CITY OF CAMILLA, GEORGIA
Financial Statements and
Supplementary Information
For the Fiscal Year Ended September 30, 2017

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Financial Statements and Supplementary Information
For the Fiscal Year Ended September 30, 2017

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Members of the Georgia Society of Certified Public Accountants.

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 City'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 City'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, 2017, 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 projects constructed with special sales tax proceeds is 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 is 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 June 22, 2018, 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
June 22, 2018

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, 2017. 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 $82.3 million, of which $56.1 million are capital assets.
- The City of Camilla has total liabilities of $16.3 million, of which $11.6 million are long-term liabilities.
- The total net assets for the City of Camilla exceeded its liabilities at September 30, 2017, by $66.0 million (reported as net position). Of this amount $13.9 million (reported as unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. $45.9 million is invested in capital assets net of related debt.
- The total net position for the City's Governmental activities exceed its liabilities by $18.2 million of which $5.1 million is unrestricted and can be spent at the discretion of the City Council.
- The governmental activities expenditures exceeded revenues and transfers by $90,000 resulting in a decrease of net position from $18.3 million to $18.2 million.
- The City's business type activities revenues exceeded expenditures by $2.6 million resulting in an increase in net position from $45.2 million to $47.8 million.
- The City's long-term debt decreased by 4.8 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, 2017 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, 2017, and September 30, 2016 are included in this report.

CITY OF CAMILLA
Net Position
September 30, 2017

	Governmental Activities	Business-Type Activities	Total
Current assets	$ 6,350,689	$ 12,488,142	$ 18,838,831
Non-current assets	414,351	6,607,261	7,021,612
Capital assets	13,062,082	43,082,531	56,144,613
Total assets	19,827,122	62,177,934	82,005,056
Deferred outflows of resources	221,469	91,019	312,488
Total Assets and Deferred Outflows of Resources	20,048,591	62,268,953	82,317,544
Current liabilities	732,320	3,898,451	4,630,771
Non-current liabilities	1,086,473	10,506,195	11,592,668
Total liabilities	1,818,793	14,404,646	16,223,439
Deferred inflows of resources	49,387	18,324	67,711
Total Liabilities and Deferred Inflows of Resources	1,868,180	14,422,970	16,291,150
Net Investment in capital assets	13,062,082	32,866,912	45,928,994
Restricted for loan payments		565,914	565,914
Restricted for power generation		5,591,020	5,591,020
Restricted for repairs	43,333		43,333
Unrestricted	5,074,996	8,822,137	13,897,133
Total net position	$ 18,180,411	$ 47,845,983	$ 66,026,394

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

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 $66,026,394 as of September 30, 2017 and by $63,484,394 as of September 30, 2016. Of these amounts, $18,180,411 and $18,270,810 came from governmental activities and $47,845,983 and $45,213,584 came from business-type activities as of September 30, 2017 and 2016, respectively.

The largest portion of the City's net position, $45,928,994 or 69.56% as of September 30, 2017 and $43,411,087 or 68.38%, as of September 30, 2016, 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 $6,200,267 or 9.39% as of September 30, 2017 and $6,848,996 or 10.79% as of September 30, 2016. These amounts represent resources that are designated for construction projects, repairs, loan payments and power generation.

The remaining balance of $13,897,133 or 21.05% as of September 30, 2017 and $13,224,311 or 20.83% as of September 30, 2016 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, 2017, and September 30, 2016, the City reported positive balances in both categories of unrestricted net position; $5,074,996 and $5,190,314 for its governmental activities and $8,822,137 and $8,033,997 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, 2017 decreased the City of Camilla's net position by $90,399. Business-type activities during the same period increased net position by $2,632,399. Total increase from all activities in net position was $2,542,000.

The following Statement of Activities shows the revenues and expenses by activities for the City of Camilla as of September 30, 2017 and September 30, 2016. Total revenues and Transfers from governmental activities were $7,098,671 and $6,170,476 for September 30, 2017 and 2016, respectively while expenses totaled $7,189,070 and $7,184,661. Net transfers from business-type activities amounted to $4,047,366 or 43.23% for September 30, 2017 and $3,067,222 or 49.71% for September 30, 2016, of the total governmental activity funding. Property taxes of $961,884 or 14.02% for September 30, 2017 and $945,724 or 15.33% for September 30, 2016, was the next largest contributor to the funding. Business-type activities program revenue exceeded expenses by $6,679,765 and $7,207,809 for September 30, 2017 and 2016 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, 2017

	Governmental Activities	Business-Type Activities	Total
Revenues:			
PROGRAM REVENUES			
Charges for services	$ 940,210	$ 38,182,427	$ 39,122,637
Operating grants & contributions	230,680		230,680
Capital grants & contributions	422,061	348,173	770,234
Total program revenue	1,592,951	38,530,600	40,123,551
GENERAL REVENUES			
Property taxes	961,884		961,884
Other taxes	467,060		467,060
Investment income(loss)	24,566	(47,264)	(22,698)
Gain (loss) on sale of assets	4,844	1,296,388	1,301,232
Total general revenues	1,458,354	1,249,124	2,707,478
TOTAL REVENUES	3,051,305	39,779,724	42,831,029
Expenses:			
GOVERNMENTAL ACTIVITIES			
General government	2,293,323		2,293,323
Public safety	2,616,190		2,616,190
Public works	1,775,214		1,775,214
Planning, zoning and housing	410,064		410,064
Economic development	82,779		82,779
Interest on long-term debt	11,500		11,500
Total governmental activities	7,189,070		7,189,070
BUSINESS-TYPE ACTIVITIES			
Water and sewer		2,705,843	2,705,843
Gas		14,922,587	14,922,587
Electric		12,126,895	12,126,895
CNS cable		1,914,666	1,914,666
Telecom		154,612	154,612
Solid waste		724,190	724,190
Airport		551,166	551,166
Total business-type activities		33,099,959	33,099,959
Total Expenses	7,189,070	33,099,959	40,289,029
Change in net positons before transfers	(4,137,765)	6,679,765	2,542,000
Transfers	4,047,366	(4,047,366)	
Change in net position	(90,399)	2,632,399	2,542,000
Net position beginning of year	18,270,810	45,213,584	63,484,394
Net position end of year	$ 18,180,411	$ 47,845,983	$ 66,026,394

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

Governmental Activities

Revenue from governmental activities totaled $7,098,671 for the year ending September 30, 2017 and $6,170,476 for the year ending September 30, 2016 with corresponding expenses for the same periods totaled $7,189,070 and $7,184,661. 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 92.98% and 94.39% of the total expenses of the governmental activities, for the years ending September 30, 2017 and September 30, 2016.

