CITY OF COOLIDGE, GEORGIA

FINANCIAL STATEMENTS

FOR YEAR ENDED

DECEMBER 31, 2016

CITY OF COOLIDGE, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Coolidge, 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 and the aggregate remaining fund information of the City of Coolidge, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Coolidge, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the City of Coolidge, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Hotel/Motel Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Coolidge, Georgia's basic financial statements. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, May 9, 2017, on our consideration of the City of Coolidge, 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 Coolidge, Georgia's internal control over financial reporting and compliance.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills & Simmons PC
May 9, 2017

CITY OF COOLIDGE, GEORGIA
Government-wide Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash investments	$ 577,615	$ 111,959	$ 689,574
Time deposits	250,880	-	250,880
Restricted cash	-	31,875	31,875
Receivables (net of allowance for doubtful accounts):			
Taxes	16,519	-	16,519
Accounts	7,780	12,971	20,751
Intergovernmental receivable	18,176	-	18,176
Internal balances	81,569	(81,569)	-
Prepaid items	3,740	1,564	5,304
Other assets	-	1,000	1,000
Capital assets:			
Land	92,284	8,613	100,897
Buildings and improvements	488,408	71,039	559,447
Equipment	272,331	143,962	416,293
Infrastructure	1,224,812	3,743,525	4,968,337
Accumulated depreciation	(611,352)	(2,743,342)	(3,354,694)
Total assets	2,422,762	1,301,597	3,724,359
Liabilities:			
Accounts payable	5,955	7,099	13,054
Accrued liabilities	15,232	529	15,761
Intergovernmental payable	5,235	-	5,235
Unearned revenue	-	7,700	7,700
Compensated absences-current portion	4,175	2,144	6,319
Notes payable-current portion	-	16,970	16,970
Liabilities payable from restricted assets:			
Accounts payable	-	-	-
Customer deposits	-	31,521	31,521
Noncurrent liabilities:			
Compensated absences	-	-	-
Notes payable	-	100,400	100,400
Total liabilities	30,597	166,363	196,960
Net position:			
Net investment in capital assets	1,466,483	1,106,427	2,572,910
Restricted for:			
Special revenue fund-Hotel/Motel Tax	19,150	-	19,150
Capital projects	215,338	-	215,338
Unrestricted	691,194	28,807	720,001
Total net position	$ 2,392,165	$ 1,135,234	$ 3,527,399

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2016

Program Activities	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 116,739	$ 7,255	$ -	$ 75,429
Public safety	151,061	56,729	-	-
Public works	255,782	74,409	-	16,343
Cultural and recreational	6,693	-	2,100	11
Housing and development		-	3,014	-
Interest on long-term debt	-	-	-	-
Total governmental activities	530,275	138,393	5,114	91,783
Business-type activities:				
Water & Sewer	321,641	176,351	-	77,652
Total business-type activities	321,641	176,351	-	77,652
Total government	$ 851,916	$ 314,744	$ 5,114	$ 169,435

General revenues:
Taxes:
Property taxes
Sales taxes
Other taxes
Investment earnings
Gain on sale/retirement of capital assets
Miscellaneous
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Government-wide Statement of Activities
Year Ended December 31, 2016

	Net (Expenses) Revenues and changes in Net Position		
	Governmental Activities	Business-type Activities	Total
	$ (34,055)	$ -	$ (34,055)
	(94,332)	-	(94,332)
	(165,030)	-	(165,030)
	(4,582)	-	(4,582)
	3,014	-	3,014
	-	-	-
	(294,985)	-	(294,985)
	-	(67,638)	(67,638)
	-	(67,638)	(67,638)
	$ (294,985)	$ (67,638)	$ (362,623)
	$ 140,294	$ -	$ 140,294
	49,339	-	49,339
	105,864	-	105,864
	3,142	120	3,262
	-	-	-
	1,846	-	1,846
	(1,265)	1,265	-
	299,220	1,385	300,605
	4,235	(66,253)	(62,018)
	2,387,930	1,201,487	3,589,417
	$ 2,392,165	$ 1,135,234	$ 3,527,399

