

City of Blakely, Georgia

FINANCIAL STATEMENTS

***For the Year Ended
December 31, 2019***

Blakely, Georgia

**CITY OF BLAKELY, GEORGIA
FOR THE YEAR ENDED DECEMBER 31, 2019
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FOR THE YEAR ENDED DECEMBER 31, 2019
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Perry L. Henry, LLC
Certified Public Accountant and Consultant

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of
the City Council
2019 Audit Year City of Blakely, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Blakely, Georgia as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the presentation 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 evaluation 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, and each major fund of the City of Blakely, Georgia as of December 31, 2019, 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, economical or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule – General Fund on page 36 and the pension schedules on 39 through 41 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 the 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 Blakely, Georgia's basic financial statements. The CDBG schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Special Purpose Local Option Sales Tax is presented for purposes of additional analysis as required by the Official Code of Georgia 48-4-121, and is not a required part of the basic financial statements.

The CDBG schedules and the Schedule of Special Purpose Local Option Sales Tax are the responsibility of management and was derived from and related 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 procedure, 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 CDBG schedules and the Schedule of Special Purpose Local Option Sales Tax are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020 on our consideration of the City of Blakely'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 on an audit performed in accordance with *Government Auditing Standards* in considering the City of Blakely's internal control over financial reporting and compliance.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
September 24, 2020

BASIC FINANCIAL STATEMENTS

**CITY OF BLAKELY, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets			
Cash, including time deposits	\$ 67,152	\$ 1,838,216	\$ 1,905,368
Investments	-	4,816,145	4,816,145
Accounts receivable	557,496	1,356,523	1,914,019
Inventory	40,380	512,316	552,696
Prepays	32,954	14,673	47,627
Total current assets	<u>697,982</u>	<u>8,537,873</u>	<u>9,235,855</u>
Noncurrent Assets			
Restricted assets:			
Cash	640,426	250,283	890,709
Non-depreciable assets	732,672	640,993	1,373,665
Capital assets (net)	6,880,606	16,630,493	23,511,099
Total noncurrent assets	<u>8,253,704</u>	<u>17,521,769</u>	<u>25,775,473</u>
Total assets	<u>8,951,686</u>	<u>26,059,642</u>	<u>35,011,328</u>
Deferred outflows of resources	<u>228,358</u>	<u>104,663</u>	<u>333,021</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current Liabilities			
Accounts payable	212,199	896,851	1,109,050
Customer deposits	-	391,492	391,492
Intergovernmental Contract, current portion	140,000	-	140,000
Debt and lease payable, current portion	69,085	262,119	331,204
Bonds payable, current portion	-	535,000	535,000
Total current liabilities	<u>421,284</u>	<u>2,085,462</u>	<u>2,506,746</u>
Noncurrent liabilities			
Compensated absences	161,028	84,890	245,918
Landfill postclosure	-	66,689	66,689
Net pension obligation	1,597,584	732,226	2,329,810
Intergovernmental Contract, less current portion	167,978	-	167,978
Debt and lease payable, less current portion	3,305,381	2,891,916	6,197,297
Bonds payable, less current portion	-	4,845,000	4,845,000
Total noncurrent liabilities	<u>5,231,971</u>	<u>8,620,721</u>	<u>13,852,692</u>
Total liabilities	<u>5,653,255</u>	<u>10,706,183</u>	<u>16,359,438</u>
Deferred inflows of resources	<u>143,889</u>	<u>65,949</u>	<u>209,838</u>
NET POSITION			
Net investment in capital assets	3,930,834	8,737,451	12,668,285
Restricted for:			
Capital and special projects	479,871	-	479,871
Bond debt payments	-	250,283	250,283
Unrestricted	<u>(1,027,805)</u>	<u>6,404,439</u>	<u>5,376,634</u>
Total Net Position	<u>\$ 3,382,900</u>	<u>\$ 15,392,173</u>	<u>\$ 18,775,073</u>

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

**CITY OF BLAKELY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities Net (Expense)/ Revenue	Business- Type Activities Net (Expense)/ Revenue	
Governmental Activities:							
General government	\$ 1,528,013	\$ 232,700	\$ -	\$ 737,863	\$ (557,450)		\$ (557,450)
Public works	869,852	13,868	-	471,919	(384,065)		(384,065)
Public safety	3,739,894	783,209	-	-	(2,956,685)		(2,956,685)
Interest	75,085	-	-	-	(75,085)		(75,085)
Total governmental activities	6,212,844	1,029,777	-	1,209,782	(3,973,285)		(3,973,285)
Business-type:							
Water & Sewer	2,018,721	2,048,825	-	-		\$ 30,104	30,104
Electric	7,509,004	9,945,346	-	-		2,436,342	2,436,342
Gas	888,459	1,356,666	-	-		468,207	468,207
Sanitation	1,498,872	1,376,976	-	-		(121,896)	(121,896)
Telecommunication	997,438	699,895	-	-		(297,543)	(297,543)
Total business-type activities	12,912,494	15,427,708	-	-		2,515,214	2,515,214
Totals	<u>\$ 19,125,338</u>	<u>\$ 16,457,485</u>	<u>\$ -</u>	<u>\$ 1,209,782</u>	<u>(3,973,285)</u>	<u>2,515,214</u>	<u>(1,458,071)</u>
General revenues:							
Property taxes					745,067	-	745,067
Insurance premium tax					385,699	-	385,699
Franchise tax					64,273	-	64,273
Sales tax					658,468	-	658,468
Other taxes					131,413	-	131,413
Interest and investment revenue					5,118	187,170	192,288
Miscellaneous income					137,190	-	137,190
Transfers					2,162,798	(2,162,798)	-
Total general revenues and transfers					4,290,026	(1,975,628)	2,314,398
Change in net position					316,741	539,586	856,327
Net position - beginning					3,066,159	14,852,587	17,918,746
Net position - ending					<u>\$ 3,382,900</u>	<u>\$ 15,392,173</u>	<u>\$ 18,775,073</u>

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

**CITY OF BLAKELY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>E-911 Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash, including time deposits	\$ 1,939	\$ -	\$ 65,213	\$ 67,152
Accounts receivable	157,167	80,859	156,497	394,523
Taxes receivable	150,579	-	12,394	162,973
Inventory	40,380	-	-	40,380
Restricted assets- cash	392,158	-	248,267	640,425
Total assets	<u>\$ 742,223</u>	<u>\$ 80,859</u>	<u>\$ 482,371</u>	<u>\$ 1,305,453</u>
LIABILITIES				
Accounts payable	\$ 161,515	\$ 3,419	\$ 2,770	\$ 167,704
Salaries & wages payable	28,412	4,122	-	32,534
Accrued liabilities	11,957	-	-	11,957
Total liabilities	<u>201,884</u>	<u>7,541</u>	<u>2,770</u>	<u>212,195</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	<u>35,198</u>	<u>-</u>	<u>-</u>	<u>35,198</u>
FUND BALANCES				
Unassigned	505,141	73,318	(270)	578,189
Restricted for:				
Capital projects	-	-	479,871	479,871
Total fund balances	<u>505,141</u>	<u>73,318</u>	<u>479,601</u>	<u>1,058,060</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 742,223</u>	<u>\$ 80,859</u>	<u>\$ 482,371</u>	<u>\$ 1,305,453</u>

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

**CITY OF BLAKELY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019**

Total *fund* balances for governmental funds \$ 1,058,060

Total *net position* reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and construction in progress	732,672	
Other capital assets	<u>12,823,384</u>	
Total capital assets	13,556,056	
Accumulated depreciation	<u>(5,942,778)</u>	
Total Assets - net	<u>7,613,278</u>	7,613,278

Some of the City's revenues have been received and deferred under the modified accrual basis of accounting. These revenues are recognized under the accrual basis of accounting. 35,198

Governmental funds recognize expenditures for insurance using the purchases method. However, the Statement of Activities uses the accrual method and, thus, only the amount of insurance benefits are recognized as expense when it is consumed. The unconsumed is recorded as a prepaid. 32,954

Long-term liabilities, including notes payable, capital leases payable, and compensated absences are not due and payable in the current period and therefore are reported in the funds. (3,843,475)

Deferred Inflows - Pension	(143,889)
Deferred Outflows - Pension	228,358
Net Pension Obligation	(1,597,584)

Total net position of governmental activities \$ 3,382,900

CITY OF BLAKELY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	E-911 Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,907,816	\$ -	\$ 49,103	\$ 1,956,919
Licenses and permits	135,894	-	-	135,894
Intergovernmental	88,325	266,200	793,091	1,147,616
Charges for services	199,137	-	-	199,137
Grants	-	-	344,122	344,122
Fines and forfeitures	114,375	-	-	114,375
Interest	4,166	-	1,367	5,533
Miscellaneous	173,516	261,910	-	435,426
Total revenues	<u>2,623,229</u>	<u>528,110</u>	<u>1,187,683</u>	<u>4,339,022</u>
EXPENDITURES				
Current:				
General government	683,516	-	409,202	1,092,718
Judicial	131,779	-	-	131,779
Public safety	2,580,267	725,929	-	3,306,196
Public works	628,333	-	-	628,333
Health & Welfare	26,720	-	-	26,720
Cultural & Recreation	148,502	-	34,027	182,529
Housing & Development	129,096	-	-	129,096
Capital outlay	1,685,190	506,546	475,929	2,667,665
Debt service:				
Principal	-	7,512	-	7,512
Interest	47,368	27,717	-	75,085
Total expenditures	<u>6,060,771</u>	<u>1,267,704</u>	<u>919,158</u>	<u>8,247,633</u>
Excess (deficiency) of revenue/expenditures	<u>(3,437,542)</u>	<u>(739,594)</u>	<u>268,525</u>	<u>(3,908,611)</u>
Other Financing Sources (Uses)				
Transfers in	3,040,000	744,233	-	3,784,233
Transfers out	(1,576,192)	-	(45,243)	(1,621,435)
Proceeds from loans	3,397,000	-	-	3,397,000
Total other financing sources (uses)	<u>4,860,808</u>	<u>744,233</u>	<u>(45,243)</u>	<u>5,559,798</u>
Net Change in Fund Balance	1,423,266	4,639	223,282	1,651,187
Fund balance - beginning	(918,125)	68,679	256,319	(593,127)
Fund balance - ending	<u>\$ 505,141</u>	<u>\$ 73,318</u>	<u>\$ 479,601</u>	<u>\$ 1,058,060</u>

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

CITY OF BLAKELY, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds \$ 1,651,187

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. While governmental activities report depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 2,297,916

Note payments are reported as expenditures in the government funds, but reduces the liability in the statement of net assets. 162,535

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in government funds:
 Deferred compensation (8,341)

Governmental funds defer all tax revenues not collected within 60 days of year-end. However, the Statement of Activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. 27,762

Governmental funds recognize expenditures for insurance using the purchases method. However, the Statement of Activities uses the consumption method and thus only the amount of insurance benefits consumed are recognized. 24,890

