CITY OF PATTERSON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia

CITY OF PATTERSON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

City of Patterson, Georgia
Financial Statements
For the Year Ended December 31, 2016

Table of Contents

	Page
Introductory Section	
Organization Chart	5
Financial Section	
Independent Auditor's Report	8-10
Management's Discussion and Analysis	11-20
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	22
Statement of Activities	23
Fund Financial Statements	
Governmental Funds	
Balance Sheet-Governmental Funds	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	25
Statements of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27-28
Proprietary Funds	
Statement of Net Position	29
Statement of Revenues, Expenses, and Changes in Net Position	30
Statement of Cash Flows	31-32
Notes to the Financial Statements	
Index to Notes to Financial Statements	34-35
Notes to Financial Statements	36-78
Required Supplementary Information Other than MD&A	
General Fund - A Major Fund	
Budgetary Comparison Schedule	79-82
Notes to the required supplementary information Budget Comparison	82-83
Pension Plan	
Schedule of Total Pension Liability	85
Fiduciary Net Position	86-87
Schedule of Contributions	88
Notes to Required Supplementary Information Pension Plan	89

City of Patterson, Georgia
Financial Statements
For the Year Ended December 31, 2016

Table of Contents (continued)

	Page
Financial Section (continued)	
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Combining Balance Sheet	91
Combining Statement of Revenues , Expenditures and Changes in Fund Balances	92-93
Volunteer Fire Department:	
Balance Sheet	95
Budgetary Comparison Schedule	96
Fines and Forfeitures:	
Balance Sheet	97
Budgetary Comparison Schedule	98
Cemetary Fund:	
Balance Sheet	99
Budgetary Comparison Schedule	100
Spirit of Liberty:	
Balance Sheet	101
Budgetary Comparison Schedule	102
Eagle Station	
Balance Sheet	103
Budgetary Comparison Schedule	104
Major Governmental Funds:	
Capital Project Fund:	
SPLOST Fund	106
CDBG 14p-x-113-2-5689	107
Budgetary Comparison Schedule	
Proprietary Fund	
Water and Sewer Fund	109
State Compliance Section:	
Independent Auditors' Report on Special 1 percent Sales and Use Tax	112
Schedule of Projects Constructed With Special Local Option Sales Tax	113-114
Federal Program Section:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standard*s	115-116

Introductory Section

CITY OFFICIALS

MAYOR
R.D. Thomas, Jr.

MAYOR PROTEM
Joan Teglas

COUNCIL
Teresa Leggett
James I. Echols
David Smith

CITY CLERK
Ray Cunningham

COURT CLERK
Glenda Hickox

CITY JUDGE
Jim McGee

CITY ATTORNEY
Adam Ferrell

POLICE CHIEF
s. Jason Strickland

FIRE CHIEF
Stevie Sweat

PUBLIC WORKS SUPERVISOR
Stevie Sweat

WATER AND SEWER SUPERVISOR
Stevie Sweat

FINANCIAL SECTION

Independent Auditor's Report

Earl A. Lawson,
Certified Public Accountant
1025 Elizabeth Street
Blackshear, Georgia 31516

Telephone
(912) 449-5485

INDEPENDENT AUDITOR'S REPORT

To the City Council
Patterson, Georgia

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, Georgia, as of and for the year ended December 31, 2016, and the related notes 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 controls 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements. Whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, each major fund, and the aggregate remaining fund information of the City of Patterson, Georgia, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 11-20, the budgetary comparison schedule, pages 79-83 and the pension plan information, pages 85-89 be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

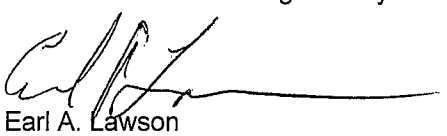
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Patterson, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information

The combining financial statements of the nonmajor funds is the responsibility of management and was derived from and relates 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 my opinion, the combining financial statements of the nonmajor funds 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* , I have also issued my report dated June 21, 2017 on my consideration of the City of Patterson Georgia's internal controls over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of my testing, of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Patterson's internal control over financial reporting.



Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia
June 21, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) is a narrative introduction, overview and analysis of the basic financial statements prepared by the City.

Management's Discussion and Analysis

Within this section of the City of Patterson, Georgia (City) annual financial report, the City's management provides narrative discussion and analysis of the financial activities of the City for the year ended December 31, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the City's primary government.

FINANCIAL HIGHLIGHTS

The City's total assets exceeded its total liabilities by $3,782,972 (net position) for the year reported. This compares to the previous year when the total assets exceeded the total liabilities by $3,486,803.

Total net position are comprised of the following:

1. Capital assets, net of related debt, of $3,107,825 include property and equipment, net of accumulated depreciation, and reduced by outstanding debt related to the purchase and construction of capital assets.
2. Net position of $139,445 are restricted by constraints imposed upon the City by laws and regulations.
3. Unrestricted net position of $535,702 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

The City's governmental funds reported total ending fund balance of $566,175 this year. This compares to the prior year ending fund balance, of $480,157 showing an increase of $86,018 during the current year.

At the end of the current year, unassigned fund balance for the General Fund was $378,988, or 88.3% of total General Fund expenditures.

Overall, the City of Patterson, Georgia, remains in a strong financial position. However, the City of Patterson has some areas that should be addressed by the Mayor and City Council. I have issued a management letter detailing these.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 22 - 23 provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on pages 24 - 28. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The financial statements for the City's business type activities (water and sewer fund) are on pages 29 - 32.

Overview to the Financial Statements

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual report includes two government- wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the City-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification to the taxpayer base or the condition of City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the City's net position changed during the current year. All current year revenues and expenses are included *regardless of when cash is received or paid. An important purpose of the design of the statement* of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Governmental activities include general government, public safety, public works, culture and recreation and community development.

The City's financial reporting includes the funds of the City (primary government).

The Government-wide financial statements are presented on pages 22 - 23 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported.

The City has two kinds of funds:

Governmental funds--The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting., which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent I the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The basic governmental fund financial statements are presented on pages 24 - 28 of this report.

Individual fund information for governmental funds is found in a later section of this report.

The City maintains three major governmental funds . The City's major governmental funds are the:

General Fund
SPLOST Fund
CDBG 14p-x-113-2-5689

Proprietary Funds--The City charges customers for the services it provides. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are identical to the business -type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. These are reported in the fund financial statements and generally report services for which the City charges customers a fee. The one City proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for water and sewer utilities.

The basic enterprise fund financial statements are presented on pages 29 - 32 of this report.

The City maintains one enterprise fund: Water and Sewer.

Notes to the Basic Financial Statements

The financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 33 of this report.

Budgetary Presentations

Budgetary comparison statements are included for the general fund and capital projects fund. The Budgetary comparison schedules are found on page 80-83 and page 105-107 respectively. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Budgetary comparison statements are included for each of the nonmajor governmental funds and are found on pagea 94-104

Budgetary comparison statements are included for the water and sewer fund on pagea 108-109

Financial Analysis of the City as a Whole

The City's combined net position were $3,782,972 at the end of December 31, 2016. This is a increase from last year's nets assets of $315,763. The following table provides a summary of the City's net assets:

Table 1
Summary of Net Position

Assets and Deferred outflows of Resources	Governmental Activities December '31		Business-type Activities December '31		Total		Percentage of Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Current and other assets	$ 632,046	897,369	$ 125,800	129,375	$ 757,846	1,026,744	16.06%	21.49%
Capital assets	1,451,660	1,477,628	2,484,456	2,263,172	3,936,116	3,740,800	83.43%	78.29%
Deferred Outflows of Resources	24,086	10,497	-	-				
Total assets	2,107,792	2,385,494	2,610,256	2,392,547	4,718,048	4,778,041	99.49%	99.78%
Liabilities and deferred outflows of resources:								
Current liabilities	93,635	36,313	40,771	42,112	134,406	78,425	14.37%	6.07%
Long-term Liabilities	38,225	114,474	741,795	766,977	780,020	881,451	83.42%	68.26%
Total liabilities	131,860	150,787	782,566	809,089	914,426	959,876	97.79%	74.34%
Deferred Inflows of resources	20,650	331,362	-	-	20,650	331,362	2.21%	25.66%
Total Liabilities and deferred inflows of resources	152,510	482,149	782,566	809,089	935,076	1,291,238	100.00%	100.00%
Net position:								
Net investment in capital assets	1,368,047	1,332,093	1,739,778	1,484,970	3,107,825	2,817,063	82.15%	80.79%
Restricted	123,276	130,498	16,169	-	139,445	130,498	3.69%	3.74%
Unrestricted (deficit)	463,959	440,754	71,743	98,488	535,702	539,242	14.16%	15.47%
Total net position	$ 1,955,282	1,903,345	$ 1,827,690	1,583,458	$ 3,782,972	3,486,803	$ 100.00%	100.00%

The City continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations.

Note that approximately 80.8% of the governmental activities' net position are in capital assets The City uses these capital assets to provide services to its citizens.

The City reported positive balances in net position for governmental activities. Net position increased by $51,937 for governmental activities. Net position increased by $263,826 for business type activities. The City's overall financial position did improve during the year 2016.

Table 2

Summary of Statement of Activities

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	December '31		December '31					
Revenues:	2016	2015	2016	2015	2016	2015	2016	2015
Program Revenues:								
Charges for services	$ 81,502	74,576	$ 274,272	274,151	$ 355,774	348,727	29.42%	36.28%
Op. grant & contri.	-	-	-	-	-	-	0.00%	0.00%
Cap. Grant & contri.	452,218	175,432	-	-	452,218	175,432	37.40%	18.25%
General Revenues:								
Property taxes	184,798	219,559	-	-	184,798	219,559	15.28%	22.84%
Other taxes	201,559	216,639	-	-	201,559	216,639	16.67%	22.54%
Grants & entitlements	-	-	-	-	-	-	0.00%	0.00%
Intergovernmental	-	-	-	-	-	-	0.00%	0.00%
Other Revenues	14,485	948	391	21	14,876	969	1.23%	0.10%
Total Revenues	934,562	687,154	274,663	274,172	1,209,225	961,326	100.00%	100.00%
Expenses:								
General government:	185,696	170,628	-	-	185,696	170,628	20.78%	17.47%
Public safety	147,838	144,435	-	-	147,838	144,435	16.55%	14.79%
Public works	169,087	194,371	-	-	169,087	194,371	18.92%	19.90%
Culture & recreation	46,650	69,659	-	-	46,650	69,659	5.22%	7.13%
Interest	4,922	8,162	18,928	25,204	23,850	33,366	2.67%	3.42%
Water & sewer	-	-	320,341	364,361	320,341	364,361	35.85%	37.30%
Total expense	554,193	587,255	339,269	389,565	893,462	976,820	100.00%	100.00%
Excess (deficiency)	380,369	99,899	(64,606)	(115,393)	315,763	(15,494)		
Transfer	(328,432)	-	328,432	-	-	-	-	-
Change in net position	51,937	99,899	263,826	(115,393)	315,763	(15,494)	8.35%	-0.44%
Beginning net position	1,903,345	1,803,446	1,563,864	1,698,851	3,467,209	3,502,297	91.65%	100.44%
(Restated) See Note 4H Page 66								
Ending net position	$ 1,955,282	1,903,345	$ 1,827,690	1,583,458	$ 3,782,972	3,486,803	100.00%	100.00%

Note: The net position for the year 2015 of the Business type activities was restated. See Note 4H page 66.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2016, was $1,451,660. The City's investment in capital assets, net of accumulated depreciation for its business type activities as of December 31, 2016, was $2,484,456. The combined investment in capital assets, net of accumulated depreciation was $3,936,116.