CITY OF COOLIDGE, GEORGIA
Balance Sheet
Governmental Funds
December 31, 2016

	General Fund	SPLOST 2012 Fund	Hotel/Motel Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	$ 356,802	$ 185,798	$ 18,226	$ 16,789	$ 577,615
Time deposits	250,880	-	-	-	250,880
Restricted cash	-	-	-	-	-
Receivables (net where applicable of allowance for doubtful accounts):					
Taxes	16,519	-	-	-	16,519
Accounts	7,780	-	-	-	7,780
Interfund receivables	81,569	-	-	-	81,569
Intergovernmental receivables	4,501	12,751	924	-	18,176
Prepaid items	3,740	-	-	-	3,740
Total assets	$ 721,791	$ 198,549	$ 19,150	$ 16,789	$ 956,279
Liabilities, deferred inflows and fund balances					
Liabilities :					
Accounts payable	$ 5,955	$ -	$ -	$ -	$ 5,955
Accrued liabilities	15,232	-	-	-	15,232
Interfund payables	-	-	-	-	-
Intergovernmental payables	5,235	-	-	-	5,235
Unearned revenue	-	-	-	-	-
Total liabilities	26,422	-	-	-	26,422
Deferred inflows - property taxes	9,650	-	-	-	9,650
Fund balances:					
Nonspendable:					
Prepaid items	3,740	-	-	-	3,740
Interfund receivable	73,638	-	-	-	73,638
Restricted for:					
Construction of capital assets	-	198,549	-	16,789	215,338
Promotion of tourism	-	-	19,150	-	19,150
Unassigned	608,341	-	-	-	608,341
Total fund balances	685,719	198,549	19,150	16,789	920,207
Total liabilities, deferred inflows and fund balances	$ 721,791	$ 198,549	$ 19,150	$ 16,789	$ 956,279

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet to the Government - Wide Statement of Net Position
Year Ended December 31, 2016

Total fund balances - total governmental funds		$ 920,207
Amounts reported for Governmental Activities in the Statement of Net Positions are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Cost	$ 2,077,835	
Less accumulated depreciation	(611,352)	1,466,483
Unavailable revenues for delinquent property taxes are deferred in the governmental funds because they will not be received within sixty days of the City's year end.		9,650
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.		
Compensated absences payable		(4,175)
Net position of governmental activities		$ 2,392,165

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2016

	General Fund	SPLOST 2012 Fund	Hotel/Motel Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	$ 145,944	$ -	$ -	$ -	$ 145,944
Sales and use taxes	49,339	-	-	-	49,339
Other taxes	105,864	-	-	-	105,864
Licenses and permits	7,255	-	-	-	7,255
Intergovernmental revenues	2,100	91,680	3,014		96,794
Charges for services	74,409	-	-	-	74,409
Interest income	3,134	92	8	11	3,245
Fines and forfeitures	56,729	-	-	-	56,729
Miscellaneous revenues	1,820	26	-	-	1,846
Total revenues	446,594	91,798	3,022	11	541,425
Expenditures:					
Current:					
General government	97,299	-	-	-	97,299
Public safety	139,771	-	-	-	139,771
Public works	124,563	-	-	-	124,563
Culture and recreation	1,393	-	-	-	1,393
Debt service	-	-	-	-	-
Capital projects	-	97,228	-	11,405	108,633
Total expenditures	363,026	97,228	-	11,405	471,659
Excess (deficiency) of revenues over expenditures	83,568	(5,430)	3,022	(11,394)	69,766
Other financing sources (uses):					
Proceeds from capital asset disposition	-	-	-	-	-
Inception of long-term note	-	-	-	-	-
Transfers in	-	2,130	-	-	2,130
Transfers (out)	-	(402)	-	(2,993)	(3,395)
Total other financing sources (uses)	-	1,728	-	(2,993)	(1,265)
Net change in fund balances	83,568	(3,702)	3,022	(14,387)	68,501
Fund balances - beginning	602,151	202,251	16,128	31,176	851,706
Fund balances - ending	$ 685,719	$ 198,549	$ 19,150	$ 16,789	$ 920,207

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
Year Ended December 31, 2016

Net change in fund balances - total government funds		$ 68,501
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Positions, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		22,495
The book value of capital assets disposed of are reported on the government-wide statement of activities but not reported in the governmental fund's operating statement.		-
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Positions, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(79,001)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds.		
Deferred taxes @ 12-31-16	$ 9,650	
Deferred taxes @ 12-31-15	15,300	(5,650)
Compensated absences 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.		
Liability @ 12-31-15	$ 2,065	
Liability @ 12-31-16	4,175	(2,110)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		-
Change in net position of governmental activities		$ 4,235