Governmental Activities – Revenues by Source

	Sept. 30, 2017		Sept. 30, 2016	
	Amount	Percent	Amount	Percent
Charges for services	$ 940,210	13.24	$ 978,226	15.85
Operating grants & contributions	230,680	3.25	161,655	2.62
Capital grants - contributions	422,061	5.95	526,550	8.53
Property taxes	961,884	13.54	945,724	15.33
Other taxes	467,060	6.58	457,638	7.42
Investments income	24,566	0.35	26,377	0.43
Gain(loss) on sale of assets	4,844	0.07	7,084	0.11
Total	3,051,305	42.98	3,103,254	50.29
Transfers	4,047,366	57.02	3,067,222	49.71
	$ 7,098,671	100.00	$ 6,170,476	100.00

Governmental Activities – Expenses by Source

	Sept. 30, 2017		Sept. 30, 2016	
	Amount	Percent	Amount	Percent
General government	$ 2,293,323	31.90	$ 2,165,420	30.15
Public safety	2,616,190	36.39	2,693,006	37.48
Public works	1,775,214	24.69	1,922,967	26.76
Planning, zoning and housing	410,064	5.80	321,866	4.48
Economic development	82,779	1.15	69,638	0.97
Interest on long-term debt	11,500	0.16	11,764	0.16
	$ 7,189,070	100.00	$ 7,184,661	100.00

Business – Type Activities

Revenues from business-type activities totaled $35,732,358 and expenses were $33,099,959 for the fiscal year ending September 30, 2017 while revenues were $35,311,621 and expenses were $31,171,034 for the fiscal year ending September 30, 2016. The following table shows the business – type activities revenue and expenses by source. The Gas Fund accounted for the largest amount of revenue, followed by the Electric Fund and the Water and Sewer Fund. These three funds accounted for 89.18% and 84.66% of total business – type revenues, for the fiscal years ending September 30, 2017 and September 30, 2016.

Expenses for the Gas Fund were the largest amount of the total expenses for the year, followed by the Electric Fund and the Water and Sewer Fund. These three funds accounted for 89.90% and 86.43% of the total expenses for business – type activities, for the fiscal years ending September 30, 2017 and September 30, 2016.

Business-type Activities – Revenue by Source

	Sept. 30, 2017		Sept. 30, 2016	
	Amount	Percent	Amount	Percent
Charges for Services:				
Water and sewer	$ 3,128,979	8.76	$ 3,163,728	8.96
Gas	15,637,072	43.76	13,007,108	36.84
Electric	15,286,181	42.78	16,044,956	45.44
CNS - cable	2,396,722	6.71	3,203,748	9.07
Telecom	647,855	1.81	875,430	2.48
Solid waste	792,204	2.22	766,046	2.17
Airport	293,414	0.82	235,061	0.66
	38,182,427	106.86	37,296,077	105.62
Other Revenues:				
Water and sewer	193,820	0.54	431,445	1.22
Gas	6,466	0.02	5,594	0.02
Electric	108,240	0.30	58,753	0.17
CNS - cable	1,080,815	3.02	18,547	0.05
Telecom	52,578	0.15		
Airport	155,378	0.43	568,427	1.61
	1,597,297	4.46	1,082,766	3.07
Transfers In (Out)				
Water and sewer	(351,622)	(0.98)	(86,794)	(0.25)
Gas	(1,397,973)	(3.91)	(1,038,074)	(2.94)
Electric	(1,854,004)	(5.19)	(1,691,463)	(4.79)
CNS - cable	113,905	0.32	(75,000)	(0.21)
Telecom	(525,314)	(1.47)	(554,718)	(1.57)
Solid waste	(74,268)	(0.21)	(62,502)	(0.18)
Airport	41,910	0.13	441,329	1.25
	(4,047,366)	(11.31)	(3,067,222)	(8.69)
Total Revenues	$ 35,732,358	100.01	$ 35,311,621	100.00

Business-type Activities – Expenses by Source

	Sept. 30, 2017		Sept. 30, 2016	
	Amount	Percent	Amount	Percent
Water and sewer	$ 2,705,843	8.17	$ 2,683,469	8.11
Gas	14,922,587	37.15	11,578,377	37.15
Electric	12,126,895	36.64	12,440,744	37.59
CNS -cable	1,914,666	5.78	2,921,093	8.83
Telecom	154,612	0.47	353,757	1.07
Solid waste	724,190	2.19	713,843	2.16
Airport	551,166	1.67	479,751	1.45
	$ 33,099,959	100.00	$ 31,171,034	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, 2017, the General Fund had a fund balance of $5,665,853, a decrease of $110,880 for the year. Transfers from the business-type activities of $4,047,366 absorbed shortages in budgeted revenues and reduction in budget expenditures to offset this decrease.

Actual revenues exceeded budgeted revenues by $71,605. Increases in property tax and other taxes, intergovernmental revenues and charges for services contributed to this surplus.

Budgeted expenditures exceeded actual expenditures by $285,735. 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 $1,383 during the year. The increase in fund balance was due to interest earned on mortgages receivable. Budgeted revenues exceeded actual revenues by $61. Budgeted expenditures exceeded actual expenditures by $444, most 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, 2017	Balance Sept. 30, 2016	Change (Decrease)
Water & sewer	$ 20,255,460	$ 19,990,126	$ 265,334
Electric	20,333,455	18,919,933	1,413,522
Gas	5,488,924	6,165,946	(677,022)
Solid waste	9,164	15,418	(6,254)
Airport	4,453,704	4,514,168	(60,464)
Cable TV	(2,890,081)	(4,566,857)	1,676,776
Telecom	195,357	174,850	20,507
	$ 47,845,983	$ 45,213,584	$ 2,632,399

The decreases in the solid waste and airport funds are a result of transfers for the fiscal year ending September 30, 2017. The change in the Cable TV fund and Telecom Funds are primarily the result of net income from gains on the sale of assets in the amounts of $1,238,887 and $52,578 respectively due to the sale of the cable, internet and telecom systems during the fiscal year ended September 30, 2017.