Governmental funds report capital lease proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities reports this as a reduction of liabilities on the Statement of Net Position. (3,397,000)

Change in NPO, Deferred Inflows, and Deferred Outflows (442,208)

Change in net position of governmental activities \$ 316,741

CITY OF BLAKELY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanitation Fund	Telecommunication Fund	Totals
Assets and Deferred Outflows or Resources						
Current assets:						
Cash	\$ 236,248	\$ -	\$ 541,392	\$ 64,711	\$ 995,865	\$ 1,838,216
Investments	-	4,816,145	-	-	-	4,816,145
Accounts receivable (net)	154,843	979,653	53,557	120,498	47,972	1,356,523
Prepaid insurance	3,448	2,831	1,477	3,717	3,200	14,673
Inventory	111,320	365,872	13,570	21,554	-	512,316
Noncurrent assets:						
Restricted asset - cash	250,283	-	-	-	-	250,283
Nondepreciable assets	356,558	2,000	-	141,198	141,237	640,993
Capital assets, net of accumulated depreciation	12,090,216	280,860	404,689	490,651	3,364,077	16,630,493
Total assets	<u>13,202,916</u>	<u>6,447,361</u>	<u>1,014,685</u>	<u>842,329</u>	<u>4,552,351</u>	<u>26,059,642</u>
Deferred Outflows	22,201	15,858	6,343	38,060	22,201	104,663
Total Assets & Deferred Outflows	<u>\$ 13,225,117</u>	<u>\$ 6,463,219</u>	<u>\$ 1,021,028</u>	<u>\$ 880,389</u>	<u>\$ 4,574,552</u>	<u>\$ 26,164,305</u>
Liabilities and Deferred Inflows of Resources						
Current Liabilities:						
Accounts payable	\$ 44,889	\$ 637,607	\$ 78,389	\$ 95,452	\$ 30,996	\$ 887,333
Salaries & wages payable	3,034	2,316	526	1,104	2,538	9,518
Customer deposits	106,541	238,462	46,489	-	-	391,492
Notes payable, current portion	-	-	-	-	192,743	192,743
Capital leases, current portion	-	-	-	69,376	-	69,376
Bonds payable, current portion	535,000	-	-	-	-	535,000
Noncurrent Liabilities:						
Landfill liability, less current portion	-	-	-	66,689	-	66,689
Compensated absences	30,082	24,618	9,822	186	20,182	84,890
Net pension liability	155,321	110,943	44,377	266,264	155,321	732,226
Notes payable, less current portion	-	-	-	-	2,655,574	2,655,574
Capital leases, less current portion	-	-	-	236,342	-	236,342
Bonds payable, less current portion	4,845,000	-	-	-	-	4,845,000
Total Liabilities	<u>5,719,867</u>	<u>1,013,946</u>	<u>179,603</u>	<u>735,413</u>	<u>3,057,354</u>	<u>10,706,183</u>
Deferred Inflows	13,989	9,992	3,997	23,982	13,989	65,949
Net Position						
Net investment in capital assets	7,066,774	282,860	404,689	326,131	656,997	8,737,451
Restricted for:						
Bond debt payments	250,283	-	-	-	-	250,283
Unrestricted (deficit)	174,204	5,156,421	432,739	(205,137)	846,212	6,404,439
Total Net Position	<u>7,491,261</u>	<u>5,439,281</u>	<u>837,428</u>	<u>120,994</u>	<u>1,503,209</u>	<u>15,392,173</u>
Total Liabilities, Deferred Inflows, & Net Position	<u>\$ 13,225,117</u>	<u>\$ 6,463,219</u>	<u>\$ 1,021,028</u>	<u>\$ 880,389</u>	<u>\$ 4,574,552</u>	<u>\$ 26,164,305</u>

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanitation Fund	Telecommunication Fund	Totals
Operating Revenues						
Charges for services	\$ 2,034,660	\$ 9,355,886	\$ 1,316,343	\$ 1,361,723	\$ 354,452	\$ 14,423,064
Other income	14,165	589,460	40,323	15,253	345,443	1,004,644
Total operating revenues	<u>2,048,825</u>	<u>9,945,346</u>	<u>1,356,666</u>	<u>1,376,976</u>	<u>699,895</u>	<u>15,427,708</u>
Operating Expenses						
Personnel services	467,582	611,930	149,369	634,423	447,908	2,311,212
Contract services and purchases for resale	99,289	6,340,746	91,376	98,733	198,044	6,828,188
Supplies, materials, and repairs	250,915	500,599	610,388	659,663	63,834	2,085,399
Depreciation & amortization	864,598	55,729	37,326	102,230	206,003	1,265,886
Total operating expenses	<u>1,682,384</u>	<u>7,509,004</u>	<u>888,459</u>	<u>1,495,049</u>	<u>915,789</u>	<u>12,490,685</u>
Operating income (loss)	<u>366,441</u>	<u>2,436,342</u>	<u>468,207</u>	<u>(118,073)</u>	<u>(215,894)</u>	<u>2,937,023</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	8,602	174,281	-	-	4,287	187,170
Interest expense	(336,337)	-	-	(3,823)	(81,649)	(421,809)
Total nonoperating revenues (expenses)	<u>(327,735)</u>	<u>174,281</u>	<u>-</u>	<u>(3,823)</u>	<u>(77,362)</u>	<u>(234,639)</u>
Income (loss) before contributions and transfers	<u>38,706</u>	<u>2,610,623</u>	<u>468,207</u>	<u>(121,896)</u>	<u>(293,256)</u>	<u>2,702,384</u>
Transfers in/(out)	<u>59,925</u>	<u>(2,551,729)</u>	<u>79,757</u>	<u>120,034</u>	<u>129,215</u>	<u>(2,162,798)</u>
Change in net position	98,631	58,894	547,964	(1,862)	(164,041)	539,586
Net position - beginning	7,392,630	5,380,387	289,464	122,856	1,667,250	14,852,587
Net position - ending	<u>\$ 7,491,261</u>	<u>\$ 5,439,281</u>	<u>\$ 837,428</u>	<u>\$ 120,994</u>	<u>\$ 1,503,209</u>	<u>\$ 15,392,173</u>

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

CITY OF BLAKELY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanitation Fund	Telecommunication Fund	Totals
Cash flows from operating activities:						
Receipts from customers	\$ 2,040,101	\$ 11,301,914	\$ 1,463,848	\$ 1,328,803	\$ 769,275	\$ 16,903,941
Payments to suppliers	(422,798)	(7,110,599)	(852,844)	(825,596)	(220,601)	(9,432,438)
Payments to employees	(467,582)	(611,930)	(149,369)	(634,423)	(447,908)	(2,311,212)
Net cash provided by (used by) operating activities	1,149,721	3,579,385	461,635	(131,216)	100,766	5,160,291
Cash flows from noncapital financing activities:						
Transfers in (out)	59,925	(2,551,729)	79,757	120,034	129,215	(2,162,798)
Net cash provided (used) by noncapital financing activities	59,925	(2,551,729)	79,757	120,034	129,215	(2,162,798)
Cash flows from capital & related financing activities:						
Additions to capital assets	(392,063)	-	-	(164,015)	(217,731)	(773,809)
Principal (paid) received on bond indebtedness	(335,000)	-	-	-	-	(335,000)
Principal (paid) received on note indebtedness	-	-	-	243,731	(186,453)	57,278
Interest paid on bonds payable	(336,337)	-	-	-	-	(336,337)
Interest paid on notes payable	-	-	-	(3,823)	(81,649)	(85,472)
Net cash used by capital & related financing activities	(1,063,400)	-	-	75,893	(485,833)	(1,473,340)
Cash flows from investing activities:						
Investment revenue	8,602	174,281	-	-	4,287	187,170
Net cash provided (used by) investing activities	8,602	174,281	-	-	4,287	187,170
Net increase (decrease) in cash	154,848	1,201,937	541,392	64,711	(251,565)	1,711,323
Cash & Cash Equivalents at Beginning of Year	331,683	3,614,208	-	-	1,247,430	5,193,321
Cash & Cash Equivalents at End of Year	\$ 486,531	\$ 4,816,145	\$ 541,392	\$ 64,711	\$ 995,865	\$ 6,904,644

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

**CITY OF BLAKELY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Water & Sewer Enterprise Fund	Electric Enterprise Fund	Gas Enterprise Fund	Sanitation Fund	Telecommunication Fund	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 366,441	\$ 2,436,342	\$ 468,207	\$ (118,073)	\$ (215,894)	\$ 2,937,023
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	864,598	55,729	37,326	102,230	206,003	1,265,886
Change in assets & liabilities						
(Increase) decrease in current assets						
Accounts receivable	(8,724)	1,356,568	107,182	(48,173)	69,380	1,476,233
Prepaid	16,044	(726)	(856)	(1,076)	(1,108)	12,278
Inventories	(35,058)	-	1,942	(509)	-	(33,625)
(Decrease) increase in current liabilities						
Accounts payable	3,472	(231,081)	(73,672)	(134,794)	(382)	(436,457)
Accrued liabilities	(54,971)	(21,529)	(60,581)	71,637	44,184	(21,260)
Compensated absences	(1,883)	(553)	(17,938)	(2,458)	(1,417)	(24,249)
Customer deposits	(198)	(15,365)	25	-	-	(15,538)
Net Cash Provided by Operating Activities	\$ 1,149,721	\$ 3,579,385	\$ 461,635	\$ (131,216)	\$ 100,766	\$ 5,160,291
There were capital assets transfer made between the various funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

NOTES TO THE FINANCIAL STATEMENTS

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the year ended December 31, 2003, the City implemented the new financial reporting requirements of GASB Statement Nos. 33 and 34. As a result, an entirely new financial presentation format has been implemented. The City implemented GASB 54, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

- Nonspendable Fund Balance: Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance: Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Committed Fund Balance: Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City's Council through the adoption of a resolution. The City Council also may modify or rescind the commitment.
- Assigned Fund Balance: Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's clerk to assign fund balances.
- Unassigned Fund Balance: Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions - When both restricted and unrestricted amounts of fund balances 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:

- Committed
- Assigned
- Unassigned

Financial Reporting Entity

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or a burden relationship exists. The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

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

Management of the City has determined that no organization meets the above requirement for inclusion, and as such, no component units are included in the City's reporting entity.

City of Blakely, Georgia

Notes to Financial Statements

For the Year Ended December 31, 2019

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities, if they exist. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The types of transactions reported as program revenues of the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services, if they exist.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds Types

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

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

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital outlay.

