

CITY OF JESUP, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-12, budgetary comparison information on pages 58-60, schedules of funding progress on pages 61-66, and related notes to the supplementary information on pages 66-67 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 options sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Jesup, Georgia's internal control over financial reporting and compliance.

Harris & Company, P.C.

Jesup, Georgia
October 25, 2017

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, 2017.

Financial Highlights

- The City of Jesup's assets exceeded its liabilities at June 30, 2017 by \$33,679,616 (net position). Of this amount, \$9,068,886 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of June 30, 2017, the City's general fund revenues and other financing sources (uses) exceeded expenditures by \$798,124. This is a 3.73% decrease from a 2016 surplus of expenditures over revenues of \$829,090.
- At June 30, 2017, the City's governmental funds balance sheet reports combined ending fund balances of \$6,127,508, an increase of \$546,080 over the previous fiscal year. Of this amount, \$4,326,107 or 70.6% remains in the general fund of the City as unassigned.

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, 2017. 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 7 and 8.

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 17-21 of this report.

Proprietary Funds

The City of Jesup maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for water and sewer operation.

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 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 27-56 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 69-75.

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 29-30 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 \$33,679,616 as of June 30, 2017.

City of Jesup's Net Position-Exhibit A

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 7,503,450	\$ 7,376,594	\$ 7,086,776	\$ 7,054,194	\$ 14,590,226	\$ 14,430,788
Capital assets	11,577,877	11,403,521	22,084,096	22,712,407	33,661,973	34,115,928
Total assets	19,081,327	18,780,115	29,170,872	29,766,601	48,252,199	48,546,716
Deferred Outflows of Resources	620,476	639,046			620,476	639,046
Long-term liabilities outstanding	2,808,105	2,876,579	10,555,770	11,120,033	13,363,875	13,996,612
Other liabilities	518,836	817,573	936,052	844,988	1,454,888	1,662,561
Total liabilities	3,326,941	3,694,152	11,491,822	11,965,021	14,818,763	15,659,173
Deferred Inflows of Resources	374,296	381,273			374,296	381,273
Net position:						
Net investment in capital assets	11,577,877	11,403,521	11,720,308	11,865,913	23,298,185	23,269,434
Restricted	1,312,545	1,971,346			1,312,545	1,971,346
Unrestricted	3,110,144	1,968,869	5,958,742	5,935,667	9,068,886	7,904,536
Total net position	\$ 16,000,566	\$ 15,343,736	\$ 17,679,050	\$ 17,801,580	\$ 33,679,616	\$ 33,145,316

There was an increase of \$534,300 in net position reported in the City's governmental and business-type activities. There was an increase of \$470,429 in unrestricted cash in the combined governmental and business-type funds. The increase in unrestricted cash is due to the water and sewer enterprise fund profit for the year that was transferred to the General Fund. See Exhibit C and H.

The largest portion of the City's net position (69.2%) 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 (3.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (26.9%) 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, 2017 and 2016:

	City of Jesup's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 2,128,782	\$ 2,052,189	\$ 3,636,770	\$ 3,533,704	\$ 5,765,552	\$ 5,585,893
Operating grants and contributions	338,403	57,975			338,403	57,975
Capital grants and contributions	906,868	1,618,701			906,868	1,618,701
General revenues:						
Property taxes	1,170,475	1,220,216			1,170,475	1,220,216
Sales taxes	1,282,843	1,386,825			1,282,843	1,386,825
Franchise taxes	733,387	765,690			733,387	765,690
Alcoholic beverage taxes	189,420	193,465			189,420	193,465
Other taxes	229,707	205,758			229,707	205,758
Other revenues	91,245	112,304	(171,262)	(163,393)	(80,017)	(51,089)
Total revenues	7,071,130	7,613,123	3,465,508	3,370,311	10,536,638	10,983,434
Expenses:						
General government	663,587	654,385			663,587	654,385
Public safety	3,491,025	3,146,643			3,491,025	3,146,643
Public works	2,000,012	2,069,269			2,000,012	2,069,269
Health and welfare	7,580	7,580			7,580	7,580
Culture and recreation	208,261	163,415			208,261	163,415
Housing and development	346,758	339,142			346,758	339,142
Water and sewer			3,285,115	3,326,993	3,285,115	3,326,993
Total expenses	6,717,223	6,380,434	3,285,115	3,326,993	10,002,338	9,707,427
Increase in net position before transfers	353,907	1,232,689	180,393	43,318	534,300	1,276,007
Transfers	302,923	551,604	(302,923)	(551,604)		

Governmental and Business-Type Activities

The following table presents a summary of the changes in net position for the years ended June 30, 2017 and 2016 (Continued):

	City of Jesup's Changes in Net Position (Continued)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Changes in net position	\$ 656,830	\$ 1,784,293	\$ (122,530)	\$ (508,286)	\$ 534,300	\$ 1,276,007
Net position, beginning	15,343,736	13,559,443	17,801,580	18,309,866	33,145,316	31,869,309
Net position, ending	\$ 16,000,566	\$ 15,343,736	\$ 17,679,050	\$ 17,801,580	\$ 33,679,616	\$ 33,145,316

Governmental Activities

Governmental activities increased the City of Jesup's net position by \$656,830, 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 \$122,530, or 0.69%. 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, sanitation, recycling, 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, 2017.

The general fund is the chief operating fund of the City. The general fund's ending total fund balance was \$4,439,928 of which \$4,326,107 was unassigned. This is a 21.92% increase from 2016 ending total fund balance of \$3,641,804.

General Fund Budgetary Highlights

Both revenues and expenditures were less than budgeted, with actual revenues and other uses exceeding expenditures by \$798,124. 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	\$ 46,000	\$ 47,884	\$ 1,884
Public Safety:			
Police department:			
Personal services and employee benefits	1,817,000	1,818,857	1,857
Interdepartmental charges	80,000	122,834	42,834
Fire department-			
Other costs	-	2,500	2,500
Public Works-			
Highways and streets:			
Capital outlays	289,000	435,326	146,236
Other costs	2,000	3,693	1,693
Culture and Recreation-			
Parks-			
Capital outlays	-	7,313	7,313
Housing and Development:			
Protective inspection-			
Interdepartmental charges	5,000	10,467	5,467
Economic Development-			
Capital outlays	55,000	65,250	10,250
HOTEL/MOTEL TAX SPECIAL REVENUE FUND –			
HOUSING AND DEVELOPMENT:			
Tourism	100,000	130,018	30,018
Downtown Development Authority	35,000	43,340	8,340

During the year the City had an increase in supplies within financial administration. The \$1,884 increase over budgeted is attributed to the City purchasing more supplies than budgeted.

Within the public safety department the overage was due to personal services and employee benefits and interdepartmental charges within the police department and other costs within the fire department. This increase over budgeted is attributed to the unforeseen increase to

overtime, health insurance claims, and insurance costs that arose within the department during the fiscal year.

The highways and streets department within the public works department had overages in capital outlays and other costs. The increase over budgeted is attributed the need to purchase capital items and property damage that were unforeseen.

The Parks department within culture and recreation department had an overage within capital outlays. The increase over budgeted is attributed to capital purchases made that were unforeseen.

The protective inspection and economic development department within housing and development experienced an overage in interdepartmental charges and capital outlays repectively. The increase over budgeted is attributed to the unforeseen rise in health insurance costs and unforeseen need for capital outlay purchases.

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, 2017 amounts to \$33,661,973 (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 \$453,955 or (1.35%).

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

- Purchase a new excavator and street sweeper.
- Purchase a new horizontal drill.
- Upgrades to lift stations and water wells.
- Renovations and upgrades to the Boys and Girls Club facility have been completed.
- Purchase new police cars and fire equipment.

Additional information on the City of Jesup's capital assets can be found in Note III.C. on pages 40-41 of this report.

Long Term Debt

At the end of the 2017 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 \$6,360,926 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 \$3,948,998 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 \$71,820 with loan forgiveness of \$17,955.