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2016

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
General property taxes	$ 144,388	$ 144,388	$ 145,944	$ 1,556
Sales and use taxes	46,000	46,000	49,339	3,339
Other taxes	101,191	101,191	105,864	4,673
Licenses and permits	6,250	6,250	7,255	1,005
Intergovernmental revenues	2,100	2,100	2,100	-
Charges for services	75,000	75,000	74,409	(591)
Interest income	1,500	1,500	3,134	1,634
Fines and forfeitures	133,161	133,161	56,729	(76,432)
Miscellaneous revenues	7,865	7,865	1,820	(6,045)
Carryover of funds	-	-	-	-
Total revenues	517,455	517,455	446,594	(70,861)
Expenditures:				
Current:				
General government	135,763	135,763	97,299	(38,464)
Public safety	249,315	249,315	139,771	(109,544)
Public works	130,277	130,277	124,563	(5,714)
Culture and recreation	2,100	2,100	1,393	(707)
Debt service	-	-	-	-
Total expenditures	517,455	517,455	363,026	(154,429)
Excess (deficiency) of revenues over expenditures	-	-	83,568	83,568
Other financing sources (uses):				
Proceeds from capital asset disposition	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	83,568	83,568
Fund balances - beginning	602,151	602,151	602,151	-
Fund balances - ending	$ 602,151	$ 602,151	$ 685,719	$ 83,568

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Hotel/Motel Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
GAAP Basis
Year Ended December 31, 2016

	Budget			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental revenues	$ 13,538	$ 13,538	$ 3,014	$ (10,524)
Interest income	50	50	8	(42)
Total revenues	13,588	13,588	3,022	(10,566)
Expenditures:				
Current:				
General government	13,588	13,588	-	(13,588)
Total expenditures	13,588	13,588	-	(13,588)
Excess (deficiency) of revenues over expenditures	-	-	3,022	3,022
Net change in fund balances	-	-	3,022	3,022
Fund balances - beginning	16,128	16,128	16,128	-
Fund balances - ending	$ 16,128	$ 16,128	$ 19,150	$ 3,022

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Net Position
Proprietary Funds
December 31, 2016

	Water & Sewer	Totals
Assets:		
Current assets:		
Cash and cash investments	$ 111,959	$ 111,959
Restricted cash	31,875	31,875
Receivables (net where applicable of allowance for doubtful accounts):		
Accounts	12,971	12,971
Miscellaneous	-	-
Interfund receivables	-	-
Intergovernmental receivables	-	-
Prepaid items	1,564	1,564
Other	1,000	1,000
Total current assets	159,369	159,369
Noncurrent assets:		
Capital assets:		
Land	8,613	8,613
Buildings and improvements	71,039	71,039
Infrastructure	3,743,525	3,743,525
Equipment	143,962	143,962
Construction in progress	-	-
Accumulated depreciation	(2,743,342)	(2,743,342)
Total capital assets, net of accumulated depreciation	1,223,797	1,223,797
Total assets	1,383,166	1,383,166
Liabilities:		
Current liabilities:		
Accounts payable	7,099	7,099
Accrued liabilities	529	529
Interfund payables	15,296	15,296
Unearned revenue	7,700	7,700
Compensated absences-current portion	2,144	2,144
Notes payable	16,970	16,970
Liabilities payable from restricted assets:		
Customer deposits	31,521	31,521
Total current liabilities	81,259	81,259
Noncurrent liabilities:		
Compensated absences	-	-
Interfund payables	66,273	66,273
Notes payable	100,400	100,400
Total noncurrent liabilities	166,673	166,673
Total liabilities	247,932	247,932
Net Position:		
Net investment in capital assets	1,106,427	1,106,427
Unrestricted (deficiency)	28,807	28,807
Total net position	$ 1,135,234	$ 1,135,234

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2016

	Business Type Activities - Enterprise Funds	
	Water & Sewer	Totals
Operating revenues:		
Charges for services - water	$ 76,301	$ 76,301
Charges for services - sewer	80,303	80,303
Miscellaneous	12,523	12,523
Total operating revenues	169,127	169,127
Operating expenses:		
Personal services	63,261	63,261
Purchased/contracted services	76,118	76,118
Supplies	44,357	44,357
Depreciation	137,905	137,905
Total operating expenses	321,641	321,641
Income (loss) from operations	(152,514)	(152,514)
Non-operating revenues (expenses):		
Interest income	120	120
Rent income	7,224	7,224
Gain (loss) on sale of capital assets	-	-
Interest expense	-	-
Total non-operating revenues (expenses)	7,344	7,344
Income (loss) before transfers & capital contributions	(145,170)	(145,170)
Transfers	1,265	1,265
Capital contributions	77,652	77,652
Change in net position	(66,253)	(66,253)
Net position - beginning	1,201,487	1,201,487
Net position - ending	$ 1,135,234	$ 1,135,234