Capital Assets:

The City of Camilla has invested $56,144,613 and $58,698,990 in capital assets (net of depreciation) as of September 30, 2017 and 2016, respectively. Capital assets include land, buildings, improvements, equipment and vehicles, infrastructure, facilities and construction in progress. Business-type activities account for 76.73% and 77.81% of this investment while 23.27% and 22.19% 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, 2017

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	1,477,536	98,650	1,576,186
Equipment and vehicles	3,237,011	2,071,578	5,308,589
Infrastructure	13,485,206		13,485,206
Facilities		55,380,769	55,380,769
Construction in progress	15,745	315,063	330,808
	26,842,241	61,555,708	88,397,949
Accumulated depreciation	13,780,159	18,473,177	32,253,336
	$ 13,062,082	$ 43,082,531	$ 56,144,613

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

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, 2017, the City had no long-term debt related to Governmental Activities and $10,215,619 of long-term debt related to business-type activities for a total of $10,215,619. Previous year's total was $15,173,806. This is a decrease of $4,958,187 due to the repayment of bond debt principal of $4,000,000 due to the sale of the cable, internet and telecom systems and 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, 2017

	Governmental Activities	Business-Type Activities	Total
Leases	$	$	$
Notes payable		10,215,619	10,215,619
Bonds payable			
	$	$ 10,215,619	$ 10,215,619

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

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 2018 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. Impact of the sale of the cable television system and telecommunication system on city operations.
5. Continued safety awareness and training to reduce insurance costs.
6. Minimal salary increases were implemented.
7. Capital expenditures were delayed.
8. User fees and utility rates were reviewed and adjusted as needed.
9. 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, 2017

	Governmental Activities	Business - Type Activities	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
Current Assets:			
Cash	$ 702,662	$ 6,490,063	$ 7,192,725
Investments:			
MEAG Municipal Competitive Trust - Flexible Operating Account		7,337,442	7,337,442
South Georgia Governmental Services Authority		561,096	561,096
Receivables (Net):			
Taxes	2,248		2,248
Accounts	24,336	2,659,651	2,683,987
Notes	16,466		16,466
Other governments	16,725		16,725
Interest			
Other	16,527		16,527
Internal balances	4,607,511	(4,607,511)	
Inventories	399,714	47,401	447,115
Prepaid expenses	521,167		521,167
Restricted assets:			
Cash	43,333		43,333
Total Current Assets	6,350,689	12,488,142	18,838,831
Noncurrent Assets:			
Restricted assets:			
Cash		565,914	565,914
MEAG Municipal Competitive Trust - New Generation Account		5,591,020	5,591,020
Notes receivable	414,351		414,351
Prepaid electricity		450,327	450,327
Capital Assets:			
Nondepreciable	840,386	1,681,736	2,522,122
Depreciable (net)	12,221,696	41,400,795	53,622,491
Total Noncurrent Assets	13,476,433	49,689,792	63,166,225
Deferred outflow of resources	221,469	91,019	312,488
Total Assets and Deferred outflow of Resources	$ 20,048,591	$ 62,268,953	$ 82,317,544
LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
Current Liabilities:			
Accounts payable	$ 421,001	$ 2,746,458	$ 3,167,459
Accrued salaries and vacation pay		58,695	58,695
Accrued interest		35,561	35,561
Sales tax		63,946	63,946
Customer deposits	311,319	4,343	315,662
Notes and mortgages payable		989,448	989,448
Total Current Liabilities	732,320	3,898,451	4,630,771
Noncurrent Liabilities:			
Vacation Pay	120,252		120,252
Notes and mortgages payable		9,226,171	9,226,171
Customer deposits and debt reserve		892,890	892,890
Net pension liability	966,221	387,134	1,353,355
Total Noncurrent Liabilities	1,086,473	10,506,195	11,592,668
Deferred outflow of resources	49,387	18,324	67,711
Total Liabilities and Deferred Outflow of Resources	1,868,180	14,422,970	16,291,150
NET POSITION			
Net investment in capital assets	13,062,082	32,866,912	45,928,994
Restricted for loan payments		565,914	565,914
Restricted for power generation		5,591,020	5,591,020
Restricted for repairs	43,333		43,333
Unrestricted	5,074,996	8,822,137	13,897,133
Total Net Position	18,180,411	47,845,983	66,026,394
Total Liabilities and Net Position	$ 20,048,591	$ 62,268,953	$ 82,317,544

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

CITY OF CAMILLA, GEORGIA
STATEMENT OF ACTIVITIES
For the year ended September 30, 2017

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	$ 2,293,323	$ 449,317	$ 36,235	$	$ (1,807,771)	$	$ (1,807,771)
Public safety	2,616,190	226,501		34,000	(2,355,689)		(2,355,689)
Public works	1,775,214	198,239		388,061	(1,188,914)		(1,188,914)
Planning, zoning and housing	410,064	66,153	194,445		(149,466)		(149,466)
Economic development	82,779				(82,779)		(82,779)
Interest on long term debt	11,500				(11,500)		(11,500)
Total Governmental Activities	7,189,070	940,210	230,680	422,061	(5,596,119)		(5,596,119)
Business-type activities:							
Water and sewer	2,705,843	3,128,979		192,795		615,931	615,931
Gas	14,922,587	15,637,072				714,485	714,485
Electric	12,126,895	15,286,181				3,159,286	3,159,286
CNS cable	1,914,666	2,396,722				482,056	482,056
Telecom	154,612	647,855				493,243	493,243
Solid waste	724,190	792,204				68,014	68,014
Airport	551,166	293,414		155,378		(102,374)	(102,374)
Total Business-Type Activities	33,099,959	38,182,427		348,173		5,430,641	5,430,641
Total Government	$ 40,289,029	$ 39,122,637	$ 230,680	$ 770,234			
General Revenue:							
Property taxes					961,884		961,884
Other taxes					467,060		467,060
Investment income (loss)					24,566	(47,264)	(22,698)
Gain on sale of capital assets					4,844	1,296,388	1,301,232
Transfers					4,047,366	(4,047,366)	
Total General Revenue and Transfers					5,505,720	(2,798,242)	2,707,478
Change in net position					(90,399)	2,632,399	2,542,000
Net position beginning of year, as restated					18,270,810	45,213,584	63,484,394
Net position end of year					$ 18,180,411	$ 47,845,983	$ 66,026,394

