Alcoholic beverage taxes	180,848		180,848	
Other taxes	443,992		443,992	
Unrestricted investment earnings	37,881	(149,613)	(111,732)	40
Miscellaneous revenues	100,134		100,134	
Total general revenues	4,002,215	(149,613)	3,852,602	40
Increase in net position before transfer	(436,072)	363,772	(72,300)	56,977
Transfers	440,987	(440,987)		
Change in net position	4,915	(77,215)	(72,300)	56,977
Net position – beginning - restated	14,614,733	18,065,610	32,680,343	91,984
Net position – ending	\$ 14,619,648	\$ 17,988,395	\$ 32,608,043	\$ 148,961

Total primary government and component unit net (expense) revenue

General revenues:
 Property taxes
 Sales taxes for general purposes
 Franchise taxes
 Alcoholic beverage taxes
 Other taxes
 Unrestricted investment earnings
 Miscellaneous revenues
 Total general revenues
 Increase in net position before transfer
 Transfers
 Change in net position
 Net position – beginning - restated
 Net position – ending

**CITY OF JESUP, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

	<u>GENERAL</u>	<u>2012 SPLOST</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 4,189,916	\$ 656,703	\$ 1,005,587	\$ 5,852,206
Receivable (net of allowances for uncollectibles)	440,339		13,096	453,435
Due from other funds	360,405		126	360,531
Due from component unit	15,308			15,308
Intergovernmental receivable	175,183	94,215	9,102	278,500
Prepays	122,403			122,403
Restricted cash	106,845			106,845
TOTAL ASSETS	\$ 5,410,399	\$ 750,918	\$ 1,027,911	\$ 7,189,228
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	107,176			107,176
Other accruals and deferrals	104,811		26,149	130,960
Due to other funds	126			126
Total liabilities	212,113		26,149	238,262
Deferred inflows of resources-				
Deferred revenue	364,571			364,571
Total deferred inflows of resources	364,571			364,571
Fund Balances:				
Nonspendable -				
Prepaid expenditures	122,403			122,403
Restricted for -				
Capital projects		750,918	626,391	1,377,309
Committed to:				
Capital projects			375,371	375,371
Insurance benefits	71,333			71,333
Drug interdiction	35,512			35,512
Unassigned	4,604,467			4,604,467
Total fund balances	4,833,715	750,918	1,001,762	6,586,395
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,410,399	\$ 750,918	\$ 1,027,911	\$ 7,189,228

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

CITY OF JESUP, GEORGIA
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total Governmental Fund Balances		\$ 6,586,395
Amounts reported for government activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$5,307,759		10,832,923
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds - Deferred revenue		364,571
Deferred outflows of resources related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level.		402,803
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(226,590)	
Net Other Postemployment Benefits (OPEB) Liability	(677,941)	
Net Pension Liability	<u>(2,031,629)</u>	(2,936,160)
Deferred inflows of resources are not required to be reported in the funds but are required to be reported at the government-wide level:		
Other Postemployment Benefits (OPEB)	(65,191)	
Pension	<u>(565,693)</u>	<u>(630,884)</u>
Net Position of Governmental Activities		<u>\$ 14,619,648</u>

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

**CITY OF JESUP, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL</u>	<u>2012 SPLOST</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Property taxes	\$ 1,199,177			\$ 1,199,177
Other taxes	2,540,627		\$ 157,406	2,698,033
Licenses and permits	1,077,855			1,077,855
Intergovernmental revenues	44,002	\$ 559,199	433,144	1,036,345
Charges for services	1,835			1,835
Fines and fees	159,477			159,477
Commissions, penalties and interest	29,418	1,143	7,167	37,728
Investment income	37,506			37,506
Other revenue	142,440			142,440
Total revenues	5,232,337	560,342	597,717	6,390,396
EXPENDITURES:				
Current:				
General government	710,681			710,681
Public safety	3,289,590			3,289,590
Public works	1,108,658			1,108,658
Culture and recreation	159,343			159,343
Housing and development	273,152		157,414	430,566
Capital outlay:				
General government	2,651			2,651
Public safety	338,038			338,038
Public works	16,250		221,572	237,822
Culture and recreation	9,056			9,056
Housing and development	-			-
Total expenditures	5,907,419		378,986	6,286,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(675,082)	560,342	218,731	103,991

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

**CITY OF JESUP, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL</u>	<u>2012 SPLOST</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	\$ 1,154,960	\$ (713,981)	\$ 8	\$ 440,987
	<u>1,154,960</u>	<u>(713,981)</u>	<u>8</u>	<u>440,987</u>
Total other financing sources (uses)	479,878	(153,639)	218,739	544,978
NET CHANGES IN FUND BALANCES	4,353,837	904,557	783,023	6,041,417
FUND BALANCES, BEGINNING - RESTATED	\$ 4,833,715	\$ 750,918	\$ 1,001,762	\$ 6,586,395
FUND BALANCES, ENDING	\$ 4,833,715	\$ 750,918	\$ 1,001,762	\$ 6,586,395

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

CITY OF JESUP, GEORGIA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances – Total governmental funds		\$ 544,978
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital outlays	\$ 373,356	
Depreciation expense	<u>(505,065)</u>	(131,709)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Deferred revenues June 30, 2017	(584,639)	
Deferred revenues June 30, 2018	<u>364,571</u>	(220,068)
Deferred outflows of resources that do not provide current financial resources are not reported in the governmental funds:		
Deferred outflows of resources June 30, 2017	(620,476)	
Deferred outflows of resources June 30, 2018	<u>402,803</u>	(217,673)
Deferred inflows of resources that do not consume current financial resources are not reported in the governmental funds:		
Deferred inflows of resources June 30, 2017	374,296	
Deferred inflows of resources June 30, 2018	<u>(630,884)</u>	(256,588)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Current activity:		
(Increase) decrease in other postemployment benefits obligation	48,865	
(Increase) decrease in net pension obligation	248,968	
(Increase) decrease in compensated absences	<u>(11,858)</u>	<u>285,975</u>
Change in net position of governmental activities		<u>\$ 4,915</u>

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

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

<u>ASSETS</u>	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
CURRENT ASSETS:			
Cash	\$ 6,661,584	\$ 450,918	\$ 7,112,502
Restricted cash -			
Customer deposits	238,986		238,986
Accounts receivable (net of allowance for doubtful accounts of \$ 350,000 and \$1,600)	343,346	88,600	431,946
Due from other fund		70,740	70,740
Prepaid expenses	79,194	12,679	91,873
Total current assets	7,323,110	622,937	7,946,047
CAPITAL ASSETS:			
Land	151,886	60,500	212,386
Construction in progress	613,075		613,075
Buildings	221,391	26,189	247,580
Equipment, vehicles and furniture	1,773,355	1,465,300	3,238,655
Water and sewer system	32,086,221		32,086,221
Total	34,845,928	1,551,989	36,397,917
Less accumulated depreciation	12,961,431	1,042,800	14,004,231
Total capital assets (net of accumulated depreciation)	21,884,497	509,189	22,393,686
Total noncurrent assets	21,884,497	509,189	22,393,686
TOTAL ASSETS	\$ 29,207,607	\$ 1,132,126	\$ 30,339,733

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

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

	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Accounts payable	\$ 633,645	\$ 15,753	\$ 649,398
Accrued expenses	30,508	7,828	38,336
Due to other fund	78,028	353,117	431,145
GEFA loan	552,737		552,737
Current liabilities payable from restricted assets - Customers' deposits	238,986		238,986
Total current liabilities	1,533,904	376,698	1,910,602
LONG-TERM LIABILITIES:			
Net Pension Obligation	630,123	248,781	878,904
Compensated absences	74,996	22,916	97,912
GEFA loan	9,463,920		9,463,920
Total long-term liabilities	10,169,039	271,697	10,440,736
Total liabilities	11,702,943	648,395	12,351,338
<u>NET POSITION</u>			
Net investment in capital assets	11,867,840	509,189	12,377,029
Unrestricted	5,636,824	(25,458)	5,611,366
Total net position	\$ 17,504,664	\$ 483,731	\$ 17,988,395

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

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

	<u>Water & Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 3,464,704	\$ 885,010	\$ 4,349,714
Intergovernmental		14,873	14,873
Miscellaneous	101,520		101,520
Total operating revenues	<u>3,566,224</u>	<u>899,883</u>	<u>4,466,107</u>
OPERATING EXPENSES:			
Salaries	828,866	317,389	1,146,255
Membership dues	4,973		4,973
Utilities	251,442		251,442
Telephone	34,323		34,323
Departmental supplies	205,299	25,904	231,203
Travel and training	45,829		45,829
Uniforms	2,420	6,539	8,959
Repairs and maintenance	99,311	137,236	236,547
Automotive expenses	55,995	43,540	99,535
Insurance	314,751	61,693	376,444
Professional services	40,685		40,685
Payroll taxes	62,085	23,626	85,711
Retirement	76,085	18,178	94,263
Bad debts	20,000	1,600	21,600
Miscellaneous	8,725	17,216	25,941
Landfill Fees		61,720	61,720
Capital Outlays	198,617		198,617
Advertising	1,670	302	1,972
Depreciation	882,648	104,055	986,703
Total operating expenses	<u>3,133,724</u>	<u>818,998</u>	<u>3,952,722</u>
OPERATING INCOME (LOSS)	<u>432,500</u>	<u>80,885</u>	<u>513,385</u>
NONOPERATING REVENUES (EXPENSES):			
Interest expense	(152,460)		(152,460)
Interest income	2,593	254	2,847
Total nonoperating revenues (expenses)	<u>(149,867)</u>	<u>254</u>	<u>(149,613)</u>
Income before transfers	282,633	81,139	363,772
Transfers in (out)	(457,019)	16,032	(440,987)
CHANGE IN NET POSITION	(174,386)	97,171	(77,215)
NET POSITION, BEGINNING - RESTATED	<u>17,679,050</u>	<u>386,560</u>	<u>18,065,610</u>
NET POSITION, ENDING	<u>\$ 17,504,664</u>	<u>\$ 483,731</u>	<u>\$ 17,988,395</u>