Proprietary Fund Types

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public, if they exist. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The economic measurement focus concerns determining cost as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resource measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e. collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advanced, deferred until expenditures are made.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on the decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred and prepaid expenditures are recognized in governmental funds during the benefiting period rather than when purchased. However, principal and interest on long-term debt, which has not been matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Major Funds

Fund	Brief Description
General	Accounts for all activities except those legally or administratively required to be accounted for in other funds.
E-911	Accounts for all activities of the E-911 fund.
Enterprise Funds:	
Water and Sewer	Accounts for all revenues and expenditures of the water and sewer system.
Natural Gas	Accounts for all revenues and expenditures of the natural gas system.
Electric	Accounts for all revenues and expenditures of the electric system.
Solid-waste Transfer Facility	Accounts for all revenues and expenditures of the solid-waste transfer facility.
Telecommunications	Accounts for all revenue and expenditures of the Tele Communications and related assets.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend-able financial resources during a given period. These funds use fund balance as their measure of available spend-able financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. All proprietary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. Investments of the promissory note trustee accounts are not considered cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 3.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term inter-fund loans are reported as "inter-fund receivables and payables." Long-term inter-fund loans (non-current portion) are reported as "advances from and to other funds." Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 5 for details of inter-fund transactions, including receivables and payables at year-end.

Inventories

Inventories consist of materials and supplies and are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The cost of inventories is expensed when consumed.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and 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. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for un-collectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

position. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net position and in the individual proprietary funds.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the Governmental –Wide financial statements. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The City has chosen not to capitalize infrastructure acquired prior to implementation of Statement 34.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follow: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years. The capitalization threshold for capital assets is \$5,000.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

General Fund:	
Equipment	2-15 years
Buildings & Infrastructure	35-50 years
Enterprise Funds:	
Water and Sewer:	
Plant, tanks, wells, and extensions	35-50 years
Natural Gas System:	
Distribution system	40 years
Machinery and equipment	2-15 years
Electrical System:	
Distribution system	40 years
Transformers and equipment	2-20 years
Solid-Waste Transfer Facility:	
Equipment	7 years
Telecommunications:	
Equipment	7 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary or governmental funds that are legally restricted as to their use. Primarily, restricted assets are related to bond reserve, sinking fund requirements & bond ordinance. The City's policy is to first apply restricted resources when an expense is incurred for the purpose for which both restricted and unrestricted net assets are available. Restricted assets at December 31, 2019, consist of cash on deposit for payment of indebtedness related to the 2009 Water Treatment Revenue Bonds in the Water

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

and Sewer Fund and funds for Special Purpose Local Option Sales Tax, Transportation Special Purpose Local Option Sales Tax, Community Development Building Grants, and Local Maintenance and Improvement Grants.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital leases, notes payable, accrued compensated absences, and a court-assessed judgment if applicable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

On the modified accrual basis of accounting, accumulated vacation leave benefits, liabilities of the governmental and proprietary fund types are recognized when payable.

Accumulated sick leave benefits are not recorded. These benefits are paid only upon employee illness and the amount payable at December 31, 2019 cannot be reasonably estimated.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- 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, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as unassigned, assigned, committed, restricted and non-spendable. Proprietary fund equity is classified the same as in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Special Local Option Sales Tax

The City receives sales tax revenue from Early County, Georgia, for the purpose of making capital improvements, improvements on sidewalks, streets, and repair of equipment for the maintenance of these expenses.

Property Tax

Under State law, municipalities may levy a property tax. Property taxes are levied in the fall of each year (September 15 for the current year taxes) based on the assessed value of property on the previous January 1. The due date for these taxes was December 20 and the lien date was the following March 1. Taxes are collected throughout the year. Receivables are not recorded when levied. Taxes not expected to be collected within sixty days after the end of the year are not recorded as deferred revenue.

The City levied property during the year ended December 31, 2019. The total amount of property tax receivable was \$85,003.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds and general fund are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities. All other revenues and expenses not defined above are considered non-operating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds—By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund—By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Inter-fund Transfers

Permanent re-allocation of resources between funds of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Activities, all inter-fund transfers between individual governmental funds have been eliminated.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City’s compliance with significant laws and regulations and demonstration of its stewardship over City resources follows. Annual budgets are adopted for all City funds. Under state law, the City Clerk submits an annual budget to the Council for consideration and approval no later than December 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

Fund	Required By
Community Development Block Grant	Agreement and O.C.G.A.
SPLOST Capital Improvement Fund	Agreement and O.C.G.A.
TSPLOST Capital Improvement Fund	Agreement and O.C.G.A.
E-911 Special Revenue Fund	Agreement and O.C.G.A.
General Fund	O.C.G.A.
Water and Sewer Enterprise Fund	Agreement and O.C.G.A.
Natural Gas System Enterprise Fund	Agreement and O.C.G.A.
Electric Enterprise Fund	Agreement and O.C.G.A.
Solid-Waste Transfer Facility Enterprise Fund	Agreement and O.C.G.A.
Telecommunication Enterprise Fund	Agreement and O.C.G.A.
Hotel/Motel Tax Fund	Agreement and O.C.G.A.

DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Georgia or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3, all deposits were fully insured or collateralized.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Investments of the City whose population exceeds 3,000, according to the latest census information, are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Georgia is pledged.
- b. Certificates of deposit or savings accounts that is either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. City, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money judgments; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous items a., b., c., and d.

REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Community Development Block Grant	Agreement and O.C.G.A.
SPLOST Capital Improvement Fund	Agreement and O.C.G.A.
TSPLOST Capital Improvement Fund	Agreement and O.C.G.A.
E-911 Special Revenue Fund	Agreement and O.C.G.A.
General Fund	O.C.G.A.
Water and Sewer Enterprise Fund	Agreement and O.C.G.A.
Natural Gas System Enterprise Fund	Agreement and O.C.G.A.
Electric Enterprise Fund	Agreement and O.C.G.A.
Solid-Waste Transfer Facility Enterprise Fund	Agreement and O.C.G.A.
Telecommunication Enterprise Fund	Agreement and O.C.G.A.
Hotel/Motel Tax Fund	Agreement and O.C.G.A.

For the year ended December 31, 2019, the City complied, in all material respects.

DEBT RESTRICTIONS AND COVENANTS

Revenue Bonds Payable

The ordinance providing for the issuance of bonds provides for the establishment of various funds which must be maintained for debt service, construction, cash reserves, etc. As of December 31, 2019, the City was in compliance with the provisions of the 2009 and now 2019 Water Treatment Revenue Bonds Ordinance that requires assets to be accumulated in a restricted account for the payment of future debt service. The Ordinance requires monthly sinking fund deposits to the Combined Utility Sinking Fund. Such deposits are being made on a monthly basis to the Sinking Fund. As a result, the City had appropriated sufficient amounts in the Sinking Fund as of December 31, 2019.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 3 - CASH AND INVESTMENTS

The City does not have a formal investment policy for interest rates, credit, concentration or credit or custodial credit risks.

Deposits

As of December 31, 2019, the carrying amount of the City's bank deposits was \$3,667,162 and the respective bank balances totaled \$3,698,301. Of the total bank balance, \$525,000 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$3,173,301 was collateralized with pooled securities held by the financial institution's trust departments. These securities are held in the name of the financial institution and not that of the City.

INVESTMENTS

Municipal Electric Authority of Georgia (MEAG) Trust

On April 1, 1999, the City approved a resolution adopting the provisions of the Municipal Competitive Trust (The Trust).

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

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

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

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

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

The balance of this account on December 31, 2019, is \$3,305,826.

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

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

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

The balance of the account was transferred on October 14, 2015 and did not have a balance as of December 31, 2019. Since the City's right to control these funds is contingent upon future events, these funds are not recorded as an asset in the City's financial statements.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

3. Reserve Funded Debt Trust – This type of sub account may be funded from contributions by MEAG from any funds it has available for such purposes.

According to the Trust provisions, the City has no right to withdraw amounts from the Reserve Funded Debt Trust Account unless MEAG consents in writing thereto, and in the event MEAG should consent to a withdrawal, the withdrawn funds must be applied to the outstanding balance of the City's current monthly billing on account of its entitlement or obligation share(s) under its Power Sales Contract(s) of MEAG's Annual Project Generation Fixed Charges.

The balance of the account was transferred on January 9, 2019 and did not have a balance as of December 31, 2019. Since the City's right to control these funds is contingent upon future events, these funds are not recorded as an asset in the City's financial statements.

4. New Generation and Capacity Funding Account – This type of sub account may be funded from contributions by MEAG from any of its own funds that is has available for such purposes, including funds contained within the MEAG Flexible Operating Trust Account. According to Trust provisions, the City shall at any time have the right to cause the Trustee to use funds from the New Generation and Capacity Funding Account for any or all of the following purposes:

- i. To be applied as a credit against the City's obligation share of either Costs of Acquisition and Construction or that portion of Project Annual Costs consisting of Other Annual Costs of the Plant Vogtle Additional Units Non-PPA Project, the Plant Vogtle Additional Units PPA Project and the Plant Vogtle Additional Units PPA-2 Project, without the consent of MEAG, or that portion of Project Annual Costs consisting of Annual Fixed Costs of the Plant Vogtle Additional Units Non-PPA Project, the Plant Vogtle Additional Units PPA Project, and the Plant Vogtle Additional Units PPA-2 Project, with the consent of MEAG, which will not be withheld unless there are adverse federal tax consequences that impact the City.
- ii. To be applied as a credit against the City's obligation share of either Costs of Acquisition and Construction or that portion of Project Annual Costs consisting of Other Annual Costs of any future generation project created by MEAG after the effective date of the Amendment, without the consent of MEAG, or that portion of Project Annual Costs consisting of Annual Fixed Costs of any future generation project created by MEAG after the effective date of the Amendment, with the consent of MEAG.
- iii. In the event MEAG provides the City with the option of paying interest expense incurred in connection with the construction of any generation project prior to commercial operation date and to the extent that such payments do not result in adverse federal tax consequences that impact the City, to be applied as a credit against any capital contributions committed to by such Beneficiary in connection with exercising such option.
- iv. To be applied as a credit against capacity charges incurred by the City in connection with power purchase agreements entered into by MEAG for the purpose of meeting the supplemental power needs of the City.
- v. As payment to MEAG to mitigate that portion of any budgeted Bulk Power Supply cost increases incurred by the City in a Power Supply Year which exceeds the City's prior year's budgeted Bulk Power Supply costs by greater than twelve percent (12%).

The balance of the account on December 31, 2019, is \$639,233.

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City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 4 - ACCOUNTS RECEIVABLE

Operating Funds Receivable

Accounts receivable at December 31, 2019 are as follows:

SPLOST	\$ 80,592
TSPLOST	75,905
Property Taxes	85,003
Hotel/Motel Taxes	12,394
LOST	65,576
E-911	80,859
General Fund Receivables	<u>157,167</u>
Total General Government	<u>557,496</u>
Gas Fund	53,557
Water & Sewer Fund	154,843
Electrical Fund	979,653
Telecommunications Fund	47,972
Sanitation Fund	<u>120,498</u>
Total Enterprise	<u>1,356,523</u>
Total	<u><u>\$ 1,914,019</u></u>

NOTE 5 - INTERFUND TRANSFERS

During the course of normal operations, numerous transactions take place between funds such as expenditures or transfers of resources to provide services, service debt or construct assets. These inter-fund transactions are eliminated and no interest is charged on such transfers.