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

CITY OF CAMILLA, GEORGIA
BALANCE SHEET
Governmental Funds
September 30, 2017

	General Fund	Capital Project Fund	Special Revenue Funds		Total Governmental Funds
		SPLOST	Hotel/Motel Tax	Development Authority	
ASSETS					
Cash	$ 671,550	$	$	$ 31,112	$ 702,662
Receivables (net):					
Taxes	2,248				2,248
Accounts	24,336				24,336
Other governments	16,725				16,725
Notes				430,817	430,817
Other	16,527				16,527
Advances to other funds	5,079,011				5,079,011
Inventories	23,276			376,438	399,714
Prepaid expenses	521,167				521,167
Restricted assets:					
Cash	43,333				43,333
Total Assets	$ 6,398,173	$	$	$ 838,367	$ 7,236,540
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 421,001	$	$	$	$ 421,001
Advances from other funds				471,500	471,500
Customer deposits	311,319				311,319
	732,320			471,500	1,203,820
Fund Balances:					
Nonspendable	4,631,129			807,255	5,438,384
Restricted	43,333				43,333
Committed	332,259				332,259
Assigned	584,840				584,840
Unassigned	74,292			(440,388)	(366,096)
	5,665,853			366,867	6,032,720
Total Liabilities and Fund Balances	$ 6,398,173	$	$	$ 838,367	$ 7,236,540

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, 2017

Total fund balance – governmental funds		$ 6,032,720
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	$ 26,842,241	
Less accumulated depreciation	13,780,159	13,062,082
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability	(966,221)	
Accrued vacation pay	(120,252)	(1,086,473)
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	221,469	
Deferred inflows	(49,387)	172,082
Net position of governmental activities		$18,180,411

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, 2017

	General Fund	Capital Project Fund	Special Revenue Funds		Total Governmental Funds
		SPLOST	Hotel/Motel Tax	Development Authority	
Revenues:					
Property taxes	$ 961,884	$	$	$	$ 961,884
Other taxes	443,491		23,569		467,060
Licenses and permits	231,073				231,073
Charges for services	287,352				287,352
Fines and forfeitures	226,501				226,501
Interest income	13,577				13,577
Intergovernmental	331,243	321,498		10,989	663,730
Building & land rental	170,762			1,950	172,712
Miscellaneous revenues	22,572				22,572
Total Revenues	2,688,455	321,498	23,569	12,939	3,046,461
Expenditures:					
Current:					
General Government	2,139,430			56	2,139,486
Public Safety	2,462,089	34,000			2,496,089
Public Works	1,765,544	287,498			2,053,042
Planning, zoning and housing	425,272				425,272
Economic development	59,210		23,569		82,779
Debt service:					
Interest				11,500	11,500
Total Expenditures	6,851,545	321,498	23,569	11,556	7,208,168
Excess (deficiency) of revenues over expenditures	(4,163,090)			1,383	(4,161,707)
Other financing sources (uses):					
Sale of capital assets	4,844				4,844
Transfers in	4,211,677				4,211,677
Transfers out	(164,311)				(164,311)
Total other financing sources (uses)	4,052,210				4,052,210
Net change in fund balances	(110,880)			1,383	(109,497)
Fund balances beginning of year	5,776,733			365,484	6,142,217
Fund balances end of year	$ 5,665,853	$	$	$ 366,867	$ 6,032,720

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, 2017

Net changes in fund balances – governmental funds		$ (109,497)
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	771,764	
Depreciation expense	(732,240)	39,524
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	(27,036)	
Compensated absences	6,610	(20,426)
Change in net position of governmental activities		$ (90,399)

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, 2017

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Property taxes	$ 957,600	$ 957,600	$ 961,884	$ 4,284
Other taxes	417,600	442,600	443,491	891
Licenses and permits	216,650	216,650	231,073	14,423
Charges for services	278,000	278,000	287,352	9,352
Fines and forfeitures	269,000	269,000	226,501	(42,499)
Interest income	5,000	5,000	13,577	8,577
Intergovernmental	101,300	320,300	331,243	10,943
Rental	118,000	118,000	170,762	52,762
Miscellaneous revenues	9,700	9,700	22,572	12,872
Total Revenues	2,372,850	2,616,850	2,688,455	71,605
Expenditures:				
Current:				
General government	2,109,045	2,140,045	2,139,430	(615)
Public safety	2,665,310	2,665,310	2,462,089	(203,221)
Public works	1,823,675	1,823,675	1,765,544	(58,131)
Planning, zoning and housing	216,250	429,250	425,272	(3,978)
Economic development	79,000	79,000	59,210	(19,790)
Total Expenditures	6,893,280	7,137,280	6,851,545	(285,735)
Excess (deficiency) of revenues over expenditures	(4,520,430)	(4,520,430)	(4,163,090)	357,340
Other financing sources (uses):				
Sale of capital assets	5,000	5,000	4,844	(156)
Transfers in	4,086,500	4,086,500	4,211,677	125,177
Transfers out	(106,125)	(106,125)	(164,311)	(58,186)
Use of reserve funds	552,500	552,500		(552,500)
	4,537,875	4,537,875	4,052,210	(485,665)
Net change in fund balance	17,445	17,445	(110,880)	$ (128,325)
Fund balance beginning of year	5,776,733	5,776,733	5,776,733	
Fund balance end of year	$ 5,794,178	$ 5,794,178	$ 5,665,853	

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, 2017

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Hotel/Motel tax	$ 22,000	$ 24,000	$ 23,569	$ (431)
Expenditures:				
Economic development	22,000	24,000	23,569	(431)
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, 2017

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget over (under)
Revenues:				
Rent	$ 2,000	$ 2,000	$ 1,950	$ (50)
Interest income	11,000	11,000	10,989	(11)
Total Revenues	13,000	13,000	12,939	(61)
Expenditures:				
General government	500	500	56	(444)
Debt Service:				
Interest	11,500	11,500	11,500	
Total Expenditures	12,000	12,000	11,556	(444)
Excess (deficiency) of revenues over expenditures	1,000	1,000	1,383	383
Net change in fund balance	1,000	1,000	1,383	$ 383
Fund Balance beginning of year	365,484	365,484	365,484	
Fund Balance end of year	$ 366,484	$ 366,484	$ 366,867	

