CITY OF CAMILLA, GEORGIA
Financial Statements and
Supplementary Information
For the Fiscal Year Ended September 30, 2016

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Financial Statements and Supplementary Information
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Members of the American Institute of Certified Public Accountants.

Independent Auditor's Report

To the City Council
City of Camilla, 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 Camilla, Georgia, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of the City of Camilla, Georgia as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Hotel/Motel tax fund and the Development Authority of the City of Camilla (a component unit) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of funding progress information on pages 56 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Camilla, Georgia's basic financial statements. The accompanying schedule of projects constructed with special sales tax proceeds as required by the State of Georgia is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations(CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2017, on our consideration of the City of Camilla, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Camilla, Georgia's internal control over financial reporting and compliance.

Waters & Rackley

WATERS & RACKLEY CPAS LLC
Camilla, Georgia
February 24, 2017

City of Camilla
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Camilla, it is our pleasure to present this narrative discussion and analysis of the City of Camilla's financial performance, providing an overview of the activities for the fiscal year ended September 30, 2016. This information is designed to be used in conjunction with the City's basic financial statements, and the accompanying notes to those financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City of Camilla's assets totaled $84.4 million, of which $58.7 million are capital assets.
- The City of Camilla has total liabilities of $20.9 million, of which $16.4 million are long-term liabilities.
- The total net assets for the City of Camilla exceeded its liabilities at September 30, 2016, by $63.4 million (reported as net position). Of this amount $13.2 million (reported as unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. $43.4 million is invested in capital assets net of related debt.
- The total net position for the City's Governmental activities exceed its liabilities by $18.3 million of which $5.2 million is unrestricted and can be spent at the discretion of the City Council.
- The governmental activities expenditures exceeded revenues and transfers by $1.0 million resulting in a decrease of net position from $19.3 million to $18.3 million.
- The City's business type activities revenues exceeded expenditures by $4.1 million resulting in an increase in net position from $41.0 million to $45.2 million.
- The City's long-term debt decreased by .9 million during the current fiscal year as a result of scheduled principal payments and prepayment of certain debt.

OVERVIEW of the FINANCIAL STATEMENTS

The City's annual financial report for the fiscal year ended September 30, 2016 is based upon the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussions & Analysis-for State and Local Governments issued June 1999. This standard includes Government-wide statements along with Fund based financial statements. The primary role of the Statement of Net Position and the Statement of Activities in the new government-wide financial statements is to demonstrate fiscal accountability. Operational accountability requires that a government demonstrate the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to do so. Whereas, fiscal accountability requires that a government demonstrate compliance with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year). Comparative information in the new reporting model is now available and is provided in the discussion and analysis.

This discussion and analysis is intended to serve as an introduction to the City of Camilla's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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Government-wide Financial Statements (Reporting the City as a Whole)

The focus of the government-wide financial statements is on the overall financial position and activities of the City of Camilla and is designed to provide readers with a broad overview of the City's financial activities in a manner similar to a private business enterprise.

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector businesses. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

The purpose of the **Statement of Net Position** is to report all assets held and liabilities owed by the City. The City reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between its total assets and total liabilities is net position. The net position is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indication of whether its financial position is improving or deteriorating. You would need to consider other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

The **Statement of Activities** presents the revenue and expenses of the City. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus revenues are reported even when they may not be collected until after the end of the accounting period and expenses are recorded even though they may not have been paid during the current period. The difference is described as change in net assets. The focus of the Statement of Activities is on the net cost of various activities provided by the City and identifies the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, or other sources.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

Governmental Activities – Most of the City's basic services are reported here, including police, fire, public works, community and economic development, planning and zoning, and general administration. Property taxes, sales tax, franchise fees, intergovernmental revenues, and fund transfers finance most of these activities.

Business – Type Activities – The City charges fees to customers to help it cover all or most of the costs of certain services it provides. The City's Water and Sewer, Gas, Electric, Cable, Telecom, Solid Waste and Airport facilities are reported here.

Component Unit – The City includes the Development Authority of the City of Camilla, Georgia in its report. Although legally separate, the City is financially accountable for it.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City of Camilla has presented its financial statements under the reporting model required by GASB Statement No. 34. This reporting model changes significantly both the recording and presentation of financial data. Government-wide information for fiscal years ending September 30, 2016, and September 30, 2015 are included in this report.

CITY OF CAMILLA
Net Position
September 30, 2016

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 6,304,605	$ 11,701,902	$ 18,006,507
Non-current assets	430,817	6,837,733	7,268,550
Capital assets	13,022,558	45,676,432	58,698,990
Total assets	19,757,980	64,216,067	83,974,047
Deferred outflows of resources	358,428	144,316	502,744
Total Assets and Deferred Outflows of Resources	20,116,408	64,360,383	84,476,791
Current liabilities	593,205	3,881,913	4,475,118
Non-current liabilities	1,164,405	15,231,541	16,395,946
Total liabilities	1,757,610	19,113,454	20,871,064
Deferred inflows of resources	87,988	33,345	121,333
Total Liabilities and Deferred Inflows of Resources	1,845,598	19,146,799	20,992,397
Net Investment in capital assets	13,022,558	30,388,529	43,411,087
Restricted for loan payments		1,733,272	1,733,272
Restricted for power generation		5,057,786	5,057,786
Restricted for repairs	57,938		57,938
Unrestricted	5,190,314	8,033,997	13,224,311
Total net position	$ 18,270,810	$ 45,213,584	$ 63,484,394

CITY OF CAMILLA
Net Position
September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 7,933,353	$ 11,114,965	$ 19,048,318
Non-current assets	444,577	6,106,125	6,550,702
Capital assets	12,491,530	45,057,866	57,549,396
Total assets	20,869,460	62,278,956	83,148,416
Deferred outflows of resources	137,500	54,488	191,988
Total Assets and Deferred Outflows of Resources	21,006,960	62,333,444	83,340,404
Current liabilities	681,641	4,661,963	5,343,604
Non-current liabilities	804,800	16,505,151	17,309,951
Total liabilities	1,486,441	21,167,114	22,653,555
Deferred inflows of resources	235,524	93,333	328,857
Total Liabilities and Deferred Inflows of Resources	1,721,965	21,260,447	22,982,412
Net Investment in capital assets	12,491,530	27,988,634	40,480,164
Restricted for loan payments		1,661,790	1,661,790
Restricted for power generation		4,343,559	4,343,559
Restricted for repairs	60,905		60,905
Unrestricted	6,732,560	7,079,014	13,811,574
Total net position	$ 19,284,995	$ 41,072,997	$ 60,357,992

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position exceed liabilities by $63,484,394 as of September 30, 2016 and by $60,357,992 as of September 30, 2015. Of these amounts, $18,270,810 and $19,284,995 came from governmental activities and $45,213,584 and $41,072,997 came from business-type activities as of September 30, 2016 and 2015, respectively.

The largest portion of the City's net position, $43,411,087 or 68.38% as of September 30, 2016 and $40,480,164, or 65.88%, as of September 30, 2015, reflects its investments in capital assets (land, building, machinery and equipment, infrastructure and construction in progress), less any related debt outstanding that was needed to construct or acquire the assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position totaled $6,848,996 or 10.79% as of September 30, 2016 and $6,066,254 or 9.87% as of September 30, 2015. These amounts represent resources that are designated for construction projects, repairs, loan payments and power generation.

The remaining balance of $13,224,311 or 20.83% as of September 30, 2016 and $13,811,574 or 22.88% as of September 30, 2015 represents unrestricted net position. This may be used to meet the City's obligations to citizens and creditors in accordance with the finance-related legal requirements.

At the end of fiscal year ended September 30, 2016, and September 30, 2015, the City reported positive balances in both categories of unrestricted net position; $5,190,314 and $6,732,560 for its governmental activities and $8,033,997 and $7,079,014 in its business-type activities for these years, respectively.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

The Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The City of Camilla, like other state and local governments, uses fund accounting to track specific resources and expenditures, either for management purposes or because of legal mandates. The City's funds are divided into two categories, governmental and proprietary, and use different accounting approaches.

Governmental Funds – Most of the City's basic services are reported in governmental funds, and are used to account for essentially the same functions as governmental activities in the government wide financial statements. However, governmental fund financial statements focus on the short-term view of the City's general governmental operations and the basic services it provides. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures and changes in fund balances reconciling the two statements is provided with each statement.

The City of Camilla has three major governmental funds, the General Fund, the Hotel/Motel Fund, the SPLOST Fund and a component unit the Development Authority.

The City of Camilla adopts an annual budget for its governmental funds. Budgetary comparison statements have been provided for these funds.

Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. The City maintains one type of proprietary fund, enterprise funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements, the accrual method.

The City of Camilla's enterprise funds are the same as its business-type activities but provide more detail and additional information such as cash flows. The City of Camilla has the following enterprise funds: Water and Sewer Fund, Electric Fund, Gas Fund, Solid Waste Fund, Airport Fund, Cable TV Fund, and Telecom Fund.

STATEMENT OF ACTIVITIES

Governmental activities during the fiscal year ended September 30, 2016 decreased the City of Camilla's net position by $1,014,185. Business-type activities during the same period increased net position by $4,140,587. Total increase from all activities in net position was $3,126,402.

The following Statement of Activities shows the revenues and expenses by activities for the City of Camilla as of September 30, 2016 and September 30, 2015. Total revenues and Transfers from governmental activities were $6,170,486 and $7,511,377 for September 30, 2016 and 2015, respectively while expenses totaled $7,184,661 and $6,531,588. Net transfers from business-type activities amounted to $3,067,222 or 49.71% for September 30, 2016 and $4,465,217 or 59.45% for September 30, 2015, of the total governmental activity funding. Property taxes of $945,724 or 15.33% for September 30, 2016 and $994,490 or 13.24% for September 30, 2015, was the next largest contributor to the funding. Business-type activities program revenue exceeded expenses by $7,207,809 and $7,506,760 for September 30, 2016 and 2015 respectively, before other revenues and transfers to support the governmental activities.