Table 3
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	December '31		December '31					
Non-depreciable assets:	2016	2015	2016	2015	2016	2015	2016	2015
Land	$ 65,000	65,000	$ 131,547	131,547	$ 196,547	196,547	100.00%	100.00%
Const. in progress	-	-	-	-	-	-	0.00%	0.00%
Total Non-depreciable	65,000	65,000	131,547	131,547	196,547	196,547	100.00%	100.00%
Depreciable assets:								
Buildings	1,170,205	1,142,917	-	-	1,170,205	1,142,917	17.25%	16.15%
Mach. & equipment	433,564	432,070	51,907	51,907	485,471	483,977	7.16%	6.84%
Water & sewer system	-	-	4,740,825	5,069,257	4,740,825	5,069,257	69.89%	71.63%
Infrastructure	386,768	381,048	-	-	386,768	381,048	5.70%	5.38%
Total depreciable asse	1,990,537	1,956,035	4,792,732	5,121,164	6,783,269	7,077,199	100.00%	100.00%
Accumulated depreciation:								
Buildings	171,526	143,512	38,004	38,968	209,530	182,480	6.42%	5.51%
Equipment	342,598	320,452	2,623,103	2,729,287	2,965,701	3,049,739	90.83%	92.09%
Infrastructure	89,753	79,443	-	-	89,753	79,443	2.75%	2.40%
Total accumulated depreciation	603,877	543,407	2,661,107	2,768,255	3,264,984	3,311,662	100.00%	100.00%
Book value-depreciation assets	1,386,660	1,412,628	2,131,625	2,352,909	3,518,285	3,765,537		
Total Capital Assets	$ 1,451,660	1,477,628	$ 2,263,172	2,484,456	$ 3,714,832	3,962,084		
Percentage depreciatic	69.66%	72.22%	44.48%	45.94%	51.87%	53.21%		

See Note 4-E on pages 51 thru 53 for additional information about the City's capital assets.

Long-term debt

As of December 31, 2016, the City had total debt outstanding of $860,989. This compares to the year ended December 31, 2015 when the total outstanding debt was $931,568 for an decrease of $70,579. The total debt is secured by the various assets of the City.

Table 4

Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	December '31		December '31					
	2016	2015	2016	2015	2016	2015	2016	2015
Notes Outstanding	$ 77,302	132,613	$ 309,494	324,378	$ 386,796	456,991	90.84%	95.66%
Compensated absence	18,830	2,902	13,868	5,129	32,698	8,031	7.68%	1.68%
Capital Lease	6,311	12,722	-	-	6,311	12,722	1.48%	2.66%
Total outstanding note	102,443	148,237	323,362	329,507	425,805	477,744	100.00%	100.00%
Bonds outstanding:								
Bank	-	-	435,184	453,824	435,184	453,824	100.00%	100.00%
FHA	-	-	-	-	-	-	0.00%	0.00%
Total bonds outstanding	-	-	435,184	453,824	435,184	453,824	100.00%	100.00%
Total debt outstandir	$ 102,443	148,237	$ 758,546	783,331	$ 860,989	931,568		

See Note 4-G on pages 56 - 64 for additional information about the City's outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economic factors considered in preparing the 2016 budget was the status of the increased cost of supplies and other materials and the spending of the City was reduced as much as possible without reducing the services to the Citizens.

The City is continuing a renovation of the Patterson High School. It will be completed in phases with the estimated completion date of all phases to be in 2017. When completed it will include an auditorium, which will seat approximately 400; a public library; a large banquet hall; some smaller conference rooms; a fitness center; a commercial warming kitchen; a courtyard; and a large multipurpose area. City Hall has been moved to the facility. It is a facility that the people of Patterson can be very proud of and a welcome addition to the City.

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulation, and demonstrates the City's commitment of public accountability. If you have questions about this report or would like to request additional information, contact:

City of Patterson
3507 Williams Street
Patterson, GA 31553
Telephone: (912) 647-5776

Basic Financial Statements

The basic financial statements include the government-wide statement of net position and government-wide statement of activities which include all of the primary government's governmental activities and business-type activities. In addition, the basic financial statements include the fund financial statements and the notes to the financial statements.

City of Patterson, Georgia
Statement of Net Position
December 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources:			
Cash	$ 326,142	$ 116,250	$ 442,392
Receivables (net)	278,656	17,765	296,421
Due to other funds	8,831	(8,831)	-
Prepaid Insurance	17,672	616	18,288
Inventories	745	-	745
Total current assets	632,046	125,800	757,846
Capital assets :			
Land, improvements, and construction in progress	65,000	131,547	196,547
Other capital assets, net of depreciation	1,386,660	2,352,909	3,739,569
Total capital assets	1,451,660	2,484,456	3,936,116
Deferred Outflows of Resources	24,086	-	24,086
Total assets and deferred outflows of resources	2,107,792	2,610,256	4,718,048
Liabilities and deferred inflows of resources:			
Current liabilities			
Accounts payable and accrued expenses	7,442	6,319	13,761
Due to other funds	-	-	-
Net Pension Liability	21,581	-	21,581
Accured interest	394	-	394
Current portion of long term debt	64,218	34,452	98,670
Total current liabilities	93,635	40,771	134,406
Long term liabilities			
Deposits	-	17,702	17,702
Compensated absences	18,830	13,867	32,697
Due in more than one year	19,395	710,226	729,621
Total long term liabilities	38,225	741,795	780,020
Total liabilities	131,860	782,566	914,426
Deferred inflows of resources	20,650	-	20,650
Total liabilities and deferred inflow of resources	152,510	782,566	935,076
NET POSITION			
Net investment in capital assets	1,368,047	1,739,778	3,107,825
Restricted for:			
Capital projects	65,337	-	65,337
Debt service	57,939	16,169	74,108
Community development projects	-	-	-
Other purposes	-	-	-
Unrestricted (deficit)	463,959	71,743	535,702
Total net position	$ 1,955,282	$ 1,827,690	$ 3,782,972

See accompanying notes to the basic financial statements.

City of Patterson, Georgia
Statement of Activities
For The Year Ended December 31, 2016

Functions/Programs	Expense	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Government activities:							
General government	$ 185,696	$ 36,321	$ -	$ -	$ (149,375)	$ -	$ (149,375)
Public safety	147,838	14,980	-	35,500	(97,358)	-	(97,358)
Public works	169,087	-	-	401,218	232,131	-	232,131
Culture and recreation	46,650	30,201	-	15,500	(949)	-	(949)
Interest on long-term debt	4,922	-	-	-	(4,922)	-	(4,922)
Total governmental activities	554,193	81,502	-	452,218	(20,473)	-	(20,473)
Business-type activities:							
Water & Sewer	339,269	274,272	-	-	-	(64,997)	(64,997)
Total business-type activities	339,269	274,272	-	-	-	(64,997)	(64,997)
Total primary government	893,462	355,774	-	452,218	(20,473)	(64,997)	(85,470)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					184,798	-	184,798
Sales Taxes					94,955	-	94,955
Insurance Premium Tax					45,562	-	45,562
Franchise taxes					47,361	-	47,361
Alcohol Tax					13,681	-	13,681
Sale of Capital Assets					-	-	-
Other					14,088	-	14,088
Intergovernmental					-	-	-
Unrestricted Investment earnings					397	391	788
Total general revenues					400,842	391	401,233
Transfers					(328,432)	328,432	-
Total general revenues and transfers					72,410	328,823	401,233
Change in net position					51,937	263,826	315,763
Net position—beginning (Restated) See Note 4H page 66					1,903,345	1,563,864	3,467,209
Net position—ending					$ 1,955,282	$ 1,827,690	$ 3,782,972

See accompanying notes to the basic financial statements.

City of Patterson, Georgia
Balance Sheet
Governmental Funds
December 31, 2016

	General	SPLOST Fund	CDBG 14p-x-113 -2-5689	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash	$ 175,130	$ 105,380	$ 100	$ 45,532	$ 326,142
Receivables, net	89,567	-	-	-	89,567
Due from other funds	8,467	-	-	1,019	9,486
Fines receivable	25,450	-	-	-	25,450
Intergovernmental receivable	136,326	27,300	13	-	163,639
Prepaids	17,672	-	-	-	17,672
Inventories	745	-	-	-	745
Total assets	453,357	132,680	113	46,551	632,701
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	$ 6,571	$ 369	$ -	$ 502	$ 7,442
Due to other funds	-	-	100	555	655
Payable to other governments	-	-	-	-	-
Total liabilities	6,571	369	100	1,057	8,097
Deferred inflows of Resources	49,381	9,035	13	-	58,429
Total Liabilities and Deferred Inflows of Resources	55,952	9,404	113	1,057	66,526
Fund balances:					
Nonspendable:					
Inventories	745	-	-	-	745
Prepaids	17,672	-	-	-	17,672
Restricted for:					
Construction of capital assets	-	65,337	-	-	65,337
Law enforcement	-	-	-	-	-
Debt service	-	57,939	-	-	57,939
Assigned to:					
Construction of capital assets	-	-	-	11,184	11,184
Other purposes	-	-	-	34,310	34,310
Unassigned	378,988	-	-	-	378,988
Total fund balances	397,405	123,276	-	45,494	566,175
Total liabilities, Deferred Inflow of Resources and Fund Balances	$ 453,357	$ 132,680	$ 113	$ 46,551	$ 632,701

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2016

Total Governmental Fund Balances		$ 566,175
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Cost	2,055,537	
Less accumulated depreciation	(603,877)	
		1,451,660
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Grants	-	
Property taxes	19,836	
Fines	2,000	
Deferred outflows of resources pension	24,086	
Pension	(2,187)	
Special Local Option Sales Tax	9,035	
Local Option Sales Tax	9,095	61,865
Liabilities, including notes and capital leases are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(77,302)	
Capital leases	(6,311)	
Net Pension Liability	(21,581)	
Employee Benefits	(18,830)	
Accrued note interest	(394)	
		(124,418)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 1,955,282