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

CITY OF CAMILLA, GEORGIA
Statement of Net Position
Proprietary Funds
September 30, 2017

	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	$ 1,423,567	$ 2,145,748	$ 1,783,646	$ 1,137,102	$	$	$	$ 6,490,063
Investments								
MEAG Municipal Competitive Trust - Flexible Operating Acct			7,337,442					7,337,442
South Georgia Governmental Services Authority				561,096				561,096
Receivables (Net):								
Accounts	208,572	517,682	1,409,276	328,957	110,089	72,832	12,243	2,659,651
Advances to other funds					143,299			143,299
Inventories							47,401	47,401
Restricted Assets:								
Cash								-
Total Current Assets	1,632,139	2,663,430	10,530,364	2,027,155	253,388	72,832	59,644	17,238,952
Noncurrent Assets:								
Restricted Assets								
Cash	565,914							565,914
MEAG Municipal Competitive Trust - New Generation Account			5,591,020					5,591,020
Prepayments and Deferred Charges:								
Prepaid Electricity			450,327					450,327
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	484,036	324,541	904,287	11,155		245,627	101,932	2,071,578
Facilities	39,729,077	5,359,045	5,052,785				5,239,862	55,380,769
Construction in progress	191,953	123,110						315,063
Accumulated depreciation	(13,119,996)	(1,715,959)	(1,594,562)	(31,624)		(240,985)	(1,770,051)	(18,473,177)
Net Capital Assets	29,377,021	4,193,134	4,923,589	127,903		4,642	4,456,242	43,082,531
Deferred outflow of resources	30,956	15,866	31,689			5,754	6,754	91,019
Total Assets and Deferred Outflows of Resources	$ 31,606,030	$ 6,872,430	$ 21,526,989	$ 2,155,058	$ 253,388	$ 83,228	$ 4,522,640	$ 67,019,763
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES								
Current Liabilities:								
Accounts payable	$ 54,807	$ 1,283,968	$ 982,715	$ 293,934	$ 50,266	$ 47,989	$ 32,779	$ 2,746,458
Accrued interest	34,141				1,420			35,561
Accrued salaries and vacation pay	17,160	6,551	28,877			682	5,425	58,695
Sales tax		23,766	37,150	395	2,002		633	63,946
Customer deposits					4,343			4,343
GEFA loans	186,702							186,702
State revolving loans	802,746							802,746
Advance from other funds				143,299				143,299
Total Current Liabilities	1,095,556	1,314,285	1,048,742	437,628	58,031	48,671	38,837	4,041,750
Noncurrent liabilities:								
Advances from other funds				4,607,511				4,607,511
GEFA loans	528,981							528,981
State revolving loans	8,697,190							8,697,190
Customer deposit and debt reserve	892,890							892,890
Net pension liability	131,764	65,185	137,465			24,014	28,706	387,134
Total Noncurrent Liabilities	10,250,825	65,185	137,465	4,607,511		24,014	28,706	15,113,706
Deferred inflows of resources	4,189	4,036	7,327			1,379	1,393	18,324
Total Liabilities and Deferred Inflows of Resources	11,350,570	1,383,506	1,193,534	5,045,139	58,031	74,064	68,936	19,173,780
NET POSITION								
Net Investment in capital assets	19,141,402	4,193,134	4,923,589	127,903		4,642	4,456,242	32,846,912
Restricted for loan payments	565,914							565,914
Restricted for power generation			5,591,020					5,591,020
Unrestricted	548,144	1,295,790	9,818,846	(3,017,984)	195,357	4,522	(2,538)	8,842,137
Total Net Position	20,255,460	5,488,924	20,333,455	(2,890,081)	195,357	9,164	4,453,704	47,845,983
Total Liabilities and Net Position	$ 31,606,030	$ 6,872,430	$ 21,526,989	$ 2,155,058	$ 253,388	$ 83,228	$ 4,522,640	$ 67,019,763

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, 2017

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Operating Revenues:								
Charges for services	$ 1,858,491	$ 15,621,148	$ 13,940,354	$ 1,936,599	$ 638,704	$ 777,054	$ 264,048	$ 35,036,398
Sewer surcharges	338,902							338,902
Availability charges	869,542							869,542
MEAG discretionary income			1,071,682					1,071,682
Rental	25,823		130,317	426,011			29,366	611,517
Miscellaneous	36,221	15,924	143,828	34,112	9,151	15,150		254,386
Total Operating Revenue	3,128,979	15,637,072	15,286,181	2,396,722	647,855	792,204	293,414	38,182,427
Operating Expenses:								
Personnel services	486,256	216,105	567,166			82,375	109,617	1,461,519
Contractual services	379,374	28,077	32,433	65,829	2,784	2,739	43,648	554,884
Cost of sales and services		14,417,172	11,099,612	1,304,016	138,261	598,076	171,299	27,728,436
Repairs	323,077	68,182	61,361	17,373	2,600	16,069	26,830	515,492
Material and supplies	116,525	34,002	116,206	39,643			13,558	319,934
Rental	17,656	4,302	1,161	147,116			8,360	178,595
Warehouse expense	23,396	19,293	19,477	332				62,498
Bad debts	16,820	1,821	35,745	59,208	2,748	6,946		123,288
Depreciation	987,604	110,757	168,424	165,039	7,914	9,284	167,016	1,616,038
Other	30,803	22,876	25,310	20,616		8,701	10,838	119,144
Total Operating Expenses	2,381,511	14,922,587	12,126,895	1,819,172	154,307	724,190	551,166	32,679,828
Operating Income (loss)	747,468	714,485	3,159,286	577,550	493,548	68,014	(257,752)	5,502,599
Nonoperating revenues (expenses):								
Investment income (Loss)		6,466	104,342	(158,072)				(47,264)
Interest expense	(324,332)			(95,494)	(305)			(420,131)
Gain on Sale of Capital Assets	1,025		3,898	1,238,887	52,578			1,296,388
Total nonoperating revenue (expenses)	(323,307)	6,466	108,240	985,321	52,273			828,993
Income (loss) before grants, contributions, and transfers	424,161	720,951	3,267,526	1,562,871	545,821	68,014	(257,752)	6,331,592
Capital grants and contributions	192,795						155,378	348,173
Transfers in				113,905			50,406	164,311
Transfers out	(351,622)	(1,397,973)	(1,854,004)		(525,314)	(74,268)	(8,496)	(4,211,677)
Change in net position	265,334	(677,022)	1,413,522	1,676,776	20,507	(6,254)	(60,464)	2,632,399
Net position beginning of year	19,990,126	6,165,946	18,919,933	(4,566,857)	174,850	15,418	4,514,168	45,213,584
Net position end of year	$ 20,255,460	$ 5,488,924	$ 20,333,455	$ (2,890,081)	$ 195,357	$ 9,164	$ 4,453,704	$ 47,845,983