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CITY OF CAMILLA
Statements of Activities
For the year ended September 30, 2016

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$ 978,226	$ 37,296,077	$ 38,274,303
Operating grants & contributions	161,655		161,655
Capital grants & contributions	526,550	999,872	1,526,422
Total program revenue	1,666,431	38,295,949	39,962,380
GENERAL REVENUES			
Property taxes	945,724		945,724
Other taxes	457,638		457,638
Investment income(loss)	26,377	67,192	93,569
Gain (loss) on sale of assets	7,084	15,702	22,786
Total general revenues	1,436,823	82,894	1,519,717
TOTAL REVENUES	3,103,254	38,378,843	41,482,097
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	2,165,420		2,165,420
Public safety	2,693,006		2,693,006
Public works	1,922,967		1,922,967
Planning, zoning and housing	321,866		321,866
Economic development	69,638		69,638
Interest on long-term debt	11,764		11,764
Total governmental activities	7,184,661		7,184,661
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,683,469	2,683,469
Gas		11,578,377	11,578,377
Electric		12,440,744	12,440,744
CNS cable		2,921,093	2,921,093
Telecom		353,757	353,757
Solid waste		713,843	713,843
Airport		479,751	479,751
Total business-type activities		31,171,034	31,171,034
Total Expenses	7,184,661	31,171,034	38,355,695
Change in net positons before transfers	(4,081,407)	7,207,809	3,126,402
Transfers	3,067,222	(3,067,222)	
Change in net position	(1,014,185)	4,140,587	3,126,402
Net position beginning of year	19,284,995	41,072,997	60,357,992
Net position end of year	$ 18,270,810	$ 45,213,584	$ 63,484,394

CITY OF CAMILLA
Statements of Activities
For the year ended September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$ 1,003,405	$ 41,995,270	$ 42,998,675
Operating grants & contributions	31,904		31,904
Capital grants & contributions	549,685	211,679	761,364
Total program revenue	1,584,994	42,206,949	43,791,943
GENERAL REVENUES			
Property taxes	994,490		994,490
Other taxes	435,049		435,049
Investment income(loss)	25,627	(18,381)	7,246
Gain (loss) on sale of assets	6,000	10,013	16,013
Total general revenues	1,461,166	(8,368)	1,452,798
TOTAL REVENUES	3,046,160	42,198,581	45,244,741
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	1,914,632		1,914,632
Public safety	2,506,609		2,506,609
Public works	1,761,337		1,761,337
Planning, zoning and housing	207,808		207,808
Economic development	130,638		130,638
Interest on long-term debt	10,564		10,564
Total governmental activities	6,531,588		6,531,588
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,703,290	2,703,290
Gas		14,859,626	14,859,626
Electric		12,445,505	12,445,505
CNS cable		3,168,641	3,168,641
Telecom		365,337	365,337
Solid waste		684,227	684,227
Airport		465,195	465,195
Total business-type activities		34,691,821	34,691,821
Total Expenses	6,531,588	34,691,821	41,223,409
Change in net positons before transfers	(3,485,428)	7,506,760	4,021,332
Transfers	4,465,217	(4,465,217)	
Change in net position	979,789	3,041,543	4,021,332
Net position beginning of year, as restated	18,305,206	38,031,454	56,336,660
Net position end of year	$ 19,284,995	$ 41,072,997	$ 60,357,992

Governmental Activities

Revenue from governmental activities totaled $6,170,476 for the year ending September 30, 2016 and $7,511,377 for the year ending September 30, 2015 with corresponding expenses for the same periods totaled $7,184,661 and $6,531,588. The following totals show the governmental revenue and expenses by source. Transfers from business-type activities funded the largest percentage of revenue, followed by property taxes and charges for services. General government, Public safety, and Public Works expenses accounted for 94.39% and 94.66% of the total expenses of the governmental activities, for the years ending September 30, 2016 and September 30, 2015.

Governmental Activities – Revenues by Source

	Sept. 30, 2016		Sept. 30, 2015	
	Amount	Percent	Amount	Percent
Charges for services	$ 978,226	15.85	$ 1,003,405	13.36
Operating grants & contributions	161,655	2.62	31,904	0.43
Capital grants - contributions	526,550	8.53	549,685	7.31
Property taxes	945,724	15.33	994,490	13.24
Other taxes	457,638	7.42	435,049	5.79
Investments income	26,377	0.43	25,627	0.34
Gain(loss) on sale of assets	7,084	0.11	6,000	0.08
Total	3,103,254	50.29	3,046,160	40.55
Transfers	3,067,222	49.71	4,465,217	59.45
	$ 6,170,476	100.00	$ 7,511,377	100.00

Governmental Activities – Expenses by Source

	Sept. 30, 2016		Sept. 30, 2015	
	Amount	Percent	Amount	Percent
General government	$ 2,165,420	30.15	$ 1,914,632	29.31
Public safety	2,693,006	37.48	2,506,609	38.38
Public works	1,922,967	26.76	1,761,337	26.97
Planning, zoning and housing	321,866	4.48	207,808	3.18
Economic development	69,638	0.97	130,638	2.00
Interest on long-term debt	11,764	0.16	10,564	0.16
	$ 7,184,661	100.00	$ 6,531,588	100.00

Business – Type Activities

Revenues from business-type activities totaled $35,311,621 and expenses were $31,171,034 for the fiscal year ending September 30, 2016 while revenues were $37,733,364 and expenses were $34,691,821 for the fiscal year ending September 30, 2015. The following table shows the business – type activities revenue and expenses by source. The Electric Fund accounted for the largest amount of revenue, followed by the Gas Fund and the Water and Sewer Fund. These three funds accounted for 84.66% and 88.25% of total business – type revenues, for the fiscal years September 30, 2016 and 2015.

Expenses for the Electric Fund were the largest amount of the total expenses for the year, followed by the Gas Fund and the CNS – Cable Fund. These three funds accounted for 86.43% and 87.85% of the total expenses for business – type activities, for the fiscal years ending September 30, 2016 and 2015.

Business-type Activities – Revenue by Source

	Sept. 30, 2016		Sept. 30, 2015	
	Amount	Percent	Amount	Percent
Charges for Services:				
Water and sewer	$ 3,163,728	8.96	$ 3,829,182	10.15
Gas	13,007,108	36.84	16,470,391	43.65
Electric	16,044,956	45.44	16,650,344	44.13
CNS - cable	3,203,748	9.07	3,123,645	8.28
Telecom	875,430	2.48	921,606	2.44
Solid waste	766,046	2.17	752,399	1.99
Airport	235,061	0.66	247,703	0.65
	37,296,077	105.62	41,995,270	111.29
Other Revenues:				
Water and sewer	431,445	1.22	196,133	0.52
Gas	5,594	0.02	3,723	0.01
Electric	58,753	0.17	41,172	0.11
CNS - cable	18,547	0.05	(53,263)	(0.14)
Airport	568,427	1.61	15,546	0.04
	1,082,766	3.07	203,311	0.54
Transfers In (Out)				
Water and sewer	(86,794)	(0.25)	(155,538)	(0.41)
Gas	(1,038,074)	(2.94)	(1,178,675)	(3.12)
Electric	(1,691,463)	(4.79)	(2,561,537)	(6.79)
CNS - cable	(75,000)	(0.21)	(75,000)	(0.20)
Telecom	(554,718)	(1.57)	(558,760)	(1.48)
Solid waste	(62,502)	(0.18)	(70,543)	(0.19)
Airport	441,329	1.25	134,836	0.36
	(3,067,222)	(8.69)	(4,465,217)	(11.83)
Total Revenues	$ 35,311,621	100.00	$ 37,733,364	100.00

Business-type Activities – Expenses by Source

	Sept. 30, 2016		Sept. 30, 2015	
	Amount	Percent	Amount	Percent
Water and sewer	$ 2,683,469	8.61	$ 2,703,288	7.79
Gas	11,578,377	37.15	14,859,626	42.85
Electric	12,440,744	39.91	12,445,506	35.87
CNS -cable	2,921,093	9.37	3,168,641	9.13
Telecom	353,757	1.13	365,337	1.05
Solid waste	713,843	2.29	684,228	1.97
Airport	479,751	1.54	465,195	1.34
	$ 31,171,034	100.00	$ 34,691,821	100.00

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Camilla uses fund accounting to ensure compliance with management purposes or legal requirements.

General Fund: The General Fund is the chief operating fund of the City. At the end of the fiscal year September 30, 2016, the General Fund had a fund balance of $5,776,733, a decrease of $1,597,221 for the year. Transfers from the business-type activities of $3,067,222 absorbed shortages in budgeted revenues and reduction in budget expenditures to offset this decrease.

Budgeted revenues exceeded actual revenues by $70,132. Decreases in property tax and other taxes, fines and forfeitures, intergovernmental revenues and charges for services contributed to this deficit.

Budgeted expenditures exceeded actual expenditures by $299,993. Capital assets not purchased or constructed allowed the City to keep budget expenditures down. No department had expenditures over budget.

The fund balance of the Development Authority increased by $43,149 during the year. The increase in fund balance was due to the return of assets previously donated to a charity. Budgeted revenues exceeded actual revenues by $513. Budgeted expenditures exceeded actual expenditures by $662, part of which was for general expenditures and part of which was for debt service.

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Business-Type Activities:

The enterprise funds include the City's Water and Sewer Fund, Electric Fund, Gas Fund, Solid Waste Fund, Airport Fund, Cable TV Fund, and Telecom Fund.

The total net position of these funds are as follows:

	Balance Sept. 30, 2016	Balance, Sept. 30, 2015	Change (Decrease)
Water & sewer	$ 19,990,126	$ 19,165,216	$ 824,910
Electric	18,919,933	16,948,431	1,971,502
Gas	6,165,946	5,769,695	396,251
Solid waste	15,418	25,717	(10,299)
Airport	4,514,168	3,749,102	765,066
Cable TV	(4,566,857)	(4,793,059)	226,202
Telecom	174,850	207,895	(33,045)
	$ 45,213,584	$ 41,072,997	$ 4,140,587

The decreases in the solid waste and telecom funds are a result of transfers for the fiscal year ending September 30, 2016. The change in the Cable TV fund is the result of net income of $301,202 and an administrative transfer of $75,000 for the fiscal year ending September 30, 2016. The increase in the airport fund is due to the addition of capital assets placed in service during the year which were financed using additional capital grants and operating transfers in.

Capital Assets:

The City of Camilla has invested $58,698,990 and $57,549,396 in capital assets (net of depreciation) as of September 30, 2016 and 2015, respectively. Capital assets include land, buildings, improvements, equipment and vehicles, infrastructure, facilities and construction in progress. Business-type activities account for 77.81% and 78.29% of this investment while 22.19% and 21.71% is related to governmental activities for these fiscal years.

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CITY OF CAMILLA
Capital Assets (Net of Depreciation)
As of September 30, 2016

Capital assets are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land	$ 824,641	$ 1,366,673	$ 2,191,314
Buildings	7,802,102	2,322,975	10,125,077
Improvements	1,561,160	98,650	1,659,810
Equipment and vehicles	3,069,702	2,402,560	5,472,262
Infrastructure	12,475,490		12,475,490
Facilities		60,294,773	60,294,773
Construction in progress	461,999	504,912	966,911
	26,195,094	66,990,543	93,185,637
Accumulated depreciation	13,172,536	21,314,111	34,486,647
	$ 13,022,558	$ 45,676,432	$ 58,698,990

CITY OF CAMILLA
Capital Assets (Net of Depreciation)
As of September 30, 2015

Capital assets are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Land	$ 824,641	$ 1,366,673	$ 2,191,314
Buildings	6,966,008	1,900,704	8,866,712
Improvements	1,561,160	98,650	1,659,810
Equipment and vehicles	3,047,482	2,355,781	5,403,263
Infrastructure	12.420,594		12,420,594
Facilities		58,657,930	58,657,930
Construction in progress	227,486	316,601	544,087
	25,047,371	64,696,339	89,743,710
Accumulated depreciation	12,555,841	19,638,473	32,194,314
	$ 12,491,530	$ 45,057,866	$ 57,549,396

Additional information on the City of Camilla's capital assets can be found in Note 3 of this report.