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

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

	<u>Water & Sewer</u>	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 3,413,274	\$ 880,901
Cash payments for goods and services	(927,881)	(431,480)
Cash payments to employees	(820,793)	(312,039)
Cash received from other operating revenues	35,705	14,873
	<u>1,700,305</u>	<u>152,255</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(683,048)	
Interest paid on loan	(152,460)	
Transfer from SPLOST	713,980	
Loan proceeds/(repayment) from Other Funds	(879,414)	282,377
Proceeds from GEFA Loan	263,260	
Principal paid on loan	(544,577)	
Transfer in (out) to General Fund	(1,171,000)	16,032
	<u>(2,453,259)</u>	<u>298,409</u>
CASH FLOWS FROM INVESTING ACTIVITIES-		
Interest received on investments	2,593	254
	<u>2,593</u>	<u>254</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(750,361)	450,918
CASH AND RESTRICTED CASH, BEGINNING	7,650,931	-
CASH AND RESTRICTED CASH, ENDING	\$ 6,900,570	\$ 450,918

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

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

	<u>Water & Sewer</u>	<u>Solid Waste</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 432,500	\$ 80,885
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	882,648	104,055
Provision for Uncollectible Accounts	20,000	1,600
Forgiveness of debt	(65,815)	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(51,430)	(4,109)
(Increase) decrease in prepaid expenses	2,177	(12,679)
Increase (decrease) in accounts payable	503,915	15,753
Increase (decrease) in accrued wages	(5,845)	7,828
Increase (decrease) in Net Pension Obligation	(45,379)	(38,599)
Increase (decrease) in deposits	13,594	
Increase (decrease) in compensated absences	13,940	(2,479)
Total adjustments	<u>1,267,805</u>	<u>71,370</u>
Net cash provided by operating activities	<u>\$ 1,700,305</u>	<u>\$ 152,255</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES -

There were no noncash investing, capital and financing activities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF JESUP, GEORGIA
INDEX TO NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

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

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

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The City has implemented the general provisions of the statement.

A. Reporting Entity

The City is a political subdivision of the State of Georgia and is governed by a six member board of commissioners. The six members represent geographical districts within the City.

The City has implemented the Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity". The financial reporting entity consists of (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The nucleus of a financial reporting entity usually is a primary government; however, a governmental organization other than a primary government (such as a component unit, a joint venture, a jointly governed organization, or another stand-alone government) serves as the nucleus for its own reporting entity when it issues separate financial statements.

The City has met the criteria for classification as a primary government. The City has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments. All funds, organizations, institutions, agencies, departments, and officers that are not legally separate of the primary government, for financial reporting purposes, are part of the primary government and are included in the financial statements of the City.

a. Discretely Presented Component Units

The Downtown Development Authority of Jesup, Georgia is a corporate and political body created and existing under the laws of the State of Georgia. The Authority was established for the general purpose of promoting the economic and general welfare through the revitalization of downtown Jesup, Georgia. The seven member governing board of the Authority is appointed by the Jesup Board of Commissioners. The Authority meets the GASB 14 criteria for inclusion as a component unit.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

A. Reporting Entity (Continued)

Audited financial statements of this discretely presented component unit can be obtained directly from their administrative office. The year end of the Authority is June 30. The address for the administrative office is as follows:

Downtown Development Authority of Jesup, Georgia
P. O. Box 427
Jesup, Georgia 31598

The City of Jesup, Georgia also has a related organization as disclosed below.

1. Related organization

The City's commissioners are also responsible for appointing members of boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City of Jesup Housing Authority's members are appointed by the Mayor of the City of Jesup, Georgia. In the year ended June 30, 2018, the City did not appropriate any funds to the City of Jesup Housing Authority.

B. Government-wide and fund financial statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The city has elected to treat the 2012 SPLOST fund as a major fund. It accounts for capital projects approved by the voters.

The government reports the following major proprietary funds:

The water and sewer revenue fund accounts for the activities of the government's water and sewer operations by providing goods or services to the general public which are recovered primarily through user charges.

The solid waste fund accounts for the activities of the government's solid waste collection operations by providing goods or services to the general public which are recovered primarily through user charges.

Additionally, the government reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The capital projects funds account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The Hotel/Motel tax fund is used for promotion of the City.

Non-current Governmental Assets/Liabilities:

GASB Statement 34 eliminates the presentation of accounts groups, but provides for these reports to be maintained and incorporates the information into the governmental column in the government-wide statement of net position.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. An exception to this general rule is payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

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

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

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

D. Assets, liabilities, and net position or equity

1. Deposits

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent, and investments with original maturities of three months or less.

State statutes authorize the City to invest in obligations of, or obligations guaranteed by the U. S. Government and agencies of corporations of the U. S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC and FSLIC; prime bankers acceptances; repurchase agreements; and the local government pool established by state law.

The City, during the year, invested funds in the certificates of deposits and time deposits of local banks, U. S. Government obligations and obligations of agencies guaranteed by the U. S. Government.

2. Receivables and payables

In the fund financial statements, material receivables in governmental funds include revenue accounts such as property taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The major receivable for the City is property taxes receivable. Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Property taxes are levied by the last quarter of the year in which they are assessed, or as soon after as deemed practical. Taxes are due and payable when levied. Property taxes are levied on all taxable real, public utility, and personal property (including vehicles) located within the City. Assessed values for property tax purposes are determined by the Wayne County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Public utility assessed values are established by the State of Georgia. The City may place liens on property once the related tax payments become delinquent.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Assets, liabilities, and net position or equity (Continued)

Property tax millage rates are usually adopted in August and tax bills are rendered by September 15. The State of Georgia did not approve the tax digest for Wayne County, Georgia including the City of Jesup, Georgia.

The property tax calendar is as follows:

Beginning of fiscal year for taxes	January 1, 2017
Millage rate adopted by ordinance	September 5, 2017
City tax digest approved	September 5, 2017
Real and personal property tax bills rendered	October 30, 2017
Real property tax payment due	December 29, 2017
Tax sales 2010-2017 delinquent real property tax and other assessments	Various

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (Fifo) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted assets

General Fund – Restricted cash is held by various financial institutions in the City's name to pay worker compensation claims of its employees, and to purchase equipment and supplies to combat drug use.

Water and Sewer Revenue Fund – Cash is restricted to the extent of customer deposits for water and sewer services.

5. Capital assets

Capital assets purchased in the government fund types are recorded as expenditures at the time of purchase. Such assets are capitalized at cost if a unit cost is \$5,000 or more in the general capital assets. The City's policy is to capitalize significant interest costs incurred during construction as a part of the cost of capital assets. Gifts or contributions are recorded at their estimated fair market value on the date donated. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Equipment, vehicles and furniture	7-10
Infrastructure	20-50
Water and sewer system	20-50

Pursuant to GASB Statement 34, the retroactive reporting of major general infrastructure is optional. This category is likely to be the largest asset class of government and has historically not been reflected nor a measure of its consumption charged. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. GASB Statement 34 requires the reporting and depreciation of new infrastructure expenditures effective with the beginning of the implementation year. The City has elected not to retroactive report its infrastructure.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Assets, liabilities, and net position or equity (Continued)

6. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, etc. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. In governmental funds, compensated absences are recognized as expenditures, using the modified accrual basis of accounting. In the proprietary fund, compensated absences are recorded as an expense and liability of the fund that will pay for them.

The City's policy allows employees to accumulate a maximum of 360 hours. The employees can "cash-in" only 40 hours each year. All payments of these accumulated benefits will be funded from appropriations of the year in which they are paid.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

8. Fund balance

The governmental funds balance sheet classifies fund balance into the following areas: 1) Non-spendable, 2) Restricted for, 3) Committed to, 4) Assigned to, and 5) Unassigned. The City has all of these classifications except "Assigned to".

In the government-wide financial statements equity is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets, consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

For committed fund balance, the City's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish, modify or rescind a fund balance commitment is a majority vote of the Board of Commissioners.

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

- Committed
- Unassigned

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Assets, liabilities, and net position or equity (Continued)

9. Expenditures and expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. Administrative overhead charges are made to various functions and are included in direct expenses. In the fund financial statements, governmental fund expenditures are classified as by character i.e. current (further classified by function), debt service, and capital outlay.

In the fund financial statements, governmental funds report expenditures of current financial resources.

10. Inter-fund transactions

Inter-fund transactions are reflected as either loans, services provided, reimbursement or transfer. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

11. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the amounts reported in the financial statements and the related notes. Accordingly, actual results could differ from these estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function, and department. The City manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

B. Excess of expenditures over appropriations

For the year ended June 30, 2018, appropriations and other sources (uses) exceeded expenditures in the general fund by \$675,082. The City commissioners are given a copy of the budget report monthly. They have met with the various departments about the budget violations and plan to make corrections in the June 30, 2019 year. The material budget violations were as follows:

	FINAL BUDGETARY AMOUNT	ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET
GOVERNMENTAL FUNDS:			
GENERAL FUND			
General Government-			
Financial administration:			
Supplies	\$ 55,300	\$ 62,283	\$ 6,983
Other costs	49,800	131,858	82,058
Public Safety-			
Police department-			
Interdepartmental charges	118,900	149,084	30,184
Housing and Development:			
Protective Inspection:			
Supplies	6,200	6,967	767
Interdepartmental charges	5,000	15,959	10,959
Economic Development-			
Other costs	135,000	160,547	25,547
HOTEL/MOTEL TAX SPECIAL REVENUE FUND –			
HOUSING AND DEVELOPMENT:			
Tourism	100,000	118,005	18,005
Downtown Development Authority	35,000	39,409	4,409

C. Deficit fund equity

The City does not have any deficit fund balances as of June 30, 2018.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

As of June 30, 2018, the City had the following investments.

Investment	Fair Value
Cash – checking and certificates of deposit	\$ 13,310,539
Total cash and investments	\$ 13,310,539

Reconciliation of financial statements to notes:

Cash and investments	\$ 12,964,708
Restricted cash and investments	345,831
	\$ 13,310,539

1. Interest Rate Risk

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

2. Credit Risk

State law limits investments to (1) obligations of this state or other states, (2) obligations issued by the U. S. government, (3) obligations fully insured or guaranteed by the U. S. government or by a government agency of the United States, (4) obligations of any corporation of the U. S. government, (5) prime bankers' acceptances, (6) the local government investment pool established by state law, (the City has no investments in Georgia Fund 1), (7) repurchase agreements, and (8) obligations of other political subdivisions of this state. The City has no investment policy that would further limit its investment choices.

3. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

Receivables:	Taxes	Accounts and Notes	Intergovernmental	Gross Receivables	Less: Allowance for Uncollectibles	Net Receivables
General	\$ 507,780	\$ 102,559	\$ 175,183	\$ 785,522	\$ (170,000)	\$ 615,522
Water and Sewer		693,346		693,346	(350,000)	343,346
Solid Waste		90,200		90,200	(1,600)	88,600
2012 SPLOST			94,215	94,215		94,215
Non-major governmental	13,096		9,102	22,198		22,198
Total	520,876	886,105	278,500	1,685,481	\$ (521,600)	\$ 1,163,881
Less allowance for uncollectibles	(170,000)			(521,600)		
Net receivables	\$ 350,876	\$ 534,505	\$ 278,500	\$ 1,163,881		

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land and land improvements	\$ 800,759		\$ 60,500	\$ 740,259
Total capital assets, not being depreciated	800,759		60,500	740,259
Capital assets, being depreciated:				
Buildings	6,755,832		\$ 26,189	6,729,643
Equipment, vehicles and furniture	5,344,454	\$ 168,323	1,849,813	3,662,964
Infrastructure	4,802,783	205,033		5,007,816
Total assets being depreciated	16,903,069	373,356	1,876,002	15,400,423
Less accumulated depreciation for:				
Buildings	(1,782,867)	(168,991)	13,272	(1,938,586)
Equipment, vehicles and furniture	(3,690,995)	(213,596)	1,309,985	(2,594,606)
Infrastructure	(652,089)	(122,478)		(774,567)
Total accumulated depreciation	(6,125,951)	(505,065)	1,323,257	(5,307,759)
Total capital assets, being depreciated, net	10,777,118	(131,709)	552,745	10,092,664
Net Governmental Activities Capital Assets	\$ 11,577,877	\$ (131,709)	\$ 613,245	\$ 10,832,923
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 151,886	\$ 60,500		\$ 212,386
Construction in Progress	144,276	483,799	\$ 15,000	613,075
Total capital assets, not being depreciated	296,162	544,299	15,000	825,461
Capital assets, being depreciated:				
Buildings	221,391	26,189		247,580
Water and sewer system	32,063,438	32,783		32,086,221
Equipment, vehicles and furniture	1,591,889	1,795,090	148,324	3,238,655
Total capital assets, being depreciated	33,866,718	1,854,062	148,324	35,672,466
Less accumulated depreciation for:				
Buildings	(141,733)	(19,174)		(160,907)
Water and sewer system	(10,912,329)	(762,524)		(11,674,853)
Equipment, vehicles and furniture	(1,024,722)	(1,292,073)	148,324	(2,168,471)
Total accumulated depreciation	(12,078,784)	(2,073,771)	148,324	(14,004,231)
Total capital assets, being depreciated, net	21,787,934	(219,709)		21,568,225
Business-type activities capital assets, net	\$ 22,084,096	\$ 324,590	\$ 15,000	\$ 22,393,686

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Capital assets (Continued)

Depreciation expenses were charged to functions/programs of the primary government as follows:

Government activities:		
General government	\$	66,646
Public safety		174,243
Public works		192,030
Health and welfare		7,580
Culture and recreation		16,319
Housing and development		<u>48,247</u>
Total depreciation expense-governmental activities	\$	<u>505,065</u>
Business-type activities –		
Solid waste	\$	104,055
Water and sewer		<u>882,648</u>
Total depreciation expense-business-type activities	\$	<u>986,703</u>

Solid waste fixed assets and accumulated depreciation transferred from governmental activities as part of the interfund equity in the newly established Solid Waste Fund are as follows:

	<u>Asset Cost</u>	<u>Accumulated Depreciation</u>
Land	\$ 60,500	
Buildings	26,189	\$ 13,272
Equipment	1,613,624	1,073,796
Total	<u>\$ 1,700,313</u>	<u>\$ 1,087,068</u>

D. Inter-fund receivables, payables, and transfers

Inter-fund receivable and payable balances at June 30, 2018 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
Major funds:		
General	\$ 360,405	\$ 126
Water and sewer		78,028
Solid Waste	70,740	353,117
Non-major funds:		
Hotel/Motel	<u>126</u>	
Total fund financial statements	431,271	431,271

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Inter-fund receivables, payables, and transfers (Continued)

Inter-fund receivable and payable balances at June 30, 2018 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
Government-wide adjustment to internal balances:		
General fund	(126)	
Water and sewer	(70,740)	
Solid Waste		(70,740)
Hotel/Motel		(126)
Total	<u><u>\$ 360,405</u></u>	<u><u>\$ 360,405</u></u>

These balances represent loans between the borrower fund and the lender fund. These balances resulted from the time lag between the dates that 1) inter-fund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Inter-fund receivables and payables are reported in the fund financial statements; however, they are eliminated in the government-wide financial statements if the inter-fund loans are between governmental funds.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Inter-fund receivables, payables, and transfers (Continued)

Inter-fund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following are transfers made during the year:

	Major Governmental Funds			Capital Project Funds		Non-major Governmental Funds		Total
	Proprietary Fund Water and Sewer	Solid Waste	General Fund	2012		Special Revenue Hotel/ Motel		
				SPLOST				
Transfers in:								
From Water and Sewer			\$ 1,171,000					\$ 1,171,000
From 2012 SPLOST	\$ 713,981							713,981
From General Fund		\$ 16,032					\$ 8	16,040
Transfers out:								
To General Fund	(1,171,000)							(1,171,000)
To Water and Sewer				\$ (713,981)				(713,981)
To Solid Waste		(16,032)						(16,032)
To Hotel/Motel				(8)				(8)
Total	\$ (457,019)	\$ 16,032	\$ 1,154,960	\$ (713,981)		\$ 8	\$	\$ -

E. Leases

The City had no outstanding operating or capital leases at June 30, 2018.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Long-term debt

Primary government:

Business-type activities –

Water/Sewer Fund:

<u>Purpose</u>	<u>Issue Date</u>	<u>Average Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2018</u>
Primary Government:				
Business-type activities- Water/Sewer fund:				
a. Georgia Environmental Finance Authority (GEFA)	May 1, 2012	2.13%	\$ 7,500,000	\$ 6,031,752
b. Georgia Environmental Finance Authority (GEFA)	October 1, 2013	0.50%	\$ 4,946,724	\$ 3,733,595
c. Georgia Environmental Finance Authority (GEFA)	December 21, 2016	0.89%	\$ 1,710,000	\$ 251,310

a. As of November 1, 2013 the GEFA note with an original balance of \$7,500,000 began repayment.

b. October 1, 2013, the City of Jesup, Georgia borrowed an additional \$5,000,000 to construct a new wastewater treatment plant. The loan payments began on February 1, 2015 and will be paid in monthly installments over the next 20 years.

c. December 21, 2016, the City of Jesup, Georgia agreed to borrow \$1,710,000 to construct a 600 KW Solar Photovoltaic System adjacent to the wastewater treatment plant and all related appurtenances. As part of the loan agreement, the Georgia Environmental Finance Authority (GEFA) agrees to forgive \$427,500. As of June 30, 2018, the City has drawn down \$335,120 with \$83,810 forgiven as part of the loan agreement. The loan will begin repayment on the earlier of completion or December 1, 2018 with a 20 year repayment schedule.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Long-term debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities- Primary Government- General Fund-					
Compensated Absences	\$ 240,127	\$ 11,858	\$ 25,395	\$ 226,590	
Total Governmental Activities	240,127	11,858	25,395	226,590	
Business-type Activities- Primary Government:					
Compensated Absences	61,056	39,335	2,479	97,912	
GEFA \$ 7.5 million	6,360,926		329,174	6,031,752	\$ 336,254
GEFA \$ 5 million	3,948,998		215,403	3,733,595	216,483
GEFA \$ 1.7 million	53,865	197,445		251,310	
Total Business-type Activities	10,424,845	236,780	547,056	10,114,569	552,737
Total Primary Government	\$ 10,664,972	\$ 248,638	\$ 572,451	\$ 10,341,159	\$ 552,737

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Long-term debt (Continued)

GEFA \$7.5 Million-

Year Ending 30-Jun	Principal	Interest	Total
2019	\$ 336,254	\$ 125,206	\$ 461,460
2020	343,486	117,974	461,460
2021	350,874	110,586	461,460
2022	358,421	103,039	461,460
2023	366,131	95,329	461,460
2024	374,006	87,454	461,460
2025	382,051	79,409	461,460
2026	390,268	71,192	461,460
2027	398,662	62,798	461,460
2028	407,237	54,223	461,460
2029	415,997	45,463	461,460
2030	424,945	36,515	461,460
2031	434,085	27,375	461,460
2032	443,421	18,039	461,460
2033	452,959	8,501	461,460
2034	152,955	679	153,634
	<u>\$ 6,031,752</u>	<u>\$ 1,043,782</u>	<u>\$ 7,075,534</u>

GEFA \$5 Million-

Year Ending 30-Jun	Principal	Interest	Total
2019	\$ 216,483	\$ 18,172	\$ 234,655
2020	217,567	17,088	234,655
2021	218,658	15,997	234,655
2022	219,754	14,901	234,655
2023	220,855	13,800	234,655
2024	221,962	12,693	234,655
2025	223,074	11,581	234,655
2026	224,192	10,463	234,655
2027	225,316	9,339	234,655
2028	226,445	8,210	234,655
2029	227,580	7,075	234,655
2030	228,720	5,935	234,655
2031	229,866	4,789	234,655
2032	231,018	3,637	234,655
2033	232,176	2,479	234,655
2034	233,339	1,316	234,655
2035	136,590	227	136,817
	<u>\$ 3,733,595</u>	<u>\$ 157,702</u>	<u>\$ 3,891,297</u>

G. Short-term debt

The City had no short-term debt outstanding at year end nor did they have any short-term debt activity during the year.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

H. Classification of fund balances and restricted asset accounts

For the classification of fund balances, the City considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City has all of these classifications except "Assigned to".