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 FY2018.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Cash	\$ 4,826,854	\$ 7,425,539	\$ 12,252,393	\$ 116,754
Receivables (net of allowance for uncollectibles)	1,307,319	311,916	1,619,235	7,444
Internal balances	957,442	(957,442)		
Due from component unit	25,547		25,547	(25,547)
Prepays	353,838	81,371	435,209	
Restricted cash	32,450	225,392	257,842	
Capital assets not being depreciated:				
Land	800,759	151,886	952,645	
Construction in progress		144,276	144,276	
Capital assets, net of accumulated depreciation:				
Buildings	4,972,965	79,658	5,052,623	
Water and sewer system		21,141,109	21,141,109	
Machinery and equipment	1,653,459	567,167	2,220,626	
Infrastructure	4,150,694		4,150,694	
Total assets	<u>19,081,327</u>	<u>29,170,872</u>	<u>48,252,199</u>	<u>98,651</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	620,476		620,476	
Total deferred outflows of resources	<u>620,476</u>		<u>620,476</u>	
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	518,836	166,083	684,919	5,000
Liabilities payable from restricted assets		225,392	225,392	
Non-current liabilities:				
Due within one year		544,577	544,577	
Due in more than one year		9,819,212	9,819,212	
Compensated absences	240,127	61,056	301,183	1,667
Net pension obligation	2,567,978	675,502	3,243,480	
Total liabilities	<u>3,326,941</u>	<u>11,491,822</u>	<u>14,818,763</u>	<u>6,667</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	374,296		374,296	
Total deferred inflows of resources	<u>374,296</u>		<u>374,296</u>	
NET POSITION				
Net investment in capital assets	11,577,877	11,720,308	23,298,185	
Restricted for :				
Capital projects	1,312,545		1,312,545	
Unrestricted	3,110,144	5,958,742	9,068,886	91,984
Total net position	<u>\$ 16,000,566</u>	<u>\$ 17,679,050</u>	<u>\$ 33,679,616</u>	<u>\$ 91,984</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, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				Downtown Development Authority
					Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental activities:									
General government	\$ 663,587	\$ 1,027,570	\$ 21,182	\$ 385,165	\$ 385,165	\$ 385,165			
Public safety	3,491,025	220,985	29,350	(3,240,690)	(3,240,690)	(3,240,690)			
Public works	2,000,012	870,473	276,433	838,810	(14,296)	(14,296)			
Health and welfare	7,580			(7,580)	(7,580)	(7,580)			
Culture and recreation	208,261			(208,261)	(208,261)	(208,261)			
Housing and development	346,758	9,754	11,438	68,058	(257,508)	(257,508)			
Total governmental activities	6,717,223	2,128,782	338,403	906,868	(3,343,170)	(3,343,170)			
Business-type activities-									
Water and sewer	3,285,115	3,636,770			\$ 351,655	351,655			
Total business-type activities	3,285,115	3,636,770				351,655			
Total primary government	\$ 10,002,338	\$ 5,765,552	\$ 338,403	\$ 906,868	(3,343,170)	351,655			
Component unit -									
Downtown Development Authority	\$ 122,887	\$ 37,355	\$ 53,840					\$ (31,692)	

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
	\$ (3,343,170)	\$ 351,655	\$ (2,991,515)	\$ (31,692)
General revenues:				
Property taxes	1,170,475		1,170,475	
Sales taxes for general purposes	1,282,843		1,282,843	
Franchise taxes	733,387		733,387	
Alcoholic beverage taxes	189,420		189,420	
Other taxes	229,707		229,707	
Unrestricted investment earnings	8,199	(171,262)	(163,063)	16
Miscellaneous revenues	83,046		83,046	
Gain on sale of assets				
Total general revenues	3,697,077	(171,262)	3,525,815	80,000
Increase in net position before transfer	353,907	180,393	534,300	80,016
Transfers	302,923	(302,923)		48,324
Change in net position	656,830	(122,530)	534,300	48,324
Net position – beginning	15,343,736	17,801,580	33,145,316	43,660
Net position – ending	\$ 16,000,566	\$ 17,679,050	\$ 33,679,616	\$ 91,984

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
 Gain on sale of assets
 Total general revenues
 Increase in net position before transfer
 Transfers
 Change in net position
 Net position – beginning
 Net position – ending

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

**CITY OF JESUP, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

	GENERAL	2012 SPLOST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 3,121,731	\$ 759,722	\$ 945,401	\$ 4,826,854
Receivable (net of allowances for uncollectibles)	877,865		16,209	894,074
Due from other funds	957,443		119	957,562
Due from component unit	25,547			25,547
Intergovernmental receivable	259,772	144,835	8,638	413,245
Prepays	81,371			81,371
Restricted cash	32,450			32,450
TOTAL ASSETS	\$ 5,356,179	\$ 904,557	\$ 970,367	\$ 7,231,103
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	390,035		-	390,035
Other accruals and deferrals	99,097		29,704	128,801
Due to other funds	119		1	120
Total liabilities	489,251		29,705	518,956
Deferred inflows of resources-				
Deferred revenue	427,000		157,639	584,639
Total deferred inflows of resources	427,000		157,639	584,639
Fund Balances:				
Nonspendable -				
Prepaid expenditures	81,371			81,371
Restricted for -				
Capital projects		904,557	407,988	1,312,545
Committed to:				
Capital projects			375,035	375,035
Insurance benefits				-
Drug interdiction	32,450			32,450
Unassigned	4,326,107			4,326,107
Total fund balances	4,439,928	904,557	783,023	6,127,508
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,356,179	\$ 904,557	\$ 970,367	\$ 7,231,103

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, 2017

Total Governmental Fund Balances		\$ 6,127,508
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 \$6,125,951		11,577,877
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Deferred revenue	\$ 584,639	
Negative net OPEB obligation	<u>272,467</u>	857,106
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.		620,476
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(240,127)	
Net Pension Liability	<u>(2,567,978)</u>	(2,808,105)
Deferred inflows 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.		<u>(374,296)</u>
Net Position of Governmental Activities		<u>\$ 16,000,566</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, 2017**

	GENERAL	2012 SPLOST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes	\$ 1,193,159			\$ 1,193,159
Other taxes	2,244,640		\$ 173,372	2,418,012
Licenses and permits	1,037,534			1,037,534
Intergovernmental revenues	397,882	\$ 518,995	214,211	1,131,088
Charges for services	871,313			871,313
Fines and fees	195,063			195,063
Commissions, penalties and interest	60,296	1,403	2,023	63,722
Investment income	7,823			7,823
Other revenue	116,500			116,500
Total revenues	6,124,210	520,398	389,606	7,034,214
EXPENDITURES:				
Current:				
General government	559,141			559,141
Public safety	3,150,628			3,150,628
Public works	1,690,649			1,690,649
Culture and recreation	180,763			180,763
Housing and development	115,485		173,358	288,843
Capital outlay:				
General government	16,518		17,254	33,772
Public safety	293,852			293,852
Public works	466,721		54,125	520,846
Culture and recreation	7,313			7,313
Housing and development	65,250			65,250
Total expenditures	6,546,320		244,737	6,791,057
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(422,110)	520,398	144,869	243,157

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, 2017**

	<u>GENERAL</u>	<u>2012 SPLOST</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (out)	\$ 1,220,234	\$ (872,710)	\$ (44,601)	\$ 302,923
	<u>1,220,234</u>	<u>(872,710)</u>	<u>(44,601)</u>	<u>302,923</u>
Total other financing sources (uses)	1,220,234	(872,710)	(44,601)	302,923
NET CHANGES IN FUND BALANCES	798,124	(352,312)	100,268	546,080
FUND BALANCES, BEGINNING	3,641,804	1,256,869	682,755	5,581,428
FUND BALANCES, ENDING	\$ 4,439,928	\$ 904,557	\$ 783,023	\$ 6,127,508

**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, 2017

Net change in fund balances – Total governmental funds		\$ 546,080
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	\$ 756,683	
Depreciation expense	<u>(582,327)</u>	174,356
Some expenses reported in the governmental funds result in prepaid assets in the statement of activities – negative other postemployment benefit (OPEB) obligation:		
Negative OPEB obligation June 30, 2016	(429,872)	
Negative OPEB obligation June 30, 2017	<u>272,468</u>	(157,406)
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, 2016	(547,720)	
Deferred revenues June 30, 2017	<u>584,639</u>	36,919
Deferred outflows of resources that do not provide current financial resources are not reported in the governmental funds:		
Deferred outflows of resources June 30, 2016	(639,046)	
Deferred outflows of resources June 30, 2017	<u>620,476</u>	(18,570)
Deferred inflows of resources that do not consume current financial resources are not reported in the governmental funds:		
Deferred inflows of resources June 30, 2016	381,273	
Deferred inflows of resources June 30, 2017	<u>(374,296)</u>	6,977
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 net pension obligation	84,639	
(Increase) decrease in compensated absences	<u>(16,165)</u>	<u>68,474</u>
Change in net position of governmental activities		<u>\$ 656,830</u>