Transfers

TRANSFERS OUT	TRANSFERS IN									Total
	General Fund	E-911	CDBG Fund	SPLOST Capital Project	Water & Sewer	Electric System	Natural Gas	Sanitation	Telecom	
General Fund	\$ -	\$744,233	\$ 38,845	\$ -	\$ 99,242	\$ 488,271	\$ 79,757	\$ 81,678	\$ 44,166	\$ 1,576,192
Electrical System	3,040,000	-	-	-	-	-	-	-	-	3,040,000
Splost Capital Project	-	-	-	-	-	-	-	38,356	85,049	123,405
Water & Sewer	-	-	-	39,317	-	-	-	-	-	39,317
	<u>\$ 3,040,000</u>	<u>\$744,233</u>	<u>\$ 38,845</u>	<u>\$ 39,317</u>	<u>\$ 99,242</u>	<u>\$ 488,271</u>	<u>\$ 79,757</u>	<u>\$ 120,034</u>	<u>\$ 129,215</u>	<u>\$ 4,778,914</u>

\$85,049 was transferred to the Telecommunication Fund from the SPLOST fund for equipment purchased per the referendum.

\$38,356 was transferred to the Landfill Fund from the SPLOST fund for qualified capital purchases per the referendum.

\$39,317 was transferred to the SPLOST Fund from the Water & Sewer Fund for the purchase of police equipment.

All other transfers were made for general operating purposes.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 6 - CAPITAL ASSETS

Capital assets by fund type are summarized as follows:

Governmental Activities:

	Balance as of 12/31/18	Additions	Deductions	Balance as of 12/31/19
General Fund:				
Nondepreciable assets:				
Land	\$ 132,719	\$ -	\$ -	\$ 132,719
Construction in progress	2,165,611	322,842	(1,888,500)	599,953
Total nondepreciable assets	<u>2,298,330</u>	<u>322,842</u>	<u>(1,888,500)</u>	<u>732,672</u>
Depreciable assets:				
Infrastructure	2,746,262	586,390	-	3,332,652
Buildings	2,316,955	3,363,443	-	5,680,398
Machinery & equipment	3,807,198	158,263	(155,127)	3,810,334
Total depreciable assets	<u>8,870,415</u>	<u>4,108,096</u>	<u>(155,127)</u>	<u>12,823,384</u>
Accumulated depreciation:				
Infrastructure	(1,989,360)	(42,439)	-	(2,031,799)
Buildings	(717,207)	(54,183)	-	(771,390)
Machinery & equipment	(3,146,816)	(147,900)	155,127	(3,139,589)
Total accumulated depreciation	<u>(5,853,383)</u>	<u>(244,522)</u>	<u>155,127</u>	<u>(5,942,778)</u>
Total depreciable assets, net	<u>3,017,032</u>	<u>3,863,574</u>	<u>-</u>	<u>6,880,606</u>
Total general government assets	<u>\$ 5,315,362</u>	<u>\$ 4,186,416</u>	<u>\$ (1,888,500)</u>	<u>\$ 7,613,278</u>

Business-type activities:

	Balance as of 12/31/18	Additions	Deductions	Balance as of 12/31/19
Water and Sewer Enterprise Fund:				
Nondepreciable assets				
Land	\$ 2,500	\$ -	\$ -	\$ 2,500
Construction in Progress	176,947	178,111	-	355,058
Total nondepreciable assets	<u>179,447</u>	<u>178,111</u>	<u>-</u>	<u>357,558</u>
Depreciable assets				
Plant, systems, & equipment	22,325,753	213,948	-	22,539,701
Total depreciable assets	<u>22,325,753</u>	<u>213,948</u>	<u>-</u>	<u>22,539,701</u>
Accumulated depreciation:				
Plant, systems, & equipment	(9,585,887)	(864,598)	-	(10,450,485)
Total accumulated depreciation	<u>(9,585,887)</u>	<u>(864,598)</u>	<u>-</u>	<u>(10,450,485)</u>
Total depreciable assets, net	<u>12,739,866</u>	<u>(650,650)</u>	<u>-</u>	<u>12,089,216</u>
Total water & sewer fund assets	<u>\$ 12,919,313</u>	<u>\$ (472,539)</u>	<u>\$ -</u>	<u>\$ 12,446,774</u>

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

	Balance as of 12/31/18	Additions	Deductions	Balance as of 12/31/19
Natural Gas Enterprise Fund:				
Depreciable assets				
Plant, systems, & equipment	\$ 687,587	\$ -	\$ -	\$ 687,587
Total depreciable assets	687,587	-	-	687,587
Accumulated depreciation:				
Plant, systems, & equipment	(245,572)	(37,326)	-	(282,898)
Total accumulated depreciation	(245,572)	(37,326)	-	(282,898)
Total depreciable assets, net	442,015	(37,326)	-	404,689
Total natural gas fund assets	\$ 442,015	\$ (37,326)	\$ -	\$ 404,689
Electric Enterprise Fund:				
Nondepreciable assets				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Total nondepreciable assets	2,000	-	-	2,000
Depreciable assets				
Plant, systems, & equipment	2,356,756	-	-	2,356,756
Total depreciable assets	2,356,756	-	-	2,356,756
Accumulated depreciation:				
Plant, systems, & equipment	(2,020,167)	(55,729)	-	(2,075,896)
Total accumulated depreciation	(2,020,167)	(55,729)	-	(2,075,896)
Total depreciable assets, net	336,589	(55,729)	-	280,860
Total electric fund assets	\$ 338,589	\$ (55,729)	\$ -	\$ 282,860
Solid Waste Transfer Facility Enterprise Fund:				
Nondepreciable assets				
Land	\$ 141,198	\$ -	\$ -	\$ 141,198
Total nondepreciable assets	141,198	-	-	141,198
Depreciable assets				
Plant, systems, & equipment	3,007,689	164,015	-	3,171,704
Total depreciable assets	3,007,689	164,015	-	3,171,704
Accumulated depreciation:				
Plant, systems, & equipment	(2,578,823)	(102,230)	-	(2,681,053)
Total accumulated depreciation	(2,578,823)	(102,230)	-	(2,681,053)
Total depreciable assets, net	428,866	61,785	-	490,651
Total solid waste transfer facility fund assets	\$ 570,064	\$ 61,785	\$ -	\$ 631,849
Tele-Communication Enterprise Fund:				
Nondepreciable assets				
Construction in Progress	\$ -	\$ 141,237	\$ -	\$ 141,237
Total nondepreciable assets	-	141,237	-	141,237
Depreciable assets				
Plant, systems, & equipment	3,647,539	76,495	-	3,724,034
Total depreciable assets	3,647,539	76,495	-	3,724,034
Accumulated depreciation:				
Plant, systems, & equipment	(153,954)	(206,003)	-	(359,957)
Total accumulated depreciation	(153,954)	(206,003)	-	(359,957)
Total depreciable assets, net	3,493,585	(129,508)	-	3,364,077
Total tele-communication fund assets	\$ 3,493,585	\$ (129,508)	\$ -	\$ 3,505,314

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Depreciation was charged to functions as follows:

Governmental activities	
General government	\$ 91,778
Public Safety	50,136
Public Works	82,765
Housing and Development	12,725
Culture and Recreation	7,118
Business-type activities	
Water & sewer fund	864,598
Natural gas fund	37,326
Electric fund	55,729
Solid-waste transfer facility fund	102,230
Tele-Communication fund	206,003
	<u>\$ 1,510,408</u>

NOTE 7 - LONG TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Amounts Due Within One Year
Governmental Fund Type:					
Compensated absences	\$ 152,687	\$ 134,132	\$ 125,791	\$ 161,028	\$ -
Intergovernmental	447,978	-	140,000	307,978	140,000
Notes Payable	-	3,397,000	22,534	3,374,466	69,085
Totals	<u>\$ 600,665</u>	<u>\$ 3,531,132</u>	<u>\$ 288,325</u>	<u>\$ 3,843,472</u>	<u>\$ 209,085</u>
Proprietary Funds:					
Landfill postclosure liability	\$ 82,689	\$ -	\$ 16,000	\$ 66,689	\$ 16,000
Compensated absences	109,138	58,869	83,117	84,890	-
Notes payable	3,034,771	-	186,453	2,848,318	192,743
Capital leases payable	61,987	270,710	26,980	305,717	69,376
Bonds payable	5,715,000	-	335,000	5,380,000	535,000
Totals	<u>\$ 9,003,585</u>	<u>\$ 329,579</u>	<u>\$ 647,550</u>	<u>\$ 8,685,614</u>	<u>\$ 813,119</u>

On August 7, 2018, the City approved to enter into an intergovernmental agreement to pay back overpayments from March 2013 through June 2017 of Title Ad Valorem Tax. The overpayment was \$587,978 at 0% payable in 3 annual installments of \$140,000 starting January 15, 2018 and one final payment of \$167,978. The balance of this note on December 31, 2019 was \$307,978

Annual installment requirements are as follows:

Year Ending	Principal	Interest	Totals
2020	\$ 140,000	\$ -	\$ 140,000
2021	167,978	-	167,978
Total	<u>\$ 307,978</u>	<u>\$ -</u>	<u>\$ 307,978</u>

On August 16, 2019, the City obtained a loan from the USDA for the payoff of the short-term loan that was for the construction of a new Fire Department Complex that houses the Fire Department, E-911 and the Police Department. The total loan was for \$3,397,000 at 3.25% payable in 360 monthly payments of \$14,811 beginning September 16, 2019 and a final balloon payment of \$16,496. The balance of this note on December 31, 2019 was \$3,374,466.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Annual installment requirements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 69,085	\$ 108,647	\$ 177,732
2021	71,364	106,368	177,732
2022	73,718	104,014	177,732
2023	76,150	101,582	177,732
2024	78,662	99,070	177,732
2025-2029	433,989	454,671	888,660
2030-2034	510,454	378,206	888,660
2035-2039	600,391	288,269	888,660
2040-2044	706,174	182,486	888,660
2045-2049	754,479	58,486	812,965
Total	\$ 3,374,466	\$ 1,881,799	\$ 355,464

Proprietary Funds

On January 26, 2017, the City obtained a loan from Ameris Bank, for an Intergovernmental contract between South Georgia Regional Information Technology Authority and the City of Blakely, GA. The total loan was for \$3,200,000 at 2.73% payable in 180 monthly payments of \$22,342 beginning February 26, 2018. The balance of this note on December 31, 2019 was \$2,848,318

Annual note requirements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 192,743	\$ 75,359	\$ 268,102
2021	198,071	70,031	268,102
2022	205,547	64,555	270,102
2023	209,174	58,929	268,103
2024	214,956	53,147	268,103
2025-2029	1,167,269	173,242	1,340,511
2030-2032	660,558	24,194	684,752
Total	\$ 2,848,318	\$ 519,457	\$ 3,367,775

On September 16, 2016, the City obtained a loan from their Georgia Municipal Association, Master Lease, for the purchase of a 2016 Kenworth Grapple Truck. The total loan was for \$100,000 at 3.25% payable in five annual payments of \$21,992 beginning September 16, 2017. The balance of this note on December 31, 2019 was \$42,120.