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, 2017

	Business - Type Activities - Enterprise Funds							
	Water & Sewer	Gas	Electric	CNS Cable	Telecom	Solid Waste	Airport	Total
Cash flows from operating activities:								
Receipts from customers	$ 3,133,759	$ 15,682,359	$ 14,671,354	$ 2,308,121	$ 634,910	$ 773,081	$ 289,008	$ 37,492,592
Payments to suppliers	(890,039)	(14,294,608)	(11,375,420)	(1,558,941)	(118,140)	(632,222)	(275,796)	(29,145,166)
Payments to employees	(481,948)	(217,802)	(560,071)			(81,741)	(108,042)	(1,449,604)
Other operating receipts	36,221	15,924	143,828	34,112	9,151	15,150		254,386
Net cash provided (used) by operating activities	1,797,993	1,185,873	2,879,691	783,292	525,921	74,268	(94,830)	7,152,208
Cash flows from noncapital financing activities:								
Transfers (to) from other funds	(351,622)	(1,397,973)	(1,854,004)	113,905	(525,314)	(74,268)	41,910	(4,047,366)
Advances (to) from other funds		335,211		143,299	(143,299)			335,211
Net cash provided (used) by noncapital financing activities	(351,622)	(1,062,762)	(1,854,004)	257,204	(668,613)	(74,268)	41,910	(3,712,155)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(332,119)	(123,110)	(512,979)				(102,458)	(1,070,666)
Principal paid on GEFA loans	(178,839)							(178,839)
Principal paid on State revolving loans	(779,348)							(779,348)
Principal paid on Revenue bonds				(4,000,000)				(4,000,000)
Capital grants and contributions	198,600						155,378	353,978
Interest paid	(328,578)			(140,398)	(607)			(469,583)
Proceeds from sale of capital assets	14,520		18,856	3,057,264	143,299			3,233,939
Net cash provided (used) by capital and related financing activities	(1,405,764)	(123,110)	(494,123)	(1,083,134)	142,692		52,920	(2,910,519)
Cash flows from investing activities:								
Interest and investment receipts		6,466	104,342	12,382				123,190
Net cash provided (used) by investing activities	-	6,466	104,342	12,382				123,190
Net increase (decrease) in cash and cash equivalents	40,607	6,467	635,906	(30,256)				652,724
Cash and cash equivalents beginning of year	1,948,874	2,139,281	8,485,182	1,167,358				13,740,695
Cash and cash equivalents end of year	$ 1,989,481	$ 2,145,748	$ 9,121,088	$ 1,137,102	$	$	$	$ 14,393,419

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, 2017

	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)	$ 747,468	$ 714,485	$ 3,159,286	$ 577,550	$ 493,548	$ 68,014	$ (257,752)	$ 5,502,599
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	987,604	110,757	168,424	165,039	7,914	9,284	167,016	1,616,038
(Increase) decrease in accounts receivable	63,169	61,211	62,235	(54,489)	(1,774)	(3,973)	(4,406)	121,973
(Increase) decrease in inventories							(24,601)	(24,601)
(Increase) decrease in prepaid electricity			21,348					21,348
(Increase) decrease in Restricted Investments			(533,234)					(533,234)
(Increase) decrease in deferred outflows	19,328	7,864	19,124			3,054	3,927	53,297
Increase (decrease) in operating accounts payable	17,612	300,133	1,210	95,200	28,155	309	22,924	465,543
Increase (decrease) in accrued expenses	492	(3,250)	3,320			32	799	1,393
Increase (decrease) in sales tax payable		984	(6,673)	(8)	98		414	(5,185)
Increase (decrease) in customer deposits	(22,168)				(2,020)			(24,188)
Increase (decrease) in net pension liability	(10,065)	(4,095)	(9,959)			(1,591)	(2,044)	(27,754)
Increase (decrease) in deferred inflows	(5,447)	(2,216)	(5,390)			(861)	(1,107)	(15,021)
Net cash provided (used) by operating activities	$ 1,797,993	$ 1,185,873	$ 2,879,691	$ 783,292	$ 525,921	$ 74,268	$ (94,830)	$ 7,152,208
Non-cash investing, capital and financing activities:								
Appreciation (depreciation) in investments included in income				$ (159,086)				$ (159,086)
Write-off bond premium				110,978				110,978
	$	$	$	$ (48,108)	$	$	$	$ (48,108)

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 2017, 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 and prepayments into the City's group medical self insurance plan in excess of claims.. These costs are recognized when the related expenses 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, 2017.

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, 2017, 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)	$47,665,708
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, 2015, 2016 and 2017, the City paid claims each year (up to the deductible) totaling $6,399,$5,133 and $6,692 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, 2017. No provisions have been made in the financial statements for the year ended September 30, 2017 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 09/30/17 the bank account balance was $497,549 more than all claims incurred by employees through that date including all claims paid through March 2018. This amount was allocated to the general fund and the various proprietary funds as a reduction in insurance cost and is shown as prepaid insurance on the General Fund's books.