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

CITY OF JESUP, GEORGIA
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUND
 STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS:

Cash	\$ 7,425,539
Restricted cash - Customer deposits	225,392
Accounts receivable (net of allowance for doubtful accounts of \$ 330,000)	311,916
Prepaid expenses	<u>81,371</u>
Total current assets	<u>8,044,218</u>

CAPITAL ASSETS:

Land	151,886
Construction in Progress	144,276
Buildings	221,391
Equipment, vehicles and furniture	1,591,889
Water and sewer system	<u>32,053,438</u>
Total	34,162,880
Less accumulated depreciation	<u>12,078,784</u>
Total capital assets (net of accumulated depreciation)	<u>22,084,096</u>
Total noncurrent assets	<u>22,084,096</u>
TOTAL ASSETS	<u>\$ 30,128,314</u>

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

**CITY OF JESUP, GEORGIA
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUND
 STATEMENT OF NET POSITION
JUNE 30, 2017**

LIABILITIES**CURRENT LIABILITIES:**

Accounts payable	\$ 129,730
Accrued expenses	36,353
Due to other fund	957,442
GEFA loan	544,577
Current liabilities payable from restricted assets - Customers' deposits	<u>225,392</u>
Total current liabilities	<u>1,893,494</u>

LONG-TERM LIABILITIES:

Net Pension Obligation	675,502
Compensated absences	61,056
GEFA loan	<u>9,819,212</u>
Total long-term liabilities	<u>10,555,770</u>

Total liabilities

<u>12,449,264</u>

NET POSITION

Net investment in capital assets	11,720,307
Unrestricted	<u>5,958,743</u>
Total net position	<u><u>\$ 17,679,050</u></u>

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

**CITY OF JESUP, GEORGIA
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES:	
Charges for services	\$ 3,482,588
Miscellaneous	154,182
	<u>3,636,770</u>
OPERATING EXPENSES:	
Salaries	788,788
Membership dues	4,485
Utilities	280,177
Telephone	32,498
Departmental supplies	210,699
Travel and training	40,983
Uniforms	2,586
Repairs and maintenance	135,746
Automotive expenses	59,034
Insurance	157,394
Professional services	88,767
Payroll taxes	59,615
Retirement	25,000
Bad debts	3,000
Miscellaneous	11,281
Equipment Rental	263
Capital Outlays	202,929
Advertising	1,015
Depreciation	1,180,855
	<u>3,285,115</u>
OPERATING INCOME (LOSS)	<u>351,655</u>
NONOPERATING REVENUES (EXPENSES)-	
Interest expense	(175,398)
Interest income	4,136
	<u>(171,262)</u>
Income before transfers	180,393
Transfers in (out)	<u>(302,923)</u>
CHANGE IN NET POSITION	(122,530)
NET POSITION, BEGINNING	<u>17,801,580</u>
NET POSITION, ENDING	<u>\$ 17,679,050</u>

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

CITY OF JESUP, GEORGIA
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 3,525,946
Cash payments for goods and services	(1,258,178)
Cash payments to employees	(777,685)
Cash received from other operating revenues	<u>136,227</u>
 Net cash provided by operating activities	 <u>1,626,310</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(552,546)
Interest paid on loan	(176,645)
Intergovernmental receivable	-
Transfer from SPLOST	917,427
Loan from General Fund	604,680
Proceeds from GEFA Loan	71,820
Principal paid on loan	(536,570)
Transfer (out) to General Fund	<u>(1,220,350)</u>
 Net cash used for capital and related financing activities	 <u>(892,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES-	
Interest received on investments	<u>4,136</u>
 Net cash provided by investing activities	 <u>4,136</u>
 NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	 738,262
 CASH AND RESTRICTED CASH, BEGINNING	 <u>6,912,669</u>
 CASH AND RESTRICTED CASH, ENDING	 <u><u>\$ 7,650,931</u></u>

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

CITY OF JESUP, GEORGIA
 PROPRIETARY FUND
 WATER AND SEWER ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

RECONCILIATION OF OPERATING INCOME
 TO NET CASH PROVIDED BY OPERATING
 ACTIVITIES:

Operating income (loss)	<u>\$ 351,655</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,180,855
Provision for Uncollectible Accounts	3,000
Forgiveness of debt	(17,955)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	22,650
(Increase) decrease in inventory, at cost	93,501
(Increase) decrease in prepaid expenses	(18,151)
Increase (decrease) in accounts payable	4,818
Increase (decrease) in accrued wages	58,781
Increase (decrease) in Net Pension Obligation	20,708
Increase (decrease) in deposits	(79,837)
Increase (decrease) in compensated absences	<u>6,285</u>
Total adjustments	<u>1,274,655</u>
Net cash provided by operating activities	<u><u>\$ 1,626,310</u></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.

a. 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, 2017, 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 fund:

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.

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.

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.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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. 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.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The property tax calendar is as follows:

Beginning of fiscal year for taxes	January 1, 2016
Millage rate adopted by ordinance	October 4, 2016
City tax digest approved	October 31, 2016
Real and personal property tax bills rendered	November 16, 2016
Real property tax payment due	January 17, 2017
Tax sales 2009-2016 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, 2017, appropriations and other sources (uses) exceeded expenditures in the general fund by \$798,124. 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, 2018 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	\$ 46,000	\$ 47,884	\$ 1,884
Public Safety:			
Police department:			
Personal services and employee benefits	1,817,000	1,818,857	1,857
Interdepartmental charges	80,000	122,834	42,834
Fire department-			
Other costs	-	2,500	2,500
Public Works-			
Highways and streets:			
Capital outlays	289,000	435,326	146,236
Other costs	2,000	3,693	1,693
Culture and Recreation-			
Parks-			
Capital outlays	-	7,313	7,313
Housing and Development:			
Protective inspection-			
Interdepartmental charges	5,000	10,467	5,467
Economic Development-			
Capital outlays	55,000	65,250	10,250
HOTEL/MOTEL TAX SPECIAL			
REVENUE FUND –			
HOUSING AND DEVELOPMENT:			
Tourism	100,000	130,018	30,018
Downtown Development Authority	35,000	43,340	8,340

C. Deficit fund equity

The City does not have any deficit fund balances as of June 30, 2017.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

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

Investment	Fair Value
Cash – checking and certificates of deposit	\$ 12,510,235
Total cash and investments	\$ 12,510,235

Reconciliation of financial statements to notes:

Cash and investments	\$ 12,252,393
Restricted cash and investments	257,842
	\$ 12,510,235

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	\$ 527,756	\$ 400,109	\$ 259,772	\$ 1,187,637	\$ (50,000)	\$ 1,137,637
Water and Sewer CDBG		641,916		641,916	(330,000)	311,916
2012 SPLOST Transportation Capital Projects			144,835	144,835		144,835
Non-major governmental	16,209		8,638	24,847		24,847
Total	543,965	1,042,025	413,245	1,999,235	\$ (380,000)	\$ 1,619,235
Less allowance for uncollectibles	<u>(50,000)</u>			<u>(380,000)</u>		
Net receivables	\$ 493,965	\$ 712,025	\$ 413,245	\$ 1,619,235		

C. Capital assets

Capital assets activity for the year ended June 30, 2017 was as follows:

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

C. Capital assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land and land improvements	\$ 800,759			\$ 800,759
Construction in progress	487,423	\$ 17,254	\$ 504,677	-
Total capital assets, not being depreciated	1,288,182	17,254	504,677	800,759
Capital assets, being depreciated:				
Buildings	6,203,798	559,677	7,643	6,755,832
Equipment, vehicles and furniture	5,269,288	630,654	555,488	5,344,454
Infrastructure	4,749,008	53,775		4,802,783
Total assets being depreciated	16,222,094	1,244,106	563,131	16,903,069
Less accumulated depreciation for:				
Buildings	(1,629,108)	(161,402)	7,643	(1,782,867)
Equipment, vehicles and furniture	(3,944,801)	(301,682)	555,488	(3,690,995)
Infrastructure	(532,846)	(119,243)		(652,089)
Total accumulated depreciation	(6,106,755)	(582,327)	563,131	(6,125,951)
Total capital assets, being depreciated, net	10,115,339	661,779		10,777,118
Net Governmental Activities Capital Assets	\$ 11,403,521	\$ 679,033	\$ 504,677	\$ 11,577,877
Business-type activities:				
Capital assets, not being depreciated:				
Land	151,886			151,886
Construction in Progress		144,276		144,276
Total capital assets, not being depreciated	151,886	144,276		296,162
Capital assets, being depreciated:				
Buildings	221,391			221,391
Water and sewer system	32,149,171	245,291	341,024	32,053,438
Equipment, vehicles and furniture	1,732,397	162,977	303,485	1,591,889
Total capital assets, being depreciated	34,102,959	408,268	644,509	33,866,718
Less accumulated depreciation for:				
Buildings	(136,704)	(5,029)		(141,733)
Water and sewer system	(10,282,633)	(970,720)	(341,024)	(10,912,329)
Equipment, vehicles and furniture	(1,123,101)	(205,106)	(303,485)	(1,024,722)
Total accumulated depreciation	(11,542,438)	(1,180,855)	(644,509)	(12,078,784)
Total capital assets, being depreciated, net	22,560,521	(772,587)		21,787,934
Business-type activities capital assets, net	\$ 22,712,407	\$ (628,311)	\$ -	\$ 22,084,096

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	\$ 69,395
Public safety	160,635
Public works	283,818
Health and welfare	7,580
Culture and recreation	16,319
Housing and development	44,580
	<u>582,327</u>
Total depreciation expense-governmental activities	\$ 582,327
Business-type activities –	
Water and sewer	\$ 1,180,855
	<u>1,180,855</u>
Total depreciation expense-business-type activities	\$ 1,180,855

D. Inter-fund receivables, payables, and transfers

Inter-fund receivable and payable balances at June 30, 2017 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
Major funds:		
General	\$ 957,443	\$ 119
Water and sewer		957,442
Non-major funds:		
Hotel/Motel	119	
CDBG		1
	<u>957,562</u>	<u>957,562</u>
Total fund financial statements	957,562	957,562

Inter-fund receivable and payable balances at June 30, 2017 are as follows:

	<u>Inter-fund Receivables</u>	<u>Inter-fund Payables</u>
Government-wide adjustment to internal balances:		
General fund	(119)	(957,443)
Water and sewer	(957,442)	
Hotel/Motel		(119)
CDBG	(1)	
	<u>-</u>	<u>-</u>
Total	\$ -	\$ -

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			Non-major Governmental Funds			Total
	Proprietary Fund Water and Sewer	Capital Project Funds		Special Revenue		CDBG 14p-x-151-2-5675	
		General Fund	2012 SPLOST	2006 SPLOST	Hotel/ Motel		
Transfers in:							
From 2006 SPLOST	\$ 44,717						\$ 44,717
From Water and Sewer		\$ 1,220,350					1,220,350
From 2012 SPLOST	872,710						872,710
From Hotel/Motel		14					14
From General Fund					\$ 130		130
Transfers out:							
To General Fund	(1,220,350)				(14)		(1,220,364)
To Water and Sewer			\$ (872,710)	\$ (44,717)			(917,427)
To CDBG		(130)					(130)
Total	\$ (302,923)	\$ 1,220,234	\$ (872,710)	\$ (44,717)	\$ (14)	\$ 130	\$ -

E. Leases

The City had no outstanding operating or capital leases at June 30, 2017.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Long-term debt
 Primary government:
 Business-type activities –
 Water/Sewer Fund:

Purpose	Issue Date	Average Interest Rate	Original Amount	Balance June 30, 2017
Primary Government:				
Business-type activities- Water/Sewer fund:				
a. Georgia Environmental Finance Authority (GEFA)	May 1, 2012	2.13%	\$ 7,500,000	\$ 6,360,926
b. Georgia Environmental Finance Authority (GEFA)	October 1, 2013	0.50%	\$ 4,946,724	\$ 3,948,998
c. Georgia Environmental Finance Authority (GEFA)	December 21, 2016	0.89%	\$ 1,710,000	\$ 53,865

\$

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 July 30, 2017, the City has drawn down \$71,820 with \$17,995 forgiven as part of the loan agreement. The loan will begin repayment on the earlier of completion or December 1, 2017 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	\$ 223,962	\$ 16,165		\$ 240,127	
Total Governmental Activities	<u>223,962</u>	<u>16,165</u>		<u>240,127</u>	
Business-type Activities-					
Primary Government:					
Compensated Absences	54,771	6,285		61,056	
GEFA \$ 7.5 million	6,683,167		\$ 322,241	6,360,926	\$ 329,174
GEFA \$ 5 million	4,163,327		214,329	3,948,998	215,403
GEFA \$ 1.7 million		53,865		53,865	
Total Business-type Activities	<u>10,901,265</u>	<u>60,150</u>	<u>536,570</u>	<u>10,424,845</u>	<u>544,577</u>
Total Primary Government	<u>\$ 11,125,227</u>	<u>\$ 76,315</u>	<u>\$ 536,570</u>	<u>\$ 10,664,972</u>	<u>\$ 544,577</u>

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
2018	329,174	132,286	461,460
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
	\$ 6,360,926	\$ 1,176,068	\$ 7,536,994

GEFA \$5 Million-

Year Ending 30-Jun	Principal	Interest	Total
2018	215,403	19,252	234,655
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
	\$ 3,948,998	\$ 176,954	\$ 4,125,952

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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 \$904,557 for 2012 SPLOST

Non-Major Funds –

Restricted for - The restricted fund balance on the "Non-major Funds" balance sheet is made up of \$407,988 for TSPLOST.

Committed to - The committed fund balance on the "Non-major funds" balance sheet is made up of \$375,035 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	\$ 94,166	\$ 14,894	\$ 31,722	\$ 1,256,869	\$ 304,496	\$ 378,259
Increase (decrease) fund balance	(12,795)	(14,894)	728	(352,312)	103,492	(3,224)
Fund Balance, end of year	\$ 81,371	\$ -	\$ 32,450	\$ 904,557	\$ 407,988	\$ 375,035

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	\$ 32,450
Workers' compensation – cash	-
	-
Total governmental activities	\$ 32,450

Business-type activities-
Primary government

Water and sewer revenue fund -	
Customer deposits – cash	\$ 225,392
	225,392
Total business-type activities	225,392
Total restricted assets	\$ 257,842

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, 2017, all claims have been paid as incurred out of this account. Changes in the reported liability since June 30, 2009 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>
2017	\$ -	\$ 204,315	\$ 204,315	\$ -
2016	\$ -	\$ 315,853	\$ 315,853	\$ -
2015	\$ -	\$ 139,155	\$ 139,155	\$ -
2014	\$ -	\$ 264,881	\$ 264,881	\$ -
2013	\$ 8,575	\$ 217,080	\$ 225,655	\$ -
2012	\$ 7,480	\$ 401,650	\$ 400,555	\$ 8,575
2011	\$ 8,621	\$ 214,032	\$ 215,173	\$ 7,480
2010	\$ 4,142	\$ 176,598	\$ 172,119	\$ 8,621

The City maintains restricted cash accounts which are used for paying claims. The balance at June 30, 2017 was \$0.

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 June 30</u>	<u>Current year claims and changes in Liability</u>	<u>Claim Estimates</u>	<u>Ending Payments</u>	<u>Liability</u>
2017	0	\$265,911	\$265,911	0
2016	\$32,739	\$370,502	\$403,241	0
2015	0	\$562,593	\$529,854	\$32,739
2014	0	\$208,658	\$208,658	0
2013	0	\$327,823	\$327,823	0
2012	0	\$301,591	\$301,591	0
2011	0	\$365,367	\$365,367	0
2010	0	\$397,171	\$397,171	0

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, 2017. 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

2006 SPLOST

On September 21, 2004 Wayne County voters approved a six year referendum to raise \$3,655,631 for (a) paving, curbing and guttering and (b) sewer improvement and drainage within the City of Jesup. The monies are collected directly by Wayne County and are expended by the County for the City's behalf. The actual amounts received and disbursed through June 30, 2017 is \$3,655,631. Details of these expenditures can be found in a schedule included in this report.

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.