Debt Administration

The City of Camilla's long-term debt consists of revenue bonds and notes payable.

As of September 30, 2016, the City had no long-term debt related to Governmental Activities and $15,173,816 of long-term debt related to business-type activities for a total of $15,173,816. Previous year's total was $16,942,981. This is a decrease of $1,769,165 due to the payment of debt principal during the year. No new debt was incurred in the fiscal year.

CITY OF CAMILLA
Long – Term Debt
As of September 30, 2016

	Governmental Activities	Business-Type Activities	Total
Leases	$	$	$
Notes payable		11,173,806	11,173,806
Bonds payable		4,000,000	4,000,000
	$	$ 15,173,806	$ 15,173,806

CITY OF CAMILLA
Long – Term Debt
As of September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Leases	$	$	$
Notes payable		12,537,981	12,537,981
Bonds payable		4,405,000	4,405,000
	$	$ 16,942,981	$ 16,942,981

The revenue bonds issued in April 2005 and outstanding at September 30, 2016, were rated "AAA" by Standards and Poor's.

Additional information on the City's long-term debt can be found in Note 4 in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and Council of the City of Camilla considered various factors when approving the City's fiscal year September 30, 2017 budget. Present economic conditions and the effect on its citizens resulted in choosing to stabilize transfers from business-type activities to governmental activities, rather than a small tax increase.

Factors considered during the preparation of the budget for fiscal year 2017 included the following:

1. Use of grants and SPLOST funds for various projects.
2. Review of health insurance coverage to stabilize costs to the City.
3. The volatility in fuel costs for operations.
4. Expansion of cable television system and telecommunication system to increase market share.
5. Research into the potential sale or transfer of the cable television and telecommunication systems asset to a joint authority.
6. Continued safety awareness and training to reduce insurance costs.
7. Minimum salary increases were implemented.
8. Capital expenditures were delayed.
9. User fees and utility rates were reviewed and adjusted as needed.
10. Evaluation of economic conditions on utility customers and lessors of property.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City of Camilla's finances and to demonstrate the City's accountability for the money it owes. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the City of Camilla, Finance Director, P.O. Box 328, Camilla, Georgia 31730.

CITY OF CAMILLA, GEORGIA
Statement of Net Position
September 30, 2016

	Governmental Activities	Business - Type Activities	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
Current Assets:			
Cash	$ 1,214,078	$ 5,296,210	$ 6,510,288
Investments:			
MEAG Municipal Competitive Trust - Flexible Operating Account		6,711,213	6,711,213
South Georgia Governmental Services Authority		720,182	720,182
Receivables (Net):			
Taxes	5,452		5,452
Accounts	19,849	2,781,624	2,801,473
Notes	16,060		16,060
Other governments	151,986	5,805	157,791
Interest		11,368	11,368
Other	146,550		146,550
Internal balances	4,272,300	(4,272,300)	
Inventories	396,774	22,800	419,574
Prepaid expenses	23,618		23,618
Restricted assets:			
Cash	57,938	425,000	482,938
Total Current Assets	6,304,605	11,701,902	18,006,507
Noncurrent Assets:			
Restricted assets:			
Cash		1,308,272	1,308,272
MEAG Municipal Competitive Trust - New Generation Account		5,057,786	5,057,786
Notes receivable	430,817		430,817
Prepaid electricity		471,675	471,675
Capital Assets:			
Nondepreciable	1,286,640	1,871,585	3,158,225
Depreciable (net)	11,735,918	43,804,847	55,540,765
Total Noncurrent Assets	13,453,375	52,514,165	65,967,540
Deferred outflow of resources	358,428	144,316	502,744
Total Assets and Deferred outflow of Resources	$ 20,116,408	$ 64,360,383	$ 84,476,791
LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
Current Liabilities:			
Accounts payable	$ 294,071	$ 2,280,915	$ 2,574,986
Accrued salaries and vacation pay		57,302	57,302
Accrued interest		83,291	83,291
Sales tax		69,131	69,131
Customer deposits	299,134	8,085	307,219
Notes, mortgages and revenue bonds payable		1,383,189	1,383,189
Total Current Liabilities	593,205	3,881,913	4,475,118
Noncurrent Liabilities:			
Vacation Pay	126,862		126,862
Notes, mortgages and revenue bonds payable		13,790,617	13,790,617
Premium on revenue bonds (net)		110,978	110,978
Customer deposits and debt reserve		915,058	915,058
Net pension liability	1,037,543	414,888	1,452,431
Total Noncurrent Liabilities	1,164,405	15,231,541	16,395,946
Deferred inflows of resources	87,988	33,345	121,333
Total Liabilities and Deferred Inflows of Resources	1,845,598	19,146,799	20,992,397
NET POSITION			
Net investment in capital assets	13,022,558	30,388,529	43,411,087
Restricted for loan payments		1,733,272	1,733,272
Restricted for power generation		5,057,786	5,057,786
Restricted for repairs	57,938		57,938
Unrestricted	5,190,314	8,033,997	13,224,311
Total Net Position	18,270,810	45,213,584	63,484,394
Total Liabilities and Net Position	$ 20,116,408	$ 64,360,383	$ 84,476,791

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

CITY OF CAMILLA, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for services	Program Revenues: Operating grants and contributions	Program Revenues: Capital grants and contributions	Net (Expenses) Revenues and Changes in Net Assets: Governmental activities	Net (Expenses) Revenues and Changes in Net Assets: Business-type activities	Net (Expenses) Revenues and Changes in Net Assets: Total
Governmental activities:							
General government	$ 2,165,420	$ 414,431	$	$	$ (1,750,989)	$	$ (1,750,989)
Public safety	2,693,006	277,382		74,178	(2,341,446)		(2,341,446)
Public works	1,922,967	205,032		452,372	(1,265,563)		(1,265,563)
Planning, zoning and housing	321,866	81,381	115,820		(124,665)		(124,665)
Economic development	69,638		45,835		(23,803)		(23,803)
Interest on long term debt	11,764				(11,764)		(11,764)
Total Governmental Activities	7,184,661	978,226	161,655	526,550	(5,518,230)		(5,518,230)
Business-type activities:							
Water and sewer	2,683,469	3,163,728		431,445		911,704	911,704
Gas	11,578,377	13,007,108				1,428,731	1,428,731
Electric	12,440,744	16,044,956				3,604,212	3,604,212
CNS cable	2,921,093	3,203,748				282,655	282,655
Telecom	353,757	875,430				521,673	521,673
Solid waste	713,843	766,046				52,203	52,203
Airport	479,751	235,061		568,427		323,737	323,737
Total Business-Type Activities	31,171,034	37,296,077		999,872		7,124,915	7,124,915
Total Government	$ 38,355,695	$ 38,274,303	$ 161,655	$ 1,526,422			
General Revenue:							
Property taxes					945,724		945,724
Other taxes					457,638		457,638
Investment income (loss)					26,377	67,192	93,569
Gain on sale of capital assets					7,084	15,702	22,786
Transfers					3,067,222	(3,067,222)	
Total General Revenue and Transfers					4,504,045	(2,984,328)	1,519,717
Change in net position					(1,014,185)	4,140,587	3,126,402
Net position beginning of year					19,284,995	41,072,997	60,357,992
Net position end of year					$ 18,270,810	$ 45,213,584	$ 63,484,394

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

CITY OF CAMILLA, GEORGIA
BALANCE SHEET
Governmental Funds
September 30, 2016

	General Fund	Capital Project Fund SPLOST	Special Revenue Funds Hotel/Motel Tax	Special Revenue Funds Development Authority	Total Governmental Funds
ASSETS					
Cash	$ 1,211,909	$	$	$ 2,169	$ 1,214,078
Receivables (net):					
Taxes	5,452				5,452
Accounts	19,849				19,849
Other governments	151,986				151,986
Notes				446,877	446,877
Other	146,550				146,550
Advances to other funds	5,067,511				5,067,511
Inventories	20,336			376,438	396,774
Prepaid expenses	23,618				23,618
Restricted assets:					
Cash	57,938				57,938
Total Assets	$ 6,705,149	$	$	$ 825,484	$ 7,530,633
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 294,071	$	$	$	$ 294,071
Advances from other funds	335,211			460,000	795,211
Customer deposits	299,134				299,134
	928,416			460,000	1,388,416
Fund Balances:					
Nonspendable	4,651,465			823,315	5,474,780
Restricted	57,938				57,938
Committed	277,221				277,221
Assigned	539,840				539,840
Unassigned	250,269			(457,831)	(207,562)
	5,776,733			365,484	6,142,217
Total Liabilities and Fund Balances	$ 6,705,149	$	$	$ 825,484	$ 7,530,633

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

CITY OF CAMILLA, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2016

Total fund balance – governmental funds		$ 6,142,217
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	$ 26,195,094	
Less accumulated depreciation	13,172,536	13,022,558
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	(1,037,543)	
Accrued vacation pay	(126,862)	(1,164,405)
Deferred outflow and inflow of resources to pensions are applicable to future periods and, therefore, are not reported in the fund financial statement.		
Deferred outflows	358,428	
Deferred inflows	(87,988)	270,440
Net position of governmental activities		$18,270,810

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
September 30, 2016

	General Fund	Capital Project Fund SPLOST	Special Revenue Funds Hotel/Motel Tax	Special Revenue Funds Development Authority	Total Governmental Funds
Revenues:					
Property taxes	$ 945,724	$	$	$	$ 945,724
Other taxes	426,325		31,313		457,638
Licenses and permits	237,855				237,855
Charges for services	282,813				282,813
Fines and forfeitures	277,382				277,382
Interest income	15,725			10,652	26,377
Intergovernmental	120,820	521,550			642,370
Building & land rental	143,505				143,505
Miscellaneous revenues	36,671			45,835	82,506
Total Revenues	2,486,820	521,550	31,313	56,487	3,096,170
Expenditures:					
Current:					
General Government	2,355,456			1,574	2,357,030
Public Safety	2,518,907	69,178			2,588,085
Public Works	1,924,443	452,372			2,376,815
Planning, zoning and housing	321,216				321,216
Economic development	38,325		31,313		69,638
Debt service:					
Interest				11,764	11,764
Total Expenditures	7,158,347	521,550	31,313	13,338	7,724,548
Excess (deficiency) of revenues over expenditures	(4,671,527)			43,149	(4,628,378)
Other financing sources (uses):					
Sale of capital assets	7,084				7,084
Transfers in	3,517,047				3,517,047
Transfers out	(449,825)				(449,825)
Total other financing sources (uses)	3,074,306				3,074,306
Net change in fund balances	(1,597,221)			43,149	(1,554,072)
Fund balances beginning of year	7,373,954			322,335	7,696,289
Fund balances end of year	$ 5,776,733	$	$	$ 365,484	$ 6,142,217