When both restricted and unrestricted amounts of fund balance or net position are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

- a. Committed
- b. Assigned
- c. Unassigned

A committed fund balance requires a majority vote of the City Commissioners (which is the highest level of decision making authority). A majority vote of the City Commissioners is needed to establish, modify or rescind a fund balance commitment. The following classifications of funds balances are used by the City:

Governmental Activities:

General Fund:

Non-spendable – Expended for contracts already purchased (prepaid insurance)

Committed to – Payment of workers' compensation benefits and to purchase equipment and supplies to combat drug abuse.

Unassigned – The unrestricted fund balance which has not been committed or assigned.

Other Major Funds –

Restricted for – The restricted fund balance on the "Other Major Funds" balance sheet is made up of \$750,918 for 2012 SPLOST

Non-Major Funds –

Restricted for - The restricted fund balance on the "Non-major Funds" balance sheet is made up of \$626,391 for TSPLOST.

Committed to - The committed fund balance on the "Non-major funds" balance sheet is made up of \$375,371 for various transportation capital projects.

Changes in fund balances are as follows:

	General Fund			Other Major Funds		Non-major Funds
	Nonspendable	Committed to		Restricted for		Committed to
	Prepaid Expenditures	Insurance Benefits	Drug Interdiction	2012 SPLOST	TSPLOST	Transportation Capital Projects
Fund balance, beginning of year	\$ 81,371		\$ 32,450	\$ 904,557	\$ 407,988	\$ 375,035
Increase (decrease) fund balance	41,032	\$ 71,333	3,062	(153,639)	218,403	336
Fund Balance, end of year	\$ 122,403	\$ 71,333	\$ 35,512	\$ 750,918	\$ 626,391	\$ 375,371

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

H. Classification of fund balances and restricted assets accounts (Continued)

Restricted assets are comprised of the following:

**Governmental activities-
 Primary government**

General Fund:	
Drug interdiction – cash	\$ 35,512
Workers' compensation – cash	<u>71,333</u>
Total governmental activities	<u><u>\$ 106,845</u></u>

**Business-type activities-
 Primary government**

Water and sewer revenue fund -	
Customer deposits – cash	<u>\$ 238,986</u>
Total business-type activities	<u>238,986</u>
Total restricted assets	<u><u>\$ 345,831</u></u>

IV. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In previous years, the City was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The City joined together with other governments in the state as part of the Georgia Inter-local Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool, currently operating as a common risk management and insurance program for member local governments. The City pays an annual premium to the pool for its insurance coverage. The agreement for formation of inter-local risk management agency provides that the pool will be self-sustaining through member premiums.

The policy with GIRMA has a \$2,500 deductible option with a \$1,000,000 liability limit. There has not been any significant reduction in coverage during the past year. No settlements in excess of coverage have been made in any of the three prior years. The City's only risk of loss would occur if the loss exceeded the limit of liability as stated in the policy.

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

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

A. Risk management (Continued)

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract. The funds are 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 of defense.

The pooling agreement allows for GIRMA to make any additional assessments necessary to meet any financial deficiency, subject to the approval of the Georgia Insurance Commissioner. It is not possible to estimate the amount of such additional assessments. At June 30, 2017 the City was not aware of any asserted claims that exceed the City's insurance coverage. Settled claims in the past three years have not exceeded the coverages.

GIRMA has published its own financial report, which can be obtained from the Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia, 30303.

Workers Compensation:

The City is self-insured for workman's compensation and is liable for all workman's compensation claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At June 30, 2018, all claims have been paid as incurred out of this account. Changes in the reported liability since June 30, 2010 resulted from the following:

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current year claims and changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2018	-	\$ 151,459	\$ 151,459	-
2017	-	204,315.32	204,315.32	-
2016	-	3,345,548.00	3,345,548.00	-
2015	-	139,155.00	139,155.00	-
2014	-	264,881.00	264,881.11	-
2013	\$ 8,575.00	217,080.00	225,655.00	-
2012	7,480.00	401,650.00	400,555.00	\$ 8,575.00
2011	8,621.00	214,032.00	215,173.00	7,480.00
2010	4,142.00	176,598.00	172,119.00	8,621.00

The City maintains restricted cash accounts which are used for paying claims. The balance at June 30, 2018 was \$71,333.

The City pays unemployment claims to the state department of labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

Group Health:

The City is self-insured for medical claims. Under the plan, the City will pay 80% of the first \$10,000 in claims with a \$750 deductible and a maximum out-of-pocket amount of \$2,750 per employee. The City maintains an excess coverage policy for claims in excess of \$10,000. The insurance carrier will pay 100% of all claims in excess of the \$10,000 limit up to the lifetime benefit amount of \$1,000,000. All claims have been paid as incurred out of this account. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Changes in the reported liability since June 30, 2010 are as follows:

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

A. Risk management (Continued)

<u>Beginning 30-Jun</u>	<u>Current year claims and changes in Liability</u>	<u>Claim Estimates</u>	<u>Ending Payments</u>	<u>Liability</u>
2018	-	\$ 545,932	\$ 545,932	-
2017	-	265,911	265,911	-
2016	\$ 32,739	370,502	403,241	-
2015	-	562,593	529,854	\$ 32,739
2014	-	208,658	208,658	-
2013	-	327,823	327,823	-
2012	-	301,591	301,591	-
2011	-	365,367	365,367	-
2010	-	397,171	397,171	-

B. Contingent liabilities

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 amount, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Joint venture

The City of Jesup, Georgia, in conjunction with cities and counties in the seventeen (17) county Heart of Georgia area are members of the Heart of Georgia Altamaha Regional Commission. Membership in the Commission is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Commissions. Each county and municipality in the state is required by law to pay minimum annual dues to the Commissions. The City paid annual dues in the amount of \$10,214 to the Commission for the year ended June 30, 2018. The Commission board membership includes the chief elected official of each county and chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines these regional Commissions as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of a commission beyond its resources (O.C.G.A. 50-8-39.1).

Financial statements of the Commission may be obtained directly from:

Heart of Georgia Altamaha Regional Commission
501 Oak Street
Eastman, Georgia 31023

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

D. Sales tax revenue

2012 SPLOST

On November 8, 2011 Wayne County voters approved a six year referendum to raise an estimated \$3,730,100 for water and sewer projects within the City of Jesup. The monies are collected directly by Wayne County and are remitted to the City of Jesup.

The sales tax levy will take effect in July 1, 2012 and the monies will be collected in August 2012. The referendum calls for the tax to be levied for six years until the expiration date without regard to the monetary amount. This revenue will be reported in the sales tax capital projects fund.

2018 SPLOST

On November 7, 2017, Wayne County voters approved a six year referendum to raise an estimated \$7,505,400 for water and sewer projects; public works and beautification; and public safety within the City of Jesup. The monies are collected directly by Wayne County and are remitted to the City of Jesup.

The sales tax levy will take effect on July 1, 2018 and the monies will be collected in August 2018. The referendum calls for the tax to be levied for six years until the expiration date without regard to the monetary amount. This revenue will be reported in the sales tax capital projects fund.

T-SPLOST

On November 6, 2012 voters in the Heart of Georgia Altamaha District, which includes the City of Jesup, Georgia, approved a ten year referendum to raise funds for local transportation projects.

The sales tax levy took effect on January 1, 2013 and the City received its first check in March 2013. The referendum calls for the tax to be levied for ten years until the expiration date. This revenue will be reported in the sales tax capital projects fund.

E. Hotel/Motel excise tax

The City is in compliance with all significant finance-related legal and contractual provisions. The City levies and collects an eight percent hotel/motel tax in accordance with the provisions of OCGA 48-13-51. Seventy-five (75%) of this tax is paid to the Wayne County Board of Tourism and twenty-five (25%) is being used to fund the Downtown Development Authority, a component unit of the City of Jesup, Georgia. The City has complied with the expenditure requirements of this code section as required under Code Section 36-81-7. A summary of the tax receipts and disbursements for the year ended June 30, 2018 is as follows:

	<u>Amount</u>	<u>Percentage of Tax</u>
Receipts -		
Taxes	\$ 157,406	100%
Disbursements:		
Wayne County Board of Tourism	118,005	75%
Downtown Development Authority	<u>39,401</u>	<u>25%</u>
Total disbursements	<u>\$ 157,406</u>	<u>100%</u>

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Employee retirement system

1. Plan Description

The City's defined benefit pension plan, City of Jesup Retirement Plan, provides retirement, disability and death benefits to plan members and beneficiaries. City of Jesup Retirement Plan is an agent multiple-employer pension plan administered by the Georgia Municipal Employees Benefit System (GMEBS). The benefit provisions of the plan were established (and can be amended) by an adoption agreement executed by the City Commissioners. The plan is noncontributory.

The plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Georgia Municipal Association issues a financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the Georgia Municipal Association at (404)688-0472.

2. Funding Policy

The estimated minimum annual contribution under these standards is \$543,870. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the plan will meet applicable state funding standards. The recommended contribution is the greater of (1) the minimum contribution and (2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to insure that contributions are not required if a plan's assets exceed the present value of future benefits.

3. Annual Pension Cost

The recommended contributions for 2018 and 2017 are developed below, based upon actuarial valuations as of January 1, 2018 and January 1, 2017:

	2018	2017
Normal cost:		
Plan benefits	\$ 189,044	\$ 174,137
Administrative expenses	25,225	24,606
Amortization of the unfunded actuarial accrued liability	310,286	269,074
Adjustment	19,315	17,790
Recommended contribution	\$ 543,870	\$ 485,607
Covered payroll	\$ 2,895,761	\$ 2,699,639
Recommended contribution as a percent of covered payroll	18.78%	17.99%

Actuarial cost method

Entry age normal.

Amortization method

Closed level dollar for remaining unfunded liability.

Remaining amortization period

Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Employee retirement system (Continued)

Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	2.75% plus age and service based merit increases
Cost of living adjustments	0.00%
Inflation rate assumption	2.75%
Membership of the Plan:	
Retirees and beneficiaries receiving benefits	90
Terminated plan members entitled to, but not yet receiving benefits	41
Active plan members	<u>74</u>
Total	<u>205</u>

The schedule of funding progress presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4. Net Pension Liability

The City of Jesup, Georgia's net pension liability was measured as of January 1, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined by an actuarial valuation as of January 1, 2018, using the actuarial assumptions noted under annual pension cost, applied to all periods included in the measurement.