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For The Year Ended December 31, 2016

	General	SPLOST Fund	CDBG 14p-x-113 -2-5689	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 418,091	$ -	$ -	$ -	$ 418,091
Fees and fines	12,951	-	-	-	12,951
Licenses and permits	15,094	-	-	-	15,094
Public safety	-	-	-	2,029	2,029
Intergovernmental	12,406	121,045	328,432	-	461,883
Charges for services	21,227	-	-	30,201	51,428
Other	14,088	-	-	-	14,088
Investment earnings	211	186	-	-	397
Total revenues	494,068	121,231	328,432	32,230	975,961
EXPENDITURES					
Current:					
General government	137,557	-	-	-	137,557
Public safety	140,294	1,494	-	530	142,318
Public works	139,852	5,720	-	-	145,572
Culture and recreation	5,558	27,288	-	35,987	68,833
Community development	-	-	-	-	-
Capital outlay utilities	-	-	328,432	-	328,432
Debt service:					
Principal	6,411	55,511	-	-	61,922
Interest and other charges	820	4,489	-	-	5,309
Total expenditures	430,492	94,502	328,432	36,517	889,943
Excess (deficiency) of revenues over expenditures	63,576	26,729	-	(4,287)	86,018
OTHER FINANCING SOURCES (USES)					
Issuance of Long Term Debt	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-
Net change in fund balance	63,576	26,729	-	(4,287)	86,018
Fund Balance Beginning	333,829	96,547	-	49,781	480,157
Fund Balance End of Year	$ 397,405	$ 123,276	$ -	$ 45,494	$ 566,175

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended December 31, 2016

Net Changes In Fund Balances---Total Governmental Funds		$ 86,018
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlay	34,502	
Depreciation expense	(60,470)	(25,968)
In the statement of activities, only the gain or loss on the sale or trade in of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book values of the assets sold:		
Cost of assets disposed of	-	
Less: Accumulated Depreciation	-	
Net book value of assets disposed of		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes		(31,314)
Special Local Option :		(9,665)
Local Option:		(420)
Issuance of long term debt provides current financial resources to governmental funds while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. The issuance of long term debt increases long term liabilities and the repayment of long term debt reduces long term liabilities in the statement of net position.		
Inception of capital leases	-	
Accrued interest	387	
Repayment of long term debt	61,922	62,309

City of Patterson, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For The Year Ended December 31, 2015

Some expenses reported in the statement of activities, such as compensated absences and pension expense, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(15,928)	
Net pension liability and changes in related deferred inflows/outflows of resources	(13,095)	(29,023)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 51,937

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds	
	Water and Sewer	Totals
ASSETS		
Current assets:		
Cash	$ 100,081	$ 100,081
Receivables, net	17,765	17,765
Interfund receivable	-	-
Total current assets	117,846	117,846
Noncurrent assets:		
Restricted cash	16,169	16,169
Capital assets:		
Land and improvements	131,547	131,547
Construction in progress	-	-
Distribution and collection systems	5,069,257	5,069,257
Buildings and equipment	51,907	51,907
Less accumulated depreciation	(2,768,255)	(2,768,255)
Total Capital assets	2,484,456	2,484,456
Total noncurrent assets	2,500,625	2,500,625
Other assets:		
Prepaid Insurance	616	616
Total assets	$ 2,619,087	$ 2,619,087
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 6,319	$ 6,319
Due to other funds	8,831	8,831
Bonds, notes, and loans payable	34,452	34,452
Total current liabilities:	49,602	49,602
Noncurrent liabilities:		
Customer deposits	17,702	17,702
Compensated absences	13,867	13,867
Bonds, notes, and loans payable	710,226	710,226
Total noncurrent liabilities	741,795	741,795
Total liabilities	791,397	791,397
NET POSITION		
Net Investment in capital assets	1,739,778	1,739,778
Restricted for debt service	16,169	16,169
Unrestricted	71,743	71,743
Total net position	$ 1,827,690	$ 1,827,690

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds	
	Water and Sewer	Totals
OPERATING REVENUES		
Charges for services	$ 265,986	$ 265,986
Miscellaneous	8,286	8,286
Total operating revenues	274,272	274,272
OPERATING EXPENSES		
Administrative	38,883	38,883
Operations	135,245	135,245
Solid Waste Collection	39,065	39,065
Depreciation	107,148	107,148
Total operating expenses	320,341	320,341
Operating income (loss)	(46,069)	(46,069)
NONOPERATING REVENUES (EXPENSES)		
Interest income	391	391
Miscellaneous revenue	-	-
Interest expense	(18,928)	(18,928)
	-	-
Total nonoperating revenue (expenses)	(18,537)	(18,537)
Income (loss) before transfers	(64,606)	(64,606)
TRANSFERS		
Transfers In	328,432	328,432
Transfers Out	-	-
Net Transfers	328,432	328,432
Change in net position	263,826	263,826
Net position-beginning of year (Restated) See Note 4H Page 66	1,563,864	1,563,864
Net position-end of year	$ 1,827,690	$ 1,827,690

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds	
	Water and Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 276,840	$ 276,840
Payments to suppliers	(149,780)	(149,780)
Payments to employees	(57,659)	(57,659)
Other receipts (payments)	-	-
Net cash provided by operating activities	69,401	69,401
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due from other funds	-	-
Due to other funds	2,714	2,714
Net cash (used) by noncapital financing activities	2,714	2,714
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	-	-
Capital contributions	-	-
Purchases of capital assets	-	-
Principal paid on capital debt	(33,524)	(33,524)
Interest paid on capital debt	(18,928)	(18,928)
Other receipts (payments)	-	-
Net cash (used) by capital and related financing activities	(52,452)	(52,452)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	-	-
Interest	391	391
Net cash provided by investing activities	391	391
Net (decrease) in cash and cash equival	20,054	20,054
Balances-beginning of the year	96,196	96,196
Balances-end of the year	$ 116,250	$ 116,250
Displayed As:		
Cash	$ 100,081	$ 100,081
Restricted cash	16,169	16,169
Cash balance end of year	$ 116,250	$ 116,250

See accompanying notes to the basic financial statements

City of Patterson, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds	
	Water and Sewer	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED BY OPERATING ACTIVITIES		
Operating income (loss)	$ (46,069)	$ (46,069)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	107,148	107,148
Change in assets and liabilities:		
Receivables, net	2,036	2,036
Prepaids	(616)	(616)
Inventories	-	-
Accounts and other payables	(2,369)	(2,369)
Employee leave	8,739	8,739
Customer deposits	532	532
Net cash provided by operating activities	$ 69,401	$ 69,401
Noncash Investing, capital and financing activities:		
Contributions of capital assets	$ 328,432	$ 328,432

See accompanying notes to the basic financial statements

NOTES TO THE FINANCIAL STATEMENTS

City of Patterson, Georgia
Index to Notes to the Financial Statements

Note		Page
1	**Summary of Significant Accounting Policies**	
	1-A. Reporting Entity	36
	1-B. Basis of Financial Statement Presentation	36
	1-C. Measurement Focus	38
	1-D. Basis of Accounting	39
	1-E. Assets, Liabilities and Fund Equity	41
	1-E-1 Cash, Cash Equivalents, and Investments	41
	1-E-3 Consumable Inventories	41
	1-E- 3-2 Receivables	42
	1-E-4 Capital Assets	41
	1-E-5 Compensated Absences	44
	1-E-6 Accrued Liabilitities and Long-Term Obligations	44
	1-E-7 Bond Premiums, Discounts and Issuance Cost	44
	1-E-8 Fund Equity	45
	1-E-9 Operating and Non-Operating Revenues and Expenses	46
	1-E-10 Contributions of Capital	47
	1-E-11 Interfund Activity	47
	1-E-12 Estimates	47
2	**Stewardship, Compliance and Accountability**	
	2-A. Budgetary Information	48
	2-B. Excess of Expenditures Over Appropriations	49
4	Detailed Notes on All Funds	
	4-A. Receivables	49
	4-D. Receivables and Payables	50
	4-E. Capital Assets	51-53
	4-E-1 Outflows of Resources, Inflows of Resources	54-55
	4-F. Interfund Balances and Transfers	56
	4-G. Long-Term Obligations	56-65
	4-H. Prior Period Adjustment	66
	4-I. Equity	66

City of Patterson, Georgia
Index to Notes to the Financial Statements

Note		Page
5	**Other Management**	
	5 Pensions	67-75
	5-A. Risk Management	76-78
	5-B. Contingent Liabilities	78
	5-C. Joint Venture	78

The City of Patterson, Georgia (the "City") is a Georgia municipal corporation and operates under a charter and a mayor/council form of government.

Note 1 - Summary of Significant Accounting Policies

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. For its enterprise funds, the City applies any FASB statements and interpretations issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements.

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

1-A. Reporting Entity

The reporting entity is comprised of the primary government, and other organizations that are included to ensure that the financial statements are not misleading.

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 responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level.

Discretely Presented Component Units - Based on the GASB criteria, the City has no entities that qualify as discretely presented component units.

Blended Component Units - Based on the GASB criteria, the City has no entities that qualify as blended component units.

1-B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements - The government-wide financial statements include a statement of net position and a statement of activities. These statements report financial information for the City as a whole. All funds other than fiduciary activities are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finances annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Taxes and other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds; governmental and proprietary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to they purposes for which the may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following is the City's major governmental fund:

> ***General Fund*** - The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.
>
> **Capital Project Funds:**
>
> Special Local Option Sales Tax is used to account for the revenues and expenditures according to the terms of the Special Local Option Sales Tax referendum.
>
> CDBG 14p-x-113-2-5689 is used to account for the revenue and expenditures for the grant in accordance to the Grant Documents.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise funds.

> ***Water and Sewer System Fund*** - This fund is used for the operation of the City's water and sewer system which renders services to the residents and businesses located within the City.

1-C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses, including depreciation.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

1-D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase "available for exchange transactions" means expected to be received within twelve months of year-end.

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis, it is recognized in the year received (i.e., when considered available). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 4-c) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue form non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest and federal and state grants.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue. Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E. Assets, Liabilities and Fund Equity

1-E-1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Georgia law authorizes the City to invest in the following type of obligations:

Obligations of the State of Georgia or of any other states
Obligations of the United states Government
Obligations fully insured or guaranteed by the Government of governmental agency
Obligations of any corporation of the government
Prime bankers' acceptances
The State of Georgia local government investment pool (i.e., Georgia Fund I)
Repurchase agreements
Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

1-E-3. Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed.