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

CITY OF CAMILLA, GEORGIA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the year ended September 30, 2016

Net changes in fund balances – governmental funds		$ (1,554,072)
Amounts reported for governmental activities on the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is expensed over their estimated useful lives as depreciation.		
Capital outlays	1,228,134	
Depreciation expense	(697,106)	531,028
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expenses	6,787	
Compensated absences	2,072	8,859
Change in net position of governmental activities		$ (1,014,185)

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the year ended September 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Property taxes	$ 947,600	$ 947,600	$ 945,724	$ (1,876)
Other taxes	400,600	441,300	426,325	(14,975)
Licenses and permits	204,450	204,450	237,855	33,405
Charges for services	290,000	290,000	282,813	(7,187)
Fines and forfeitures	306,500	306,500	277,382	(29,118)
Interest income	20,000	20,000	15,725	(4,275)
Intergovernmental	85,100	201,100	120,820	(80,280)
Rental	118,000	138,000	143,505	5,505
Miscellaneous revenues	8,000	8,000	36,671	28,671
Total Revenues	2,380,250	2,556,950	2,486,820	(70,130)
Expenditures:				
Current:				
General government	2,464,430	2,393,430	2,355,456	(37,974)
Public safety	2,489,660	2,562,360	2,518,907	(43,453)
Public works	2,037,900	2,090,900	1,924,443	(166,457)
Planning, zoning and housing	207,650	329,650	321,216	(8,434)
Economic development	82,000	82,000	38,325	(43,675)
Total Expenditures	7,281,640	7,458,340	7,158,347	(299,993)
Excess (deficiency) of revenues over expenditures	(4,901,390)	(4,901,390)	(4,671,527)	229,863
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	7,084	2,084
Transfers in	4,569,500	4,569,500	3,517,047	(1,052,453)
Transfers out	(320,075)	(320,075)	(449,825)	(129,750)
Use of reserve funds	662,000	662,000		(662,000)
	4,916,425	4,916,425	3,074,306	(1,842,119)
Net change in fund balance	15,035	15,035	(1,597,221)	$ (1,612,256)
Fund balance beginning of year	7,373,954	7,373,954	7,373,954	
Fund balance end of year	$ 7,388,989	$ 7,388,989	$ 5,776,733	

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Hotel/Motel Tax Fund
for the year ended September 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Hotel/Motel tax	$ 19,000	$ 31,400	$ 31,313	$ (87)
Expenditures:				
Economic development	19,000	31,400	31,313	(87)
Excess (deficiency) of revenues over expenditures				
Net change in fund balance				
Fund balance beginning of year				
Fund balance end of year	$	$	$	$

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

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Development Authority of the City of Camilla (Component Unit)
For the year ended September 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Inventory returned	$	$ 46,000	$ 45,835	$ (165)
Interest income	14,000	11,000	10,652	(348)
Total Revenues	14,000	57,000	56,487	(513)
Expenditures:				
General government	2,000	2,000	1,574	(426)
Debt Service:				
Interest	12,000	12,000	11,764	(236)
Total Expenditures	14,000	14,000	13,338	(662)
Excess (deficiency) of revenues over expenditures		43,000	43,149	149
Net change in fund balance		43,000	43,149	$ 149
Fund Balance beginning of year	322,335	322,335	322,335	
Fund Balance end of year	$ 322,335	$ 365,335	$ 365,484	

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

CITY OF CAMILLA, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2016

	Business - Type Activities - Enterprise Funds							
	Water and Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash	$ 1,382,960	$ 2,139,281	$ 1,773,969	$	$	$	$	$ 5,296,210
Investments								
MEAG Municipal Competitive Trust - Flexible Operating Acct			6,711,213					6,711,213
South Georgia Governmental Services Authority				720,182				720,182
Receivables (Net):								
Accounts	271,741	578,893	1,471,511	274,468	108,315	68,859	7,837	2,781,624
Interest				11,368				11,368
Other governments	5,805							5,805
Advances to other funds		335,211						335,211
Inventories							22,800	22,800
Restricted Assets:								
Cash				425,000				425,000
Total Current Assets	1,660,506	3,053,385	9,956,693	1,431,018	108,315	68,859	30,637	16,309,413
Noncurrent Assets:								
Restricted Assets								
Cash	565,914			742,358				1,308,272
MEAG Municipal Competitive Trust - New Generation Account			5,057,786					5,057,786
Prepayments and Deferred Charges:								
Prepaid Electricity			471,675					471,675
Capital Assets:								
Land	1,225,703	40,479	14,640	15,000			70,851	1,366,673
Improvements		19,000	79,650					98,650
Buildings	866,248	42,918	466,789	133,372			813,648	2,322,975
Equipment and vehicles	439,867	324,541	718,516	557,561	14,416	245,627	101,932	2,402,560
Facilities	39,186,625	5,359,045	4,755,393	5,138,636	749,137		5,105,937	60,294,773
Construction in progress	473,445						31,467	504,912
Accumulated depreciation	(12,145,887)	(1,605,202)	(1,441,096)	(3,622,272)	(664,918)	(231,701)	(1,603,035)	(21,314,111)
Net Capital Assets	30,046,001	4,180,781	4,593,992	2,222,297	98,635	13,926	4,520,800	45,676,432
Deferred outflow of resources	50,284	23,730	50,813			8,808	10,681	144,316
Total Assets and Deferred Outflows of Resources	$ 32,322,705	$ 7,257,896	$ 20,130,959	$ 4,395,673	$ 206,950	$ 91,593	$ 4,562,118	$ 68,967,894
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Current Liabilities:								
Accounts payable	$ 37,195	$ 983,835	$ 981,505	$ 198,734	$ 22,111	$ 47,680	$ 9,855	$ 2,280,915
Accrued interest	38,387			44,904				83,291
Accrued salaries and vacation pay	16,668	9,801	25,557			650	4,626	57,302
Sales tax		22,782	43,923	403	1,904		219	69,131
Customer deposits					8,085			8,085
GEFA loans	178,840							178,840
State revolving loans	779,349							779,349
Revenue bonds				425,000				425,000
Total Current Liabilities	1,050,439	1,016,418	1,050,885	669,041	32,100	48,330	14,700	3,881,913
Noncurrent liabilities:								
Advances from other funds				4,607,511				4,607,511
GEFA loans	715,682							715,682
State revolving loans	9,499,935							9,499,935
Revenue bonds				3,575,000				3,575,000
Bond premium (net)				110,978				110,978
Customer deposit and debt reserve	915,058							915,058
Net pension liability	141,829	69,280	147,424			25,605	30,750	414,888
Total Noncurrent Liabilities	11,272,504	69,280	147,424	8,293,489		25,605	30,750	19,839,052
Deferred inflows of resources	9,636	6,252	12,717			2,240	2,500	33,345
Total Liabilities and Deferred Inflows of Resources	12,332,579	1,091,950	1,211,026	8,962,530	32,100	76,175	47,950	23,754,310
NET POSITION								
Net Investment in capital assets	18,872,195	4,180,781	4,593,992	(1,886,681)	98,634	8,808	4,520,800	30,388,529
Restricted for loan payments	565,914			1,167,358				1,733,272
Restricted for power generation			5,057,786					5,057,786
Unrestricted	552,017	1,985,165	9,268,155	(3,847,534)	76,216	6,610	(6,632)	8,033,997
Total Net Position	19,990,126	6,165,946	18,919,933	(4,566,857)	174,850	15,418	4,514,168	45,213,584
Total Liabilities and Net Position	$ 32,322,705	$ 7,257,896	$ 20,130,959	$ 4,395,673	$ 206,950	$ 91,593	$ 4,562,118	$ 68,967,894

The accompanying notes are an integral part of these financial statements

CITY OF CAMILLA, GEORGIA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended September 30, 2016

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Operating Revenues:								
Charges for services	$ 1,956,467	$ 12,763,571	$ 14,587,677	$ 2,950,685	$ 866,489	$ 748,086	$ 187,541	$ 34,060,516
Sewer surcharges	333,195							333,195
Availability charges	807,499	220,861						1,028,360
MEAG discretionary income			1,204,045					1,204,045
Rental	10,508		79,032	176,930			32,020	298,490
Miscellaneous	56,059	22,676	174,202	76,133	8,941	17,960	15,500	371,471
Total Operating Revenue	3,163,728	13,007,108	16,044,956	3,203,748	875,430	766,046	235,061	37,296,077
Operating Expenses:								
Personnel services	469,499	221,378	531,990			90,016	109,007	1,421,890
Contractual services	360,322	36,449	34,762	86,385	5,276	1,753	33,297	558,244
Cost of sales and services		11,022,234	11,440,332	2,041,060	323,259	574,603	116,175	25,517,663
Repairs	306,418	52,154	87,423	54,365	2,616	24,616	41,431	569,023
Material and supplies	132,211	81,130	118,343	75,054			10,346	417,084
Rental	12,085	4,595	2,276	82,383			7,150	108,489
Warehouse expense	21,782	20,994	21,764					64,540
Bad debts	14,699	1,495	33,618	63,160	6,313	6,720		126,005
Depreciation	976,546	113,542	149,321	324,286	15,828	9,284	151,431	1,740,238
Other	29,264	24,406	20,915	25,027		6,851	10,914	117,377
Total Operating Expenses	2,322,826	11,578,377	12,440,744	2,751,720	353,292	713,843	479,751	30,640,553
Operating Income (loss)	840,902	1,428,731	3,604,212	452,028	522,138	52,203	(244,690)	6,655,524
Nonoperating revenues (expenses):								
Investment income (Loss)		5,594	43,051	18,547				67,192
Interest expense	(360,643)			(169,373)	(465)			(530,481)
Gain on Sale of Capital Assets			15,702					15,702
Total nonoperating revenue (expenses)	(360,643)	5,594	58,753	(150,826)	(465)			(447,587)
Income (loss) before grants, contributions, and transfers	480,259	1,434,325	3,662,965	301,202	521,673	52,203	(244,690)	6,207,937
Capital grants and contributions	431,445						568,427	999,872
Transfers in							449,825	449,825
Transfers out	(86,794)	(1,038,074)	(1,691,463)	(75,000)	(554,718)	(62,502)	(8,496)	(3,517,047)
Change in net position	824,910	396,251	1,971,502	226,202	(33,045)	(10,299)	765,066	4,140,587
Net position beginning of year	19,165,216	5,769,695	16,948,431	(4,793,059)	207,895	25,717	3,749,102	41,072,997
Net position end of year	$ 19,990,126	$ 6,165,946	$ 18,919,933	$ (4,566,857)	$ 174,850	$ 15,418	$ 4,514,168	$ 45,213,584