Mortality tables were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block in which best-estimate ranges of future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Employee retirement system (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45%	6.71%
International Equity	20%	7.71%
Fixed Income	25%	2.11%
Real Estate	10%	5.21%
Cash	<u>0%</u>	0.00%
 Total	 100%	

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate and that the City of Jesup, Georgia's contributions will be made at rates equal to the actuarially determined contribution 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 employees. 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. The discount rate was decreased from 2017 to 2018 from 7.75% to 7.50% and the inflation assumption was decreased from 2017 to 2018 from 3.25% to 2.75%.

5. Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Opening balances	\$ 12,940,825	\$ 9,697,345	\$ 3,243,480
Changes for the year:			
Service cost	93,760		93,760
Interest	969,084		969,084
Differences between expected and actual experience	223,716		223,716
Contributions - employer		464,881	(464,881)
Contributions - employee			
Net investment income		1,426,837	(1,426,837)
Benefit payments, including refunds of employee contributions	(873,029)	(873,029)	
Administrative expense		(28,525)	28,525
Other changes	243,687		
Net changes	<u>657,218</u>	<u>990,164</u>	<u>(332,946)</u>
Closing balances	<u>\$ 13,598,043</u>	<u>\$ 10,687,509</u>	<u>\$ 2,910,534</u>

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

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Employee retirement system (Continued)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City of Jesup, Georgia's Net pension liability	\$4,333,290	\$2,910,534	\$1,695,942

Detailed information about the pension plan's fiduciary net position is available in the separately issued Georgia Municipal Association financial report.

6. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City of Jesup, Georgia recognized pension expense of \$541,005. At June 30, 2018, the City of Jesup, Georgia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 240,345	
Changes of assumptions	162,458	
Net difference between projected and actual earnings on pension plan investments		\$ (565,693)
Total	\$ 402,803	\$ (565,693)

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

June 30 –	Outflows	Inflows	Total
2019	\$ (145,165)	\$ 247,002	\$ 101,837
2020	(81,767)	155,801	74,034
2021	(200,318)	-	(200,318)
2022	(138,443)	-	(138,443)
Total	\$ (565,693)	\$ 402,803	\$ (162,890)

7. Other Retirement Plans

In addition to the pension fund of which the City is the trustee, the following cost-sharing, multiple-employer defined benefit pension and retirement plans are in effect but are not under the direct control of the City:

Georgia Firemen's Pension Fund
Peace Officer's Annuity and Benefit Fund

The police are covered under a separate pension plan which requires that certain sums from fines and bond forfeitures be remitted by the police department to the pension plan before the payment of any costs of other claims. The firemen are covered under a separate pension plan which requires that dues of \$25 be paid from firemen each month in addition to funds from insurance premium taxes.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Other Postemployment Benefits

Plan description

Effective July 1, 2017, the City adopted the provisions of GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The plan is an agent-multiple employer defined benefit other post-employment (OPEB) plan. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 75, the financial statements reflect the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, and OPEB expense.

The City provides postretirement healthcare benefits and life insurance, in accordance with state statutes, to all employees who retire from the City with at least thirty-five (35) years of service and who are at least age 55. At the age of 65, the retired employee is no longer eligible for these benefits. Currently two (2) retirees meet those eligibility requirements. The policy for paying medical costs for retirees and their dependents is the same as it is for its regular employees as described in Note IV (A). The City is under no statutory or contractual obligation to provide these postretirement healthcare benefits. No stand-alone financial report is either available or generated.

Fund Policy

Premiums for postemployment healthcare benefits are funded by the retirees desiring such coverage via co-pays paid to the City in accordance with rates established by the City. A reduced premium of \$100 a month for the employee and an additional \$100 a month for their spouse is paid by the retirees. For the year ended June 30, 2018, retirees receiving benefits paid \$3,800, which was used to offset the City's total outlays for insurance premiums and claims for the current year. Benefit payments are recognized when due and payable in accordance with the benefit terms. The net outlay from the City, which equaled \$10,337, represents the City's net cost paid for the current year. These benefits are financed on a pay-as-you-go basis.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

The total OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age actuarial cost method and following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	3.25%
Salary increases, including inflation	3.75% - 8.75%
Investment rate of return	3.58%
Healthcare cost trend rates	
Medical and prescription drug	7% trended down to 4.5% by 2027
Administrative expenses	3%
Mortality rates	RP-2000 Combined Healthy Mortality Table

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Other Postemployment Benefits (Continued)

Discount Rate and Long-Term Expected Rate of Return

Since the City funds this plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). To comply with this requirement, the discount rate is based on an index of 20-year, tax-exempt general obligation bonds. Specifically, the chosen rate is 3.58%, the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2018.

Changes in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	\$ 726,808	\$ -	\$ 726,808
Changes for the year:			
Service cost	14,979	-	14,979
Interest	20,994	-	20,994
Benefit changes	-	-	-
Differences between expected and actual experience	(27,494)	-	(27,494)
Assumption changes	(47,007)	-	(47,007)
Contributions - employer	-	10,337	(10,337)
Net investment income	-	-	-
Benefit payments	(10,337)	(10,337)	-
Administrative expense	-	-	-
Net changes	(48,865)	-	(48,865)
Balances at June 30, 2018	\$ 677,943	\$ -	\$ 677,943

Sensitivity of Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability using the discount rate of 3.58%, as well as what the net OPEB liability would be if it were calculated using a discount rate that one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate:

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
Net OPEB Liability	\$ 619,825	\$ 677,943	\$ 743,366

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$26,663. At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,059
Change in assumptions	41,132
Net difference between projected and actual earnings on OPEB plan investments	-
Total	<u><u>\$ 65,191</u></u>

Amounts reported as deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year ended 30-Jun</u>	
2019	\$ 9,313
2020	9,313
2021	9,313
2022	9,313
2023	9,313
Thereafter	18,626
Total	<u><u>\$ 65,191</u></u>

H. Restatement

As required by GASB statement 75, Accounting and Financial Reporting for Other Post-employment Benefits, the city restated its beginning net position as of June 30, 2017 in the governmental activities to account for the beginning net OPEB liability. As a result of the implementation of GASB 75, the following is the effect on beginning net position:

	<u>Governmental Activities</u>
Net position – beginning, as previously reported	\$ 16,000,566
Adjustment	<u>(999,273)</u>
Net position, beginning, as restated	<u><u>\$ 15,001,293</u></u>

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

H. Restatement (continued)

The City elected to move its Solid Waste activities into an enterprise fund. The City restated its beginning net position and beginning General Fund fund balance as of June 30, 2017 in the governmental activities and General Fund to reflect the transfer of fixed assets and related accumulated depreciation, receivables, and related liabilities. The result of the restatement on beginning net position and fund balance is as follows:

	<u>Governmental Activities</u>
Net position, beginning, restated as reported above	\$ 15,001,293
Adjustment – remaining equity transferred	<u>(386,560)</u>
Net position, beginning, as restated	<u>\$ 14,614,733</u>
	 <u>General Fund</u>
Fund balance, beginning, as previously reported	\$ 4,439,927
Adjustment – transfer receivables	<u>(86,090)</u>
Fund balance, beginning, as restated	<u>\$ 4,353,837</u>

I. Subsequent Events

There were no additional subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**CITY OF JESUP, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Property taxes	\$ 1,162,700	\$ 1,162,700	\$ 1,199,177	\$ 36,477
Other taxes	2,242,300	2,474,600	2,540,627	66,027
Licenses and permits	977,800	977,800	1,077,855	100,055
Intergovernmental revenues	93,850	151,850	44,002	(107,848)
Charges for services	851,650	1,650	1,835	185
Fines and fees	203,000	203,000	159,477	(43,523)
Commissions, penalties and interest	18,700	18,700	29,418	10,718
Investment income	2,000	18,000	37,506	19,506
Other revenue	831,600	819,300	142,440	(676,860)
TOTAL REVENUES	6,383,600	5,827,600	5,232,337	(595,263)
EXPENDITURES:				
GENERAL GOVERNMENT- FINANCIAL ADMINISTRATION:				
Personal services and employee benefits	240,700	246,100	222,886	(23,214)
Purchased/contract services	347,300	363,500	292,672	(70,828)
Supplies	46,000	55,300	62,283	6,983
Capital outlays	115,000	115,000	2,651	(112,349)
Interdepartmental charges	5,000	5,000	982	(4,018)
Other costs	89,200	49,800	131,858	82,058
Total financial administration	843,200	834,700	713,332	(121,368)
TOTAL GENERAL GOVERNMENT	843,200	834,700	713,332	(121,368)
PUBLIC SAFETY:				
POLICE DEPARTMENT:				
Personal services and employee benefits	1,874,500	1,937,500	1,832,147	(105,353)
Purchased/contract services	266,000	232,500	197,378	(35,122)
Supplies	219,000	224,300	184,787	(39,513)
Capital outlays	221,500	247,500	216,134	(31,366)
Interdepartmental charges	80,000	118,900	149,084	30,184
Other costs	27,000	22,300	2,369	(19,931)
Total police department	2,688,000	2,783,000	2,581,899	(201,101)

**CITY OF JESUP, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
FIRE DEPARTMENT:				
Personal services and employee benefits	\$ 715,000	\$ 755,300	\$ 712,392	\$ (42,908)
Purchased/contract services	133,500	134,200	85,764	(48,436)
Supplies	115,000	115,300	63,783	(51,517)
Capital outlays	194,000	280,000	121,904	(158,096)
Interdepartmental charges	50,000	61,100	61,886	786
Other costs	10,000	22,600	-	(22,600)
Total fire department	1,217,500	1,368,500	1,045,729	(322,771)
TOTAL PUBLIC SAFETY	3,905,500	4,151,500	3,627,628	(523,872)
PUBLIC WORKS:				
HIGHWAYS AND STREETS:				
Personal services and employee benefits	443,000	462,100	442,154	(19,946)
Purchased/contract services	286,500	296,500	262,292	(34,208)
Supplies	390,000	390,100	368,113	(21,987)
Capital outlays	62,000	62,000	16,250	(45,750)
Interdepartmental charges	40,000	40,000	32,552	(7,448)
Other costs	17,000	35,300	3,547	(31,753)
Total highways and streets	1,238,500	1,286,000	1,124,908	(161,092)
SANITATION AND WASTEWATER:				
Personal services and employee benefits	445,000	-	-	-
Purchased/contract services	212,000	-	-	-
Supplies	128,000	-	-	-
Capital outlays	65,000	-	-	-
Interdepartmental charges	150,000	-	-	-
Other costs	15,000	-	-	-
Total sanitation and wastewater	1,015,000	-	-	-
TOTAL PUBLIC WORKS	2,253,500	1,286,000	1,124,908	(161,092)