1-E-3-1 Nonspendables:

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as nonspendable items using the consumption method by recording an asset for the nonspendable amount and reflecting the expenditure in the year in which the services are consumed. At the fund reporting level, an equal amount of fund balance is reported as Nonspendable, as this amount is not available for general appropriation.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E3-2 Receivables:

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Accounts receivable comprise the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

The major receivable for the City is property taxes and grant receivable. Property is appraised and a lien on such property becomes enforceable 60 days after final notification on delinquency of property taxes. Property taxes are levied by the last quarter of the year in which they are assessed, or as soon after as deemed practical. Taxes are due and payable when levied. Property taxes are levied on all taxable real, public utility and personal property (including vehicles) located within the City. Assessed values for property tax purposes are determined by the Pierce County Board of Tax Assessors for all property except public utilities and motor vehicles. Assessed value is set at 40% of market value. Public utility assessed values are established by the State of Georgia. The City of Patterson may place liens on property once the related tax payments become delinquent. Property tax millage rates are usually adopted in September and tax bill are rendered by September 30.

The property tax calendar is as follows:

Beginning of year for taxes	January 1, 2016
Real Property tax bill rendered	October 27, 2016
Real Property tax payment due	December 27, 2016
Millage rate adopted by resolution	May 15, 2016

1-E-4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-4. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consist of roads, bridges and water and sewer lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend as asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

The City of Patterson is a Phase III Government in regards to the implementation of GASB 34. Therefore, the infrastructure included in these financial statements includes the infrastructure added since the implementation of GASB 34. Infrastructure prior to the implementation of FASB 34 is not included.

All reported capital assets are depreciated except for land, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	20 years	20 years
Buildings and plant	40 years	40 years
Machinery and equipment	5 - 10 years	5 - 30 years
Vehicles	8 years	8 years
Infrastructure	10 - 65 years	0

1-E-5. Compensated Absences

Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only *"when due."*

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E6. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

1-E-7. Bond Premiums, Discounts and Issuance Cost

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 are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

Debt refunding gains and losses are reported as deferred inflows or outflows of resources on the statements of net position. These gains and losses are deferred and amortized over the shorter of the life of the refunding debt (new debt) and the refunded debt (the old debt).

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 debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1-E-8. Fund Equity

The City implemented GASB Statement No. 54, Fund Balance *Reporting and Governmental Fund Type Definitions*. This standard changed the overall definitions and classifications of governmental fund balances.

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."

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-8. Fund Equity (Continued)

Governmental Fund Balances

Generally, governmental fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. Governmental funds report fund balance 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 resources can be spent. Fund balances are classified as follows:

Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because that are either (a) no 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 Board of City Council Members through the adoption of a resolution. The City 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 or committed. Through resolution, the City Council has authorized the Mayor 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.

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 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:

Restricted
Committed
Assigned
Unassigned

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-8. Fund Equity (Continued)

Net Position - Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net accumulated depreciation, reduce by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net position amount also is adjusted by any bond issuance deferred amounts. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position are reported as unrestricted.

The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This standard changed the way pensions were accounted for within the Government wide financial statements and required a prior period adjustment to restate the Net Position of the Governmental activities.

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

1-E-9. Operating and non-operating revenues and expenses: Revenues and Expense

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and or services. Also included are all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first, then unrestricted resources as needed.

Note 1 - Summary of Significant Accounting Policies (Continued)

1-E-9. Operating and non-operating revenues and expenses: Revenues and Expense (Cont'd)

Expenditures/expenses:

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, governmental fund expenditures are classifies by character i.e. current (further classified by function), debt service, and capital outlay. Proprietary fund expenses are classified as operating and non-operating.

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

1-E-10. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

1-E-11. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement of repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and the after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

1-E-12. 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.

Note 2 - Stewardship, Compliance and Accountability

2-A. Budgetary Information - The City adopts an annual operating budget for the general fund and enterprise fund. The budget resolution reflects the total of each department's appropriation in each fund.

The governmental funds budgets are adopted on a basis consistent with GAAP, except that revenues and expenditures are budgeted on the cash basis of accounting. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that depreciation is not reported as budgetary expenses.

The City Charter established the fiscal year as the twelve-month period beginning January 1. The departments submit to the City Clerk a budget of estimated expenditures for the ensuing fiscal year after which the City Clerk subsequently submits a budget of estimated expenditures and revenues to the City Council by October 1.

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

1. Prior to October 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing January 1.
2. The Mayor shall submit the proposed budget to the City Council.
3. Public hearings are held to obtain taxpayer's comments.
4. The budget is legally enacted through the passage of a resolution.
5. All revisions to the budget must be submitted to the City Council for approval.
6. Budgetary appropriations lapse at the end of the fiscal year.

The City adopts annual budgets for the following:

Governmental Funds:
- General Fund
- Capital Projects Fund
- Special Revenue Fund

Proprietary Funds:
- Water and Sewer

Note 2 - Stewardship, Compliance and Accountability (Continued)

Encumbrances - The City does not use encumbrance accounting; under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

The City Council may transfer funds from one object or purpose to another within the same department.
The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

3. Excess of Expenditures Over Appropriations

The following funds had an excess of expenditures over appropriations:

Governmental Funds:	Appropriations	Expenditures	Variance with Final Budget
No governmental fund had expenditures over appropriations			
Proprietary Fund:			
Water and Sewer Fund	$ 218,876	$ 320,341	$ (101,465)

Note 4 - Detailed Notes on All Funds (Continued)

4-A. Receivables

Receivables at December 31, 2016, consisted of taxes, accounts (billings for user charges), and intergovernmental receivables.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

The receivable between the general fund and the water and sewer fund is cash advanced to the water and sewer fund which will be repaid within one year.

Note 4 - Detailed Notes on All Funds (Continued)

4-D. Receivables and Payables

Receivables:

Receivables at December 31, 2016 were as follows:

	Accounts	Taxes	Due from Other Gov't	Fines	Interest	Total
Governmental activities:						
General	$ 2,267	$ 87,068	$ 136,326	$ 25,450	$ 232	$ 251,343
Capital Project Fund	-	-	27,313	-	-	27,313
Special Revenue Fund	-	-	-	-	-	-
Total governmental activities	$ 2,267	$ 87,068	$ 163,639	$ 25,450	$ 232	$ 278,656
Business-type activities:						
Water and Sewer	$ 17,765	$ -	$ -	$ -	$ -	$ 17,765
Total business-type activities	$ 17,765	$ -	$ -	$ -	$ -	$ 17,765

Payables at December 31, 2016, were as follows:

Governmental activities:	Vendors	Salaries/ Benefits	Accrued Interest	Employee Benefits	Total Payables
General	$ 6,571	$ -	$ -	$ -	$ 6,571
Capital Projects Fund	369	-	-	-	369
Special Revenue Fund	502	-	-	-	502
Total governmental activities	$ 7,442	$ -	$ -	$ -	$ 7,442
Business-type activities:					
Water and Sewer	$ 6,319	$ -	$ -	$ -	$ 6,319
Total business-type activities	$ 6,319	$ -	$ -	$ -	$ 6,319

Note 4 - Detailed Notes on All Funds (Continued)

4-E. Capital Assets

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

Primary Government

Governmental activities--Net investment in Capital Assets:

	Ending Balance 12/31/15	Increase	Decrease	Ending Balance 12/31/16
Not being depreciated:				
Land	$ 65,000	$ -	$ -	$ 65,000
Construction In Progress	-	-	-	-
Total not being depreciated	65,000	-	-	65,000
Being depreciated:				
Buildings	1,142,917	27,288	-	1,170,205
Equipment	432,070	1,494	-	433,564
Infrastructure	381,048	5,720	-	386,768
Total being depreciated	1,956,035	34,502	-	1,990,537
Less accumulated depreciation:				
Buildings	143,512	28,014	-	171,526
Equipment	320,452	22,146	-	342,598
Infrastructure	79,443	10,310	-	89,753
Total accumulated depreciation	543,407	60,470	-	603,877
Depreciable-net	1,412,628	(25,968)	-	1,386,660
Total capital assets-net	1,477,628	(25,968)	-	1,451,660
Debt on capital assets:				
Leases Payable	12,722	-	6,411	6,311
Note Payable	132,813	-	55,511	77,302
Total debt on capital assets	145,535	-	61,922	83,613
Net investment in capital assets	$ 1,332,093	$ (25,968)	$ 61,922	$ 1,368,047

Note 4 - Detailed Notes on All Funds (Continued)

Business-type activities-Net investment in capital assets:

	Beginning Balance	Increase	Decrease	Ending Balance
Not being depreciated:				
Construction	$ -	$ -	$ -	$ -
Land	131,547	-	-	131,547
Total not being depreciated	131,547	-	-	131,547
Being depreciated:				
Buildings and equipment	51,907	-	-	51,907
Water and sewer system	4,740,825	328,432	-	5,069,257
Total being depreciated	4,792,732	328,432	-	5,121,164
Less accumulated depreciation:				
Equipment	31,985	964	-	32,949
Water and sewer system	2,623,103	106,184	-	2,729,287
Vehicles	6,019	-	-	6,019
Total accumulated depreciation	2,661,107	107,148	-	2,768,255
Depreciable-net	2,131,625	221,284	-	2,352,909
Total capital assets-net	2,263,172	221,284	-	2,484,456
Debt on capital assets:				
Note Payable	324,378	-	14,884	309,494
Note Payable	453,824	-	18,640	435,184
Total debt on capital assets	778,202	-	33,524	744,678
Net investment in capital assets	$ 1,484,970	$ 221,284	$	$ 1,739,778

Note 4 - Detailed Notes on All Funds (Continued)

Note 4 E-1 Deferred Outflows/Inflows of Resources

Outflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents an reduction of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City reports oner of these items as follows:

Governmental Activities:

One item, employer pension contributions, are reported as deferred outflows of resources since they are recognized as employer pension contributions before the period for which the contributions apply therefore the contricutions are reported on the Statement of Net Position $24,086.

Inflows of Resources:

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisiton of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports three of these items as follows:

Governmental Activities:

One item, CDBG Grant, are reported as deferred inflows of resources since they are recognized as receivables before the period for which the work is done. These amounts are reported on the governmental activities statement of net position as $13.

The second item, pension, are reported as deferred inflows of resources since they are recognized as receivables before the period for which they are due. This amount is reported on the governmental activities Statement of Net Position $2,187.

The third item, Fines, are reported as deferred inflows of resources since they are recognized as receivables before the period for which they are collected. These amounts are reported on the governmental fund financial statements $18,450.

Governmental Funds Financial Statement:

The Governmental Funds use the modified accrual basis of accounting whereas the Governmental Activities of the Statement of Net Position uses the accrual basis of accounting. This results in a timing difference in the recognition of revenue. Therefore, the Deferred Outfows of Resources are reporting differently between the Statement of Net Position and the Governmental Funds Balance Sheet. The following is the Deferred Outflows of Resources on the Governmental Funds Balance Sheet. The Governmental Funds Balance sheet has five (5) items listed as Deferred Outflows of Resources>

Note 4 - Detailed Notes on All Funds (Continued)

Note 4 E-1 Deferred Outflows/Inflows of Resources (Continued)

One item, CDBG Grant, are reported as deferred inflows of resources since they are recognized as receivables before the period for which the work is done. These amounts are reported on the governmental activities statement of net position as $13.