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

CITY OF CAMILLA, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2016

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Cash flows from operating activities:								
Receipts from customers	$ 3,176,588	$ 13,022,828	$ 15,153,626	$ 3,167,135	$ 880,685	$ 747,767	$ 221,429	$ 36,370,058
Payments to suppliers	(1,091,064)	(11,281,121)	(11,829,790)	(2,491,928)	(334,443)	(611,889)	(207,219)	(27,847,454)
Payments to employees	(468,886)	(222,644)	(532,552)			(91,336)	(108,334)	(1,423,752)
Other operating receipts	56,059	22,676	174,202	76,133	8,941	17,960	15,500	371,471
Net cash provided (used) by operating activities	1,672,697	1,541,739	2,965,486	751,340	555,183	62,502	(78,624)	7,470,323
Cash flows from noncapital financing activities:								
Transfers (to) from other funds	(86,794)	(1,038,074)	(1,691,463)	(75,000)	(554,718)	(62,502)	441,329	(3,067,222)
Advances (to) from other funds		70,173		3,138				73,311
Net cash provided (used) by noncapital financing activities	(86,794)	(967,901)	(1,691,463)	(71,862)	(554,718)	(62,502)	441,329	(2,993,911)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(603,239)		(799,910)	(16,850)			(931,132)	(2,351,131)
Principal paid on GEFA loans	(171,234)							(171,234)
Principal paid on State revolving loans	(1,192,941)							(1,192,941)
Principal paid on Revenue bonds				(405,000)				(405,000)
Capital grants and contributions	425,640						568,427	994,067
Interest paid	(367,653)			(174,436)	(465)			(542,554)
Proceeds from sale of capital assets			15,702					15,702
Net cash provided (used) by capital and related financing activities	(1,909,427)		(784,208)	(596,286)	(465)		(362,705)	(3,653,091)
Cash flows from investing activities:								
Investment in Authority				(30,378)				(30,378)
Interest and investment receipts		5,594	43,051	18,668				67,313
Net cash provided (used) by investing activities	-	5,594	43,051	(11,710)				36,935
Net increase (decrease) in cash and cash equivalents	(323,524)	579,432	532,866	71,482				860,256
Cash and cash equivalents beginning of year	2,272,398	1,559,849	7,952,316	1,095,876				12,880,439
Cash and cash equivalents end of year	$ 1,948,874	$ 2,139,281	$ 8,485,182	$ 1,167,358	$	$	$	$ 13,740,695

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

CITY OF CAMILLA, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2016

	Business-Type Activities - Enterprise Funds							
	Water and Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	$ 840,902	$ 1,428,731	$ 3,604,212	$ 452,028	$ 522,138	$ 52,203	$ (244,690)	$ 6,655,524
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	976,546	113,542	149,321	324,286	15,828	9,284	151,431	1,740,238
(Increase) decrease in accounts receivable	68,919	38,396	(2,901)	39,520	13,595	(319)	1,868	159,078
(Increase) decrease in inventories							10,202	10,202
(Increase) decrease in prepaid electricity			34,101					34,101
(Increase) decrease in Restricted Investments			(714,227)					(714,227)
(Increase) decrease in deferred outflows	(32,131)	(14,447)	(31,218)			(5,397)	(6,635)	(89,828)
Increase (decrease) in operating accounts payable	(192,115)	(25,378)	(104,165)	(64,514)	2,954	2,654	1,855	(378,709)
Increase (decrease) in accrued expenses	1,598	(822)	398			(1,154)	878	898
Increase (decrease) in sales tax payable		(12,286)	(293)	20	67		37	(12,455)
Increase (decrease) in customer deposits	(22,168)				601			(21,567)
Increase (decrease) in net pension liability	52,603	23,651	51,106			8,835	10,861	147,056
Increase (decrease) in deferred inflows	(21,457)	(9,648)	(20,848)			(3,604)	(4,431)	(59,988)
Net cash provided (used) by operating activities	$ 1,672,697	$ 1,541,739	$ 2,965,486	$ 751,340	$ 555,183	$ 62,502	$ (78,624)	$ 7,470,323
Non-cash investing, capital and financing activities:								
Appreciation (depreciation) in investments included in income	$	$	$	$ (15,460)	$	$	$	$ (15,460)
Amortization bond premium				(15,308)				(15,308)
Capital asset purchases included in year end accounts payable	7,673							7,673
	$ 7,673	$	$	$ (30,768)	$	$	$	$ (23,095)

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

1. PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY

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

Based on the aforementioned criteria, the operations and accounts of the Development Authority of the City of Camilla, Georgia are included as part of the City's reporting entity as a component unit. The financial statements of the Development Authority are maintained as a special revenue fund and are combined with those for the Governmental activities and are shown on pages 19 and 21 of this report in the Development Authority column. The Authority does not issue separate annual financial statements on its' operations. See note 16 for further discussion concerning the Development Authority of the City of Camilla, Georgia.

The following units are not component units of the City and their operations are not included in this report:

Mitchell County Library
Camilla Chamber of Commerce
Downtown Camilla Development Authority
Camilla Housing Authority

Transactions with these units, if any, are based on contractual agreements and have been budgeted as a part of the regular operations of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Camilla, Georgia (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, including component units, the City has adopted GASB Statement of Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting.*

Financial Statement Presentation

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. Its' implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

GASB 34 took effect for entities the size of the City of Camilla during the fiscal year ended September 30, 2003. One of the changes required by GASB 34 is the presentation of current and accumulated depreciation by activity including the recording and presentation of infrastructure assets. Another important change is the requirement to present original adopted budgets as well as the final amended budgets in the budgetary comparison statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has elected to have all funds, including its component unit, treated as major funds for this report.

Fund Financial Types

The accounts of City of Camilla, Georgia are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. In this report the various funds are grouped into the following fund types:

Governmental Fund Types

General Fund – to account for the general operations of the City, including all financial transactions not required to be accounted for in another fund.

Special Revenue Funds – to account for grant receipts and other receipts where the funds are required by law or contract to be segregated or where expenditures are restricted. For 2016, the Development Authority of the City of Camilla, Georgia, a component unit, and the Hotel/Motel Tax Fund are the City's only Special Revenue Funds. The Authority owns the City's industrial park and generates revenue by selling this property to new or growing businesses. The Hotel/Motel tax fund collects a tax from local motels at 5% of customer rate. Both funds use their resources for economic development and tourism.

Capital Projects Fund – The SPLOST Fund showing the City's receipts and expenditures of special local option sales tax amounts is reported as a Capital Projects Fund as required by the Georgia uniform chart of accounts.

Proprietary Fund Types (Business Type – Activities)

Enterprise Funds – to account for activities that are financed and operated in a manner similar to private business enterprises – where the intent is that the costs of providing services on a continuing basis be recovered through user charges. The City's Enterprise Funds are as follows:

Water and Sewer System – Provides residential and commercial water and sewer service
Gas System – Provides residential and commercial natural gas service
Electric System – Provides residential and commercial electricity service
CNS Cable System – Provides residential and commercial cable TV and internet service
Telecommunications System – Provides commercial telecommunications and telephone service
Solid Waste – Provides residential and commercial garbage service
Airport – Provides airport services to both private and business aircraft

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the flow of economic resources measurement focus and the accrual basis of accounting. The flow of economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses including operating grants, investment earnings and interest expense.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

Budget

The budget of City of Camilla, Georgia is prepared in accordance with Section 4.2 of the City Charter and is based on prior year actual amounts and anticipated changes. The City Manager is directed to execute the budget as funds become available, with non budgeted items in excess of $10,000 requiring approval of the City Council. The budget is adopted on the basis of generally accepted accounting principles (except that depreciation is not budgeted) and includes anticipated revenues and expenditures for all Governmental and Proprietary Funds and a capital expenditure budget for all funds and departments. The City's policy for the legal level of budgetary control is at the individual department level for each fund.

The budget process used to establish the budgetary data reflected in the financial statements is as follows:

- During the early fall of each year, all department heads submit anticipated revenue and expense figures to the City Manager. The City Manager and Finance Director use this information to formulate a tentative budget.
- Public hearings are held to obtain citizen's input.
- During the last City Council meeting in September, the budget for the next fiscal year is approved.
- Budget amendments are approved by the City Council during the year, as necessary.

The Development Authority of City of Camilla, Georgia, a component unit, adopts an annual budget each year based on anticipated receipts and disbursements, primarily loan activity. Other activity the Authority may have cannot be anticipated and is generally handled through budget amendments. The budget for the next year is adopted by the Authority's Board of Directors at the last meeting of each year.

Bank Deposits and Investments

The City Council has selected three depositories and has given the City Manager the responsibility of investing idle funds. The City Manager has the authority to choose the types of deposits and investments made. The City's practice is to limit deposits and investments to insured and/or collateralized bank accounts including checking, money market, savings, and certificates of deposit. Investments, other than deposit accounts, are approved individually by the City Council.

The Federal Deposit Insurance Corporation provides protection of City and Authority cash and investments as well as qualified pledged securities by the institutions holding the assets.

State statutes authorize the City and the Authority to invest in obligations of the State of Georgia or other states; obligations issued by the U. S. Government; obligations fully insured or guaranteed by the U. S. Government or by a government agency of the United States; obligations of any corporation of the U. S. Government; prime bankers acceptances; the local government investment pool established by Georgia law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia; and additionally, certificates of deposits, NOW accounts and money market accounts of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that a portion of such investment shall be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to 110 percent of funds on deposit at the institution.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Encumbrances

The City does not use the encumbrance system of accounting.

Inventory

Expendable supplies are recorded as expenditures at the time items are purchased. Inventoried items, consisting of fuel and repair parts, are stated at lower of cost or market on a first-in first-out basis.

Land and buildings held for resale to new industry by the Development Authority of the City of Camilla, Georgia, a component unit, are reported as inventory.

Prepaid Expenses

Prepaid expenses for governmental funds consist of required sales tax deposits held by the State of Georgia. These costs are recognized when the related sales tax becomes due and payable.

Prepaid expenses for proprietary funds consists of electricity cost purchased from The City of Lafayette, Georgia under a contract through 2037 and prepaid electricity cost paid to the Municipal Electric Authority of Georgia to be used for bonded debt payments. These costs are recognized each year under the straight line method over the life of the respective contracts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. All infrastructure owned by the City has been capitalized. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over three years of useful life. Infrastructure assets capitalization is decided on an individual project basis, but generally all projects with cost of $25,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives, based on the City's asset history, are as follows:

Buildings	20-50 years
Infrastructure	40 years
Machinery and equipment	5 -10 years
Improvements	20 years
Vehicles	3 -10 years
Facilities	20-50 years

Interest cost incurred on the construction of capital assets is capitalized as part of the cost of the related projects. Capitalized interest is computed as the total interest cost, both paid and accrued, from the date of the initial borrowings to the date the project is virtually complete and available for use. There was no capitalized interest for the year ended September 30, 2016.

Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary funds the City considers all deposits in banks, certificates of deposit and savings accounts, including restricted cash, as cash and cash equivalents. See Note 8 for a detail of restricted cash. In addition, funds held in the City's MEAG Municipal Competition Trust-Flexible Operating Account are available to the City at any time and are thus considered cash equivalents. Generally, all cash and investments with maturity dates of three months or less and all that are available upon demand without penalty are considered to be cash and cash equivalents.