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Business Type Activities - Enterprise Funds	
	Water & Sewer	Totals
Cash flows from operating activities:		
Cash received from customers	$ 160,359	$ 160,359
Other operating cash receipts	12,523	12,523
Cash payments to suppliers for goods and services	(94,220)	(94,220)
Cash payments to employees for services	(52,059)	(52,059)
Net cash provided (used) by operating activities	26,603	26,603
Cash flows from noncapital financing activities:		
Rent income	7,224	7,224
Increase (decrease) in interfund loan payable	117	117
Net cash provided (used) by noncapital financing activities	7,341	7,341
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	-	-
Proceeds from sale of capital assets	-	-
Transfer in from SPLOST funds	1,265	1,265
Increase (decrease) in interfund loan payable	(7,365)	(7,365)
Loan payments	(16,970)	(16,970)
Net cash provided (used) by capital and related financing activities	(23,070)	(23,070)
Cash flow from investing activities:		
Interest on cash and investments	120	120
Net increase (decrease) in cash and cash investments	10,994	10,994
Cash and cash investments, January 1	132,840	132,840
Cash and cash investments, December 31	$ 143,834	$ 143,834
Non-cash capital activities:		
Repairs and capital assets paid by the Splost Funds for the Water & Sewer Fund	$ 77,652	$ 77,652

See accompanying notes to basic financial statements

CITY OF COOLIDGE, GEORGIA
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds	
	Water & Sewer	Totals
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ (152,514)	$ (152,514)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	137,905	137,905
Repairs paid by SPLOST Fund	32,663	32,663
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	690	690
(Increase) decrease in intergovernmental receivable	-	-
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	3,678	3,678
Increase (decrease) in other payables	1,116	1,116
Increase (decrease) in customer deposits payable	3,065	3,065
Net cash provided (used) by operating activities	$ 26,603	$ 26,603
Reconciliation of total cash and cash investments:		
Current assets - cash and cash investments	$ 111,959	$ 111,959
Restricted cash	31,875	31,875
Total cash and cash investments	$ 143,834	$ 143,834

See accompanying notes to basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Coolidge (the "City") was incorporated in 1901. The City operates under a council/mayor form of government and provides the following services: public safety (police), highways and streets, sanitation, recreation, public improvements and general and administrative services. In addition, the City operates a public utility (water & sewer system) for the incorporated and immediate surrounding areas.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The City does not follow subsequent private-sector guidance for its enterprise funds.

The most significant of the City's accounting policies are described below.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards include whether:

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

Based on the aforementioned criteria, the City of Coolidge has no component units.

Related organizations

The following is a list of related organizations for which the City of Coolidge appoints one or more of the Board of Directors:

- Southwest Georgia Regional Commission
- Thomas County Recreation Board

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. Financial Reporting Entity (Cont.)

Joint ventures

The City of Coolidge, in conjunction with forty-four cities or counties in the South Georgia area are members of the Southwest Georgia Regional Commission (SWGRC). Membership in an SWGRC is automatic of each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The RC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

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

Separately issued financial statements of the Southwest Georgia Regional Commission are available at their administrative offices located at 181 East Broad Street, Camilla, Ga. or by telephone at 229-522-3552.

C. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, 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 the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. Basis of Presentation (Cont.)

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental funds typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund –

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

SPLOST 2012 Fund –

The SPLOST 2012 Fund is a capital projects fund used to account for Special Purpose Local Option Sales Tax approved by the voters in 2012. This sales tax is to be used for capital outlay as allowed by the Official Code of Georgia Annotated Section 48-8-111.

Hotel/Motel Tax Fund –

The Hotel/Motel Tax Fund is a special revenue fund used to account for the tax received from Thomas County Board of Commissioners. The purpose of this tax is to provide resources to promote tourism.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary fund:

Water and Sewer Fund –

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

- Committed
- Assigned
- Unassigned

D. 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 economic resources measurement focus and the accrual basis of accounting. The 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. Expenses are recognized at the time the liability is incurred.

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. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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/expenditure) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applied to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item of unavailable revenue which is reported only in the governmental funds balance sheet. This is property taxes which are reported as deferred inflows since they are recognized as receivables before the period for which the taxes are levied.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

F. Budgets

All budgets, except for the enterprise funds, are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, Hotel/Motel Tax Fund and the Enterprise Funds. Amounts presented for the General Fund are as adopted by the City Council. All annual appropriations lapse at fiscal year end. Project-length budgets were adopted for each capital projects fund.

G. Cash and Investments

Cash and time deposits include amounts in demand deposits, passbook saving as well as certificates of deposits. All cash is separately held and reflected in its respective fund. Cash equivalents are short term, highly liquid investments with a maturity date of three months or less that can be converted to known amounts of cash.

The City's deposit policy limits deposit choices to checking accounts, money market accounts and certificates of deposits with local banks. All deposits are to be secured as required by state statutes. The state statute requires the deposits to be secured at an amount equal to the total deposits less FDIC insurance, then multiplied by 110 percent.