**CITY OF JESUP, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
CULTURE AND RECREATION- PARKS:				
Personal services and employee benefits	\$ 129,000	\$ 129,000	\$ 78,632	\$ (50,368)
Purchased/contract services	63,200	103,200	52,272	(50,928)
Supplies	42,600	43,600	21,194	(22,306)
Capital outlays	86,000	86,000	9,056	(76,944)
Interdepartmental charges	30,000	30,000	7,245	(22,755)
Total parks	360,700	391,700	168,399	(223,301)
TOTAL CULTURE AND RECREATION	360,700	391,700	168,399	(223,301)
HOUSING AND DEVELOPMENT: PROTECTIVE INSPECTION:				
Personal services and employee benefits	68,000	69,800	67,611	(2,189)
Purchased/contract services	25,700	25,700	22,068	(3,632)
Supplies	7,000	6,200	6,967	767
Interdepartmental charges	5,000	5,000	16,959	10,959
Total protective inspection	105,700	106,700	112,605	6,905
ECONOMIC DEVELOPMENT- Other costs	25,000	135,000	160,547	25,547
Total economic development	25,000	135,000	160,547	25,547
TOTAL HOUSING AND DEVELOPMENT	130,700	241,700	273,152	31,452
Total expenditures	7,483,600	6,905,600	5,907,419	(998,181)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,100,000)	(1,078,000)	(676,082)	402,918
OTHER FINANCING SOURCES (USES):				
Sale of capital assets				-
Transfers in (out)	1,100,000	1,078,000	1,154,960	76,960
Total other financing sources and uses	1,100,000	1,078,000	1,164,960	76,960
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 479,878	\$ 479,878
FUND BALANCES, BEGINNING - RESTATED	\$ 4,353,837	\$ 4,363,837	\$ 4,353,837	\$ 4,439,928
FUND BALANCES, ENDING	\$ 4,353,837	\$ 4,363,837	\$ 4,833,715	\$ 4,919,806

CITY OF JESUP, GEORGIA
SCHEDULE OF FUNDING PROGRESS – CITY OF JESUP RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2018

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (or fund excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (funding excess) as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	\$ 6,245,274	\$ 9,922,045	\$ 3,676,771	62.9%	\$ 2,952,903	124.5%
January 1, 2010	\$ 7,828,512	\$ 10,255,771	\$ 2,427,259	76.3%	\$ 3,063,536	79.2%
January 1, 2011	\$ 8,305,768	\$ 10,665,477	\$ 2,359,709	77.9%	\$ 2,479,906	95.2%
January 1, 2012	\$ 8,618,248	\$ 10,815,698	\$ 2,197,450	79.7%	\$ 2,457,869	89.4%
January 1, 2013	\$ 8,931,219	\$ 11,435,948	\$ 2,504,729	78.1%	\$ 2,512,013	99.7%
January 1, 2014	\$ 9,259,589	\$ 11,601,705	\$ 2,342,116	79.8%	\$ 2,426,370	96.5%
January 1, 2015	\$ 9,687,605	\$ 11,355,450	\$ 1,667,845	85.3%	\$ 2,579,062	64.7%
January 1, 2016	\$ 9,989,771	\$ 11,769,985	\$ 1,780,214	84.9%	\$ 2,548,896	69.8%
January 1, 2017	\$ 10,281,178	\$ 12,176,665	\$ 1,895,487	84.4%	\$ 2,699,639	70.2%
January 1, 2018	\$ 10,630,688	\$ 12,853,540	\$ 2,222,852	82.7%	\$ 2,895,761	76.8%

The schedule of funding progress presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF JESUP, GEORGIA
SCHEDULE OF REQUIRED CONTRIBUTIONS – CITY OF JESUP RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2018

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
06/30/2009	\$722,547	100%
06/30/2010	\$628,275	100%
06/30/2011	\$571,600	100%
06/30/2012	\$534,540	100%
06/30/2013	\$572,466	100%
06/30/2014	\$541,259	100%
06/30/2015	\$445,428	100%
06/30/2016	\$457,972	100%
06/30/2017	\$485,607	100%
06/30/2018	\$543,870	100%

CITY OF JESUP, GEORGIA
SCHEDULE OF CHANGES IN JESUP, GEORGIA'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Total Pension Liability		
Service Cost	\$ 93,760	\$ 94,071
Interest	969,084	935,659
Difference between expected and actual experience	223,716	273,604
Change of Assumptions	243,687	
Benefit payments including refunds of member contributions	<u>(873,029)</u>	<u>(871,069)</u>
Net Change in Total Pension Liability	657,218	432,265
Total Pension Liability - Beginning	<u>12,940,825</u>	<u>12,508,560</u>
Total Pension Liability - Ending	<u><u>\$ 13,598,043</u></u>	<u><u>\$ 12,940,825</u></u>
Plan Fiduciary Net Pension		
Contributions - Employer	464,881	485,683
Contributions - Employee		
Net Investment Income	1,426,837	999,081
Benefit payments including refunds of employee contributions	(873,029)	(871,069)
Administrative Expense	(28,525)	(16,954)
Other		
Net Change in Plan Fiduciary Net Position	<u>990,164</u>	<u>596,741</u>
Plan Fiduciary Net Position - Beginning	9,697,345	9,100,604
Plan Fiduciary Net Position - Ending	<u><u>\$ 10,687,509</u></u>	<u><u>\$ 9,697,345</u></u>
Jesup, Georgia's Net Pension Liability - Ending	<u><u>\$ 2,910,534</u></u>	<u><u>\$ 3,243,480</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.60%	74.94%
Covered - Employee Payroll	2,895,761	2,699,639
Jesup, Georgia's Net Pension Liability as a Percentage of Covered - Employee Payroll	100.5%	120.1%

**CITY OF JESUP, GEORGIA
SCHEDULE OF JESUP, GEORGIA'S CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Total Pension Liability		
Actuarially Determined Contribution	<u>\$ 485,607</u>	<u>\$ 457,972</u>
Contributions in relation to the actuarially determined contribution	<u>485,607</u>	<u>457,972</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - Employee Payroll	2,895,761	2,688,639
Contributions as a percentage of Covered - Employee Payroll	16.77%	16.96%

CITY OF JESUP, GEORGIA
 SCHEDULE OF CHANGES IN JESUP, GEORGIA'S OPEB LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 14,979
Interest	20,994
Benefit changes	-
Difference between expected and actual experience	(27,494)
Change of Assumptions	(47,007)
Benefit payments including refunds of member contributions	<u>(10,337)</u>
Net Change in Total Pension Liability	(48,865)
Total OPEB Liability - Beginning	<u>726,808</u>
Total OPEB Liability - Ending	<u><u>\$ 677,943</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	10,337
Contributions - Employee	
Net Investment Income	
Benefit payments including refunds of employee contributions	(10,337)
Administrative Expense	
Other	
Net Change in Plan Fiduciary Net Position	<u>-</u>
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending	<u><u>\$ -</u></u>
Jesup, Georgia's Net OPEB Liability - Ending	<u><u>\$ 677,943</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered - Employee Payroll	2,655,770
Jesup, Georgia's Net OPEB Liability as a Percentage of Covered - Employee Payroll	25.53%

SCHEDULE 7

**CITY OF JESUP, GEORGIA
SCHEDULE OF CITY OF JESUP'S OPEB CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2012 THROUGH 2017**

Year Ended June 30:	Actuarially Determined Contributions (1)	Contributions in Relation to the Actuarially Determined Contributions (2)	Contribution Deficiency / (Excess) (3)	Covered - Employee Payroll (4)	Contributions as a Percentage of Covered Employee Payroll (5)
2012	\$ 33,559	\$ 29,811	\$ 3,748	\$ 2,665,233	1.12%
2013	39,305	195,559	(156,254)	2,468,233	7.92%
2014	39,305	252,504	(213,199)	2,468,233	10.23%
2015	61,904	29,392	32,512	2,537,152	1.16%
2016	61,904	32,845	29,059	2,537,152	1.29%
2017	58,978	10,337	48,641	2,655,770	0.39%

For Reference Only:

Column 1 - All "Actuarially Determined Contributions" through June 30, 2017 were determined as the "Annual Required Contribution" under GASB 43 and 45. These were calculated using Projected Unit Credit and a 4% discount rate.

Column 4 - Covered employee payroll represents compensation earnable for those employees who are currently eligible or could become eligible to receive benefits from this plan.

CITY OF JESUP, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting

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

1. Prior to July 1, the city manager submits to the city council a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them and shall be a balanced budget.
2. At the time the proposed budget is transmitted to members of the governing authority by the city manager, a copy of the proposed budget shall be made available for public inspection in the office of the city clerk during working hours.
3. No earlier than seven days after the proposed budget is transmitted to members of the governing authority and no later than the time that the budget is adopted by the governing authority, a public hearing shall be held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing shall be given in a newspaper of general circulation in the municipality no more than twenty days and no less than five days in advance of the hearing.
4. Not later than August 15, the budget is legally enacted through passage of an ordinance. In the event the proposed budget is not adopted for any reason, the budget for the preceding year shall be and become the budget for the City during the current year.
5. The city manager is authorized to transfer budgeted amounts within but not between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the city council.
6. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue fund.
7. Budgets for the general and special revenue funds are adopted on the accrual basis except that encumbrances are treated as budgeted expenditures in the year of the incurrence of the commitment to purchase. Because there were no encumbrances outstanding at the end of the year in any of the funds, the budgets for these funds are presented on a GAAP basis.
8. Budgeted amounts are as originally adopted, or as amended by the city council. Individual amendments were not material in relation to the original appropriations which were amended. Unencumbered appropriations lapse at year end. There were no material supplementary appropriations made during the year.