3. CAPITAL ASSETS:

A summary of changes in Capital Assets is as follows:

	Balance Sept. 30, 2016	Increase	Decrease	Balance Sept. 30, 2017
Governmental activities:				
Nondepreciable assets:				
Land	$ 824,641	$	$	$ 824,641
Construction in progress	461,999		446,254	15,745
	1,286,640		446,254	840,386
Depreciable assets:				
Buildings	7,802,102			7,802,102
Improvements	1,561,160		83,624	1,477,536
Equipment and vehicles	3,069,702	208,302	40,993	3,237,011
Infrastructure	12,475,490	1,009,716		13,485,206
	24,908,454	1,218,018	124,617	26,001,855
Less accumulated depreciation:				
Buildings	3,344,105	192,496		3,536,601
Improvements	1,413,017	34,749	83,624	1,364,142
Equipment and vehicles	1,798,465	264,131	40,993	2,021,603
Infrastructure	6,616,949	240,864		6,857,813
	13,172,536	732,240	124,617	13,780,159
Governmental activities capital assets (net)	$ 13,022,558	$ 485,778	$ 446,254	$ 13,062,082

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	Balance Sept. 30, 2016	Increase	Decrease	Balance Sept. 30, 2017
Business-type activities:				
Nondepreciable assets:				
Land	$ 1,366,673	$	$	$ 1,366,673
Construction in progress	504,912	486,528	676,377	315,063
	1,871,585	486,528	676,377	1,681,736
Depreciable assets:				
Buildings	2,322,975			2,322,975
Improvements	98,650			98,650
Equipment and vehicles	2,402,560	258,293	589,275	2,071,578
Facilities	60,294,773	973,772	5,887,776	55,380,769
	65,118,958	1,232,065	6,477,051	59,873,972
Less accumulated depreciation:				
Buildings	842,705	60,663	20,026	883,342
Improvements	98,650			98,650
Equipment and vehicles	3,207,686	112,548	1,773,247	1,546,987
Facilities	17,165,070	1,442,827	2,663,699	15,944,198
	21,314,111	1,616,038	4,456,972	18,473,177
Business-type activities capital assets (net)	$ 45,676,432	$ 102,555	$ 2,696,456	$ 43,082,531

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	$ 201,337
Public safety	186,431
Public works (including infrastructure)	341,505
Planning, zoning and housing	2,967
	$ 732,240
Business-type activities:	
Water and sewer	$ 987,604
Gas	110,757
Electric	168,424
CNS cable	165,039
Telecommunications	7,914
Solid Waste	9,284
Airport	167,016
	$ 1,616,038

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, 2017, 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 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, 2017:

	Balance Sept. 30 2016	Additions	Conversion or Payments	Balance Sept. 30 2017	Amount due in one year
GEFA (10/8/99)	$ 454,701	$	$ 93,401	$ 361,300	$ 97,609
GEFA (5/26/99)	439,821		85,438	354,383	89,093
Total GEFA Permanent loan	$ 894,522	$	$ 178,839	$ 715,683	$ 186,702
SRF (6/9/99)	$ 1,279,314	$	$ 286,562	$ 992,752	$ 295,257
SRF (5/22/03)	741,993		75,333	666,660	77,618
SRF (2/22/10)	6,940,577		357,946	6,582,631	368,833
SRF (3/12/12	1,317,400		59,507	1,257,893	61,038
Total SRF Permanent loans	$ 10,279,284	$	$ 779,348	$ 9,499,936	$ 802,746

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

	GEFA Principal	SRF Principal	Interest	Total
Year ending Sept. 30,				
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	130,519	634,123	199,137	963,779
2022		570,828	262,940	833,768
2023-2027		2,895,589	638,030	3,533,619
2028-2032		2,760,342	211,181	2,971,523
2033-2037		157,793	3,697	161,490
	$ 715,683	$ 9,499,936	$ 2,108,864	$12,324,483

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 was solely responsible for its share of the bonds with Camilla's share being $7,960,000. Camilla's bonds were 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.

On May 1, 2017 all member cities agreed to sell all capital assets related to the broadband cable television and internet service to SGGSA. Pursuant to the sales agreement the City liquidated all outstanding bonds with sales proceeds. See Note 18 for further details concerning this sale.

The following is a summary of the City's bond transactions for the year ended September 30, 2017:

Balance Sept. 30, 2016	Payments	Balance Sept. 30, 2017	Amount Due in one Year
$ 4,000,000	$ 4000,000	$ -0-	$ -0-

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, 2017 were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	CNS Cable System	$ 4,607,511	Operating & Construction Resources
Telecom	CNS Cable	143,299	SGGSA Sale Proceeds
General Fund	Development Authority	471,500	Mortgage Liquidation & Building Renovation

Interfund transfers for the year ended September 30, 2017 were as follows:

	Transfer To			
Transfer From	General Fund	Airport	CNS Cable	Total
Water & Sewer	$ 351,622	$	$	$ 351,622
Gas	1,397,973			1,397,973
Electric	1,854,004			1,854,004
CNS Cable	75,000			75,000
Telecom	525,314			525,314
Solid Waste	74,268			74,268
Airport	8,496			8,496
General Fund		50,406	188,905	239,311
	$ 4,286,677	$ 50,406	$ 188,905	$ 4,525,988

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, 2017 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, 2017. (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	57
Terminated plan participants entitled to but not yet receiving benefits	34
Active employees participating in the Plan	90
Total number of Plan participants	181

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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 7.69% for September 30, 2017. Total contributions paid into the plan by the City were $237,721 for the year ended September 30, 2017.

Net Pension Liability

The City's net pension liability was measured as of January 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the January 1, 2017 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 2017 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	45%	6.75%
International equity	20%	7.45%
Fixed income	25%	2.06%
Real estate	10%	4.55%
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, 2015 *	$ 6,921,244	$ 5,468,813	$ 1,452,431
Changes for the year:			
Service cost	122,348		122,348
Interest	523,240		523,240
Differences between expected and actual experience	35,765		35,765
Contributions - employer		190,629	(190,629)
Net investment income		602,881	(602,881)
Benefit payments, including refunds of employee contributions	(339,513)	(339,513)	
Administrative expense		(13,080)	13,080
Net changes	341,840	440,917	(99,077)
Balances at September 30, 2016**	$ 7,263,084	$ 5,909,730	$ 1,353,354

*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.

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2016. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending September 30, 2017.

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	$ 2,196,831	$ 1,353,354	$ 639,024

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

For the year ended September 30, 2017, the City recognized pension expense of $278,070, At September 30, 2017, 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	$ 140,671	$ (43,232)
Changes of assumptions		(17,435)
Net difference between projected and actual earnings on pension plan investments		(7,044)
City contributions subsequent to the measurement date	171,817	
Total	$ 312,488	$ (67,711)

City contributions subsequent to the measurement date of $171,817 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year September 30, 2018.