The City's investment policy limits investment choices to investments complying with state statutes. These investments are limited to obligations of 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, the local government investment pool established by state law and obligations of other political subdivisions of the State of Georgia.

H. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

I. Inventories

Expendable supplies are recorded as expenditures at the time items are purchased. The City does not record inventories of supplies on the books. Any inventory of supplies at December 31, 2016 is considered immaterial.

J. Internal Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

K. 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.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

L. Capital Assets

Capital assets, which includes 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. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to July 1, 2003. Improvements to capital assets are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment. Depreciation has been calculated on each class of depreciable property using the straight-line method.

Assets are capitalized and the estimated useful lives are as follows:

	Life – Years	Threshold
Buildings and Improvements	15-50	$ 15,000
Equipment	3-15	5,000
Infrastructure	20-50	150,000

M. Compensated Absences

The City's policy allows employees to accumulate earned but unused vacation benefits. All vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(1) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

O. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consist of net positions that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net positions are reported in this category.

P. Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action by the City Council by motion. The City Council also may modify or rescind the commitment.

Assigned – Amounts constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed. By motion, only the City Council can authorize an assignment of fund balances. Also, any of the fund balance reported at year-end that is included in the subsequent years' budget is reported as assigned.

Unassigned – All amounts not included in other spendable classifications.

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) – LEGAL COMPLIANCE – BUDGETS

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

1. At least four months prior to year end, the City Clerk and department heads start working on the proposed operating budget for the forthcoming fiscal year.

(2) – LEGAL COMPLIANCE – BUDGETS (CONT.)

2. Sixty days prior to year end, the City Clerk submits to the City Council a proposed operating budget for the forthcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.

3. Public hearings are conducted to obtain taxpayer comments.

4. As close to year end as possible, usually 30 days prior to year end, the budget is legally adopted by the City Council and made part of the City's minutes.

5. Any changes to the City's budget must be approved by the City Council. The City Council approves all expenditures each month, regardless of amount.

6. All appropriations lapse at year end.

7. Budget amendments, as needed, are proposed by the City Clerk and approved by the City Council.

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

(3) – DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial credit risk (Note 1G). As of December 31, 2016, all of the City's deposits were covered by either the Federal Depository Insurance Corporation (FDIC) or collateral pledged by the financial institution or a combination of the two.

As of year-end, the carrying amount of the City's demand deposits was $972,329 and the bank balances totaled $974,966.

Investments

As of December 31, 2016 the City had no investments.

(4) – RECEIVABLES

The receivables as of December 31, 2016 for the City's individual major funds and total non-major funds are as follows:

	Major Governmental			Major Business-Type	
	General Fund	SPLOST 2012 Fund	Hotel/Motel Tax Fund	Water & Sewer Fund	Total
Receivables:					
Taxes	$ 16,519	$ -	$ -	$ -	$ 16,519
Accounts	10,430	-	-	18,071	28,501
Miscellaneous	-	-	-	-	-
Intergovernmental	4,501	12,751	924	-	18,176
Gross receivables	31,450	12,751	924	18,071	63,196
Less: Allowance for doubtful accounts	2,650	-	-	5,100	7,750
Total net receivables	$ 28,800	$ 12,751	$ 924	$ 12,971	$ 55,446

Property taxes are levied as of September 13th on property values assessed as of January 1st. The bills were mailed on October 11th and are considered due upon receipt by the taxpayer; however, the actual due date is December 20th. After this date, the bill becomes delinquent and penalties and interest may be assessed.

(5) – RESTRICTED ASSETS

Restricted assets reported in the Water & Sewer Fund are comprised of the following:

Cash - customer deposits	$ 31,875

(6) – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance Jan. 1	Additions	Deletions	Balance Dec. 31
Governmental activities:				
Capital assets, not being depreciated				
Land	$ 92,284	$ -	$ -	$ 92,284
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	92,284	-	-	92,284
Capital assets, being depreciated				
Buildings and improvements	488,408	-	-	488,408
Equipment	249,836	108,633	86,138	272,331
Infrastructure	1,224,812	-	-	1,224,812
Total capital assets, being depreciated	1,963,056	108,633	86,138	1,985,551
Less accumulated depreciation for:				
Buildings and improvements	99,490	13,256	-	112,746
Equipment	196,412	24,918	-	221,330
Infrastructure	236,449	40,827	-	277,276
Total accumulated depreciation	532,351	79,001	-	611,352
Total capital assets, being depreciated, net	1,430,705	29,632	86,138	1,374,199
Governmental activities capital assets, net	$ 1,522,989	$ 29,632	$ 86,138	$ 1,466,483
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 8,613	$ -	$ -	$ 8,613
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	8,613	-	-	8,613
Capital assets, being depreciated				
Infrastructure	3,743,525	-	-	3,743,525
Buildings and improvements	71,039	-	-	71,039
Equipment	98,972	78,917	33,927	143,962
Total capital assets, being depreciated	3,913,536	78,917	33,927	3,958,526
Less accumulated depreciation for:				
Infrastructure	2,508,472	126,639	-	2,635,111
Buildings and improvements	36,471	2,343	-	38,814
Equipment	60,494	8,923	-	69,417
Total accumulated depreciation	2,605,437	137,905	-	2,743,342
Total capital assets, being depreciated, net	1,308,099	(58,988)	33,927	1,215,184
Business-type activities capital assets, net	$ 1,316,712	$ (58,988)	$ 33,927	$ 1,223,797