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

CITY OF JESUP, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgets and Budgetary Accounting (Continued)

The actual results of operations on the budgetary basis are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis) General, Special Revenue and Capital Projects Funds in order to provide a meaningful comparison of actual results with the budget.

Individual fund budgetary comparison schedules are presented for the General Special Revenue Funds at the legal level of control. A project-length balanced budget is presented for each capital projects fund.

Material excesses of expenditures over appropriations at the object level within departments (the legal level of control) are presented below:

	<u>FINAL BUDGETARY AMOUNT</u>	<u>ACTUAL AMOUNT</u>	<u>VARIANCE WITH FINAL BUDGET</u>
GOVERNMENTAL FUNDS:			
GENERAL FUND			
General Government-			
Financial administration:			
Supplies	\$ 55,300	\$ 62,283	\$ 6,983
Other costs	49,800	131,858	82,058
Public Safety-			
Police department-			
Interdepartmental charges	118,900	149,084	30,184
Housing and Development:			
Protective Inspection:			
Supplies	6,200	6,967	767
Interdepartmental charges	5,000	15,959	10,959
Economic Development-			
Other costs	135,000	160,547	25,547
HOTEL/MOTEL TAX SPECIAL REVENUE FUND –			
HOUSING AND DEVELOPMENT:			
Tourism	100,000	118,005	18,005
Downtown Development Authority	35,000	39,409	4,409

**SUPPLEMENTARY DATA – COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND SCHEDULES**

SCHEDULE 8

CITY OF JESUP, GEORGIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR JUNE 30, 2017

	SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOTEL/MOTEL TAX	TSPLOST	TRANSPORTATION CAPITAL PROJECTS		2018	2017
ASSETS						
Cash	\$ 12,927	\$ 617,289	\$ 375,371		\$ 1,005,587	\$ 945,401
Taxes receivable	13,096				13,096	16,209
Due from other funds	126				126	119
Intergovernmental receivable		9,102			9,102	8,638
TOTAL ASSETS	\$ 26,149	\$ 626,391	\$ 375,371		\$ 1,027,911	\$ 970,367
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Due to others	\$ 26,149				\$ 26,149	\$ 29,704
Due to other funds						1
Total liabilities	26,149	-			26,149	29,705
Deferred inflows of resources-						
Deferred revenue						157,639
Fund balance:						
Restricted -						
Capital projects		\$ 626,391			626,391	407,988
Committed to -						
Capital projects			\$ 375,371		375,371	375,035
Total fund balance		626,391	375,371		1,001,762	783,023
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 26,149	\$ 626,391	\$ 375,371		\$ 1,027,911	\$ 970,367

SCHEDULE 9

CITY OF JESUP, GEORGIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOTEL/MOTEL TAX	TSPLOST	TRANSPORTATION	CAPITAL PROJECTS	2018	2017
REVENUES:						
Taxes	\$ 157,406				\$ 157,406	\$ 173,372
Intergovernmental		\$ 433,144			433,144	214,211
Penalties and interest		6,791	\$ 376		7,167	2,023
Total revenues	157,406	439,935	376		597,717	389,606
EXPENDITURES:						
Current-						
Housing and development	157,414				157,414	173,358
Capital outlay-						
General government						17,254
Public works		221,532	40		221,572	54,125
Total expenditures	157,414	221,532	40		378,986	244,737
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(8)	218,403	336		218,731	144,869
OTHER FINANCING SOURCES (USES) -						
Transfers in (out)	8				8	(44,601)
Total other financing sources (uses)	8				8	(44,601)

SCHEDULE 9

CITY OF JESUP, GEORGIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2018
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE		CAPITAL PROJECTS		TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOTEL/MOTEL TAX	TSPLOST	TRANSPORTATION CAPITAL PROJECTS	2018	2017	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 218,403	\$ 336	\$ 218,739	\$ 100,268	
FUND BALANCES, BEGINNING		407,988	375,035	783,023	682,755	
FUND BALANCES, ENDING	\$ -	\$ 626,391	\$ 375,371	\$ 1,001,762	\$ 783,023	

**CITY OF JESUP, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
REVENUES-				
Hotel/Motel tax	\$ 135,000	\$ 135,000	\$ 157,406	\$ 22,406
Total revenues	135,000	135,000	157,406	22,406
EXPENDITURES-				
Housing and development:				
Tourism	100,000	100,000	118,005	18,005
Downtown development authority	35,000	35,000	39,409	4,409
Total expenditures	135,000	135,000	157,414	22,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(8)	(8)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)			8	8
Total other financing sources (uses)			8	8
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
FUND BALANCE, BEGINNING				
FUND BALANCE, ENDING	\$ -	\$ -	\$ -	\$ -

CITY OF JESUP, GEORGIA
TSPLOST CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ACTUAL-FROM INCEPTION AND FOR THE YEAR ENDED
JUNE 30, 2018

	<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	<u>TOTAL TO DATE</u>
REVENUES:			
Intergovernmental	\$ 825,557	\$ 433,144	\$ 1,258,701
Penalties and interest	1,991	6,791	8,782
Total revenues	<u>827,548</u>	<u>439,935</u>	<u>1,267,483</u>
EXPENDITURES –			
Capital outlay –			
Public works	419,660	221,532	641,192
Total expenditures	<u>419,660</u>	<u>221,532</u>	<u>641,192</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>407,888</u>	<u>218,403</u>	<u>626,291</u>
OTHER FINANCING SOURCES (USES) –			
Transfers in (out)	100		100
Total other financing sources (uses)	<u>100</u>		<u>100</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>407,988</u>	<u>218,403</u>	<u>626,391</u>
FUND BALANCE, BEGINNING		<u>407,988</u>	
FUND BALANCE, ENDING	<u>\$ 407,988</u>	<u>\$ 626,391</u>	<u>\$ 626,391</u>

CITY OF JESUP, GEORGIA
COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current assets:

Cash	\$ 158,186
Due from other governments	<u>6,537</u>
Total assets	<u>164,723</u>

LIABILITIES:

Current liabilities:

Due to primary government	15,308
Compensated absences	<u>455</u>
Total liabilities	<u>15,763</u>

NET POSITION:

Unrestricted	<u>148,960</u>
Total net position	<u>\$ 148,960</u>

CITY OF JESUP, GEORGIA
 COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY
 STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Downtown Development Authority</u>
Component Unit – Downtown Development Authority	\$ 179,058	\$ 23,320	\$ 212,675	\$ 56,937
General Revenues- Unrestricted investment earnings				40
Total general revenues				40
Changes in Net Position				56,977
Net Position, Beginning				91,984
Net Position, Ending				\$ 148,961

**CITY OF JESUP, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2018 AND 2017**

	2018	2017
<u>Governmental Funds Capital Assets</u>		
Land and land improvements	\$ 740,259	\$ 800,759
Buildings	6,729,643	6,755,832
Equipment, vehicles and furniture	3,662,964	5,344,454
Infrastructure	5,007,816	4,802,783
Total governmental funds capital assets	\$ 16,140,682	\$ 17,703,828
<u>Investments in Governmental Funds Capital Assets by Source</u>		
Grants	\$ 50,175	\$ 50,175
General Fund	16,090,507	17,653,653
Total governmental funds capital assets	\$ 16,140,682	\$ 17,703,828

CITY OF JESUP, GEORGIA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2018

	Land and Land Improvements	Buildings	Equipment Vehicles and Furniture	Infrastructure	Construction In Progress	Total
<u>Function and Activity</u>						
General Government -						
Financial Administration	\$ 270,375	\$ 2,300,908	\$ 91,036			\$ 2,662,319
Total General Government	270,375	2,300,908	91,036			2,662,319
Public Safety:						
Police	92,543	1,349,303	1,001,076			2,442,922
Fire Prevention	12,280	399,400	1,058,418			1,470,098
Total Public Safety	104,823	1,748,703	2,059,494			3,913,020
Public Works:						
Highways and Streets	59,264	474,300	996,642	\$ 5,007,816		6,538,022
Sanitation	7,500					7,500
Recycling						-
Total Public Works	66,764	474,300	996,642	5,007,816		6,545,522
Health and Welfare -						
Senior Citizens Center		379,000				379,000
Total Health and Welfare		379,000				379,000
Culture and Recreation -						
Parks and Beautification	191,527	24,720	463,077			679,324
Total Culture and Recreation	191,527	24,720	463,077			679,324

CITY OF JESUP, GEORGIA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2018

	Land and Land Improvements	Buildings	Equipment Vehicles and Furniture	Infrastructure	Construction In Progress	Total
Housing and Development: Protective Inspection Housing Authority Economic Development	\$ 6,770 100,000	\$ 49,127 1,752,885	\$ 37,080 15,635			\$ 37,080 55,897 1,868,520
Total Housing and Development	106,770	1,802,012	52,715			1,961,497
Total Governmental Funds Capital Assets	\$ 740,259	\$ 6,729,643	\$ 3,662,964	\$ 5,007,816	\$ -	\$ 16,140,682

CITY OF JESUP, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018

Function and Activity	Capital Assets July 1, 2017	Additions	Deductions	Capital Assets June 30, 2018
General Government -				
Financial Administration	\$ 2,662,319			\$ 2,662,319
Total General Government	<u>2,662,319</u>			<u>2,662,319</u>
Public Safety:				
Police	2,375,123	\$ 119,524	\$ 51,725	2,442,922
Fire Prevention	1,437,549	32,549		1,470,098
Total Public Safety	<u>3,812,672</u>	<u>152,073</u>	<u>51,725</u>	<u>3,913,020</u>
Public Works:				
Highways and Streets	6,501,203	221,283	184,464	6,538,022
Sanitation	1,631,524		1,624,024	7,500
Recycling	76,289		76,289	-
Total Public Works	<u>8,209,016</u>	<u>221,283</u>	<u>1,884,777</u>	<u>6,546,522</u>
Health and Welfare -				
Senior Citizens Center	379,000			379,000
Total Health and Welfare	<u>379,000</u>			<u>379,000</u>
Culture and Recreation -				
Parks and Beautification	679,324			679,324
Total Culture and Recreation	<u>679,324</u>			<u>679,324</u>
Housing and Development:				
Protective Inspection	37,080			37,080
Housing Authority	56,897			56,897
Economic Development	1,868,520			1,868,520
Total Housing and Development	<u>1,961,497</u>			<u>1,961,497</u>
Total Governmental Funds				
Capital Assets	<u>\$ 17,703,828</u>	<u>\$ 373,356</u>	<u>\$ 1,936,502</u>	<u>\$ 16,140,682</u>

STATISTICAL AND COMPLIANCE SECTION

**CITY OF JESUP, GEORGIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATES AND MISCELLANEOUS STATISTICS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

WATER AND SEWER RATES:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Minimum payment with zero usage:			
Base charge	\$ 4.00	\$ 5.20	\$ 9.20
Debt service		5.45	5.45
Administrative charge	2.00		2.00
Total minimum payment	<u>\$ 6.00</u>	<u>\$ 10.65</u>	<u>\$ 16.65</u>
Additional amount due based on usage:			
1 to 2,000 gallons	0.00227	0.00297	
2,001 to 5,000 gallons	0.00237	0.00302	
10,001 to 20,000 gallons	0.00247	0.00322	
20,001 to 50,000 gallons	0.00257	0.00352	
20,001 to 50,000 gallons	0.00267	0.00352	
Over 50,000 gallons	0.00277	0.00352	

The above rates are based on one residential equivalent unit.