The second item, Special Local Option Sales Tax, are reported as deferred inflows of resources since they are recognized as receivables before the period for which they are collected. These amounts are reported on the governmental fund financial statements $9,035.

The third item, Local Option Sales Tax, are reported as deferred inflows of resources since they are recognized as receivables before the period for which they are collected. These amounts are reported on the governmental fund financial statements $9,095.

The fourth item, Property Tax, are reported as deferred inflows of resources since they are recognized as receivables before the period for which they are collected. These amounts are reported on the governmental fund financial statements $19,836.

The fifth item, Fines, are reported as deferred inflows of resources since they are recognized as receivables before the period for which they are collected. These amounts are reported on the governmental fund financial statements $20,450.

The amounts are reported as follows:

General Fund:

Taxes	$ 19,836
Fines	20,450
Local Option Sales Taxes	9,095
Deferred Inflow of Resources	49,381
SPLOST Fund:	
Special Local Option	9,035
CDBG 14p-x-113-2-5689	
CDBG Grant	13
Total Deferred Inflow of Resources	$ 58,429

Note 4 - Detailed Notes on All Funds (Continued)

4-F. - Interfund Balances and Transfers

Interfund balances at December 31, 2014, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Interfund Balances:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 7,812
General Fund	Eagle Station	555
General Fund	CDBG 14p-x-113-2-5689	100
Total		$ 8,467
Volunteer Fire Department	Water and Sewer Fund	$ 1,019
		$ 9,486

Statement of Activities		Amount	Purpose
Transferred from: Governmental Activities	Transferred to: Business-type activities		
CDBG 14p-x-113-2-5689	Water and Sewer	$ 328,432	

The CDBG grant is reported as a Capital Project Fund, however the assets provided are improvements to the Water-Sewer System and is therefore, transferred from the Governmental Activtyies into the Business-type activities, Water and Sewer where the assets will be used.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Note 4 - Detailed Notes on All Funds (Continued)

4-G. Long-Term Obligations

Bank

The City borrowed $450,000 at 4.0997% on January 23, 2010 to be repaid in 92 monthly installments of $2,833 each due on the 13th of each month in the amount of $2,833.00 the City has elected to pay $5,000 per month to pay the loan off ahead of the maturity date on the note. The purpose of the loan was to renovate the Patterson High School Building into a City office and community center.

Year	Interest Rate	Principal 1/1	Interest 1/1	Total Requirements
2017	4.1%	57,907	4,200	62,107
2018	4.1%	19,395	1,500	20,895
2019	4.1%	-	-	-
2020	4.1%	-	-	-
2021	4.1%	-	-	-
2022-2026	4.1%	-	-	-
		$ 77,302	$ 5,700	$ 83,002

Note 4 - Detailed Notes on All Funds (Continued)

4-G. Long-Term Obligations

Employee Leave:

The City of Patterson accrues employee leave as follows:
All covered employees, both permanent and working test, shall accrue annual leave and sick leave from the date of employment in a covered position.

Annual Leave:

Employees with one (1) year of service	3.33 hours per month
Employees with two (2) through seven (7) years of service	6.66 hours per month
Employees with eight (8) or more years of service	10 hours per month

Annual leave may not be accrued in excess of 360 hours (45 days).
Upon separation, an employee will be paid for all accumulated annual leave up to 360 hours if separated in good standing.

Sick Leave:

All covered employees	6.66 hours per month

Sick leave may not be accrued in excess of 360 hours (45 days).
Upon separation, an employee will not be paid for accumulated sick leave.

All covered employees, both permanent and working test, shall accrue annual leave and sick leave from the date of employment in a covered position.

Annual Leave:

Employees with one (1) year of service	3.33 hours per month
Employees with two (2) through seven (7) years of service	6.66 hours per month
Employees with eight (8) or more years of service	10 hours per month

Annual leave may not be accrued in excess of 360 hours (45 days).
Upon separation, an employee will be paid for all accumulated annual leave up to 360 hours if separated in good standing.

Sick Leave:

All covered employees	6.66 hours per month

Sick leave may not be accrued in excess of 360 hours (45 days).
Upon separation, an employee will not be paid for accumulated sick leave.

Note 4 - Detailed Notes on All Funds (Continued)

4-G. Long-Term Obligations

The following is a summary of the leave accrued by the City for the year ended December 31, 2016:

Governmental Activities:

Description	Balance 01/01/16	Additions	Reductions	Balance 12/31/16	Due within One Year
Employee leave	$ 2,902	$ 16,782	854	$ 18,830	$ -
Total	$ 2,902	$ 16,782	$ 854	$ 18,830	$ -

Compensated absences, in the governmental funds, will be liquited by the General Fund.

Business Type Activities:
Water and Sewer Fund

Description	Balance 01/01/16	Additions	Reductions	Balance 12/31/16	Due within One Year
Employee Leave	$ 5,129	$ 9,063	$ 324	$ 13,868	$ -
	$ 5,129	$ 9,063	$ 324	$ 13,868	$ -

Compensated absences, in the business typel funds, will be liquited by the Water Fund.

Revenue Bonds and Notes Payable:

The following is a summary of bond transactions of the City for the year ended December 31, 2016.

Description	Balance 01/01/16	Additions	Reductions	Balance 12/31/16	Due within One Year	Due in more than one year
Bank	$ 453,824	$ -	$ 18,640	$ 435,184	$ 19,295	$ 415,889
GEFA	324,378	-	14,884	309,494	15,157	294,337
Totals	$ 778,202	$ -	$ 33,524	$ 744,678	$ 34,452	$ 710,226

Note 4 - Detailed Notes on All Funds (Continued)

Long Term Debt (Continued)

As a result of the refunding, the City reduced its total debt service requirements by $196,410. which resulted in an economic gain (difference between the present value of the debt service payment on the old debt and new debt) of $173,910.

During the year ended December 31, 2014, the City issued Series 2013 Water and Sewer Revenue Refunding Bonds in the aggregate principal amount of $500,000 with interest rates of 3.46%. The 2013 Bonds were issued to provide funds to be used, together with other funds available for such purpose, to refund upon optional redemption on May 10, 2013 the outstanding City of Patterson Water and Sewer Bonds, series 92-06, 92-08 and 91-04 (the refunding bonds) maturing December 1 of each year 2014 through and including 2034. Outstanding in the aggregate principal amount of $529,000 with interest 4.5% on Bond Series 92-06 and 92-08 and 5.25% on Bond Series 91-04 and pay expenses to accomplish the foregoing.

In connection with such refunding, the City defeased all outstanding Series 92-06, 92-08 and 91-04 Bonds including the Series 92-06, 92-08 and 91-04 Bonds maturing on December 1, 2013

Note 4 - Detailed Notes on All Funds (Continued)

Long Term Debt (Continued)

Water and Sewer Refunding Revenue Bond, Series 2013. Issued May 14, 2013 in the amount of $500,000. Beginning on June 15, 2013, and on the fifteenth day of each month thereafter, a total of 240 payments of principal and interest shall be made in amortized monthly installments until this Bond is paid in full. Interest shall accrue on the outstanding principal amount of this Bond at a rate of 3.46% per annum, calculated on a basis of a 360-day year of twelve 30-day months from the dated date hereof until the Variable Rate Adjustment Date. Beginning on the Variable Rate Adjustment Date, interest shall accrue at the Monthly Variable Rate, calculated on the basis of a 360-day year of twelve 30-day months until maturity.

The Variable Rate Adjustment Date means the 15th day of the calendar month, 120 months following the date of issuance and delivery of the Bond. The Monthly Variable Rate means an interest rate which is equal to the monthly Wall Street Journal Prime Rate, or such other national publication that quotes a standard prime rate. The Monthly Variable Rate shall not at any time exceed ten percent (10%) per annum.

The payment of the Bond is secured by a pledge of and charge or lien on the revenue derived from the ownership and operation of the City's water and sewer system superior to all other charges or liens now existing or which may hereafter be created on such revenues except for the charge and lien thereon for payment of the reasonable and necessary expenses of operating, maintaining, and repairing the System.

The Resolution provides, among other provisions, for prescribing and revising rates and collecting fees and other charges for the services, facilities, and commodities furnished by the System as it now exists and as it may be hereafter added to, extended, and improved, sufficient in amount to provide funds for the following:

To pay the costs of operating, maintaining, and repairing the System, and

To pay into two special accounts, established in the City of Patterson Water and Sewer Revenue Bond Sinking Fund created under the Resolution, amounts sufficient to pay the principal and interest on the Bond and any additional bonds hereafter issued on a parity therewith as such principal and interest shall become due and be payable, and to create and maintain a reserve for such purpose.

Note 4 - Detailed Notes on All Funds (Continued)

Long Term Debt (Continued)

Water and Sewer Refunding Revenue Bond, Series 2013
Principal $500,000, at a rate of 3.46%

Year	Interest Rate	Principal	Interest	Total Requirements
2017	3.5%	$ 19,295	$ 15,383	$ 34,678
2018	3.5%	19,973	14,705	34,678
2019	3.5%	20,676	14,002	34,678
2020	3.5%	21,379	13,299	34,678
2021	3.5%	22,082	12,596	34,678
2022-2026	3.5%	122,805	50,585	173,390
2027-2031	3.5%	136,452	36,938	173,390
2032-2036	3.5%	72,522	8,590	81,112
2037-2041	* *	-	-	-
2042-2046	* *	-	-	-
		$ 435,184	$ 166,098	$ 601,282

* * The Variable Rate Adjustment Date means the 15th day of the calendar month, 120 months following the date of issuance and delivery of the Bond. The Monthly Variable Rate means an interest rate which is equal to the monthly Wall Street Journal Prime Rate, or such other national publication that quotes a standard prime rate. The Monthly Variable Rate shall not at any time exceed ten percent (10%) per annum. For this amortization schedule the interest from the years 2019- maturity is calculated at 3.5%.

Note 4 - Detailed Notes on All Funds (Continued)

Long Term Debt (Continued)

The City entered into a Note with Georgia Environmental Finance Authority in the amount of $358,050.00. The purpose of the loan is to construct a deep well, replace approximately 370 existing water meters with AMR drive-by reading software, billing software and all necessary appurtenances to make the work complete. The drawdown's on this Note as well as the construction on the above project was begin in May of 2013 with the expected completion date of June 30, 2014.