(6) – CAPITAL ASSETS (CONT.)

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:		
General government	$ 18,865	
Public safety	9,983	
Public works	49,543	
Culture and recreation	610	
Total depreciation expense -Governmental activities		$ 79,001
Business-type activities		
Water and sewer	$ 137,905	
Total depreciation expense - Business-type activities		$ 137,905

(7) – LONG-TERM DEBT

At December 31, 2016, the City had the following notes payable:

	Business-Type
Note payable – Drinking Water State Revolving Loan Fund – The City signed this note for $523,105 in 2002. The purpose of this loan was to finance part of the cost of a new 200,000 gallon elevated water storage tank and new water lines. The loan bears interest at negative 10.187 percent and is payable in 80 quarterly installments of $1,937.50. The City's total debt service on this loan is $155,000. This loan was voided and a new loan issued in 2004 when the project was expanded to add a new well.	
The new loan dated August 20, 2004 is for $321,883, due in monthly installments of $1,414.13 through 2023, bearing interest at zero percent. The total amount that the City received from the Drinking Water State Revolving Loan Fund was $821,883. The difference between the principal and total amount received, $500,000, is accounted for as a grant recognized after the total principal is drawn down from the Drinking Water State Revolving Loan Fund.	$ 117,370

Annual debt service requirements to this note payable as of December 31, 2016 follow:

Year	Principal	Interest	Total
2017	$ 16,970	$ -	$ 16,970
2018	16,970	-	16,970
2019	16,970	-	16,970
2020	16,970	-	16,970
2021	16,970	-	16,970
2022-2023	32,520	-	32,520
Total	$ 117,370	$ -	$ 117,370

(7) – LONG-TERM DEBT (CONT.)

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended December 31, 2016:

	Balance Jan. 1	Additions	Deductions	Balance Dec. 31	Due within One year
Governmental type activities:					
Compensated absences	$ 2,065	$ 2,790	$ 680	$ 4,175	$ 4,175
Total governmental type activities	$ 2,065	$ 2,790	$ 680	$ 4,175	$ 4,175
Business type activities:					
Compensated absences	$ 1,206	$ 2,144	$ 1,206	$ 2,144	$ 2,144
Note payable - Drinking Water State Revolving Loan Fund	134,340	-	16,970	117,370	16,970
Total business type activities	135,546	2,144	18,176	119,514	19,114
Total government	$ 137,611	$ 4,934	$ 18,856	$ 123,689	$ 23,289

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, normally the General Fund and the Water and Sewer Fund.

(8) – INTERFUND BALANCES

Interfund balances at December 31, 2016, consisted of the following amounts.

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 81,569	$ -
Water & Sewer Fund	-	81,569
Total	$ 81,569	$ 81,569

The General Fund loaned the Water and Sewer Fund $95,733 on November 14, 2013. The Water and Sewer Fund used this money when it retired the 1987 series Water and Sewer Revenue Bonds. The Water and Sewer Fund expects to repay this interfund loan over a period of approximately 11 years. The balance on this long-term interfund balance at December 31, 2016 is $73,638. Part of this long-term interfund loan, $7,365, will be repaid in 2017 and is listed on the financial statement as current. There is also a December 31, 2016 short-term interfund balance of $7,931.

(9) – INTERFUND TRANSFERS

Transfers are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions.