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, 2017 is as follows:

	<u>Amount</u>	<u>Percentage of Tax</u>
Receipts -		
Taxes	\$ 173,372	100%
Disbursements:		
Wayne County Board of Tourism	\$ 130,029	75%
Downtown Development Authority	\$ 43,343	25%
Total disbursements	\$ 173,372	100%

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.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

F. Employee retirement system (Continued)

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 \$485,607. 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 2017 and 2016 are developed below, based upon actuarial valuations as of January 1, 2017 and January 1, 2016:

	<u>2017</u>	<u>2016</u>
Normal cost		
Plan benefits	\$ 174,137	\$ 164,284
Administrative expenses	24,606	24,200
Amortization of the unfunded actuarial accrued liability	269,074	252,711
Adjustment	<u>17,790</u>	<u>16,777</u>
Recommended contribution	<u>\$ 485,607</u>	<u>\$ 457,972</u>
Covered payroll	<u>\$ 2,699,639</u>	<u>\$ 2,548,896</u>
Recommended contribution as a percent of covered payroll	<u>17.99%</u>	<u>17.97%</u>

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.

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.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. Annual Pension Cost (Continued)

Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	3.25% plus age and service based merit increases
Cost of living adjustments	0.00%
Inflation rate assumption	3.25%
 Membership of the Plan:	
Retirees and beneficiaries receiving benefits	88
Terminated plan members entitled to, but not yet receiving benefits	43
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

Jesup, Georgia's net pension liability was measured as of January 1, 2017 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, 2017, 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, 2017 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, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45%	6.75%
International Equity	20%	7.00%
Fixed Income	25%	2.06%
Real Estate	10%	4.55%
Cash	<u>0%</u>	0.00%
Total	100%	

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. Net Pension Liability (Continued)

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that 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.

5. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Opening balances	\$ 12,508,560	\$ 9,100,604	\$ 3,407,956
Changes for the year:			
Service cost	94,071		94,071
Interest	935,659		935,659
Differences between expected and actual experience	273,604		273,604
Contributions - employer		485,683	(485,683)
Contributions - employee			
Net investment income		999,081	(999,081)
Benefit payments, including refunds of employee contributions	(871,069)	(871,069)	
Administrative expense		(16,954)	16,954
Other changes			
Net changes	432,265	596,741	(164,476)
Closing balances	\$ 12,940,825	\$ 9,697,345	\$ 3,243,480

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Jesup, Georgia's Net pension liability	\$4,613,387	\$3,243,480	\$2,078,257

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

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

For the year ended June 30, 2017, Jesup, Georgia recognized pension expense of \$332,800. At June 30, 2017, 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	\$ 264,823		
Changes of assumptions			
Net difference between projected and actual earnings on pension plan investments	355,653	(374,296)	
Total	\$ 620,476	\$ (374,296)	

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

<u>June 30 –</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Total</u>
2018	\$ (125,273)	\$ 292,173	\$ 166,900
2019	(125,273)	209,752	84,479
2020	(61,875)	118,551	56,676
2021	<u>(61,875)</u>	<u>0</u>	<u>(61,875)</u>
Total	\$ (374,296)	\$ 620,476	\$ 246,180

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

Description

Effective July 1, 2008, the City adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect a zero long-term liability and related expenses in governmental activities resulting from the adoption.

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, 2017, 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. 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.

Annual OPEB and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 25 years. The following table illustrates the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 58,978
Interest on net OPEB obligation	(13,366)
Adjustment to annual required contribution	122,131
Annual OPEB cost	<u>167,743</u>
Contributions made	<u>(10,337)</u>
Increase (decrease) in net OPEB obligation	157,406
Net OPEB obligation – beginning of year	<u>(429,871)</u>
Net OPEB obligation – end of year	<u><u>\$ (272,465)</u></u>

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Other Postemployment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 thru 2017 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation – End of Year</u>
06/30/09	\$36,845	257.70%	\$(58,104)
06/30/10	\$38,185	117.54%	\$(64,800)
06/30/11	\$35,161	74.26%	\$(55,750)
06/30/12	\$35,038	85.08%	\$(50,523)
06/30/13	\$40,747	480.03%	\$(205,375)
06/30/14	\$34,553	730.77%	\$(423,326)
06/30/15	\$75,963	38.69%	\$(376,755)
06/30/16	\$75,450	43.53%	\$(334,150)
06/30/17	\$72,022	14.35%	\$(272,465)

Funding Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$542,957, resulting in an unfunded actuarial accrued liability (UAAL) of \$542,957. The covered payroll (annual payroll of active employees covered by the Plan) equaled \$2,655,770, and the ratio of the UAAL to the covered payroll equaled 20.4%.

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

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the City maintains no plan assets, information relative to plan asset required disclosures is not applicable.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

CITY OF JESUP, GEORGIA
NOTES TO THE BASIC FINANCIAL STATEMENTS

G. Other Postemployment Benefits (Continued)

In the actuarial valuation dated January 1, 2017, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the postretirement medical benefits; therefore, the actuarial assumptions included a 4.00% discount rate, which approximates the expected rate of return on non-pension investments held by the City. Actuarial assumptions also included healthcare and prescription drug cost trend rate of 7.0%, initially, reduced by decrements to an ultimate rate of 4.5% after ten years. The UAAL is being amortized as a level dollar amount over twenty-five years on a closed basis.

H. 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, 2017**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes	\$ 1,199,700	\$ 1,199,700	\$ 1,193,159	\$ (6,541)
Other taxes	2,346,000	2,347,300	2,244,640	(102,660)
Licenses and permits	937,800	937,800	1,037,534	99,734
Intergovernmental revenues	206,675	206,675	397,882	191,207
Charges for services	842,650	842,650	871,313	28,663
Fines and fees	233,000	233,000	195,063	(37,937)
Commissions, penalties and interest	13,700	13,700	60,296	46,596
Investment income	1,000	1,000	7,823	6,823
Other revenue	71,752	766,652	116,500	(650,152)
TOTAL REVENUES	5,852,277	6,548,477	6,124,210	(424,267)
EXPENDITURES:				
GENERAL GOVERNMENT-				
FINANCIAL ADMINISTRATION:				
Personal services and employee benefits	234,200	224,200	175,279	(48,921)
Purchased/contract services	328,800	338,800	326,693	(12,107)
Supplies	46,000	46,000	47,884	1,884
Capital outlays	105,000	105,000	16,518	(88,482)
Interdepartmental charges	5,000	5,000	4,080	(920)
Other costs	138,977	138,977	5,205	(133,772)
Total financial administration	857,977	857,977	575,659	(282,318)
TOTAL GENERAL GOVERNMENT	857,977	857,977	575,659	(282,318)
PUBLIC SAFETY:				
POLICE DEPARTMENT:				
Personal services and employee benefits	1,817,000	1,817,000	1,818,857	1,857
Purchased/contract services	276,300	276,300	211,792	(64,508)
Supplies	222,500	222,500	142,971	(79,529)
Capital outlays	239,000	239,000	209,022	(29,978)
Interdepartmental charges	80,000	80,000	122,834	42,834
Other costs	22,000	22,000	7,210	(14,790)
Total police department	2,656,800	2,656,800	2,512,686	(144,114)

**CITY OF JESUP, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
FIRE DEPARTMENT:				
Personal services and employee benefits	\$ 702,500	\$ 702,500	\$ 660,341	\$ (42,159)
Purchased/contract services	117,500	117,500	69,945	(47,555)
Supplies	118,000	118,000	79,586	(38,414)
Capital outlays	448,600	448,600	84,830	(363,770)
Interdepartmental charges	50,000	50,000	34,592	(15,408)
Other Costs	-	-	2,500	2,500
Total fire department	1,436,600	1,436,600	931,794	(504,806)
TOTAL PUBLIC SAFETY	4,093,400	4,093,400	3,444,480	(648,920)
PUBLIC WORKS:				
HIGHWAYS AND STREETS:				
Personal services and employee benefits	420,500	420,500	390,237	(30,263)
Purchased/contract services	269,500	269,500	253,133	(16,367)
Supplies	386,000	386,000	345,536	(40,464)
Capital outlays	289,000	289,000	435,326	146,326
Interdepartmental charges	40,000	40,000	21,109	(18,891)
Other Costs	2,000	2,000	3,693	1,693
Total highways and streets	1,407,000	1,407,000	1,449,034	42,034
SANITATION AND WASTEWATER:				
Personal services and employee benefits	448,000	448,000	415,296	(32,704)
Purchased/contract services	212,000	212,000	180,821	(31,179)
Supplies	132,000	132,000	66,837	(65,163)
Capital outlays	50,000	50,000	31,395	(18,605)
Interdepartmental charges	50,000	50,000	13,987	(36,013)
Total sanitation and wastewater	892,000	892,000	708,336	(183,664)
TOTAL PUBLIC WORKS	2,299,000	2,299,000	2,157,370	(141,630)