Annual capital lease requirements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 20,652	\$ 1,664	\$ 22,316
2021	21,468	848	22,316
Total	\$ 42,120	\$ 2,512	\$ 44,632

On January 16, 2019, the City obtained a loan from their Georgia Municipal Association, Master Lease, for the purchase of a Refuse Truck. The total loan was for \$154,460 at 3.65% payable in five annual payments of \$34,355 beginning January 16, 2020. The balance of this note on December 31, 2019 was \$154,460.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Annual capital lease requirements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 28,718	\$ 5,638	\$ 34,356
2021	29,766	4,589	34,355
2022	30,852	3,503	34,355
2023	31,978	2,377	34,355
2024	33,146	1,210	34,356
Total	\$ 154,460	\$ 17,317	\$ 171,777

On September 27, 2019, the City obtained a loan from their Georgia Municipal Association, Master Lease, for the purchase of a Freightliner Truck. The total loan was for \$116,250 at 3.63% payable in 60 monthly payments of \$2,122 beginning October 27, 2019. The balance of this note on December 31, 2019 was \$109,137.

Annual capital lease requirements are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 20,006	\$ 3,331	\$ 23,337
2021	22,597	2,862	25,459
2022	23,431	2,028	25,459
2023	24,296	1,163	25,459
2024	18,807	285	19,092
Total	\$ 109,137	\$ 9,669	\$ 118,806

Bonds Payable

On January 1, 2009, the City of Blakely, Georgia issued \$7,965,000 of its General Obligation Bonds (Sewer Project), Series 2009A with annual interest rates ranging from 2.0% to 4.35%. The proceeds will be used to expand the Plant Street Facility capacity from 1.312 Million Gallons per Day (MGD) to 2.0 MGD, replacing the current operations building and upgrading other operating systems and equipment. The Bonds are direct general obligations to the City and are payable from the levy of an ad valorem tax, without limitation as to rate or amount, levied on all taxable property including all real property, within the City subject to taxation for general obligation bond purposes. During 2019, the Bond was refinanced (refunded) and the balance as of December 31, 2019 was \$0.

On June 4, 2019, the City of Blakely, Georgia issued \$5,380,000 of its General Obligation Bonds (Sewer Project), Series 2019 with annual interest rates ranging from 2.0% to 4.35%. The proceeds were used to pay off (refund) the existing bond series 2009A. The Bonds are direct general obligations to the City with a provision for levying a bond millage to pay from ad valorem tax, without limitation as to rate or amount, levied on all taxable property including all real property, within the City subject to taxation for general obligation bond purposes. The city has not levied a special mill rate because debt service requirements are being paid from water and sewer fund revenues. The balance as of December 31, 2019 was \$5,380,000.

Annual future debt service requirements for the maturity of the Series 2019 Bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 535,000	\$ 151,178	\$ 686,178
2021	550,000	136,145	686,145
2022	565,000	120,690	685,690
2023	580,000	104,813	684,813
2024	595,000	88,515	683,515
2025-2028	2,555,000	181,806	2,736,806
Total	\$ 5,380,000	\$ 783,147	\$ 6,163,147

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 8 - SHORT TERM DEBT

Summary of Short-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2019:

Governmental Fund Type:	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019
Short-term Payable	\$ 1,735,654	\$ 1,321,646	\$ 3,057,300	\$ -
Totals	<u>\$ 1,735,654</u>	<u>\$ 1,321,646</u>	<u>\$ 3,057,300</u>	<u>\$ -</u>

On March 1, 2018 the City entered into a financing agreement with Bank of Early to borrow \$3,397,000 to construct a new Fire Department Complex which will house the Fire Department, E-911 and the Police Department. During the 2019 year, this loan was paid off refinanced with a long-term debt obligation.

Compensated Absences

Compensated absences will be liquidated by the prospective funds they are recorded in. The funds used to liquidate compensated absences are the General Fund, the Water and Sewer Enterprise Fund, the Electric Enterprise Fund, the Solid-Waste Enterprise Fund, the Natural Gas Enterprise Fund and Tele-Communication Fund.

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City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 9 - PROGRAM REVENUES

General government		
Business licenses, fees, and other charges for services	\$	500,182
Public Works		
Shop fees	\$	13,868
Public Safety		
E911 revenue	\$	528,110
Fines & forfeitures and other charges for services	\$	114,375
Water & Sewer Fund		
Water & sewer services	\$	2,048,825
Natural Gas Fund		
Natural gas fees	\$	1,356,666
Electric Fund		
Electric fees	\$	9,945,346
Solid-Waste Transfer Fund		
Landfill fees	\$	1,376,976
Tele-Communication Fund		
Telecom Fees	\$	699,895

NOTE 10 - PENSION PLAN

The Plan is a defined benefit plan and is administered by the Georgia Municipal Association. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Participation in the Plan was approved by resolution of the City Council. All full-time employees are eligible to participate in the City's noncontributory defined benefit pension plan after completion of one year of service. Benefits vest after five years of service, and participants become eligible to retire at age 65 with 5 years of participation in the plan.

The City of Blakely, Georgia is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee pension plan administered by the Board of Trustees of the System. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: Georgia Municipal Association, The Burgess Building, 201 Pryor Street, SW, Atlanta, GA 30303-3606

As of July 1, 2019, the date of the most recent actuarial valuation, there were 208 participants consisting of the following:

Benefits for retired participants and beneficiaries	74
Terminated vested participants	36
Active vested employees	98
Total	<u>208</u>

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

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Cash	0%	
Total	100%	

Rate of Return: 7.50% On-going basis, based on long-term expected rate of return on pension plan investments.

Funding Policy

The City is required to contribute an actuarially determined amount monthly to the Plan's trust. The contribution amount is determined using the actuarial methods and assumptions approved by the Board of Trustees, and must satisfy the minimum contribution requirements as set forth in the State of Georgia statutes. The annual recommended contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interests on these amounts from the valuation date to the date contributions are paid. The recommended current rate of contribution for the City is 10.94% of annual covered payroll. Employees are not required to contribute to the Plan.

Actuarial Valuation Information

Valuation Date	July 1, 2019
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted 10% of the amount of the value exceeds or is less than the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.50%
Projected Salary Increases	2.75% plus service based merit increases
Cost of living adjustment	0.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females. The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonable reflect future mortality improvement, based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Funded Plan Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Surplus) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Percentage of Covered Payroll* [(b) - (a)] / (c)
7/1/2010	\$ 4,352,992	\$ 5,128,916	\$ 775,924	84.87%	\$2,442,031	31.77%
7/1/2011	4,548,338	5,542,325	993,987	82.07%	2,372,901	41.89%
7/1/2012	4,752,815	5,967,154	1,214,339	79.65%	2,687,152	45.19%
7/1/2013	5,001,653	6,125,955	1,124,302	81.65%	2,382,583	47.19%
7/1/2014	5,215,550	6,490,633	1,275,083	80.36%	2,046,450	62.31%
7/1/2015	5,387,571	6,550,042	1,162,471	82.25%	2,154,375	53.96%
7/1/2016	5,542,708	6,634,929	1,092,221	83.54%	2,306,454	47.35%
7/1/2017	5,698,962	6,776,177	1,077,215	84.10%	2,761,606	39.01%
7/1/2018	5,855,687	7,396,711	1,541,024	79.17%	2,762,964	55.77%
7/1/2019	5,995,761	7,630,280	1,634,519	78.58%	3,622,865	45.12%

Change in the Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at March 31, 2018	* \$ 7,744,078	\$ 5,756,644	\$ 1,987,434
Changes for the year:			
Service cost	88,011	-	88,011
Interest	567,147	-	567,147
Difference between expected and actual expenses	173,031	-	173,031
Employer contributions	-	304,261	(304,261)
Employee contributions	-	-	-
Net investment income	-	202,399	(202,399)
Benefit payments	(540,265)	(540,265)	-
Administrative expense	-	(20,847)	20,847
Other changes	-	-	-
Net Changes	287,924	(54,452)	342,376
Balance at March 31, 2019	** \$ 8,032,002	\$ 5,702,192	\$ 2,329,810

* Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2018 are used to measure TPL as of March 31, 2018. The balances as of March 31, 2018 constitute measurements of the NPL for the year ending December 31, 2018.

** Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2019 are used to measure TPL as of March 31, 2019. The balances as of March 31, 2019 constitute measurements of the NPL for the year ending December 31, 2019.

Discount Rate. The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 3,175,101	\$ 2,329,810	\$ 1,611,801

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Pension expense for the year ended December 31, 2019	
Service cost	\$ 88,011
Interest on TPL	567,147
Employee contributions	-
Administrative expenses	20,847
Expected return on assets	(422,116)
Expensed portion of current year period differences between expected and actual experience in TPL	43,257
Expensed portion or current year period assumption changes	-
Expensed portion of current year period differences between projected and actual investment earnings	43,945
Current year recognition of deferred inflows and outflows established in prior years.	<u>164,760</u>
Total expense	<u>\$ 505,851</u>

Deferred outflows/inflows of resources related to pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 279,291	\$ -
Changes in assumptions	47,301	-
Net difference between projected and actual earnings on pension plan investments	6,430	-
Total	<u>\$ 333,022</u>	<u>\$ -</u>

Projected recognition of deferred outflow s/(inflow s)

	Year Established	Outstanding	Recognized	Outstanding						
		Balance January 1, 2019	During FYE December 31, 2019	Balance December 31, 2019	2020	2021	2022	2023	2024	2025 and Thereafter
Fiscal Year Outflow s:										
Total Outflow s:		946,453	368,274	578,179	359,834	87,201	87,201	43,943	-	-
Fiscal Year Inflow s:										
Total Inflow s		(361,469)	(116,312)	(245,157)	(97,439)	(97,439)	(50,279)	-	-	-
Total		584,984	251,962	333,022	262,395	(10,238)	36,922	43,943	-	-

Projected recognition of deferred outflow s/(inflow s) due to differences between expected and actuarial experience in TPL

	Year Established	Outstanding	Recognized	Outstanding						
		Balance January 1, 2019	During FYE December 31, 2019	Balance December 31, 2019	2020	2021	2022	2023	2024	2025 and Thereafter
Fiscal Year Outflow s:										
Demographic	2017	8,439	8,439	-	-	-	-	-	-	-
Demographic	2018	299,034	149,517	149,517	149,517	-	-	-	-	-
Demographic	2019	173,031	43,257	129,774	43,258	43,258	43,258	-	-	-
Total Outflow s:		480,504	201,213	279,291	268,590	119,073	43,258	-	-	-
Fiscal Year Inflow s:										
Total Inflow s		-	-	-	-	-	-	-	-	-
Total		480,504	201,213	279,291	268,590	119,073	43,258	-	-	-

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Projected recognition of deferred outflow s/(inflow s) due to assumption changes