Transfers between funds during the year were as follows:

	Transfers From:				
	Governmental Activities				
	Major Governmental Funds			Major Business Type Funds	
Transfer To:	General Fund	SPLOST 2012 Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Total
General Fund	$ -	$ -	$ -	$ -	$ -
SPLOST 2012 Fund	-	-	2,130	-	2,130
Water & Sewer Fund	-	402	863	-	1,265
Totals	$ -	$ 402	$ 2,993	$ -	$ 3,395

(10) – FUND BALANCES

The following is a summary of the fund balances for the governmental funds at December 31, 2016:

Nonspendable:	
Prepaid items - This is prepaid insurance in the general fund	$ 3,740
Interfund receivable - This is a long-term interfund receivable in the general fund	73,638
Restricted for construction of capital assets - This is net positions restricted by state laws and grant agreements as follows:	
SPLOST 2012 Fund - Restricted by state law	198,549
SPLOST Recreation Fund - Restricted by state law and the City of Thomasville	16,789
Restricted for promotion of tourism:	
Hotel/Motel - Restricted by the state law	19,150
Committed:	
None	-
Assigned:	
None	-
Unassigned:	
This is the amount unassigned in the general fund	608,341
Total	$ 920,207

(11) - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City has not compiled a record of the claims paid up to the applicable deductible for the prior or current fiscal year. The City is not aware of any claims which the City is liable for (up to the applicable deductible) which were outstanding and unpaid at December 31, 2016. No provisions has been made in the financial statements for the year ended December 31, 2016 for any estimate of potential unpaid claims.

The City carries a combined property, casualty, and crime coverage with the Georgia Interlocal Risk Management Agency (GIRMA).

Coverages are as follows:

Coverage description – property:	
Blanket buildings and personal property	$ 2,651,646
Automobile physical damage and mobile equipment	Per schedule on file with GIRMA
Coverage description – casualty:	
General liability	1,000,000
Law enforcement liability	1,000,000
Automobile liability	1,000,000
Employee benefits liability	1,000,000
Errors and omissions liability	1,000,000
Coverage description – crime:	
Blanket bond	500,000
Depositors forgery	500,000
Money and securities	500,000
Coverage description – environmental:	
GIRMA public entity environmental liability	1,000,000

(11) - RISK MANAGEMENT (CONT.)

Deductible:	
General liability	1,000
Law enforcement liability	1,000
Automobile liability	1,000
Employee benefits liability	1,000
Errors and omissions liability	1,000
Buildings and personal property	1,000
Automobile physical damage	1,000
Environmental	1,000
Crime	1,000
Coverages subject to a retroactive date:	
(Unless stated otherwise in the coverage exceptions)	
Environmental liability	5/1/2003

Coverage is subject to all terms, conditions and internal limits as specified in the GIRMA member coverage agreement.

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceeded the City's insurance coverage during the past three years.

(12) – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City has stated that it is not involved in any lawsuit that will have a material effect on the financial condition of the City.

(13) – ECONOMIC DEPENDENCY

The City has some economic dependency on three corporations which pay approximately $42,143 or 35% of the real property taxes and 9.4% of the General Fund's total revenue.

(14) – HOTEL/MOTEL LODGING TAX

Pursuant to an ordinance on June 27, 2005, January 1, 2006 Thomas County began levying a 5% lodging tax in accordance with O.C.G.A. 48-13-51 and expends 50% of the hotel/motel tax collections for the purpose of promoting tourism. This tax increase to 8% on July 1st, 2016.

Thomas County paid the City of Coolidge, Georgia $3,014 from their Hotel/Motel Tax Fund in 2016. The City did not spend any of this money in 2016 or 2015.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING FUND STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

A Capital Project fund is used to account for all receipts and disbursements of moneys for the construction or acquisition of capital facilities and infrastructure.

LMIG Fund – To account for state grants used for road resurfacing. This fund closed in 2016 and these state grants and the city's match are now being accounted for in the SPLOST 2012 Fund.

SPLOST 2006 Fund – To account for special purpose sales tax received from Thomas County, Georgia. The purpose of the tax is to provide resources for road and other capital projects.

SPLOST Recreation Fund – To account for special purpose sales tax received from the City of Thomasville, Georgia. The purpose of the tax is to provide resources for improvements to existing recreational facilities.

CITY OF COOLIDGE, GEORGIA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2016

	Capital Projects			
	LMIG Fund	SPLOST 2006 Fund	SPLOST Recreation Fund	Total Other Governmental Funds
Assets:				
Cash	$ -	$ -	$ 16,789	$ 16,789
Intergovernmental receivables	-	-	-	-
Total assets	$ -	$ -	$ 16,789	$ 16,789
Liabilities, deferred inflows and fund balances				
Liabilities:				
Unearned revenue	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-
Deferred inflows - taxes	-	-	-	-
Fund balances:				
Restricted for:				
Construction of capital assets	-	-	16,789	16,789
Total fund balances	-	-	16,789	16,789
Total liabilities, deferred inflows and fund balances	$ -	$ -	$ 16,789	$ 16,789

CITY OF COOLIDGE, GEORGIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended December 31, 2016