Accrued interest on this Note shall be payable monthly on the first day of each calendar month until the first day of the calendar month following the earlier of (1) the completion date of the project, (2) July 1, 2014, or (3) the date that the loan evidenced by this Note is fully disbursed. Principal and interest on this note shall be payable in Two Hundred Thirty-Nine (239) consecutive monthly installments equal to the Installment Amount, commencing on the first day of the calendar month following the Amortization Commencement Date, and continuing to be due on the first day of each succeeding calendar month thereafter, together with a final installment equal to the entire remaining unpaid balance of and all accrued interest on this Note, which shall be due and payable on the date that is 20 years from the Amortization Commencement Date (the "Maturity Date").

Georgia Environmental Finance Authority, Loan number 2012-L23WS
Principal $358,050, at a rate of 1.82%.

Year	Interest Rate	Principal	Interest	Total Requirements
2017	3.5%	$ 15,157	$ 5,507	$ 20,664
2018	3.5%	15,436	5,228	20,664
2019	3.5%	15,719	4,945	20,664
2020	3.5%	16,002	4,662	20,664
2021	3.5%	16,285	4,379	20,664
2022-2026	3.5%	83,908	19,412	103,320
2027-2031	3.5%	90,933	12,387	103,320
2032-2036	3.5%	56,054	3,780	59,834
2037-2041		-	-	-
2042-2046		-	-	-
		$ 309,494	$ 60,300	$ 369,794

Note 4 - Detailed Notes on All Funds (Continued)

Long Term Debt (Continued)

Capitalization of Interest

Interest costs incurred in the Water and Sewer Fund during construction are capitalized, net of interest income from the proceeds of related tax exempt debt, as part of the cost of the related assets of the Water and Sewer Enterprise Fund.

Interest costs on long-term incurred and capitalized during the year ended December 31, 2016 were as follows:

	Total Interest Costs Incurred	Interest Costs Capitalized	Net Interest Expense
Business-type activities:			
Water and Sewer Fund	$ 18,928	$ -	$ 18,928
Totals	$ 18,928	$ -	$ 18,928

Note 4 - Detailed Notes on All Funds (Continued)

Note 4-H Prior Period Adjustment:

Proprietary Fund--Water and Sewer

Net Position:

A prior period adjustment was made to expense the debt issuance cost of the Water and Sewer Fund. The prior period adjustment is as follows:

Net position prior to restatement		$ 1,583,458
Bond issue costs, net	$ 19,594	
Prior Period Adjustment		19,594
Net Position restated		$ 1,563,864

4-I. Equity

Net Position - Net position Invested in capital assets on the government-wide statement of net position as of December 31, 2016, are as follows:

	Governmental Activities	Business Type Activities
Invested in capital assets:		
Cost of capital assets	$ 2,055,537	$ 5,252,711
Less accumulated depreciation	(603,877)	(2,768,255)
Book value	1,451,660	2,484,456
Less capital related debt	(83,613)	(744,678)
Invested in capital assets, net of related	$ 1,368,047	$ 1,739,778

Summary of Significant Accounting Policies:

Note 5 Pensions

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the City of Patterson's Pension Plan (CPPP) and additions to/deduction from CPPP's fiduciary net position have been determined on the same basis as they are reported by CPPP. For this purpose, payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description--The City contributes to the City of Patterson Retirement Plan, which participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer defined benefit pension plan. O.C.G.A. Section 47-5-1 et Seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GEMBS to the respective employer entities. For the City of Patterson Retirement Plan, that authority rests with the City of Patterson, Georgia. It is the responsibility of GMEBS to function as the investment and administrative agent for the City of Patterson, Georgia with respect to the pension plan. GMEBS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employee Benefit Systems, 201 Pryor Street, SW, Atlanta, Georgia 30303 or calling (404) 688-0472.

Benefits Provided. CPPP provides retirement, disability, and death benefits. Retirement benefits are determined as 1.25 percent of the employee's final 3-year average compensation times the employee's years of service. Employees are eligible to participate in the plan after one year of service and work at least twenty hours per week, the officials are not covered. Employee benefits vest after five years of service. Employees with five years of continuous service can retire at age sixty five, or employees with ten years of continuous service can retire at age fifty five. Employees are eligible for service-related disability benefits after five years of total credited service. Death benefits, vested participants can designate a beneficiary.

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

Contributions - The Plan is subject to minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the employer contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet the applicable state funding standards. Under the City of Patterson's Pension Plan, the City makes 100% of the contributions to the plan. The contractually required contributions, which are actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At December 31, 2016, the City reported an asset for the net pension liability. The amount recognized by the City as the net pension liability were as follows:

City's Net Pension Liability	$ 21,581.00

The net pension liability was measured as of July 1, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's net pension liability was based on the projection of the City's long-term contributions to the pension plan. Actuarially determined at July 1, 2016

For the year ended December 31, 2016, the City recognized pension expense of $7,081 At December 31, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

Net Pension Liability: Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension iability (NPL) (a)-(b)
Balances at July 1, 2015 (*)	$ 190,204	$ 196,036	$ (5,832)
Changes for the year:			
Service Cost	10,258	-	10,258
Interest	14,268	-	14,268
Differences between expected and actual experiences	7,472	-	7,472
contributions--employer	-	7,081	(7,081)
Contributions--employee	-	-	-
Net investment income	-	521	(521)
Benefit payments, including refunds of employee contributions	(12,203)	(12,203)	-
Administrative expense	-	(3,017)	3,017
Other	-	-	-
Net Changes	19,795	(7,618)	27,413
Balances at March 31, 2014 (**)	$ 209,999	$ 188,418	$ 21,581

Sensitivity of the Net Pension Liability to Changes in the Discount Rate	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	$ 41,603	$ 21,581	$ 4,450

(*) Entry age Normal liabilities calculated using ages and service amounts as of July 1, 2015 are used to measure TPL as of March 31, 2015. The balances as of March 31, 2015 constitute measurements of the NPL for the fiscal year ending December 31, 2015.

(**) Entry Age Normal liabilities calculated using ages and service amounts as of July 1, 2016 are used to measure TPL as of March 31, 2016. The balances as of March 31, 2016 constitute measurements of the NPL for the fiscal year ending December 31, 2016.

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

Deferred Outflows/Inflows of resources related to pensions

	Year Established	Outstanding Balance at Jan. 1, 2016	Amount Recognized During FYE Dec, 31, 2016	Outstanding Balance at Dec. 31, 2016
Fiscal year outflows				
Demographic	2015	$ 8,946	$ 2,982	$ 5,964
Assumption Change	2015	1,551	517	1,034
	2016	7,472	1,868	5,604
	2016	14,356	2,872	11,484
Total Outflows		$ 32,325	$ 8,239	$ 24,086
Fiscal year inflows				
Investment	2015	$ (2,916)	$ (729)	$ (2,187)
Total Inflows		$ (2,916)	$ (729)	$ (2,187)
Total		$ 29,409	$ 7,510	$ 21,899

$2,916.00 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended June 30:	Dererred Outflows (Inflows) recognized in Futuire Years
2017	$ 7,509
2018	7,509
2019	4,010
2020	2,871
2021	-
Thereafter	-
Total	$ 21,899

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

Valuation Date:	July 1, 2015
Actuarial Cost Method	Projected Unit Cost
Remaining Amortization Period	N/A
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Actuarial assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Net investment rebate of return	7.75%
Inflation:	3.50%
Projected salary increases	3.25% plus service based merit increases.
Social security wage base increase:	3.50%
Cost of living adjustments	0.00%

Retirement Rates:	Age	Annual Rate %
Employees	65-69	60
	70 and over	100
Retirement Age for Inactive Vested Partifipants:	65	
Form of Payment	Life Annuity	

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

The valuation was made with respect to the following data supplied to us:

Inactive employees currently receiving benefits (0 Beneficiaries)		3
Inactive employees entitled to but not yet receiving benefits		3
Active employees		8
Fully vested	3	
Not vested	5	

The actuarial factors as of the valuation date are as follows:

Normal cost, including administrative expenses		$ 12,721
Present value of future benefits		270,742
Actuarial accrued liability:		202,084
Pensioners and beneficiaries	$ 112,136	
Inactive participants with vested rights	37,722	
Active participants	52,226	
Actuarial value of assets ($188,418 at market value)		199,101
Unfunded/(Surplue) actuarial accrued liability		$ 2,983

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

The mortality and economic actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2009.

Mortality Rates:	Healthy:	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward tow years for males and one year for females.
	Disabled:	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Plan termination basis (all lives)		1994 Group Annuity Reserving Unisex Table

The RP-2000 mortality tables were determined to contain sufficient provisions appropriate to reasonably reflect future mortality improvements based on a four-year review of mortality experience for the period July 1, 2005 to June 30, 2009. Mortality experience will be reviewed periodically and updated if necessary.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

Net Investment Return:

On-going basis:	7.75% on-going basis, vased on long-term expected rate of return on pension plan investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2014 are summarized in the following table:

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic Equity	50%	5.95%	9.20%
International Equity	15%	6.45%	9.70%
Fixed Income	25%	1.55%	4.80%
Real Estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Plan termination basis: 3.20% (30-year Treasury Securities Rate as of August 2014, published in September 2014, 3.76% last year)

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made at contractually required rates, actuarially determined. 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Recommended Contribution:

Total benefit normal cost	$ 7,900
Administrative expenses	4,821
Expected employee contributions	-
Employer normal cost	12,721
Payment on unfundeed/(surplus) actuarial accrued liability	265
Fully funding credit	-
Recommended mid-year contribution at valuation date	12,986
Adjustment to fiscal year	494
Total recommended mid-year contribution, for fiscal year	13,480
Total recommended contribution as a percentage of expected payroll	5.88%

Summary of Significant Accounting Policies:

Note 5 Pensions (Continued)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(4) Unfunded AAL/(UAAL) (2)-(1)	(3) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
9/1/01	$ 46,414	$ 58,765	$ (12,351)	78.98%	$ 157,071	7.9%
9/1/02	54,021	40,383	(13,638)	133.78%	77,006	0.0%
9/1/03	60,303	37,551	(22,752)	160.3%	62,244	0.0%
9/1/04	64,254	43,906	(20,348)	146.3%	117,476	0.0%
9/1/05	68,237	49,538	(18,699)	137.8%	90,562	0.0%
9/1/06	73,616	39,558	(34,058)	186.1%	95,115	0.0%
9/1/07	82,818	60,978	(21,840)	135.8%	100,821	0.0%
9/1/08	92,318	77,496	(14,822)	119.1%	148,286	0.0%
10/1/09	100,252	92,764	(7,488)	108.1%	173,547	0.0%
7/1/10	114,684	109,208	(5,476)	105.0%	161,170	0.0%
7/1/11	132,116	129,795	(2,321)	101.8%	168,687	0.0%
7/1/12	149,254	144,107	(5,147)	103.6%	169,434	0.00%
7/1/13	168,798	166,595	(2,203)	101.3%	156,619	0.00%
7/1/14	181,029	172,517	(8,512)	104.9%	55,138	0.00%
7/1/15	193,728	189,349	(4,379)	102.3%	202,612	0.00%
7/1/15	$ 199,101	$ 202,084	$ 2,983	98.5%	$ 225,804	1.32%

Pension plan fiduciary net position. Detailed information abount the pension plan's fiduciary net position is available in the separately issued Segal financial report.