	Year Established	Outstanding Balance January 1, 2019	Recognized During FYE December 31, 2019	Outstanding Balance December 31, 2019	2020	2021	2022	2023	2024	2025 and Thereafter
Fiscal Year Outflow s:										
Assumption	2018	94,602	47,301	47,301	47,301	-	-	-	-	-
Total Outflow s:		94,602	47,301	47,301	47,301	-	-	-	-	-
Fiscal Year Inflow s:										
Total Inflow s		-	-	-	-	-	-	-	-	-
Total		94,602	47,301	47,301	47,301	-	-	-	-	-

Projected recognition of deferred outflow s/(inflow s) due to differences between projected and actual investment earnings

	Year Established	Outstanding Balance January 1, 2019	Recognized During FYE December 31, 2019	Outstanding Balance December 31, 2019	2020	2021	2022	2023	2024	2025 and Thereafter
Fiscal Year Outflow s:										
Investment	2016	151,630	75,815	75,815	75,815	-	-	-	-	-
Investment	2019	219,717	43,945	175,772	43,943	43,943	43,943	43,943	-	-
Total Outflow s:		371,347	119,760	251,587	119,758	43,943	43,943	43,943	-	-
Fiscal Year Inflow s:										
Investment	2015	(18,873)	(18,873)	-	-	-	-	-	-	-
Investment	2017	(141,480)	(47,160)	(94,320)	(47,160)	(47,160)	-	-	-	-
Investment	2018	(201,116)	(50,279)	(150,837)	(50,279)	(50,279)	(50,279)	-	-	-
Total Inflow s		(361,469)	(116,312)	(245,157)	(97,439)	(97,439)	(50,279)	-	-	-
Total		9,878	3,448	6,430	22,319	(53,496)	(6,336)	43,943	-	-

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Compensated Absences

The City permits employees to accumulate a limited amount of earned but unused vacation leave, which will be paid to employees upon separation from service with the City. The estimated current portion of the liability for vested vacation benefits attribute to the City's governmental fund is recorded as an expenditure and liability. The long-term portion is recorded as a long term debt. The amounts attribute to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

Risk Management and Litigation

The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of asset; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City attorney has advised that legal actions in process or pending should not materially affect the financial position of the City. The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance coverage from commercial insurance companies.

Pursuant to provisions of the Official Code of Georgia Annotated, the City of Blakely became a member of the GMA Inter-local Risk Management Agency. The agency established and administers one or more group self-insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of government. The agency is to defend and protect in accordance with the member government contracts and related coverage descriptions any member of the agency against liability or loss.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

Blakely, Georgia must participate at all times in at least one fund that is established by the agency. Other responsibilities of the City are as follows:

1. To pay all contributions, assessments or other sums due the agency at such times and in such amounts as shall be established by the agency;
2. To select a person to serve as a member representative;
3. To allow the agency and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purpose of the agency to represent the City;
4. To allow attorneys appointed by the agency to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund established by the agency;
5. To assist and cooperate in the defense and settlement of claims against the City;
6. To furnish full cooperation to the agency's attorneys, claims adjusters, service company, and any agent, employee, officer or independent contractor of the agency relating to the purposes of the agency;
7. To follow all loss reduction and prevention procedures established by the agency;
8. To furnish to the agency such budget, operating and underwriting information as may be requested; and
9. To report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the agency or any fund established by the agency being required to pay claim for loss or injuries to City property or injuries to persons or property when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

Blakely, Georgia retains up to the first \$5,000 of each risk of loss in the form of a deductible. The City files all claims with the agency and the agency bills the City for any loss up to the deductible.

Pursuant to provisions of the Official Code of Georgia Annotated, Blakely, Georgia became a member of the GMA-GSIWCF (a Workers' Compensation Self-Insurance Fund). The liability of the fund to the employees of any employer (Blakely, Georgia is specifically limited to such obligations as are imposed by the applicable state laws against the employer for workers' compensation and/or employers' liability.)

As part of these risks pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 findings being required to pay any claims of loss. The City is also to allow the pools' agents and attorney 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.

The fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding of compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false, or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Compliance with Legal Provisions

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 12 - DEFERRED COMPENSATION PLAN

The City participates in the ACCG 457 Deferred Compensation Plan for the City of Blakely (the Plan), a defined contribution plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Government Employee Benefits Corporation of Georgia (GEBCorp). The Plan is available to all full-time City employees, and permits them to defer a portion of their salary until future years. Distributions from the Plan are not available to employees until termination, retirement, death, disability or unforeseeable emergency. Plan assets are held in trust for the benefit of the plan participants and their beneficiaries, and will not be diverted to any other purpose.

City of Blakely, Georgia

Notes to Financial Statements

For the Year Ended December 31, 2019

Participation in the Plan was approved by resolution of the City Council. Plan provisions are established and may be amended by GEBCorp.

For the year ended December 31, 2019, actual contributions by the City and Plan participants were \$40,880 and \$72,576 respectively.

NOTE 13 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

The City stopped accepting solid waste at its landfill site April 8, 1994. State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The \$66,689 reported in the long-term debt as a landfill post closure liability at December 31, 2019, represents the projected annual cost to perform annually recurring post closure care for the approximately six years remaining. Due to changes in technology, monitoring period, laws or regulations these costs may change in the future. The City intends to and expects to be able to finance post closure costs from current financial resources.

Prior to 1998, the City had expected its required monitoring period to be five years from April 8, 1994. In 1998 the City determined that its monitoring period would probably extend past the original five-year period and determined that an extension of the estimate to thirty years would be appropriate.

NOTE 14 - POWER SALES CONTRACT

In July 1976 the City of Blakely entered into a contract with the Municipal Electric Authority of Georgia (MEAG). The purpose of the agreement was to secure electric power supply from MEAG. MEAG consented to provide this power supply to the City of Blakely in return for the City's promise to pay its share of MEAG's cost of generating and transmitting electrical power.

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

MEAG has issued bonds to generate funds for the purpose of building generation and transmission plants. Each participant, such as the City of Blakely, is responsible for their prorata share of those bonds until they are paid or deferred.

NOTE 15 - RELATED ORGANIZATION

The City's related organization, Housing Authority, is excluded from the financial reporting entity because the City's accountability does not extend beyond making board appointments. The Housing Authority of the City of Blakely, Georgia is a related organization of the City of Blakely. The five citizens who serve as the governing board of the Housing Authority are appointed by the mayor and approved by the City Council. The City has no significant influence over the management, budget or policies of the Housing Authority. Audited financial statements are available from the Housing Authority.

NOTE 16 - JOINT VENTURES

Southwest Georgia Regional Commission

City of Blakely, in conjunction with fifty- seven other cities and counties in the southwest Georgia area, participates in the Southwest Georgia Regional Commission. Membership in an RC is required by Code of Georgia Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The City of Blakely paid membership dues to the Southwest Georgia Regional Commission for the year ended December 31, 2019. The RC Board membership includes a representative of the membership governments who is selected by the respective governing body. Georgia law also provides that the member governments are liable for any debts or obligations of an RC beyond its resources. Financial statements are available from the RC at 30 West Broad Street, Camilla, Georgia 31730.

NOTE 17 - HOTEL/MOTEL TAX

The City of Blakely has imposed a 5% hotel/motel tax on lodging facilities with the City. Revenues collected during the year ended December 31, 2019, were \$49,103. Of this amount, \$34,027 was paid to the Court Square Development Authority to promote tourism within the City of Blakely, Georgia.

City of Blakely, Georgia
Notes to Financial Statements
For the Year Ended December 31, 2019

NOTE 18 - OTHER POSTEMPLOYMENT BENEFITS

The City of Blakely offers continued health care insurance to eligible retirees under federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

COBRA continuation coverage is the temporary extension of group health plan coverage that must be offered to certain Plan Participants and their eligible family members (called "Qualified Beneficiaries") at group rates. The right to COBRA continuation coverage is triggered by the occurrence of a life event that results in the loss of coverage under the terms of the Plan (the "Qualifying Event"). The coverage must be identical to the Plan to the Plan coverage that the Qualified Beneficiary had immediately before the Qualifying Event, or if the coverage has been changed, the coverage must be identical to the coverage provided to similarly situated active employees who have not experienced a Qualifying Event.

The City of Blakely serves as the Plan Administrator for a Consolidated Omnibus Budget Reconciliation, COBRA, plan. The plan allows eligible employees to retain health insurance coverage not retiring from the City of Blakely. Qualified Beneficiaries include any individual who, on the day before a Qualifying Event, is covered under Plan by virtue of being on that day either a covered Employee, the Spouse of a covered Employee, or a Dependent child of a covered Employee. The Plan is financed as on a pay-as-you-go- basis by each Plan participant.

NOTE 19 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No expenditures exceeded the budget at the legal level of budgetary control.

NOTE 20 - SUBSEQUENT EVENT

As of the date of this report, September 24, 2020 there are no subsequent events that would materially affect the financial statements and require disclosures.

NOTE 21 – SPECIAL PURPOSE LOCAL OPTIONS SALES TAX REFERENDUM

On February 6, 2018, a referendum was held to determine whether to impose a 1% Transportation Special Purpose Local Option Sales Tax in Early County, Georgia. This referendum was passed with part of the revenue collected being designated for the City of Blakely as detailed on the "Schedule of Transportation Special Purpose Local Option Sales Taxes" as listed in the Table of Contents. The tax period for this referendum is not to exceed five (5) years.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLAKELY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget Amounts			Variance with Final Budget-Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes				
Property	\$ 949,000	\$ 1,072,000	\$ 1,102,991	\$ 30,991
Sales	672,000	676,000	740,552	64,552
Franchise	47,000	47,000	64,273	17,273
Licenses and permits	105,000	124,000	135,894	11,894
Intergovernmental	163,500	95,500	88,325	(7,175)
Charges for services	211,850	211,850	199,137	(12,713)
Fines and forfeitures	80,000	106,000	114,375	8,375
Interest revenue	3,000	3,000	4,166	1,166
Miscellaneous	103,500	145,500	173,516	28,016
Total revenues	<u>2,334,850</u>	<u>2,480,850</u>	<u>2,623,229</u>	<u>142,379</u>
EXPENDITURES				
Current:				
General government:				
Finance and administration	1,556,219	2,052,538	1,006,574	1,045,964
Total general government	<u>1,556,219</u>	<u>2,052,538</u>	<u>1,006,574</u>	<u>1,045,964</u>
Judicial				
Recorder's court	156,739	168,649	131,822	36,827
Total judicial	<u>156,739</u>	<u>168,649</u>	<u>131,822</u>	<u>36,827</u>
Public works:				
Highways and streets	591,796	773,559	752,078	21,481
Maintenance and shop	183,740	190,840	165,333	25,507
Total public works	<u>775,536</u>	<u>964,399</u>	<u>917,411</u>	<u>46,988</u>
Public safety:				
Police	1,560,246	2,178,538	2,130,536	48,002
Fire	1,103,310	1,563,551	1,519,904	43,647
Total public safety	<u>2,663,556</u>	<u>3,742,089</u>	<u>3,650,440</u>	<u>91,649</u>
Health & Welfare:				
Welfare	4,800	4,800	4,000	800
Community services	24,500	31,500	22,720	8,780
Total health & welfare	<u>29,300</u>	<u>36,300</u>	<u>26,720</u>	<u>9,580</u>
Cultural & Recreation:				
Recreation	115,000	115,000	115,000	-
Libraries	37,000	37,000	33,503	3,497
Total cultural & recreation	<u>152,000</u>	<u>152,000</u>	<u>148,503</u>	<u>3,497</u>
Housing & Development:				
Building Inspection	149,495	157,700	131,933	25,767
Total housing & development	<u>149,495</u>	<u>157,700</u>	<u>131,933</u>	<u>25,767</u>
Total current expenditures	<u>5,482,845</u>	<u>7,273,675</u>	<u>6,013,403</u>	<u>1,260,272</u>
Debt service:				
Interest	37,000	57,000	47,368	9,632
Total debt service	<u>37,000</u>	<u>57,000</u>	<u>47,368</u>	<u>9,632</u>
Total expenditures	<u>5,519,845</u>	<u>7,330,675</u>	<u>6,060,771</u>	<u>1,269,904</u>
Excess (deficiency) of revenues over expenditures	<u>(3,184,995)</u>	<u>(4,849,825)</u>	<u>(3,437,542)</u>	<u>(1,127,525)</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	2,264,667	3,397,000	1,132,333
Transfers In	3,184,995	3,184,995	3,040,000	(144,995)
Transfers (out)	-	-	(1,576,192)	(1,576,192)
Total other financing sources and uses	<u>3,184,995</u>	<u>5,449,662</u>	<u>4,860,808</u>	<u>(588,854)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 599,837</u>	<u>\$ 1,423,266</u>	<u>\$ 823,429</u>