**CITY OF JESUP, GEORGIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINANL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
CULTURE AND RECREATION- PARKS:				
Personal services and employee benefits	\$ 115,500	\$ 115,500	\$ 98,585	\$ (16,915)
Purchased/contract services	55,700	55,700	45,632	(10,068)
Supplies	37,500	37,500	24,728	(12,772)
Capital outlays	-	-	7,313	7,313
Interdepartmental charges	30,000	30,000	11,818	(18,182)
Total parks	238,700	238,700	188,076	(50,624)
TOTAL CULTURE AND RECREATION	238,700	238,700	188,076	(50,624)
HOUSING AND DEVELOPMENT: PROTECTIVE INSPECTION:				
Personal services and employee benefits	63,800	63,800	60,274	(3,526)
Purchased/contract services	39,900	38,400	34,899	(3,501)
Supplies	10,700	12,200	9,845	(2,355)
Capital outlays	-	-	-	-
Interdepartmental charges	5,000	5,000	10,467	5,467
Total protective inspection	119,400	119,400	115,485	(3,915)
ECONOMIC DEVELOPMENT- Capital outlays	55,000	55,000	65,250	10,250
Total economic development	55,000	55,000	65,250	10,250
TOTAL HOUSING AND DEVELOPMENT	174,400	174,400	180,735	6,335
Total expenditures	7,663,477	7,663,477	6,546,320	(1,117,157)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,811,200)	(1,115,000)	(422,110)	692,890
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	15,000	15,000	-	(15,000)
Transfers in (out)	1,796,200	1,100,000	1,220,234	120,234
Total other financing sources and uses	1,811,200	1,115,000	1,220,234	105,234
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ 798,124	\$ 798,124
FUND BALANCES, BEGINNING	3,641,804	3,641,804	3,641,804	-
FUND BALANCES, ENDING	\$ 3,641,804	\$ 3,641,804	\$ 4,439,928	\$ 798,124

CITY OF JESUP, GEORGIA
SCHEDULE OF FUNDING PROGRESS – CITY OF JESUP RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2017

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, 2008	\$ 8,464,985	\$ 9,354,167	\$ 889,182	90.5%	\$ 2,810,820	31.6%
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%

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, 2017

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
06/30/2008	\$362,613	100%
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%

CITY OF JESUP, GEORGIA
SCHEDULE OF CHANGES IN JESUP, GEORGIA'S NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Total Pension Liability		
Service Cost	\$ 94,071	\$ 114,926
Interest	935,659	902,326
Difference between expected and actual experience	273,604	247,264
Change of Assumptions		
Benefit payments including refunds of member contributions	<u>(871,069)</u>	<u>(797,737)</u>
Net Change in Total Pension Liability	432,265	466,779
Total Pension Liability - Beginning	<u>12,508,560</u>	<u>12,041,781</u>
Total Pension Liability - Ending	<u>\$ 12,940,825</u>	<u>\$ 12,508,560</u>
Plan Fiduciary Net Pension		
Contributions - Employer	485,683	480,182
Contributions - Employee		
Net Investment Income	999,081	116,560
Benefit payments including refunds of employee contributions	(871,069)	(797,737)
Administrative Expense	(16,954)	(19,223)
Other		
Net Change in Plan Fiduciary Net Position	<u>596,741</u>	<u>(220,218)</u>
Plan Fiduciary Net Position - Beginning	9,100,604	9,320,822
Plan Fiduciary Net Position - Ending	<u>\$ 9,697,345</u>	<u>\$ 9,100,604</u>
Jesup, Georgia's Net Pension Liability - Ending	<u>\$ 3,243,480</u>	<u>\$ 3,407,956</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.94%	72.76%
Covered - Employee Payroll	2,699,639	2,548,896
Jesup, Georgia's Net Pension Liability as a Percentage of Covered - Employee Payroll	120.1%	133.7%

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

	<u>2017</u>	<u>2016</u>
Total Pension Liability		
Actuarially Determined Contribution	<u>\$ 457,972</u>	<u>\$ 445,428</u>
Contributions in relation to the actuarially determined contribution	<u>457,972</u>	<u>445,428</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - Employee Payroll	2,699,639	2,548,896
Contributions as a percentage of Covered - Employee Payroll	16.96%	17.48%

CITY OF JESUP, GEORGIA
SCHEDULE OF FUNDING PROGRESS-POSTEMPLOYMENT HEALTHCARE BENEFITS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2009		\$368,041	\$368,041	0%	\$2,952,903	12.5%
6/30/2009		\$368,041	\$368,041	0%	\$3,063,536	12.0%
1/01/2011		\$330,850	\$330,850	0%	\$2,665,233	12.4%
1/01/2011		\$330,850	\$330,850	0%	\$2,665,233	12.4%
1/01/2013		\$393,104	\$393,104	0%	\$2,468,053	15.9%
1/01/2013		\$393,104	\$393,104	0%	\$2,468,053	15.9%
1/01/2015		\$576,405	\$576,405	0%	\$2,537,152	22.7%
1/01/2015		\$576,405	\$576,405	0%	\$2,537,152	22.7%
1/01/2017		\$542,957	\$542,957	0%	\$2,655,770	20.4%

Because 2008 was the year of transition for GASB Statement Number 45, requirements of this statement have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of the years proceeding June 30, 2009.

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	\$ 46,000	\$ 47,884	\$ 1,884
Public Safety:			
Police department:			
Personal services and employee benefits	1,817,000	1,818,857	1,857
Interdepartmental charges	80,000	122,834	42,834
Fire department-			
Other costs	-	2,500	2,500
Public Works-			
Highways and streets:			
Capital outlays	289,000	435,326	146,236
Other costs	2,000	3,693	1,693
Culture and Recreation-			
Parks-			
Capital outlays	-	7,313	7,313
Housing and Development:			
Protective inspection-			
Interdepartmental charges	5,000	10,467	5,467
Economic Development-			
Capital outlays	55,000	65,250	10,250
HOTEL/MOTEL TAX SPECIAL REVENUE FUND –			
HOUSING AND DEVELOPMENT:			
Tourism	100,000	130,018	30,018
Downtown Development Authority	35,000	43,340	8,340

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

SCHEDULE 7

CITY OF JESUP, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

	SPECIAL REVENUE		CAPITAL PROJECTS		CDBG 14p-x-151-2-5675	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOTEL/MOTEL TAX	2006 SPLOST	TSPLOST	TRANSPORTATION CAPITAL PROJECTS		2017	2016
ASSETS							
Cash	\$ 13,376		\$ 556,989	\$ 375,035	\$ 1	\$ 945,401	\$ 793,060
Taxes receivable	16,209					16,209	12,553
Due from other funds	119					119	133
Intergovernmental receivable			8,638			8,638	9,295
TOTAL ASSETS	\$ 29,704	\$ -	\$ 565,627	\$ 375,035	\$ 1	\$ 970,367	\$ 815,041
LIABILITIES AND FUND BALANCE							
LIABILITIES:							
Accounts payable							48,424
Due to others	29,704					29,704	28,776
Due to other funds					1	1	1
Total liabilities	29,704				1	29,705	77,201
Deferred inflows of resources-							
Deferred revenue			157,639			157,639	55,085
Fund balance:							
Restricted -							
Capital projects			407,988			407,988	682,755
Committed to -							
Capital projects				375,035		375,035	-
Total fund balance			407,988	375,035		783,023	682,755
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 29,704	\$ -	\$ 565,627	\$ 375,035	\$ 1	\$ 970,367	\$ 815,041