5-A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The City joined the Georgia Interlocal Risk Management Agency (GIRMA). This membership allows the City to share liability, crime, motor vehicle, and property damage risks.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form Interlocal risk management agencies. 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 government. 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 must participate at all times in at least one fund, which is established by GRIMA. Other responsibilities of the City 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 attorneys appointed by GIRMA to represent the City in investigation, settlement discussions 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 make 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 adjuster, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purposes of 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 when such loss or injury is within the scope of the protection of a fund or funds in which the City participates.

The City retains the first $2,500 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 $2,500 deductible.

5-A. Risk Management (Continued)

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

Georgia Municipal Association Worker's Compensation Self-Insurance: The Liability of the fund to the employees of any employer City of Patterson is specifically limited to such obligations as are imposed by applicable state laws against the employer for worker's compensation and/or employer's liability.

As part of these risk pools, the City is obligated to pay all contributions and assessments as described by the pools. To cooperate with the pools agents and attorneys. To follow loss reduction procedures established by 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 claim of loss. The City is also to allow the pools agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigations arising out to any claim made against the City within the scope of loss protection furnished by the funds.

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

There were no significant reductions in insurance coverage from prior year, and there have been no

settlements that exceed the City's insurance coverage during the past three years.

5-B. Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

Note 5 - Other Notes (Continued)

5-C. Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the South Georgia is a member of the Southern Georgia Regional Commission Council (RCC). The RCC is comprised of 18 counties in the Southern Georgia area. Membership in the RCC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of the RCC in Georgia. The RCC Board membership includes representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RCC. During its year ended December 31, 2016, the City paid $1,050 in RCC dues. Separate financial statements for the RCC are available from:

Southern Georgia Regional Commission Council
3395 Harris Road
Waycross, Georgia 31503

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

Required Supplementary Information

General Fund

City of Patterson, Georgia
Budgetary Comparison Schedule--General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	$ 389,650	$ 389,650	$ 418,091	$ 28,441
License and Permits	13,000	13,000	15,094	2,094
Intergovernmental	16,193	16,193	12,406	(3,787)
Fines and forfeitures	8,500	8,500	12,951	4,451
Charges for Services	310	310	21,227	20,917
Miscellaneous	22,406	22,406	14,088	(8,318)
Interest	-	-	211	211
Total revenues	450,059	450,059	494,068	44,009
Expenditures				
Current:				
General government:	135,193	137,693	137,557	136
Public safety	152,024	152,024	140,294	11,730
Public works	127,418	142,418	139,852	2,566
Culture and recreation	6,000	6,000	5,558	442
Debt service				
Principal	-	6,411	6,411	-
Interest and other charges	-	820	820	-
Total expenditures	420,635	445,366	430,492	14,874
Excess (deficiency) of revenues over expenditures	29,424	4,693	63,576	58,883

City of Patterson, Georgia
Budgetary Comparison Schedule--General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ -	$ -
Transfers (out)	-	-	-	-
Contingency	(29,424)	(4,693)	-	(4,693)
Issuance of Long Term Debt	-	-	-	-
Sale of Capital Assets	-	-	-	-
Total other financing Sources (Uses)	(29,424)	(4,693)	-	(4,693)
Net change in fund balance	-	-	63,576	63,576
Fund balance beginning,			333,829	
Fund balance ending			$ 397,405	$ 63,576

Notes to the Required Supplementary Information --Budget Comparisons

A. Budgetary Basis

The governmental funds budgets are adopted on a basis consistent with GAAP.
Enterprise funds budgets are adapted on a basis consistent with GAAP.
All annual appropriations lapse at year end.
See Note 3-A on page 40 for more information concerning the budgetary information.

B. Budgetary Information

The appropriated budget is prepared by fund, function, and department. The government's City Council, may make transfers of appropriations within a department or division. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

C. Excess of Expenditures over Appropriations

For the year ended December 31, 2016, the the General Fund had no expenditures exceeding appropriations.

Budgeted Amounts		Actual Amounts (Budgetary	Variance with
Original	Final	Basis)	Final Budget

Required Supplementary Information

Pension Plan

City of Patterson, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability:										
Service Cost	$ 10,258	$ 2,583								
Interest	14,268	12,927								
Difference between expected and actual experience	7,472	11,928								
Changes in assumptions	-	2,068								
Changes in benefit terms	-	-								
Benefits payments, including refunds of employee contributions contributions	(12,203)	(12,202)								
Net change in total pension liability	19,795	17,304								
Total pension liability:										
Beginning	190,204	172,900								
Ending (a)	$ 209,999	$ 190,204								

* the amounts presented for each fiscal year were determined as of March 31 that occurred within the fiscal year.

(Historical Information prior to implementation of GASB 67/68 is not required)

City of Patterson, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Plan fiduciary net position:										
Contributions--employer	$ 7,081	$ 13,347								
Contributions--employee	-	-								
Net investment income	521	17,537								
Benefits payments, including refunds of employee contributions contributions	(12,203)	(12,202)								
Administrative expense	(3,017)	(2,672)								
Other	-	-								
Net change in Fiduciary net position	(7,618)	16,010								
Plan fiduciary net position:										
Beginning	196,036	180,026								
Ending (b)	$ 188,418	$ 196,036								

* the amounts presented for each fiscal year were determined as of March 31 that occurred within the fiscal year.

(Historical Information prior to implementation of GASB 67/68 is not required)

City of Patterson, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City's net pension liability (asset) (a) - (b)	$ 21,581	$ (5,832)								
Plan fiduciary net position as a percentage of total pension liability	89.72%	103.07%								
Covered employee payroll	$ 225,804	$ 202,612								
Net pension liability as a percentage of covered employee payroll	9.56%	(2.88%)								

* the amounts presented for each fiscal year were determined as of March 31 that occurred within the fiscal year.

(Historical Information prior to implementation of GASB 67/68 is not required)

City of Patterson, Georgia
Schedule of the City's Net Pension Liability
Employees Pension Plan
Last 10 Fiscal Years *

Schedule of Contributions:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contricution	*	$ 5,467 **								
Contributions in relation to the actuarially determined contribution	*	$ 5,467 **								
Contribution deficiency (excess)	*	$ -								
Covered-employee payroll	*	$ 202,612***								
Contribution as a percentage of covered employee payroll	*	2.70%								

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

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

*** 2015 covered payroll is based on data collected as of February 28, 2015 for the actuarial valuation.

(Historical Information prior to implementation of GASB 67/68 is not required)

Changes in Assumptions:

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for Employees, for the Fiscal Year ending in 2015, the eligibility assumption has been changed for six months to immediate. The increase in the Plan's NPL is minimal and has been included in the difference between expected and actuarial experience.

Amounts reported for the Fiscal Year ending in 2015 and later reflect the following assumption changes approved by the Board in December, 2014 based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014.

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60. 25% at age 61, 35% at age 62, 45% at age 64, 50% at ages 65 to 65, and 100% at age 70.

The inflation assumption was decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes:

Effective January 1, 2015, the Plan was amended to provide for immediate participation for Employees. This change has no impact on service credited under the Plan and has no impact on benefits.

Nonmajor Special Revenue Funds

Funds Generally used to account for tax supported activities which include the non-major Special Revenue Funds

City of Patterson, Georgia
Nonmajor Special Revenue Funds
Combing Balance Sheets
December 31, 2016

Assets	Volunteer Fire Department	Police Fines & Forfeitures	Cemetary	Spirit of Liberty	Eagle Station	Total Nonmajor Funds
Cash	$ 8,752	$ 1,413	$ 225	$ 9,027	S 26,115	$ 45,532
Due from other funds	1,019	-	-	-	-	1,019
Prepaid Assets	-	-	-	-	-	-
Total Assets	$ 9,771	$ 1,413	$ 225	$ 9,027	$ 26,115	$ 46,551
LIABILITIES AND						
FUND BALANCES						
Liabilities						
Accounts Payable	$ -	$ -	$ -	$ -	$ 502	$ 502
Due to other funds	-	-	-	-	555	555
Total Liabilities	-	-	-	-	1,057	1,057
Fund Balances						
Unreserved	-	-	-	-	-	-
Assigned:						
Public Safety	9,771	1,413	-	-	-	11,184
Recreation	-	-	-	-	-	-
Community Services	-	-	225	9,027	25,058	34,310
Total Fund Balances	9,771	1,413	225	9,027	25,058	45,494
Total Liabilities and Fund Balances	$ 9,771	$ 1,413	$ 225	$ 9,027	$ 26,115	$ 46,551

City of Patterson, Georgia
All Nonmajor Special Revenue Funds
Combing Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	Volunteer Fire Department	Police Fines & Forfeitures	Cemetary	Spirit of Liberty	Eagle Station	Total Nonmajor Funds
REVENUES						
Public Safety	$ 2,029	$ -	$ -	$ -	S -	2,029
Intergovernmental	-	-	-	-	-	-
Culture and recreation	-	-	-	-	30,201	30,201
Total Revenues	2,029	-	-	-	30,201	32,230
EXPENDITURES						
Current:						
Public Safety	530	-	-	-	-	530
Culture and recreation	-	-	-	-	35,987	35,987
Debt Service:						-
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	530	-	-	-	35,987	36,517
Excess (deficiency) of revenues over (under) expenditures	1,499	-	-	-	(5,786)	(4,287)
Other Funancing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Funancing Sources (uses						

City of Patterson, Georgia
All Nonmajor Special Revenue Funds
Combing Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2016

	Volunteer Fire Department	Police Fines & Forfeitures	Cemetary	Spirit of Liberty	Eagle Station	Total Nonmajor Funds
Net charge in Fund balances	1,499	-	-	-	(5,786)	(4,287)
Fund balance beginning	8,272	1,413	225	9,027	30,844	49,781
Fund balance ending	$ 9,771	$ 1,413	$ 225	$ 9,027	$ 25,058	$ 45,494

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for proceeds of specific revenue sources that are assigned to expenditures for specific purposes.

The City's Nonmajor Special Revenue Funds are as follows:

Volunteer Fire Department: To account for the revenue and expenditures assigned for the use of the volunteer fire department.

Police Drug Fines and Forfeitures Fund: To account for revenues and expenditures assigned for use by the Police Department.

Cemetary Fund: To account for revenues and expenditures assigned for the use in the maintenance activities of the cemetary.

Spirit of Liberty: To account for revenues and expenditures assigned for the use in the activities for the celebration of Liberty.