**CITY OF BLAKELY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 E-911 FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 290,400	\$ 290,400	\$ 266,200	\$ (24,200)
Miscellaneous	263,200	263,200	261,910	(1,290)
Total revenues	<u>553,600</u>	<u>553,600</u>	<u>528,110</u>	<u>(25,490)</u>
EXPENDITURES				
Current:				
Public safety	668,045	736,749	725,929	10,820
Capital outlay	1,000	507,745	506,546	1,199
Debt service:				
Principal	-	8,000	7,512	488
Interest	37,000	35,000	27,717	7,283
Total expenditures	<u>706,045</u>	<u>1,287,494</u>	<u>1,267,704</u>	<u>19,790</u>
Excess (deficiency) or revenues over expenditures	<u>(152,445)</u>	<u>(733,894)</u>	<u>(739,594)</u>	<u>(45,280)</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	1,132,333	-	(1,132,333)
Total Other Financing Sources	<u>-</u>	<u>1,132,333</u>	<u>-</u>	<u>(1,132,333)</u>
TRANSFERS				
Transfers	-	-	744,233	744,233
Total transfers	<u>\$ -</u>	<u>\$ -</u>	<u>744,233</u>	<u>\$ 744,233</u>
Net change in fund balance			<u>4,639</u>	
Fund balance - beginning			<u>68,679</u>	
Fund balance - ending			<u>\$ 73,318</u>	

CITY OF BLAKELY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Budget and Budgetary Accounting

The City prepares its annual operating budget under the provisions of the Georgia Code. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to December 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to January 1, the budget is legally enacted through the passage of a resolution by the City Council.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of State Law, except funds of public trust or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. State statutes recognize the following object categories as the minimum legal level of control by department.

- Personal Services
- Materials and Supplies
- Other Services and Charges
- Capital Outlay
- Debt Service
- Inter-fund Transfers

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between department and object categories require the approval of the City Council.

The City prepared and adopted a legal annual budget for all governmental funds.

Budgetary Accounting

The annual operating budgets of governmental funds are prepared and presented on the cash basis of accounting.

Budget Requirements

There were no supplemental or decreases in budget appropriations made and approved by the City Council.

City of Blakely, Georgia
GASB 67/68 Reporting Information
December 31, 2019

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 88,011	\$ 102,481	\$ 83,207
Interest	567,147	526,086	517,206
Differences between expected and actual experience	173,031	448,552	25,318
Changes of assumption	-	141,903	-
Changes in benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	<u>(540,265)</u>	<u>(526,294)</u>	<u>(496,014)</u>
Net change in total pension liability	287,924	692,728	129,717
Total Pension Liability as of beginning	<u>7,744,078</u>	<u>7,051,350</u>	<u>6,921,633</u>
Total Pension Liability as of ending (a)	<u><u>\$ 8,032,002</u></u>	<u><u>\$ 7,744,078</u></u>	<u><u>\$ 7,051,350</u></u>
Employer contributions	\$ 304,261	\$ 282,769	\$ 290,555
Employee contributions	-	-	-
Net investment income	202,399	656,846	612,785
Benefit payments, including refunds of employer contributions	(540,265)	(526,294)	(496,014)
Administrative expense	(20,847)	(20,195)	(21,770)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fiduciary net position	<u>(54,452)</u>	<u>393,126</u>	<u>385,556</u>
Plan fiduciary net position - beginning	<u>5,756,644</u>	<u>5,363,518</u>	<u>4,977,962</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,702,192</u></u>	<u><u>\$ 5,756,644</u></u>	<u><u>\$ 5,363,518</u></u>
Net Pension Liability - ending: (a)-(b)	<u><u>\$ 2,329,810</u></u>	<u><u>\$ 1,987,434</u></u>	<u><u>\$ 1,687,832</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	70.99%	74.34%	76.06%
Covered-employee payroll	\$ 3,622,865	\$ 2,762,964	\$ 2,761,601
Net pension liability as a percentage of covered-employee payroll	64.31%	71.93%	61.12%

City of Blakely, Georgia
Required Supplementary Information - Pension Plan
December 31, 2019

SCHEDULE OF CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>	
Actuarially determined contribution	*	294,918	
Contributions in relation to the actuarially determined contribution	*	293,703	**
Contribution deficiency (excess)	*	1,215	
Covered-employee payroll	*	2,762,964	***
Contributions as a percentage of coveredemployee payroll	*	10.63%	

* 2019 information will be determined after fiscal year end and will be included in the 2019 valuation report.

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

***2018 covered payroll is based on data collected as of March 31, 2018 for the 2018 actuarial valuation.

**CITY OF BLAKELY, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2019**

	<u>Capital Improvement Projects Funds</u>			<u>Special Revenue Funds</u>	<u>Total Funds</u>
	<u>SPLOST Fund</u>	<u>TSPLOST Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Hotel/Motel Tax Fund</u>	
ASSETS					
Cash, including time deposits	\$ -	\$ 50,000	\$ -	\$ 15,213	\$ 65,213
Accounts receivable	80,592	75,905	-	-	156,497
Taxes receivable	-	-	-	12,394	12,394
Restricted assets- cash	117,309	130,958	-	-	248,267
Total assets	\$ 197,901	\$ 256,863	\$ -	\$ 27,607	\$ 482,371
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 270	\$ 2,500	\$ 2,770
Total liabilities	-	-	270	2,500	2,770
FUND BALANCES					
Unassigned	-	-	(270)	-	(270)
Restricted for:					
Capital projects	197,901	256,863	-	25,107	479,871
Total fund balances	197,901	256,863	(270)	25,107	479,601
Total liabilities and fund balances	\$ 197,901	\$ 256,863	\$ -	\$ 27,607	\$ 482,371

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

CITY OF BLAKELY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Capital Improvement Projects Funds			Special Revenue Funds	Total Funds
	SPLOST	TSPLOST	Community Development Block Grant	Hotel/Motel Tax	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 49,103	\$ 49,103
Intergovernmental	413,326	379,765	-	-	793,091
Grants	-	-	344,122	-	344,122
Interest	415	952	-	-	1,367
Total revenues	<u>413,741</u>	<u>380,717</u>	<u>344,122</u>	<u>49,103</u>	<u>1,187,683</u>
EXPENDITURES					
Current:					
General government	25,965	-	383,237	-	409,202
Cultural & Recreation	-	-	-	34,027	34,027
Capital outlay	271,979	203,950	-	-	475,929
Total expenditures	<u>297,944</u>	<u>203,950</u>	<u>383,237</u>	<u>34,027</u>	<u>919,158</u>
Excess (deficiency) of revenue/expenditures	<u>115,797</u>	<u>176,767</u>	<u>(39,115)</u>	<u>15,076</u>	<u>268,525</u>
Other Financing Sources (Uses)					
Transfers (out) in	(84,088)	-	38,845	-	(45,243)
Total other financing sources (uses)	<u>(84,088)</u>	<u>-</u>	<u>38,845</u>	<u>-</u>	<u>(45,243)</u>
Net Change in Fund Balance	<u>31,709</u>	<u>176,767</u>	<u>(270)</u>	<u>15,076</u>	<u>223,282</u>
Fund balance - beginning	166,192	80,096	-	10,031	256,319
Fund balance - ending	<u>\$ 197,901</u>	<u>\$ 256,863</u>	<u>\$ (270)</u>	<u>\$ 25,107</u>	<u>\$ 479,601</u>

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

**CITY OF BLAKELY, GEORGIA
 BUDGETARY COMPARISON SCHEDULE
 HOTEL/MOTEL TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Hotel/Motel Tax	\$ -	\$ 52,000	\$ 49,103	\$ (2,897)
Total revenues	-	52,000	49,103	(2,897)
EXPENDITURES				
Court Square Development	-	47,500	34,027	13,473
Total expenditures	-	47,500	34,027	13,473
Excess (deficiency) or revenues over expenditures	\$ -	\$ 4,500	15,076	\$ (16,370)
Net change in fund balance			15,076	
Fund balance - beginning			10,031	
Fund balance - ending			\$ 25,107	

STATE REPORTING REQUIREMENTS

CITY OF BLAKELY, GEORGIA
Annual Report of 9-1-1 Expenditures
For the Year Ended December 31, 2019

Line No.	O.C.G.A. Reference:	
1		Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund
2	46-5-134(e)	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary) <hr style="width: 50%; margin-left: 0;"/> <hr style="width: 50%; margin-left: 0;"/> <hr style="width: 50%; margin-left: 0;"/>
		\$ _____
		\$ _____
		\$ _____
3		Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:
3a	46-5-134(f)(1)(A)	Lease costs \$ _____
3b	46-5-134(f)(1)(A)	Purchase costs \$ <u>506,546</u>
3c	46-5-134(f)(1)(A)	Maintenance costs \$ <u>163</u>
4	46-5-134(f)(1)(B)	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges \$ _____
5		Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2
5a	46-5-134(f)(1)(C)	Salaries and wages \$ <u>441,015</u>
5b	46-5-134(f)(1)(C)	Employee benefits \$ <u>140,129</u>
6	46-5-134(f)(1)(D)	Cost of training of employees who work as dispatchers or directors \$ <u>1,118</u>
7	46-5-134(f)(1)(E)	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services \$ <u>23</u>
8		Building used as a public safety answering point:
8a	46-5-134(f)(1)(F)	Lease costs \$ _____
8b	46-5-134(f)(1)(F)	Purchase costs \$ _____