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

The City allocates to the proprietary funds an indirect cost percentage of information technology services and salaries and wages and related costs of personnel who perform administrative services for those funds but are paid through the General Fund along with other indirect costs deemed necessary for their operations. During the year ended September 30, 2016, transfers to the general fund for administrative services were as follows:

Water & Sewer	$ 219,996
Gas	143,004
Electric	257,004
CNS Cable	75,000
Telecom	60,000
Solid Waste	30,000
Airport	8,496
Total	$ 793,500

Fund Equity

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

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

- Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- Restricted – Fund balances are reported as restricted when there are limitations imposed on their use 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 balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution or motion. The Council also may modify or rescind the commitment.

- Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution or motion, the City Council has authorized the City's Finance Director or City Manager to assign fund balances.

- Unassigned – 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 balance 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

See Note 22 for details of the City's amounts in each classification.

Net Position

Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and No. 65, Items Previously Reported as Assets and Liabilities, as of October 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City reports deferred outflows of resources related to its deferred benefit pension plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its deferred benefit pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Risk Management

The City of Camilla is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined the Georgia Interlocal Risk Management Agency on January 31, 1988. This membership allows the City to share liability, crime, motor vehicle and property damage risks.

Coverages are as follows:

COVERAGE DESCRIPTION – PROPERTY:	
Buildings and Contents (Blanket)	$46,180,878
Automobile Physical Damage per application on file with GIRMA	

COVERAGE DESCRIPTION – CASUALTY:	
Comprehensive General Liability and Law Enforcement Liability	$ 1,000,000
Automobile Liability	$ 1,000,000
Errors and Omissions (Public Officials) Liabilities	$ 1,000,000
Employee Benefit Liability	$ 1,000,000
General Liability – Fiber Optic Operation	$ 5,000,000

COVERAGE DESCRIPTION – CRIME:	
Blanket Bond – employees required to be bonded as required by State Law or Local Ordinance	
Blanket Bond – all other employees	$ 500,000
Depositors Forgery	$ 500,000
Money and Securities – Loss inside the premises	$ 500,000
Money and Securities - Loss outside the premises	$ 500,000

COVERAGE EXCEPTIONS:

COVERAGES SUBJECT TO A RETROACTIVE DATE:
Coverages shown as Coverage Exceptions only are subject to a retroactive date of February 1, 1988.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. The Georgia Interlocal Risk Management Agency (GIRMA) is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities – GIRMA establishes 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 municipal governments. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City of Camilla retains the first $5,000 of each risk of loss in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the deductible.

The basis for estimating the liabilities for unpaid claims is "IBNR" established by an actuary.

During the years ended September 30, 2014, 2015 and 2016, the City paid claims each year (up to the deductible) totaling $5,235, $6,399 and $5,133 respectively. The City is not aware of any claims, which the City is liable for up to the deductible which were outstanding and unpaid at September 30, 2016. No provisions have been made in the financial statements for the year ended September 30, 2016 for any estimate of potential unpaid claims.

The City's responsibilities to the above risk pool are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA 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 purposes of GIRMA.
- To allow attorneys appointed by GIRMA 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 or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.
- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal 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.

The City has elected to manage its risk for worker's compensation through the purchase of commercial insurance.

Group Medical Benefits

The City is self-insured for group medical benefits up to $50,000 annually per participant. The self insurance program is administered by a third party Insurance Service Company. Insurance and administrative costs are allocated to the general fund and the various proprietary funds based on cost per employee developed by the Insurance Service Company. The City pays set premiums into a separate bank account and the administrator uses the account to pay claims as they are submitted. At 09/30/16 the bank account balance was $109,711 more than all claims incurred by employees through that date including all claims paid through January, 2017. This amount was allocated to the general fund and the various proprietary funds as a reduction in insurance cost.

3. CAPITAL ASSETS:

A summary of changes in Capital Assets is as follows:

	Balance Sept. 30, 2015	Increase	Decrease	Balance Sept. 30, 2016
Governmental activities:				
Nondepreciable assets:				
Land	$ 824,641	$	$	$ 824,641
Construction in progress	227,486	452,372	217,859	461,999
	1,052,127	452,372	217,859	1,286,640
Depreciable assets:				
Buildings	6,966,008	836,094		7,802,102
Improvements	1,561,160			1,561,160
Equipment and vehicles	3,047,482	102,631	80,411	3,069,702
Infrastructure	12,420,594	54,896		12,475,490
	23,995,244	993,621	80,411	24,908,454
Less accumulated depreciation:				
Buildings	3,166,402	177,703		3,344,105
Improvements	1,374,149	38,868		1,413,017
Equipment and vehicles	1,624,934	253,942	80,411	1,798,465
Infrastructure	6,390,356	226,593		6,616,949
	12,555,841	697,106	80,411	13,172,536
Governmental activities capital assets (net)	$ 12,491,530	$ 748,887	$ 217,859	$ 13,022,558

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	Balance Sept. 30, 2015	Increase	Decrease	Balance Sept. 30, 2016
Business-type activities:				
Nondepreciable assets:				
Land	$ 1,366,673	$	$	$ 1,366,673
Construction in progress	316,601	1,351,445	1,163,134	504,912
	1,683,274	1,351,445	1,163,134	1,871,585
Depreciable assets:				
Buildings	1,900,704	423,871	1,600	2,322,975
Improvements	98,650			98,650
Equipment and vehicles	2,355,781	111,379	64,600	2,402,560
Facilities	58,657,930	1,636,843		60,294,773
	63,013,065	2,172,093	66,200	65,118,958
Less accumulated depreciation:				
Buildings	784,739	57,966		842,705
Improvements	98,650			98,650
Equipment and vehicles	3,100,616	171,670	64,600	3,207,686
Facilities	15,654,468	1,510,602		17,165,070
	19,638,473	1,740,238	64,600	21,314,111
Business-type activities capital assets (net)	$ 45,057,866	$ 1,783,300	$ 1,164,734	$ 45,676,432

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 190,510
Public safety	189,034
Public works (including infrastructure)	316,562
Planning, zoning and housing	1,000
	$ 697,106
Business-type activities:	
Water and sewer	$ 976,546
Gas	113,542
Electric	149,321
CNS cable	324,286
Telecommunications	15,828
Solid Waste	9,284
Airport	151,431
	$ 1,740,238

4. DEBT AND DEBT SERVICE

The reporting entity's debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of September 30, 2016, the governmental activities long-term debt consisted of employee compensated absences. See Note 23 for a detail of amounts owed.

BUSINESS-TYPE ACTIVITIES

Water and Sewer System Notes Payable

The City Water and Sewer System is liable for loans from the Georgia Environmental Facilities Authority (GEFA) and the Georgia State Revolving Loan Fund (SRF). These loans were used to modernize the City's Water and Sewer System and to construct and expand water and wastewater facilities to service new industry. The industry has agreed to amortize the portion of the loan used to construct its facilities through the payment of water and sewer user fees. Details of the loans are as follows:

GEFA – The GEFA loan dated October 8, 1999, for $1,306,191 bearing interest at 4.43% is payable in eighty quarterly installments of $28,002 starting December 1, 2004.

GEFA – The GEFA loan dated May 26, 1999, for $1,380,485 bearing interest at 4.24% is payable in eighty quarterly installments of $25,681 starting July 1, 2001.

SRF - The SRF loan dated April 30, 1996, for $8,142,855 bearing interest at 4% is payable in eighty quarterly installments of $148,353 starting on August 1, 1996. During 2016 the city council voted to liquidate this note payable using available funds.

SRF – The SRF loan dated June 9, 1999, for $4,666,549 bearing interest at 3% is payable in seventy-eight quarterly installments of $80,435 starting August 1, 2001.

SRF – The SRF loan dated May 22, 2003, for $1,410,307 bearing interest at 3% is payable in eighty quarterly installments of $24,188 starting April 1, 2006.

SRF – The SRL loan dated February 22, 2010 for $8,433,561 bearing interest at 3% is payable in 240 monthly payments of $46,772 starting June 1, 2012.

SRF - The SRF Loan dated March 12, 2012 for $1,445,900 bearing interest at 2.54% is payable in 240 monthly installments of $7,690 starting July 2014.

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The following is a summary of loan activity for the year ended September 30, 2016:

	Balance Sept. 30 2015	Additions	Conversion or Payments	Balance Sept. 30 2016	Amount due in one year
GEFA (10/8/99)	$ 544,077	$	$ 89,376	$ 454,701	$ 93,402
GEFA (5/26/99)	521,679		81,858	439,821	85,438
Total GEFA Permanent loan	$ 1,065,756	$	$ 171,234	$ 894,522	$ 178,840
SRF (4/30/96)	$ 436,305	$	$ 436,305	$	$
SRF (6/9/99)	1,557,438		278,124	1,279,314	286,563
SRF (5/22/03)	815,108		73,114	741,993	75,333
SRF (2/22/10)	7,287,956		347,380	6,940,577	357,946
SRF (3/12/12	1,375,418		58,018	1,317,400	59,507
Total SRF Permanent loans	$ 11,472,225	$	$ 1,192,941	$ 10,279,284	$ 779,349

Remaining maturities for the GEFA and SRF loans are as follows:

	GEFA Principal	SRF Principal	Interest	Total
Year ending Sept. 30,				
2017	$ 178,840	$ 779,349	$ 328,579	$ 1,286,768
2018	186,702	802,746	297,320	1,286,768
2019	194,936	826,845	264,987	1,286,768
2020	203,526	851,670	231,572	1,286,768
2021	130,518	634,123	199,137	963,778
2022-2026		2,906,726	723,643	3,630,369
2027-2031		2,970,124	297,620	3,267,744
2032-2036		507,701	11,117	518,818
	$ 894,522	$10,279,284	$ 2,353,975	$13,527,781

CNS Cable System Bonds Payable

On April 4, 2004 the South Georgia Governmental Services Authority (SGGSA) issued revenue bonds totaling $35,405,000 to be used by member cities (Camilla, Cairo, Moultrie and Thomasville) to repay existing debt and provide funds for new construction on the CNS Cable and Telecommunications Systems. Each city is solely responsible for its share of the bonds with Camilla's share being $7,960,000. Camilla's bonds are amortized over 20 years at 3.5959 % interest with semi annual interest payments beginning July 1, 2004 and annual principal payments beginning January 1, 2006.