SCHEDULE 8

CITY OF JESUP, GEORGIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE		CAPITAL PROJECTS			TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOTEL/MOTEL TAX	2006 SPLOST	TSPLOST	TRANSPORTATION CAPITAL PROJECTS	CDBG 14p-x-151-2-5675	2017	2016
REVENUES:							
Taxes	\$ 173,372	\$ 44,717	\$ 152,370	\$	17,124	\$ 173,372	\$ 168,012
Intergovernmental			1,647	376		2,023	1,118,543
Penalties and interest							581
Other revenue							5,000
Total revenues	173,372	44,717	154,017	376	17,124	389,606	1,292,136
EXPENDITURES:							
Current-							
Housing and development	173,358					173,358	168,007
Capital outlay-							
General government			50,525	3,600	17,254	17,254	455,268
Public works						54,125	418,337
Total expenditures	173,358	-	50,525	3,600	17,254	244,737	1,041,612
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	14	44,717	103,492	(3,224)	(130)	144,869	250,524
OTHER FINANCING SOURCES (USES) -							
Transfers in (out)	(14)	(44,717)			130	(44,601)	(212,570)
Total other financing sources (uses)	(14)	(44,717)			130	(44,601)	(212,570)

SCHEDULE 8

CITY OF JESUP, GEORGIA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE		CAPITAL PROJECTS		TRANSPORTATION CAPITAL PROJECTS	CDBG 14p-x-151-2-5675	TOTAL NON-MAJOR GOVERNMENTAL FUNDS	
	HOTEL/MOTEL TAX	2006 SPLOST	TSPLOST	2017			2016	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		\$ 103,492	\$ (3,224)				\$ 100,268	\$ 37,954
FUND BALANCES, BEGINNING		304,496	378,289				682,755	644,801
FUND BALANCES, ENDING	\$ -	\$ -	\$ 407,968	\$ 375,035	\$ -		\$ 783,023	\$ 682,755

**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, 2017**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
REVENUES-				
Hotel/Motel tax	\$ 135,000	\$ 135,000	\$ 173,372	\$ 38,372
Total revenues	135,000	135,000	173,372	38,372
EXPENDITURES-				
Housing and development:				
Tourism	100,000	100,000	130,018	30,018
Downtown development authority	35,000	35,000	43,340	8,340
Total expenditures	135,000	135,000	173,358	38,358
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			14	14
OTHER FINANCING SOURCES (USES)				
Transfers in (out)			(14)	(14)
Total other financing sources (uses)			(14)	(14)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
FUND BALANCE, BEGINNING				
FUND BALANCE, ENDING				

CITY OF JESUP, GEORGIA
 2006 SPLOST CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL-FROM INCEPTION AND FOR THE YEAR ENDED
JUNE 30, 2017

	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	PROJECT AUTHORIZATION
REVENUES -				
Intergovernmental	\$ 3,610,914	\$ 44,717	\$ 3,655,631	\$ 3,655,631
Total revenues	<u>3,610,914</u>	<u>44,717</u>	<u>3,655,631</u>	<u>3,655,631</u>
EXPENDITURES -				
Capital outlay -				
Highways and streets	692,136		692,136	692,136
Total expenditures	<u>692,136</u>	<u>-</u>	<u>692,136</u>	<u>692,136</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,918,778</u>	<u>44,717</u>	<u>2,963,495</u>	<u>2,963,495</u>
OTHER FINANCING SOURCES (USES) -				
Transfers in (out)	(2,918,778)	(44,717)	(2,963,495)	(2,963,495)
Total other financing sources (uses)	<u>(2,918,778)</u>	<u>(44,717)</u>	<u>(2,963,495)</u>	<u>(2,963,495)</u>
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, 2017

	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE
REVENUES:			
Intergovernmental	\$ 673,187	\$ 152,370	\$ 825,557
Penalties and interest	344	1,647	1,991
Total revenues	673,531	154,017	827,548
EXPENDITURES –			
Capital outlay –			
Public works	369,135	50,525	419,660
Total expenditures	369,135	50,525	419,660
EXCESS OF REVENUES OVER EXPENDITURES	304,396	103,492	407,888
OTHER FINANCING SOURCES (USES) –			
Transfers in (out)	100		100
Total other financing sources (uses)	100		100
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	304,496	103,492	407,988
FUND BALANCE, BEGINNING		304,496	
FUND BALANCE, ENDING	\$ 304,496	\$ 407,988	\$ 407,988

CITY OF JESUP, GEORGIA
 COMMUNITY DEVELOPMENT BLOCK GRANT 14p-x-151-2-5675
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL-FROM INCEPTION AND FOR THE YEAR ENDED
JUNE 30, 2017

	PRIOR YEAR	CURRENT YEAR	PROJECT AUTHORIZATION
REVENUES –			
Intergovernmental	\$ 477,552	\$ 17,124	\$ 494,676
Total revenues	477,552	17,124	494,676
EXPENDITURES –			
Capital outlay –			
General Government	487,552	17,254	494,676
Total expenditures	487,552	17,254	494,676
EXCESS OF REVENUES OVER EXPENDITURES	(10,000)	(130)	
OTHER FINANCING SOURCES (USES) –			
Transfers in (out)	10,000	130	
Total other financing sources (uses)	10,000	130	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
FUND BALANCE, BEGINNING			
FUND BALANCE, ENDING	\$ -	\$ -	\$ -

CITY OF JESUP, GEORGIA
 COMPONENT UNIT – DOWNTOWN DEVELOPMENT AUTHORITY
 STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current assets:

Cash	\$	116,754
Due from other governments		<u>7,444</u>
Total assets		<u>124,198</u>

LIABILITIES:

Current liabilities:

Due to others		5,000
Due to primary government		25,547
Compensated absences		<u>1,667</u>
Total liabilities		<u>32,214</u>

NET POSITION:

Unrestricted		<u>91,984</u>
Total net position		<u>\$ 91,984</u>

CITY OF JESUP, GEORGIA
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Downtown Development Authority</u>
Component Unit - Downtown Development Authority	\$ 122,887	\$ 37,355	\$ 53,840	\$ (31,692)
General Revenues				
Proceeds from Sale			80,000	
Unrestricted investment earnings			16	
Total general revenues			80,016	
Changes in Net Position			48,324	
Net Position, Beginning			43,660	
Net Position, Ending			\$ 91,984	

**CITY OF JESUP, GEORGIA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2017 AND 2016**

<u>Governmental Funds Capital Assets</u>	<u>2017</u>	<u>2016</u>
Land and land improvements	\$ 800,759	\$ 800,759
Buildings	6,755,832	6,203,798
Equipment, vehicles and furniture	5,344,454	5,269,288
Infrastructure	4,802,783	4,749,008
Construction in progress		487,423
	<hr/>	<hr/>
Total governmental funds capital assets	\$ 17,703,828	\$ 17,510,276
	<hr/>	<hr/>
<u>Investments in Governmental Funds Capital Assets by Source</u>		
Grants	\$ 50,175	
General Fund	17,653,653	\$ 17,510,276
	<hr/>	<hr/>
Total governmental funds capital assets	\$ 17,703,828	\$ 17,510,276
	<hr/>	<hr/>

CITY OF JESUP, GEORGIA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2017

	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	933,277			2,375,123
Fire Prevention	12,280	399,400	1,025,869			1,437,549
Total Public Safety	104,823	1,748,703	1,959,146			3,812,672
Public Works:						
Highways and Streets	59,264	474,300	1,164,856	\$ 4,802,783		6,501,203
Sanitation	7,500	10,400	1,613,624			1,631,524
Recycling	60,500	15,789				76,289
Total Public Works	127,264	500,489	2,778,480	4,802,783		8,209,016
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, 2017**

	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	\$ 800,759	\$ 6,755,832	\$ 5,344,454	\$ 4,802,783	\$ -	\$ 17,703,828

SCHEDULE 17

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, 2017

	Capital Assets July 1, 2016	Additions	Deductions	Capital Assets June 30, 2017
Function and Activity				
General Government -				
Financial Administration	\$ 2,653,638	\$ 23,614	\$ 14,933	\$ 2,662,319
Total General Government	2,653,638	23,614	14,933	2,662,319
Public Safety:				
Police	2,268,231	128,405	21,513	2,375,123
Fire Prevention	1,404,961	60,691	28,103	1,437,549
Total Public Safety	3,673,192	189,096	49,616	3,812,672
Public Works:				
Highways and Streets	6,243,258	510,973	253,028	6,501,203
Sanitation	1,695,065		63,541	1,631,524
Recycling	263,302		187,013	76,289
Total Public Works	8,201,625	510,973	503,582	8,209,016
Health and Welfare -				
Senior Citizens Center	379,000			379,000
Total Health and Welfare	379,000			379,000
Culture and Recreation -				
Parks and Beautification	693,324		14,000	679,324
Total Culture and Recreation	693,324		14,000	679,324
Housing and Development:				
Protective Inspection	37,080			37,080
Housing Authority	58,897		3,000	55,897
Economic Development	1,813,520	55,000		1,868,520
Total Housing and Development	1,909,497	55,000	3,000	1,961,497
Total Governmental Funds Capital Assets	\$ 17,510,276	\$ 778,683	\$ 585,131	\$ 17,703,828

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, 2017 AND 2016**

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	\$ 6.00	\$ 10.65	\$ 16.65
Additional amount due based on usage:			
1 to 2,000 gallons	0.00226	0.00296	
2,001 to 5,000 gallons	0.00236	0.00301	
10,001 to 20,000 gallons	0.00246	0.00321	
20,001 to 50,000 gallons	0.00256	0.00351	
20,001 to 50,000 gallons	0.00266	0.00351	
Over 50,000 gallons	0.00276	0.00351	

The above rates are based on one residential equivalent unit.