9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	\$ _____ -
9b	Purchase costs	46-5-134(f)(1)(G)	\$ _____ -
9c	Maintenance costs	46-5-134(f)(1)(G)	\$ _____
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	\$ _____
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	\$ _____
11b	Purchase costs	46-5-134(f)(1)(I)	\$ _____
11c	Maintenance costs	46-5-134(f)(1)(I)	\$ _____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	\$ _____ 3,583
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	\$ _____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	\$ _____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	\$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$ _____
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2)(B)(iv)	\$ _____
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	\$ _____
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	\$ _____
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2)(B)(v)	\$ _____ 35,229

16b	Purchase costs	46-5-134(f)(2)(B)(v)	\$ _____
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	\$ _____
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		
	<u>Utilities & Telephone</u>		\$ <u>97,938</u>
	<u>General Supplies and Materials</u>		\$ <u>7,837</u>
	<u>Travel</u>		\$ <u>7,454</u>
	<u>Dues</u>		\$ <u>1,904</u>
	<u>Advertising</u>		\$ <u>450</u>
	<u>Contractual Cost</u>		\$ <u>22,056</u>
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		\$ <u><u>1,265,445</u></u>

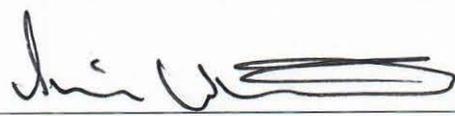
Reconciling Note:

Non-Allowable Items	
Professional Fees	<u>2,259</u>
Total Expenditures on Combining Statement of Revenues, Expenditures & Changes in Fund Balance	<u><u>1,267,704</u></u>

Non-allowable expenditures were paid with funds transferred into the E-911 Fund from the General Fund.

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official  Date 9/24/20

Print Name of Chief Elected Official Travis Wimbush

Title of Chief Elected Official Mayor

Signature of Clerk  Date 9/24/20

Print Name of Clerk Melinda Crook

**CITY OF BLAKELY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2019**

February 6, 2018 Ref

Project	Original Estimated Cost	Amended Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Construction of, improvements to, equipment for, and alterations of, street and sidewalk projects, city buildings and facilities, public safety, infrastructure for telecommunications, waste water treatment facilities and sanitary water system.	\$ 3,001,000	\$ 3,001,000				
Equipment Purchases			\$ 215,488	\$ 107,867	\$ 323,355	
Water Projects			91,616	91,109	182,725	
Street & Sidewalk Projects			-	85,907	85,907	
Property			108,000	97,149	205,149	
	<u>\$ 3,001,000</u>	<u>\$ 3,001,000</u>	<u>\$ 415,104</u>	<u>\$ 382,032</u>	<u>\$ 797,136</u>	<u>26.56%</u>

**CITY OF BLAKELY, GEORGIA
TRANSPORTATION SCHEDULE OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED DECEMBER 31, 2019**

Project	Original Estimated Cost	Amended Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Total	Estimated Percentage of Completion
Transportation	\$ 1,650,550	\$ 1,650,550	\$ -	\$ 203,950	\$ 203,950	12.36%
Total	\$ 1,650,550	\$ 1,650,550	\$ -	\$ 203,950	\$ 203,950	12.36%

**CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SOURCE AND APPLICATION OF FUNDS SCHEDULE**

Grant # 18b-x-049-2-5984

December 31, 2019

Total Grant Funds allocated to recipient	\$ 1,000,000
Less: Total Program Year 2018 funds drawn down by recipient	(32,500)
Less: Total Program Year 2019 funds drawn down by recipient	<u>(324,122)</u>
Funds still available from Grant Resources	<u>\$ 643,378</u>
Total Grant funds held at Year-End	\$ -
Total Program Year 2018 funds drawn down and received by recipient	32,500
Total Program Year 2019 funds drawn down and received by recipient	324,122
Less: Funds applied and expended to Program Year 2018 costs	(32,500)
Less: Funds applied and expended to Program Year 2019 costs	<u>(324,122)</u>
TOTAL PROGRAM YEAR 2019 FUNDS HELD BY RECIPIENT	<u><u>\$ -</u></u>

**CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
BUDGET TO ACTUAL FUNDS SCHEDULE**

Grant # 18b-x-049-2-5984

December 31, 2019

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget CDBG Funds</u>	<u>Current Period Expenditures</u>	<u>Prior Period Expenditures</u>	<u>Grand Total Expenditures to Date</u>	<u>Questioned Costs</u>
Acquisition of Property (Public)	H-001-01	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Clearance	H-004-00	20,000	-	-	-	-
Contingencies-Unprogramed Funds	C-022-00	34,852	-	-	-	-
Sewer Facilities	P-03J-02	137,253	-	-	-	-
Street Improvements	P-03K-01	129,350	-	-	-	-
Flood and Drainage Facilities	P-03K-02	85,000	-	-	-	-
Rehabilitation of Private Properties	H-14A-01	65,875	750	-	750	-
Reconstruction of Private Properties	H-14A-02	452,670	297,872	-	297,872	-
Administration	A-21A-00	70,000	25,500	32,500	58,000	-
TOTAL		<u>\$ 1,000,000</u>	<u>\$ 324,122</u>	<u>\$ 32,500</u>	<u>\$ 356,622</u>	<u>\$ -</u>

Reconciliation of the CDBG Schedule above to expenditures reported in the the Capital Projects Fund on Page 42

Expenditures from CDBG schedule (above)	\$ 324,122
City's Match	32,299
Transfers from General Fund	6,816
Grant # 19h-x-049-2-6051	<u>20,000</u>
Net Adjustments	<u>59,115</u>
Total expenditures per Capital Projects Fund on Page 42	<u>\$ 383,237</u>

**CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
SOURCE AND APPLICATION OF FUNDS SCHEDULE**

Grant # 19h-x-049-2-6051

December 31, 2019

Total Grant Funds allocated to recipient	\$ 750,000
Less: Total Program Year 2019 funds drawn down by recipient	<u>(20,000)</u>
Funds still available from Grant Resources	<u>\$ 730,000</u>
Total Grant funds held at Year-End	\$ -
Total Program Year 2019 funds drawn down and received by recipient	\$ 20,000
Less: Funds applied and expended to Program Year 2019 costs	<u>(20,000)</u>
TOTAL PROGRAM YEAR 2019 FUNDS HELD BY RECIPIENT	\$ <u>-</u>

**CITY OF BLAKELY, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
BUDGET TO ACTUAL FUNDS SCHEDULE**

Grant # 19h-x-049-2-6051

December 31, 2019

<u>Program Activity</u>	<u>Activity Number</u>	<u>Latest Approved Budget CDBG Funds</u>	<u>Current Period Expenditures</u>	<u>Prior Period Expenditures</u>	<u>Grand Total Expenditures to Date</u>	<u>Questioned Costs</u>
Reconstruction of Private Properties	H-14A-02	\$ 707,350	\$ -	\$ -	\$ -	\$ -
Administration	A-21A-00	42,650	20,000	-	20,000	-
TOTAL		<u>\$ 750,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ -</u>

Reconciliation of the CDBG Schedule above to expenditures reported in the the Capital Projects Fund on Page 42

Expenditures from CDBG schedule (above)	\$ 20,000
Grant # 18b-x-049-2-5984	<u>363,237</u>
Net Adjustments	<u>363,237</u>
Total expenditures per Capital Projects Fund on Page 42	<u>\$ 383,237</u>

**GOVERNMENTAL AUDITING STANDARDS
REQUIREMENTS**

Perry L. Henry, LLC
Certified Public Accountant and Consultant

Perry L. Henry, CPA, CGFM, CFS

Members

American Institute of Certified Public Accountants

Georgia Society of Certified Public Accountants

726 East Shotwell Street, P.O. Box 1422 Bainbridge, GA 39818 * Phone 229-246-0550 * Fax 229-246-7908

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

Honorable Mayor and Members of
the City Council
City of Blakely, Georgia

We have audited, in accordance with the auditing standard generally accepted in the United States of America and 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, and each major fund of the City of Blakely as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Blakely's financial statements, and have issued our report thereon dated September 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Blakely's internal control over financial reporting (internal control) to determine the audit procedure 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 Blakely's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Blakely's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item *2018-1 and 2019-1* that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Blakely'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 test disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Blakely's Response to Findings

The City of Blakely's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City of Blakely's response was not subjected to the auditing procedure 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.

Perry L. Henry, LLC

Perry L. Henry, LLC
Bainbridge, Georgia
September 24, 2020

City of Blakely, Georgia
Schedule of Findings and Responses
December 31, 2019

2018-1

Criteria:

Internal control is a process designed to provide reasonable assurance about your objectives with regard to reliability of:

- (1) financial reporting,
- (2) effectiveness and efficiency of operation, and
- (3) compliance with applicable laws and regulations.

Condition:

The City does not have adequate separation of duties in various functions of the City.

Cause:

There is an insufficient number of staff to properly segregate functions of all transaction cycles.

Effect:

The City will be exposed to increased risk that the financial statements will be materially misstated whether by error or intentionally could occur and not be detected in a timely manner.

Recommendation:

The City should monitor the control environment and continue to strengthen controls where cost effective.

Management's Response:

Management agrees and will continue to evaluate and seek opportunities to improve and strengthen segregation of duties.

City of Blakely, Georgia
Schedule of Findings and Responses
December 31, 2019

2019-1

Condition:

The City rented a building to house the City's fire department. Utilities were calculated but not actually billed during this time. The final rent payment was made in June 2019, but no written lease termination was ever provided to the leases. Utility bills continued to accrue after that point but were not billed or paid. As a result, starting with billing period ending on July 31, 2019 a total of \$39,959.16 has not been billed or collected by the taxpayers.

Criteria:

The City should have billed and collected payments from 7/1/2019 forward.

Cause:

The bills are computed but not really billed because the City would essentially be billing itself. This error was apparently not detected in a timely manner due to various breakdowns in communication. The City consultant and/or fire chief could and should have notified city hall the building was completely vacated, and services needed to be disconnected. City personnel should have also had a mechanism to internally audit the computed internal city bills that are not billed to see if circumstances have changed.

Effect:

It is unclear if the City will be able to collect on these unbilled amounts.

Recommendation:

Develop written policies and procedures that clearly create an environment of accountability. In this instance, policies and procedures should be developed that clearly identify the city personnel by title that are to communicate to city hall that a building was vacated. (It could be that all department heads have this responsibility.) Come up with a standard form that they are to sign and turn in to document this communication.

In addition, an internal audit process should be assigned to a member of city hall staff to periodically review internal city bills to verify circumstances haven't changed. To complete this internal review process, the person assigned should sign and turn in a report to his/her supervisor and/or mayor.

Failure to comply with this policy should result in a mandatory writeup or written warning.

Management's Response:

Management agrees with finding and will review policies and procedures to develop stronger controls.