The following is a summary of the City's bond transactions for the year ended September 30, 2016:

Balance Sept. 30, 2015	Payments	Balance Sept. 30, 2016	Amount Due in one Year
$ 4,405,000	$ 405,000	$ 4,000,000	$ 425,000

Future payment requirements for these bonds are as follows:

	Principal	Interest	Total
Year ending September 30,			
2017	$ 425,000	$ 168,992	$ 593,992
2018	445,000	147,243	592,243
2019	465,000	124,493	589,493
2020	485,000	100,743	585,743
2021	515,000	78,317	593,317
2022-2024	1,665,000	104,489	1,769,489
Total	$4,000,000	$ 724,277	$ 4,724,277

5. INTERFUND RECEIVABLES, PAYABLES AND 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 interfund transactions are not eliminated on fund financial statements and interest is charged on such advances. However, these interfund balances are eliminated on the government wide statement of net assets. All interfund balances are expected to be repaid within one year except the amounts owed by CNS Cable System to the General Fund. Balances in the various interfund accounts at September 30, 2016 were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	CNS Cable System	$ 4,607,511	Operating & Construction Resources
Gas Fund	General Fund	335,211	Gas Sale Receipts
General Fund	Development Authority	460,000	Mortgage Liquidation & Building Renovation

Interfund transfers for the year ended September 30, 2016 were as follows:

	Transfer To		
Transfer From	General Fund	Airport	Total
Water & Sewer	$ 86,794	$	$ 86,794
Gas	1,038,074		1,038,074
Electric	1,691,463		1,691,463
CNS Cable	75,000		75,000
Telecom	554,718		554,718
Solid Waste	62,502		62,502
Airport	8,496		8,496
General Fund		449,825	449,825
	$ 3,517,047	$ 449,825	$ 3,966,872

6. EMPLOYEE VACATION AND SICK LEAVE BENEFITS

Accumulated vacation leave benefits are liabilities of both governmental and business type activities. The total vacation leave payable is reported on the government-wide and proprietary fund financial statements. Governmental Funds report vacation leave payable only when currently due.

Accumulated sick leave benefits are not recorded. These benefits are paid only upon employee illnesses and the amount payable at September 30, 2016 cannot be reasonably estimated.

7. PENSION PLANS

Defined Benefit Plan

Plan Description

The City's defined benefit pension plan, City of Camilla Retirement Plan (CRP), provides retirement and death benefits to plan members and beneficiaries for employees that have been employed full time for one year. Members may retire on reaching the age of 60 or 65, depending on their classification. Early retirement is possible on reaching age 55, depending on their classification. Benefits are calculated at 1.00% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement. Employees are fully vested after 5 years of service. CRP is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association (GMA). GMEBS acts as a common investment and administrative agent for participating cities in Georgia. The Georgia Constitution enables the governing authority of the City, the City Council, to establish, and amend from time-to-time, the contribution rates for the City and its plan participants. The Plan issues a stand-alone report. This report may be obtained from: Georgia Municipal Association, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The GMA, in its role as Plan Sponsor, has the sole authority to amend the provisions of the GMEBS Plan. The City has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan.

Participant counts as of January 1, 2016. (the most recent actuarial valuation date) and covered compensation (based on covered earnings for the preceding year) are shown below:

Retirees, beneficiaries and disables receiving benefits	54
Terminated plan participants entitled to but not yet receiving benefits	32
Active employees participating in the Plan	89
Total number of Plan participants	175

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Contributions

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

The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The total recommended contribution as a percentage of the expected covered payroll is 7.65% for September 30, 2016. Total contributions paid into the plan by the City were $207,959 for the year ended September 30, 2016.

Net Pension Liability

The City's net pension liability was measured as of January 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the January 1, 2016 valuation was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary Increases	3.25% plus service based merit increases
Investment rate of return	7.75%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males and Females set forward two years for males and set forward one year for females.

The actuarial assumptions used in the 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting and expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Cash	0%	0%
TOTAL	100%	

*Rates shown are net of the 3.25% assumed rate of inflation

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

Change in the Net Pension Liability

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at September 30, 2014 *	$ 6,395,559	$ 5,451,861	$ 943,698
Changes for the year:			
Service cost	126,593		126,593
Interest	483,559		483,559
Differences between expected and actual experience	227,697		227,697
Contributions - employer		281,663	(281,663)
Net investment income		62,994	(62,994)
Benefit payments, including refunds of employee contributions	(312,164)	(312,164)	
Administrative expense		(15,541)	15,541
Net changes	525,685	16,952	508,733
Balances at September 30, 2015**	$ 6,921,244	$ 5,468,813	$ 1,452,431

*Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending September 30, 2015.

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending September 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	$ 2,264,488	$ 1,452,431	$ 766,170

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

For the year ended September 30, 2016, the City recognized pension expense of $198,350, At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 170,772	$ (86,463)
Changes of assumptions		(34,870)
Net difference between projected and actual earnings on pension plan investments	176,050	
City contributions subsequent to the measurement date	155,922	
Total	$ 502,744	$ (121,333)

City contributions subsequent to the measurement date of $155,922 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year September 30, 2017.

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

Year Ended September 30,	
2017	$ 31,091
2018	31,091
2019	91,758
2020	71,549

Defined Contribution Plan

Plan Description

The City also has a 401(a) defined contribution plan administered by the Georgia Municipal Association. The Plan is available to all employees of the City who work at least 30 hours per week after 90 days of service. Contributions to the Plan are matched 100% by the City up to 9% of gross payroll for type A employees (city manager) and 1% of gross payroll for type B employees (all others). Contributions to the Plan for the year ended September 30, 2016 totaled $77,688 for City employees and $30,474 for the City's match. Vesting is immediate for type A employees and 100% after five years of service for all others.

The Plan, named the Georgia Municipal Association 401(a) Deferred Contribution Plan was approved by the City Council by resolution on May 14, 2012. Amendments to the Plan can be made only with City Council approval.

8. RESTRICTED ASSETS

Restricted assets at September 30, 2016, consist of cash and investments held in various accounts for specific purposes as follows:

	Restriction	Current	Long Term	Total
Governmental-type activities				
Reserve fund	Repairs	$ 57,938	$	$ 57,938
Business-Type Activities:				
Electric System:				
MEAG Municipal Competitive Trust	Power Generation	$	$ 5,057,786	$ 5,057,786
CNS Cable System:				
Reserve fund	Bond payments	425,000	742,358	1,167,358
Water & Sewer System:				
Reserve fund	GEFA/SRF loan		565,914	565,914
Total Business-Type Activities		$425,000	$6,366,058	$ 6,791,058

It is the City's policy to generally, apply restricted resources first to expenses for which both restricted and unrestricted assets are available.

9. PROPERTY TAX CALENDAR

The City levies property taxes in the fall of each year based on the assessed value of property on the previous January 1. Due date for these taxes is December 20th and the lien date is the following March 20th. The levy date for 2015 taxes was September 28th and the millage rate was 7.245. Taxes are collected throughout the year. Receivables are recorded when levied. Proper allowances are made for estimated uncollectable and delinquent accounts.

10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

1) Segment information for certain individual enterprise funds. All Enterprise Funds are major funds so no segment disclosure is required.

2) Summary disclosures of debt service requirements of maturity for all types of outstanding debt. This requirement is met by Note 4.

3) Summary disclosures of changes in Capital Assets by major asset class. This requirement is met by Note 3.

4) Summary disclosure of Long-Term Debt. This requirement is met by Note 4.

5) Excess of revenues and expenditures or expenses over budgeted amounts in individual funds is as follows:

Water & Sewer Expenses	$ 39,940
CNS Cable Revenue	154,289
CNS Cable Expenses	509,870
Solid Waste Expenses	6,343
Airport Expense	104,476

6) Deficit net assets or fund balance: CNS Cable System $4,566,857. It is anticipated that customer fees in future years will eliminate the deficit. See note 21 for further discussion.

7) Individual fund inter-fund receivable and payable balances at September 30, 2016. This requirement is met by Note 5.

11. CONTINGENT LIABILITIES

The City is party to various legal proceedings which normally occur in governmental operations. In the opinion of the administration, the outcomes of these legal proceedings will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for loss has been recorded and no further disclosure is required.

12. CREDIT RISKS

Deposits and Investments

Deposits – at September 30, 2016, the City and its component unit had $3,000 in cash funds on hand and bank deposits as follows:

Carrying value	$ 8,298,498
Bank balances	$ 8,688,723

Of the bank balances, $750,000 was covered by Federal Deposit Insurance. The remainder was covered by pledged collateral of at least 110% of deposit amounts, as required by the Official Code of Georgia annotated. In that the pledged collateral is held by the bank's agent in the City's name, these deposits constitute a category 2 credit risk under the Government Accounting Standards Board Statement No. 3.

Investments

Electric System – The investments in the electric system at September 30, 2016 include the following:

Current:	
MEAG Municipal Competition Trust - Flexible Operating Account	$ 6,711,213
Noncurrent:	
MEAG Municipal Competition Trust - New Generation Trust Account	5,057,786
	$ 11,768,999

See Note 20 for further discussion of these investments.

CNS Cable System – The investment in the CNS Cable System consists of the joint venture investment in South Georgia Governmental Service Authority of $720,182.

See Note 18 for further discussion of this investment.

13. COMMITMENTS AND CONTINGENCIES

Grant Audits

The City receives Federal and State Grants and loans for specific purposes that are subject to review and audit by Federal and State Agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowance, if any, will not be significant.

14. ECONOMIC DEPENDENCY

The City is currently liable for $7,728,242 in long-term debt, the proceeds of which were used to construct gas, water, and sewer facilities to service local industry. This industry, Equity Group Georgia Division, LLC, has agreed to amortize these debts for the City through the payment of monthly facility charges. The City would have difficulty amortizing these debts in the absence of this arrangement with this industry.

15. HOTEL/MOTEL TAX

The City collected $31,313 in Hotel/Motel tax during the year ended September 30, 2016. This tax was paid by the City to the Camilla Chamber of Commerce and used to pay tourism operating expenses by the Chamber.

16. COMPONENT UNIT

The Development Authority of the City of Camilla, Georgia, a component unit, was formed by the City to promote economic development and to purchase and hold land and buildings to be sold to new or relocating industry. The Authority is operated as a special revenue fund and its balance sheet and operating statement are shown on the governmental fund balance sheet and statement of revenues, expenditures and changes in fund balances on pages 19 and 21, in the Development Authority column.

17. MORTGAGE RECEIVABLE

During 2013 The Development Authority of the City of Camilla, Georgia, a component unit, entered into a sales agreement with the Southwest Georgia Regional Commission (SGRC) for the sale of a historic building owned by the Authority. The SGRC will use the building for offices. Sales price for the building was $435,000 and was financed by the City under a mortgage with interest payable at 2.5% and monthly payments of $2,100. During the 2016 year the City advanced additional funds used for building improvements. Resulting in a new mortgage combined with the old mortgage totaling $446,877 with interest at 2.5% and monthly payments of $2,254 beginning 10/01/16.