	<u>2017</u>	<u>2016</u>
MISCELLANEOUS STATISTICS:		
Metered water customers	3,667	3,609
Sewer connections	3,482	3,386
Gallons of water pumped	490,377,451	446,856,576
Gallons of water billed	361,530,000	341,771,000
Water revenues	\$ 1,266,845	\$ 1,277,676
Average water billing per customer	\$ 28.03	\$ 25.63
Sewer revenues	\$ 1,979,827	\$ 2,017,813
Average sewer billing per customer	\$ 46.03	\$ 45.44
Fire hydrants	462	462

**CITY OF JESUP, GEORGIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2017**

INSURANCE COMPANY	EXPIRATION DATE	
Georgia Interlocal Risk Management Agency (GIRMA)	May 1, 2017	
	<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	\$ 33,323,923	\$ 2,500
Flood and earthquake limit	\$ 10,000,000	\$ 2,500
Equipment breakdown		
Limit per occurrence	\$ 32,679,592	\$ 2,500
Ordinance or law limit	\$ 32,679,592	\$ 2,500
Hazardous substance	\$ 250,000	\$ 2,500

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

SCHEDULE 20

CITY OF JESUP, GEORGIA
 COMMUNITY DEVELOPMENT BLOCK GRANT 14p-x-151-2-5675
 SOURCE AND APPLICATION OF FUNDS SCHEDULE
FOR THE PERIOD ENDING JUNE 30, 2017

Total program year 2014 funds allocated to recipient	\$	498,207
Less: Total program year 2014 funds drawn by recipient		494,676
Less: Deobligated 2014 funds		3,531
		<u>498,207</u>
 Funds still available from program year 2014 resources		 <u><u> </u></u>
 Total program year 2014 funds drawn and received by recipient	 \$	 494,676
Less: Funds applied and expended to program year 2014 costs		 494,676
 Total program year 2014 funds held by recipient		 <u><u> </u></u>

**CITY OF JESUP, GEORGIA
 COMMUNITY DEVELOPMENT BLOCK GRANT 14p-x-151-2-5675
 PROJECT COST SCHEDULE
 FOR THE PERIOD ENDING JUNE 30, 2017**

Program Activity Questioned And Number	Latest Approved Budget	Accumulative Expenditures To Date	Accumulative Expenditures To Date	Grant Total Expenditures
	CDBG Funds	CDBG Funds	Other Funds	To Date
Contingencies- Unprogrammed Funds C-022-00	\$ 36,327	\$ 36,327		\$ 36,327
Architecture - Youth Centers S-03D-00	38,950	38,950	\$ 130	39,080
Boys and Girls Club Facilities P-03D-01	389,507	389,507	10,000	399,507
Administration A-21A-00	29,892	29,892		29,892
TOTAL	\$ 494,676	\$ 494,676	\$ 10,130	\$ 504,806

**CITY OF JESUP, GEORGIA
 SCHEDULE OF PROJECTS CONSTRUCTED
 WITH SPECIAL SALES TAX PROCEEDS
 FOR THE YEAR ENDED JUNE 30, 2017**

	Original Estimated Cost	Revised Estimated Cost	Expenditures		Estimated Percentage of Completion	
			Prior Years	Current Year		
2006 SPLOST:						
Paving, curbing and guttering	\$ 1,096,689	\$ 692,136	\$ 692,136		\$ 692,136	100.00%
Sewer improvement and drainage	2,558,942	2,963,495	2,918,778	\$ 44,717	2,963,495	100.00%
Total	\$ 3,655,631	\$ 3,655,631	\$ 3,610,914	\$ 44,717	\$ 3,655,631	
2012 SPLOST:						
Sewer improvement and drainage	3,730,100	3,730,100	1,226,694	872,710	2,099,404	56.28%
Total	\$ 3,730,100	\$ 3,730,100	\$ 1,226,694	\$ 872,710	\$ 2,099,404	

**CITY OF JESUP, GEORGIA
 SCHEDULE OF REQUIRED EXPENDITURES
 GENERATED BY HOTEL/MOTEL TAX
 FOR THE YEAR ENDED JUNE 30, 2017**

Revenue -	
Hotel/Motel taxes	<u><u>\$ 173,372</u></u>
Expenditures of tax revenue:	
Tourism expenditures	<u>\$ 130,029</u>
Downtown development	<u>43,343</u>
Total expenditures of tax revenue	<u><u>\$ 173,372</u></u>
Percentage of expenditures to revenues	<u><u>100%</u></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, 2017, 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 October 25, 2017.

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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).

CALE M. HARRIS⁸⁹ & CHRIS HARRIS

P.O. BOX 448 - 274 SW BROAD STREET - JESUP, GA 31598 - PHONE: 912.427.3791 - FAX: 912.427.8760

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 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
October 25, 2017

**CITY OF JESUP, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017**

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.

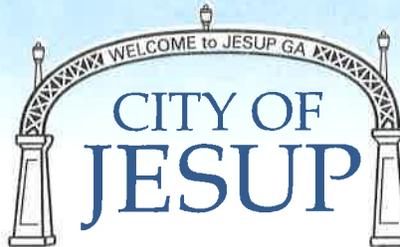


David Earl Keith
MAYOR

Mike Deal
CITY MANAGER

Rose M. Jackson
CITY CLERK/TREASURER

David Michael Conner, Esq.
CITY ATTORNEY



162 East Cherry Street • Post Office Box 427 • Jesup, Georgia 31598
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CITY OF JESUP-CORRECTIVE ACTION PLAN

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

FYE: June 30, 2017

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, 2017, 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, 2017. The corrective action plan is as follows:

GENERAL FUND

Budgets and Budgetary Accounting

- **Financial Administration:** Supplies expenditures exceeded appropriations by \$1,884. 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, 2018. 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:** Personal and employee benefits and Interdepartmental charges exceeded the budget by 1,857 and \$42,834. 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, 2018. The Police Chief will examine his budget more thoroughly and request the City Manager to transfer amounts between departmental line items when needed.
- **Fire Department:** Other costs exceeded the budget by \$2,500. The City Manager has met with the Chief of Fire to discuss his budget violations and corrective action plans for the fiscal year ending June 30, 2018. The Fire Chief will examine his budget more thoroughly and request the City Manager to transfer amounts between departmental line items when needed.
- **Highways and Streets Department:** Capital outlays and Other costs expenditures exceeded the budget by \$146,326 and 1,693, respectively. The City Manager has met with the road department head to discuss his budget violations and corrective action plans for the fiscal year ending June 30, 2018. The road department head will examine his budget more thoroughly and request the City Manager to transfer amounts between departmental line items when needed.
- **Parks:** Capital outlays exceeded the budget by \$7,313. The City Manager has met with the Parks Director to discuss his budget violations and corrective action plans for the fiscal year ending June 30, 2018. The Parks Director will examine his budget more thoroughly and request the City Manager to transfer amounts between departmental line items when needed.
- **Protective Inspection:** Interdepartmental charges exceeded the budget by \$5,467. The City Manager met with the City Clerk to discuss her budget violations and corrective action plans for the fiscal year ending June 30, 2018. 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:** Capital outlays exceeded the budget by \$10,250. The City Manager met with the City Clerk to discuss her budget violations and corrective action plans for the fiscal year ending June 30, 2018. 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 \$30,018 and \$8,340, 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, 2018. 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

Date