	Capital Projects			
	LMIG Fund	SPLOST 2006 Fund	SPLOST Recreation Fund	Total Other Governmental Funds
Revenues:				
Sales and use taxes	$ -	$ -	$ -	$ -
Intergovernmental revenues	-	-	-	-
Interest Income	-	-	11	11
Total revenues	-	-	11	11
Expenditures:				
Capital projects	21	6,694	4,690	11,405
Total expenditures	21	6,694	4,690	11,405
Excess (deficiency) of revenues over expenditures	(21)	(6,694)	(4,679)	(11,394)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	(2,993)	-	(2,993)
Total other financing sources(uses)	-	(2,993)	-	(2,993)
Net change in fund balances	(21)	(9,687)	(4,679)	(14,387)
Fund balances - beginning	21	9,687	21,468	31,176
Fund balances - ending	$ -	$ -	$ 16,789	$ 16,789

OTHER SUPPLEMENTARY INFORMATION

SIMMONS, MILLS & SIMMONS P.C.

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

Honorable Mayor and Members
of the City Council
City of Coolidge, 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, each major fund, and the aggregate remaining fund information of the City of Coolidge, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Coolidge, Georgia's basic financial statements and have issued our report thereon dated May 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Coolidge, 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 Coolidge, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Coolidge, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. 1996-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Coolidge, 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.*

The City of Coolidge Georgia's Response to Findings

The City of Coolidge, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City of Coolidge, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills + Simmons PC.

May 9, 2017

CITY OF COOLIDGE, GEORGIA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Prior years findings and responses:

1996-001

Condition: The City has a deficiency in its control structure due to lack of segregation of duties.

Effect: The City Clerk performs many of the accounting functions which gives her the ability to control the financial records and reports.

Status: Our test determined that this condition still exists.

Recommendation: The Mayor and City Council should closely monitor and approve the monthly financial activity.

Views of responsible officials and planned corrective actions: The City's management concurs with the finding. The Mayor and City Council will continue to closely monitor and approve the monthly financial activity.

Current year findings and responses:

None noted.

SIMMONS, MILLS & SIMMONS P.C.

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INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX

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

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the City of Coolidge, Georgia for the year ended December 31, 2016. These schedules are the responsibility of the City of Coolidge's management. Our responsibility is to express an opinion on the Schedules of Special Purpose Local Option Sales Tax 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 Schedules of Special Purpose Local Option Sales Tax are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules of Special Purpose Local Options Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of the City of Coolidge's revenues and expenditures.

In our opinion, the Schedules of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project of the City of Coolidge for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Simmons, Mills & Simmons P.C.
Thomasville, Georgia

Simmons, Mills + Simmons P.C.

May 9, 2017

CITY OF COOLIDGE, GEORGIA
Schedule of Special Purpose
Local Option Sales Tax
Year Ended December 31, 2016

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Spray field improvements	$ 100,000	$ 144,000	$ 143,818	$ -	$ 143,818
Misc. water & sewer projects	98,250	144,550	127,395	3,836	131,231
Street repairs	-	5,500	13,053	5,851	18,904
Totals	$ 198,250	$ 294,050	$ 284,266	$ 9,687	$ 293,953

Note: 2006 Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for year ended December 31, 2016 was $ 0.00. The current year expenditures include the $2,130 transferred to the 2012 SPLOST fund to be used as the City's match on the LMIG project.

CITY OF COOLIDGE, GEORGIA
Schedule of Special Purpose
Local Option Sales Tax
Year Ended December 31, 2016

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Recreation projects-1	$ 25,000	$ 25,000	$ -	$ 25,000
Recreation projects-2	23,600	2,407	4,690	7,097
Totals	$ 48,600	$ 27,407	$ 4,690	$ 32,097

Note: Special Purpose Local Option Sales Tax received from the City of Thomasville, Ga. for year ended December 31, 2016 was $0.

CITY OF COOLIDGE, GEORGIA
Schedule of Special Purpose
Local Option Sales Tax
Year Ended December 31, 2016

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Misc. water & sewer projects	$ 420,000	$ 352,445	$ 6,978	$ 30,091	$ 37,069
Vehicles for water & sewer	-	45,000	-	44,990	44,990
Vehicles for the street dept.	-	22,500	-	22,495	22,495
Misc. street projects	-	55	-	54	54
Totals	$ 420,000	$ 420,000	$ 6,978	$ 97,630	$ 104,608

Note: 2012 Special Purpose Local Option Sales Tax revenue received from Thomas County, Georgia for year ended December 31, 2016 was $75,337. Part of the LMIG project will be funded by SPLOST and accordingly LMIG funds of $16,343 were deposited in this fund. The 2006 SPLOST fund transferred $2,130 into this fund as the City's match on the LMIG project. Included in the chart above is $402 transferred to the W & S fund to purchase tools.