Eagle Station Project: To account for revenues and expenditures for the operation and maintenance of the Building and Grounds of Eagle Station.

City of Patterson, Georgia
Balance Sheet
Volunteer Fire Department
December 31, 2016

Assets:		
Cash	$	8,752
Due from other funds		1,019
Total assets	$	9,771
Lisbilities and Fund Balance:		
Accounts payable	$	-
Deferred revenue		-
Total liabilities		-
Fund Balance:		
Assigned:		
Public Safety		9,771
Total fund balance		9,771
Total liabilities and fund balance	$	9,771

City of Patterson, Georgia
Budgetary Comparison Schedule--Special Revenue
Volunteer Fire Department
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES				
Public safety	$ 2,000	$ 2,000	$ 2,029	$ 29
Other	-		-	-
Total Revenues	2,000	2,000	2,029	29
EXPENDITURES				
Current:				
Administration	-	-	-	-
Contingencies	-	-	-	-
Public safety	2,000	2,000	530	1,470
Public works	-	-	-	-
Total Expenditures	2,000	2,000	530	1,470
Excess of Revenues over (under) Expenditures	-	-	1,499	1,499
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In fund Balance	$ -	$ -	1,499	$ 1,499
Fund Balance Beginning			8,272	
Fund Balance Ending			$ 9,771	

City of Patterson, Georgia
Blance Sheet
Drug Fines and Forfeitures
December 31, 2016

Assets:		
Cash	$	1,413
Receivables, net		-
Total assets	$	1,413
Lisbilities and Fund Balance:		
Accounts payable	$	-
Deferred revenue		-
Total liabilities		-
Fund Balance:		
Assigned:		
Public Safety		1,413
Total fund balance		1,413
Total liabilities and fund balance	$	1,413

City of Patterson, Georgia
Budgetary Comparison Schedule--Special Revenue
Drug Fines and Forfeitures
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
REVENUES				
Public safety fire fees	$ -	$ -	$ -	$ -
Other	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Administration	-	-	-	-
Contingencies	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In fund Balance	$ -	$ -	-	$ -
Fund Balance Beginning			1,413	
Fund Balance Ending			$ 1,413	

City of Patterson, Georgia
Blance Sheet
Cemetary Fund
December 31, 2016

Assets:		
Cash	$	225
Receivables, net		-
Total assets	$	225
Lisbilities and Fund Balance:		
Accounts payable	$	-
Deferred revenue		-
Total liabilities		-
Fund Balance:		
Assigned:		
Community Services		225
Total fund balance		225
Total liabilities and fund balance	$	225

City of Patterson, Georgia
Budgetary Comparison Schedule--Special Revenue
Cemetary Fund
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES				
Contributions	$ -	$ -	$ -	$ -
Other	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Administration	-	-	-	-
Public works	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In fund Balance	$ -	$ -	-	$ -
Fund Balance Beginning			225	
Fund Balance Ending			$ 225	

City of Patterson, Georgia
Blance Sheet
Spirit of Liberty
December 31, 2016

Assets:		
Cash	$	9,027
Receivables, net		-
Total assets	$	9,027
Lisbilities and Fund Balance:		
Accounts payable	$	-
Deferred revenue		-
Total liabilities		-
Fund Balance:		
Assigned:		
Community Services		9,027
Total fund balance		9,027
Total liabilities and fund balance	$	9,027

City of Patterson, Georgia
Budgetary Comparison Schedule--Special Revenue
Spirit of Liberty
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES				
Culture and recreation	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Administration	-	-	-	-
Culture and recreation	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues over (under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In fund Balance	$ -	$ -	-	$ -
Fund Balance Beginning			9,027	
Fund Balance Ending			$ 9,027	

City of Patterson, Georgia
Blance Sheet
Eagle Station
December 31, 2016

Assets:		
Cash	$	26,115
Receivables, net		-
Total assets	$	26,115
Lisbilities and Fund Balance:		
Accounts payable	$	502
Due to other funds		555
Total liabilities		1,057
Fund Balance:		
Assigned:		
Community Services		25,058
Total fund balance		25,058
Total liabilities and fund balance	$	26,115

City of Patterson, Georgia
Budgetary Comparison Schedule--Special Revenue
Eagle Station
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES				
Culture and recreation	$ 52,500	$ 52,500	$ 30,201	$ (22,299)
Total Revenues	52,500	52,500	30,201	(22,299)
EXPENDITURES				
Current:				
Administration	-	-	-	-
Culture and recreation	52,500	52,500	35,987	16,513
Total Expenditures	52,500	52,500	35,987	16,513
Excess of Revenues over (under) Expenditures	-	-	(5,786)	(5,786)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In fund Balance	$ -	$ -	(5,786)	$ (5,786)
Fund Balance Beginning			30,844	
Fund Balance Ending			$ 25,058	

MAJOR CAPITAL PROJECTS FUND

The Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary or trust funds.

The City's Major Capital Project Funds are as follows:

2014 SPLOST Fund
CDBG 14P-X-113-2-5689 Fund

City of Patterson, Georgia
Budgetary Comparison Schedule--Capital Projects
2014 SPLOST Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES				
SPLOST	$ 120,000	$ 120,000	$ 121,045	$ 1,045
Interest	125	125	186	61
Total Revenues	120,125	120,125	121,231	1,106
EXPENDITURES				
Current:				
Administration	-	-	-	-
Culture and recreation	28,500	28,500	27,288	1,212
Flood and drainage facilities	-	-	-	-
Public Safety	1,500	1,500	1,494	
Street improvements	6,000	6,000	5,720	280
Debt Service				
Principal	55,511	55,511	55,511	-
Interest	4,489	4,489	4,489	-
Total Expenditures	96,000	96,000	94,502	1,492
Excess of Revenues over (under) Expenditures	24,125	24,125	26,729	2,598
OTHER FINANCING SOURCES (USES)				
Inception of note	-	-	-	-
Contingency	(24,125)	(24,125)	-	-
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	(24,125)	(24,125)	-	-
Net Change In fund Balance	$ -	$ -	26,729	$ 26,729
Fund Balance Beginning			96,547	
Fund Balance Ending			$ 123,276	

City of Patterson, Georgia
Budgetary Comparison Schedule--Capital Projects
CDBG 14p-x-113-2-5689
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
REVENUES				
Intergovernmental	$ 348,737	$ 348,737	$ 328,432	$ (20,305)
Total Revenues	348,737	348,737	328,432	(20,305)
EXPENDITURES				
Current:				
Capital Outlay-Utilities	348,737	348,737	328,432	20,305
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	348,737	348,737	328,432	20,305
Excess of Revenues over (under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Inception of note	-	-	-	-
Transfers In	-	-	-	-
Transfer Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In fund Balance	$ -	$ -	-	$ -
Fund Balance Beginning			-	
Fund Balance Ending			$ -	

Budgetary Comparison Schedule---Water and Sewer Fund
Proprietary Funds
For the Year Ended December 31, 2016

City of Patterson, Georgia
Budgetary Comparison Schedule---Water and Sewer Fund
Proprietary Funds
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts (Budgetary	Variance with
	Original	Final	Basis)	Final Budget
OPERATING REVENUES				
Charges for services	$ 266,750	$ 266,750	$ 265,986	$ (764)
Miscellaneous	8,175	8,175	8,286	111
Total operating revenues	274,925	274,925	274,272	(653)
OPERATING EXPENSES				
Administrative	43,039	43,039	38,883	4,156
Operations	125,673	135,673	135,245	428
Solid Waste Collection	36,500	39,500	39,065	435
Other	13,664	664	-	664
Depreciation	-	-	107,148	(107,148)
Total operating expenses	218,876	218,876	320,341	(101,465)
Operating income (loss)	56,049	56,049	(46,069)	(102,118)
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	391	391
Capital contribution-utilities	-	-	328,432	328,432
Interest expense	(56,049)	(56,049)	(18,928)	37,121
Total nonoperating revenue (expenses)	(56,049)	(56,049)	309,895	365,944
Income (loss) before transfers	-	-	263,826	263,826
TRANSFERS				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Transfers	-	-	-	-
Change in net position	$ -	$ -	263,826	263,826
Net position-beginning of year (Restated) See Note 4H Page 66			1,563,864	
Net position-end of year			$ 1,827,690	

STATE COMPLIANCE SECTION

SPECIAL REPORTS

The Special Report is applicable to the Special 1 Percent Sales and Use Tax required by the State of Georgia.

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Certified Public Accountant
1025 Elizabeth Street
Blackshear, Georgia 31516

Telephone
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INDEPENDENT AUDITORS' REPORT ON SPECIAL 1 PERCENT SALES AND USE TAX

The City Council
Patterson, Georgia

I have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for the City of Patterson, Georgia for the year ended December 31, 2016. This schedule is the responsibility of the City of Patterson's management. My responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule 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 Schedule of Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

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

In my opinion, the Schedule 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 in the City of Patterson's resolution or ordinance calling for the tax for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Earl A. Lawson
Certified Public Accountant
Blackshear, Georgia 31516
June 21, 2017

City of Patterson, Georgia
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2016

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2008					
General Government:					
Building:					
Restoration Project-Patterson High School					
Provided by SPLOST Funds	$ 560,000	$ 495,447	$ -	$ 495,447	88.47%
Provided by Note Proceeds	450,000	397,739	-	397,739	88.39%
TOTAL	$ 1,010,000	$ 893,186	$ -	$ 893,186	88.43%

Note (1): Estimated percentage of completion is based on expenditures by the City to date in relation to total estimated expenditures, which have been provided by City management.

City of Patterson, Georgia
Schedule of Projects Constructed With Special Purpose Local Option Sales Tax Proceeds
For the Year Ended December 31, 2016

Project	Total Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage of Completion
2014					
General Government:					
Building:					
Restoration Project-Patterson High School					
Provided by SPLOST Funds	$ 371,658	$ 94,024	$ 69,495	$ 163,519	44.00%
TOTAL	$ 371,658	$ 94,024	$ 69,495	$ 163,519	44.00%
Other Projects					
Road and Street Construction	80,034	398	5,720	6,118	7.64%
Recreational Facility	97,314	1,780	17,793	19,573	20.11%
Public Safety	23,192	4,082	1,494	5,576	24.04%
Toal Other Projects	200,540	6,260	25,007	31,267	
Total 2014 SPLOST	572,198	100,284	94,502	194,786	

Note (1): Estimated percentage of completion is based on expenditures by the City to date in relation to total estimated expenditures, which have been provided by City management.

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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 Patterson, Georgia

I 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 Patterson, 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 Patterson's basic financial statements, and have issued my report thereon dated June 21, 2017.

Internal Control Over Financial Reporting

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

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

Member: American Institute of Certified Public Accountants
Georgia Society of Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Patterson's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Earl A. Lawson, CPA
Blackshear, Georgia
June 21, 2017