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,	
2018	$ 2,967
2019	63,634
2020	43,424
2021	(37,065)

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, 2017 totaled $75,099 for City employees and $19,917 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, 2017, 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	$ 43,333	$	$ 43,333
Business-Type Activities:				
Electric System:				
MEAG Municipal Competitive Trust	Power Generation	$	$ 5,591,020	$ 5,591,020
Water & Sewer System:				
Reserve fund	GEFA/SRF loan		565,914	565,914
Total Business-Type Activities		$0	$6,156,934	$ 6,156,934

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 2016 taxes was September 12th 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:

General Fund Revenues	$ 285,735
Gas Revenues	748,772
Gas Expenses	1,465,623
Solid Waste Revenues	30,704
Solid Waste Expenses	1,681
Airport Revenues	50,914
Airport Expense	45,025

6) Deficit net assets or fund balance: CNS Cable System $2,890,081. 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, 2017. 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, 2017, the City and its component unit had $3,000 in cash funds on hand and bank deposits as follows:

Carrying value	$ 7,798,972
Bank balances	$ 7,883,424

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, 2017 include the following:

Current:	
MEAG Municipal Competition Trust - Flexible Operating Account	$ 7,337,442
Noncurrent:	
MEAG Municipal Competition Trust - New Generation Trust Account	5,591,020
	$ 12,928,462

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 $561,096.

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 $7,208,637 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 $23,569 in Hotel/Motel tax during the year ended September 30, 2017. 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 2017 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, 2016	Additions	Payments	Balance September 30, 2017
Mortgage Receivable	$ 446,877	$	$ 16,060	$ 430,817

Future payments under the mortgage agreement are as follows:

Year ending September 30,	Principal	Interest	Total
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	18,196	8,853	27,049
2023-2027	98,120	37,125	135,245
2028-2032	111,170	24,075	135,245
2033-2037	125,956	9,289	135,245
2038	8,969	47	9,016
Total	$ 430,817	$ 119,179	$ 549,996

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, 2017, the City paid $5,620 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, 2017. 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, 2016, and the City's investment in this joint venture is carried on the equity basis at $561,096 based on this audit.

On May 1, 2017, the City completed the sale of all capital assets related to the broadband cable television and internet services related to CNS. Pursuant to the sale agreement, the City's obligations related to the SGGSA's Series 2004 bonds were terminated. As a result of the sale, the City recognized a gain of $1,238,887 on the CNS Cable Fund and a gain of $52,578 on the Telecom Fund.

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 2017. 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, 2017 the outstanding debt of MEAG was approximately $6.07 billion. The City's guarantee varies by individual projects undertaken by MEAG and totals approximately $114.0 million at September 30, 2017.

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 $7,337,442 at September 30, 2017 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 $5,591,020 at September 30, 2017 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, 2017 were as follows:

Credit Support Operating Account	$ 0
Reserve Funded Debt Account	252,774

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, 2017, 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 $2,890,081 at September 30, 2017 due primarily to start up costs and expenses exceeding revenue for this new and growing cable TV utility. As explained in Note 18 the City sold the cable TV business to South Georgia Governmental Service Authority (SSGSA). It is anticipated that dividends from this joint venture will eliminate the deficit over time.

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22. GOVERNMENTAL FUND BALANCE

At September 30, 2017 the City of Camilla classified its governmental fund type's fund balances under GASB Statement 54 as follows:

Nonspendable:		
Not in spendable form (inventories)	$	399,714
Not in spendable form(long-term notes receivable)		430,817
Required to be maintained intact		4,631,129
		5,461,660
Restricted:		
Building repair reserve		43,333
Committed - Stormwater funds		332,259
Assigned:		
Economic Development Funds		584,840
Unassigned		(389,372)
Total Fund Balances	$	6,032,720

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, 2017 for amounts owed by and to be paid by the general fund are as follows:

	Balance September 30, 2016	Additions	Payments	Balance September 30, 2017
Vacation Pay Balance Due	$ 126,862	$ 139,460	$ 146,070	$ 120,252

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24. INTEREST COST

Interest cost for the year ending September 30, 2017 was as follows:

Governmental activities:		
Development Authority (component unit)	$	11,500
Business type activities:		
Water & Sewer	$	324,332
CNS Cable		95,494
Telecom		305
	$	420,131

There was no construction interest capitalized during the year ended September 30, 2017.

25. CONSTRUCTION

During fiscal year ending September 30, 2018 the City began a Water & Sewer project to replace certain water meters and the related water main. Total cost of the project is projected at $1,406,000 and will be financed with a loan from the Georgia State Revolving Loan Fund.

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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, 2017

For the Year Ended September 30,	2015	2016	2017
Total pension liability	$ 6,395,559	$ 6,921,244	$ 7,263,084
Fiduciary net position	5,451,861	5,468,813	5,909,730
Net pension liability	943,698	1,452,431	1,353,354
Covered-employee payroll	$ 2,754,497	$ 2,923,336	$ 3,080,834
Net pension liability as a percentage of its covered-employee payroll	34.26%	49.68%	43.93%
Plan fiduciary net position as a percentage of the total pension liability	85.24%	79.01%	81.37%

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, 2017

	Fiscal Year End		
	2017	2016	2015
Actuarially determined contribution	*	$ 207,959	$ 260,702
Contributions in relation to actuarially determined contribution	*	191,704 **	281,663 **
Contribution deficiency (excess)	*	16,255	(21,391)
Covered-employee payroll	*	2,923,336 ***	2,754,497 ***
Contributions as a percentage of covered-employee payroll	*	6.56%	10.23%

* 2017 information will be determined after fiscal year end and will be included in the 2018 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 the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2016 covered payroll is based on data collected as of August 31, 2015 for the 2016 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, 2017

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, 2017. The following actuarial methods and assumptions were used to determine the contractually required contributions for the year ended 2017 reported in that schedule:

Valuation Date	January 1, 2017
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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Member of the American Institute of Certified Public Accountants.

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

To the 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, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated June 22, 2018.

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 over financial reporting.

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

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 city'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Waters & Rackley

WATERS & RACKLEY CPAS LLC
Camilla, Georgia
June 22, 2018

CITY OF CAMILLA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the year ended September 30, 2017

PROJECT	ORIGINAL ESTIMATED COST	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR	TOTAL	ESTIMATED % OF COMPLETION
2015 Tax:					
Purchase Police Cars & Equipment	$ 380,000	$ 287,252	$ 34,000	$ 321,252	85%
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	577,392	287,498	864,890	56%
Total	$ 3,300,000	$ 1,894,549	$ 321,498	$ 2,216,047	

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