	<u>2018</u>	<u>2017</u>
MISCELLANEOUS STATISTICS:		
Metered water customers	3,563	3,667
Sewer connections	3,363	3,482
Gallons of water pumped	438,900,764	490,377,451
Gallons of water billed	354,737,000	361,530,000
Water revenues	\$ 1,224,013	\$ 1,266,845
Average water billing per customer	\$ 28.62	\$ 28.03
Sewer revenues	\$ 1,942,160	\$ 1,979,827
Average sewer billing per customer	\$ 48.13	\$ 46.03
Fire hydrants	514	462

**CITY OF JESUP, GEORGIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2018**

<u>INSURANCE COMPANY</u>	<u>EXPIRATION DATE</u>	
Georgia Interlocal Risk Management Agency (GIRMA)	May 1, 2019	
	<u>Limit of Liability</u>	<u>Deductible</u>
General liability and law enforcement liability		
Each occurrence	\$ 1,000,000	0
Personal and advertising injury	\$ 1,000,000	0
Products/completed operations	\$ 1,000,000	0
Failure to supply utilities	\$ 1,000,000	0
Fire legal liability	\$ 1,000,000	0
Law enforcement liability	\$ 1,000,000	0
General aggregate	Unlimited	0
Products/completed operations and failure to supply utilities in the aggregate	\$ 5,000,000	0
Employee benefits liability	\$ 1,000,000	0
Employee benefits in the aggregate	\$ 5,000,000	0
Public officials and employment practices liability		
Each claim	\$ 1,000,000	0
Aggregate limit	\$ 5,000,000	0
Automobile liability		
Combined single limit	\$ 1,000,000	0
Hired and non-owned liability	\$ 1,000,000	0
Automobile Physical Damage		
Limit	Actual cash value	\$ 2,500
Crime/Fidelity	\$ 500,000	\$ 2,500
Property		
Insured value	\$ 32,535,723	\$ 2,500
Flood and earthquake limit	\$ 10,000,000	\$ 2,500
Equipment breakdown		
Limit per occurrence	\$ 31,574,892	\$ 2,500
Ordinance or law limit	\$ 31,574,892	\$ 2,500
Hazardous substance	\$ 250,000	\$ 2,500

NOTE – The City of Jesup is self-insured for
Workman's Compensation.

**CITY OF JESUP, GEORGIA
 SCHEDULE OF PROJECTS CONSTRUCTED
 WITH SPECIAL SALES TAX PROCEEDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2012 SPLOST:						
Sewer improvement and drainage	\$ 3,730,100	\$ 3,730,100	\$ 2,099,404	\$ 713,981	\$ 2,813,385	75.42%
Total	\$ 3,730,100	\$ 3,730,100	\$ 2,099,404	\$ 713,981	\$ 2,813,385	

**CITY OF JESUP, GEORGIA
 SCHEDULE OF REQUIRED EXPENDITURES
 GENERATED BY HOTEL/MOTEL TAX
 FOR THE YEAR ENDED JUNE 30, 2018**

Revenue -	
Hotel/Motel taxes	<u>\$ 157,406</u>
Expenditures of tax revenue:	
Tourism expenditures	\$ 118,005
Downtown development	<u>39,401</u>
Total expenditures of tax revenue	<u>\$ 157,406</u>
Percentage of expenditures to revenues	<u>100%</u>



HARRIS & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Mayor and City Commissioners
City of Jesup, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jesup, Georgia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Jesup, Georgia's basic financial statements and have issued our report thereon dated December 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jesup, 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 Jesup, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jesup, 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (1981.1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jesup, 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 instances of noncompliance or other

CALE M. HARRIS & CHRIS HARRIS

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matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 1981.1.

City of Jesup, Georgia's Response to Findings

City of Jesup, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jesup, 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.

Harris & Company, P.C.
Jesup, Georgia
December 21, 2018

**CITY OF JESUP, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

FINDINGS – FINANCIAL STATEMENTS AUDIT

1981-1. Segregation of duties (Repeat Finding)

Condition:

A proper segregation of duties does not exist between the handling of cash receipts and disbursements, access to accounts receivable and accounts payable detail, access to the general ledger, and reconciliation of bank accounts.

Criteria:

Person(s) handling cash receipts or disbursements should not sign checks, perform bank reconciliations, or have access to the accounting system.

Effect:

Small number of personnel makes it impractical to segregate duties sufficiently to insure proper cash management and financial reporting.

Recommendation:

The city manager should review the general ledger monthly and periodically compare it to detail schedules of receipts and disbursements, receipt books and bank reconciliations.

Response:

This office concurs with this finding.

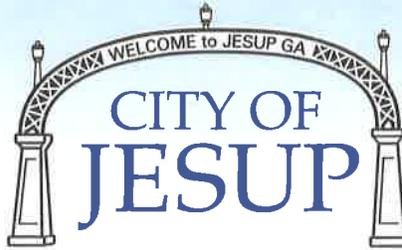


David Earl Keith
MAYOR

Mike Deal
CITY MANAGER

Rose M. Jackson
CITY CLERK/TREASURER

David Michael Conner, Esq.
CITY ATTORNEY



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Commissioners

Shirlene P. Armstrong
DISTRICT 1

Don A. Darden, Sr.
DISTRICT 2

Nick Harris
DISTRICT 3

Stanley Todd
DISTRICT 4

Raymond D. House, II
DISTRICT 5

Bill Harvey
DISTRICT 6

CITY OF JESUP-CORRECTIVE ACTION PLAN

FYE: June 30, 2018

GENERAL FUND

General

1. Proper segregation of duties does not exist:

- A small number of employees make it impractical to segregate duties sufficiently to insure proper cash management and financial reporting. Currently, we are financially unable to hire additional personnel. Each person has multiple duties. All personnel are cross-trained in each other's duties to assure operational continuity. The City Clerk reviews and approves all expenditures prior to disbursement. One employee will receive the checks and make the deposits while another reconciles the deposits and bank statements. The City Manager reviews the General Ledger, receipts and disbursements, receipt books and bank reconciliations monthly. The City Manager has instituted the best "check-and-balance" system that can be established with the limited resources available.

BUDGETING

General Fund and Special Revenue Funds

1. There were budget violations within the departments:

- The City Manager will monitor the monthly financial statements to insure each department head does not exceed the budgeted departmental amounts.

ANNUAL FINANCIAL REPORT

Notes to the Basic Financial Statements

1. Excess of expenditures over appropriations:

- For the year ended June 30, 2018, appropriations did exceed expenditures in the general fund, however, certain expenditures did exceed their appropriations. The City Commissioners, City Manager, and each Department Supervisor are given a copy of the budget report monthly. The City Commissioners have met with the City Manager, and the City Manager has met with various Department Supervisors about the violations and plans to

make any necessary corrections in the fiscal year ending June 30, 2018. The corrective action plan is as follows:

GENERAL FUND

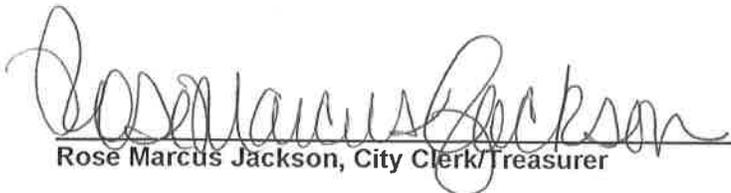
Budgets and Budgetary Accounting

- **Financial Administration:** Supplies expenditures exceeded appropriations by \$6,983 and \$82,058 in Other costs. The City Manager has met with the City Clerk to discuss her budget violations and corrective action plans for the fiscal year ending June 30, 2019. The City Clerk will monitor her budget more closely and request the City Manager to transfer amounts between departmental line items when needed.
- **Police Department:** Interdepartmental charges exceeded the budget by \$30,184. The City Manager has met with the Chief of Police to discuss his budget violations and corrective action plans for the fiscal year ending June 30, 2019. The Police Chief will examine his budget more thoroughly and request the City Manager to transfer amounts between departmental line items when needed.
- **Protective Inspection:** Supplies exceeded the budget by \$767 and \$10,959 in Interdepartmental Charges. The City Manager met with the City Clerk to discuss her budget violations and corrective action plans for the fiscal year ending June 30, 2019. More attention will be placed on the Economic Development and the City Manager will be requested to transfer amounts between departmental line items when needed.
- **Economic Development:** Other costs exceeded the budget by \$25,547. The City Manager met with the City Clerk to discuss her budget violations and corrective action plans for the fiscal year ending June 30, 2019. More attention will be placed on the Economic Development and the City Manager will be requested to transfer amounts between departmental line items when needed.

HOTEL/MOTEL TAX SPECIAL REVENUE FUND

Budgets and Budgetary Accounting

- **Housing and Development:** Tourism and Downtown Development Authority exceeded the budget by \$18,005 and \$4,409, respectively. The City Manager has met with the City Clerk to discuss her budget violations and corrective action plans for the fiscal year ending June 30, 2019. More attention will be placed on the Tourism Fund and the City Manager will be requested to transfer amounts between departmental line items when needed.



Rose Marcus Jackson, City Clerk/Treasurer

12/21/18

Date