Mortgage activity for the year was as follows:

	Balance September 30, 2015	Additions	Payments	Balance September 30, 2016
Mortgage Receivable	$ 460,835	$ 2,300	$ 16,258	$ 446,877

Future payments under the mortgage agreement are as follows:

Year ending September 30,	Principal	Interest	Total
2017	$ 16,060	$ 10,989	$ 27,049
2018	16,466	10,583	27,049
2019	16,883	10,166	27,049
2020	17,310	9,739	27,049
2021	17,747	9,302	27,049
2022-2026	95,700	39,545	135,245
2027-2031	108,428	26,817	135,245
2032-2036	122,749	12,496	135,245
2037-2038	35,534	528	36,062
Total	$ 446,877	$ 130,165	$ 577,042

18. JOINT VENTURES

Southwest Georgia Regional Commission

Under Georgia law, the City, in conjunction with other cities and counties in the Southwest Georgia area, is a member of the Southwest Georgia Regional Commission (SGRC) and is required to pay annual dues thereto. During its year ended September 30, 2016, the City paid $5,533 in such dues. Membership in an SGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the SGRC in Georgia. The SGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an SGRC. Separate financial statements may be obtained from Southwest Georgia Regional Commission, 181 East Broad Street, Camilla, GA 31730.

South Georgia Governmental Services Authority

The City of Camilla, along with three other cities in the Southwest Georgia area (Thomasville, Moultrie & Cairo) formed the South Georgia Governmental Services Authority (SGGSA). The authority was created by the South Georgia Governmental Services Act (Georgia, House Bill 879) on March 1, 2001. The Authority was created to provide governmental, proprietary, and administrative services to member cities and to provide the joint delivery of services and benefits to the citizens of Georgia.

The intent of the Authority is to provide facilities for political subdivisions and governmental bodies on a regional basis to achieve economies of scale, the sharing of assets, and the development of expertise in providing more efficient and economical delivery of such services. No dues were paid to SGGSA during the year ended September 30, 2016. The City is carrying its contribution to this venture as an investment in the CNS Cable System accounts. A separate audited financial statement of SGGSA was prepared as of December 31, 2015, and the City's investment in this joint venture is carried on the equity basis at $720,182 based on this audit.

Two members on the SGGSA Board of Directors represent each member city. Separate financial statements for the Authority can be obtained from Southwest Georgia Governmental Services Authority, P. O. Box 1675, Thomasville, GA 31799.

19. RELATED ORGANIZATIONS

Camilla Housing Authority

The Camilla Housing Authority is considered a related organization to the City of Camilla. The City appoints members to the Authority Board but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low income housing for individuals in the City of Camilla and certain surrounding cities. The City received no payment in lieu of taxes from the Authority during 2016. The amount due is currently under negotiation.

Downtown Camilla Development Authority

The Downtown Camilla Development Authority is considered a related organization to the City of Camilla. The Authority bills and collects its own property tax to pay its operating expenses. The Authority's board consists of the Mayor of Camilla, one member appointed by the County Commission and seven members elected by property owners within the prescribed area. The City does not have the ability to impose its will or create any financial benefit or burden for the Authority. The Authority promotes the economic development and well being of property and businesses in the downtown Camilla area.

20. BULK POWER CONTRACT

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

At September 30, 2016 the outstanding debt of MEAG was approximately $6.42 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $118.4 million at September 30, 2016.

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

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

Flexible Operating Trust Account – This account is available to the City for withdrawal without restriction. This account has a balance of $6,711,213 at September 30, 2016 and is included as a current investment in the Electric fund.

New Generation Trust Account – This account is available to the City for certain restricted purposes including funding future generation projects created by MEAG or for the purchase of additional power sales contracts. This account has a balance of $5,057,786 at September 30, 2016 and is included as a non-current restricted investment in the Electric fund.

Credit Support Operating Account and Reserve Funded Debt Account – These accounts are restricted to loan or offset to billings from MEAG for power usage and are not currently available to the City. These accounts are not recorded as assets by the Electric fund. The balances in these accounts at September 30, 2016 were as follows:

Credit Support Operating Account	$ 0
Reserve Funded Debt Account	733,558

MEAG Power and therefore the City of Camilla, Georgia to the extent of its portion of the Trust Account, is exposed to credit and market risk relating to its investments. Credit risk arises when an entity is unable to recover its investments either by an inability to withdraw the funds through nonperformance of a counterparty or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines. As of September 30, 2016, MEAG Power and the City of Camilla, Georgia were not exposed to any known economic losses due to these risks, nor were these investments rated.

21. FUND BALANCE DEFICITS

The CNS Cable System fund had a deficit net position balance of $4,566,857 at September 30, 2016 due primarily to start up costs and expenses exceeding revenue for this new and growing cable TV utility. It is anticipated that it will take several years to acquire a sufficient number of customers to provide a revenue flow large enough to cover expenses and recover losses from prior years.

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22. GOVERNMENTAL FUND BALANCE

At September 30, 2016 the City of Camilla classified its governmental fund type's fund balances under GASB Statement 54 as follows:

Nonspendable:		
Not in spendable form (inventories)	$	396,774
Not in spendable form(long-term notes receivable)		446,877
Required to be maintained intact		4,631,129
		5,474,780
Restricted:		
Building repair reserve		57,938
Committed - Stormwater funds		277,221
Assigned:		
Economic Development Funds		539,840
Unassigned		(207,562)
Total Fund Balances	$	6,142,217

23. COMPENSATED ABSENCES

As explained in Note 6 the City accumulates leave benefits for its employees and records them as liabilities of the various governmental and business-type activities. The portion due within one year cannot be determined in that this is governed by future plans of each employee. Net changes for the year ending September 30, 2016 for amounts owed by and to be paid by the general fund are as follows:

	Balance September 30, 2015	Additions	Payments	Balance September 30, 2016
Vacation Pay Balance Due	$ 128,934	$ 122,888	$ 124,960	$ 126,862

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24. INTEREST COST

Interest cost for the year ending September 30, 2016 was as follows:

Governmental activities:		
Development Authority (component unit)	$	11,764
Business type activities:		
Water & Sewer	$	360,643
CNS Cable		169,373
Telecom		465
	$	530,481

There was no construction interest capitalized during the year ended September 30, 2016.

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CITY OF CAMILLA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE NET PENSION LIABILITY - CITY OF CAMILLA RETIREMENT PLAN
For the Year Ended September 30, 2016

For the Year Ended September 30,	2015	2016
Total pension liability	$ 6,395,559	$ 6,921,244
Fiduciary net position	5,451,861	5,468,813
Net pension liability	$ 943,698	$ 1,452,431
Covered-employee payroll	$ 2,754,497	$ 2,923,336
Net pension liability as a percentage of its covered-employee payroll	34.26%	49.68%
Plan fiduciary net position as a percentage of the total pension liability	85.24%	79.01%

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

CITY OF CAMILLA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - CITY OF CAMILLA RETIREMENT PLAN
For the Year Ended September 30, 2016

	Fiscal Year End	
	2016	2015
Actuarially determined contribution	--*	$260,272
Contributions in relation to actuarially determined contribution	--*	281,663**
Contribution deficiency (excess)	--*	(21,391)
Covered-employee payroll	--*	$2,754,497***
Contributions as a percentage of covered-employee payroll	--*	10.23%

* 2016 information will be determined after fiscal year end and will be included in the 2017 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of 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.

*** 2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation.

CITY OF CAMILLA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-
CITY OF CAMILLA RETIREMENT PLAN
For the Fiscal Year Ended September 30, 2016

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of January 1, 2016. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended 2016 reported in that schedule:

Valuation Date	January 1, 2016
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level Dollar for remaining unfunded liability
Remaining Amortization period	10 years
Asset Valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less that the market value at end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Investment rate of return	7.75%
Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0%

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

To the City Council
City of Camilla, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Camilla, Georgia as of and for the year ended September 30, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated February 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Camilla, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The City of Camilla, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

WATERS & RACKLEY CPAS LLC
Camilla, Georgia
February 24, 2017

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

To the City Council
City of Camilla, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Camilla, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Camilla, Georgia's major federal program for the year ended September 30, 2016. The City of Camilla, Georgia's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Major Federal Program

In our opinion, the City of Camilla, Georgia complied in all materials respects, with the types of compliance requirements referred to above that could have a direct and material affect its major federal program for the year ended September 30, 2016.

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



WATERS & RACKLEY CPAS LLC
Camilla, Georgia
February 24, 2017

CITY OF CAMILLA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS **
For the year ended September 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CATALOGUE NUMBER	AWARD AMOUNTS	ACCOUNTS PAYABLE 9/30/2015	RECORDED EXPENDITURES	CASH PAID EXPENDITURES	ACCOUNTS PAYABLE 9/30/2016
U.S. Department of Housing and Urban Development						
Passed through Georgia Department of Community Affairs						
Grants:						
Community Development Block Grants						
Water and Sewer Improvement Program 14p-x101-5646	14.228	$ 500,000	$	$ 431,445	$ 425,640	$ 5,805
U.S. Department of Transportation						
Passed through Georgia Department of Transportation						
Project AP16-9029-16(205)						
Airport improvement Grant - Fy13A	20.106	100,771		100,771	100,771	
Airport improvement Grant - Fy14A	20.106	150,000		150,000	150,000	
Airport improvement Grant - Fy15	20.106	159,845		159,845	159,845	
				410,616	410,616	
Total Federal Awards			$	$ 842,061	$ 836,256	$ 5,805

**The City prepares its schedule of expenditures of federal awards on the accrual basis.
The City has elected to present both paid and accrued federal award expenditures in order to provide cognizant federal agencies with a total picture of program activity under each loan/grant award.

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

CITY OF CAMILLA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2016

A. Summary of Audit Results

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

2. No reportable conditions relating to the audit of the financial statements were reported in the Independent Auditors Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

3. No instances of noncompliance material to the financial statements of the City of Camilla, Georgia were disclosed during this audit.

4. No reportable conditions were reported in the Independent Auditors Report on Compliance for Each Major Program and Internal Control Over Compliance Required by The Uniformed Guidance.

5. The Independent auditor's report on compliance for the major federal award program for the City of Camilla, Georgia, expresses an unmodified opinion.

6. There were no audit findings and no instances of non-compliance that were required to be reported in accordance with 2CFR Section 200516(a).

7. The program tested as a major program is as follows:

   Community Development Block Grant – Water and Sewer Improvement

8. The threshold for distinguishing Types A and B programs was $750,000.

9. City of Camilla, Georgia was not determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

No matters were reportable.

C. Findings and Questioned Costs – Major Federal Award Program Audit

No matters were reportable.

CITY OF CAMILLA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the year ended September 30, 2016

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED % OF COMPLETION
2015 Tax:					
Purchase Police cars & Equipment	$ 380,000	$ 218,074	$ 69,178	$ 287,252	76%
Purchase Fire Truck & Equipment	420,000	337,878		337,878	80%
Retire Fire Truck Debt	100,000	100,000		100,000	100%
Public Works Equipment	500,000	464,009		464,009	93%
Purchase of Vehicles	150,000	78,018		78,018	52%
DeSoto Trail Library Project	50,000	50,000		50,000	100%
Drainage Improvements	150,000				
General Roads, Streets & Bridges	1,550,000	125,020	452,372	577,392	37%
Total	$ 3,300,000	$ 1,372,999	$ 521,550	$ 1,894,549	

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