CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

Prepared by:
Tifton Finance Department

CITY OF TIFTON, GEORGIA

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
Tifton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Tifton, Georgia** (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tifton, Georgia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 19) and the Schedules of Required Supplementary Information (on pages 70 through 72) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tifton, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 21, 2016

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As management of the City of Tifton, Georgia we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2016. This discussion intends to 1) assist the reader in understanding significant financial issues; 2) provide an overview of the City's financial activities; 3) identify changes in the City's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues and concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statement section and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City of Tifton's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2016, by $83.9 million (reported as net position). Of this amount, $10.8 million (reported as unrestricted net position) is reported as an increase of 4.7 million.

- As of June 30, 2016, Tifton's governmental funds reported combined ending fund balance of $17.6 million. Approximately 34% of this total amount $5.9 million, is unassigned fund balance in the General Fund and may be used to meet the City's ongoing obligations to citizens and creditors.

  Total net position is comprised of the following:

  - Investment in capital assets, net of related debt, is $62.3 million and includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items).

  - Net position of $10.8 million is restricted by constraints imposed from outside the City such as laws and regulations or debt covenants.

  - Unrestricted net position increased from $5.8 million in fiscal year 2015 to $10.8 million in fiscal year 2016.

- In the governmental activities, total assets in fiscal year 2016 increased by $944 thousand. Long-term liabilities decreased from $19.2 million in 2015 to $17.9 million in 2016 (Refer to Note 5).

- Total revenues for governmental activities decreased from $17.9 million in 2015 to $17.7 million in 2016. Total revenues for business-type activities increased from $16.5 million in 2015 to $17.5 million in 2016.

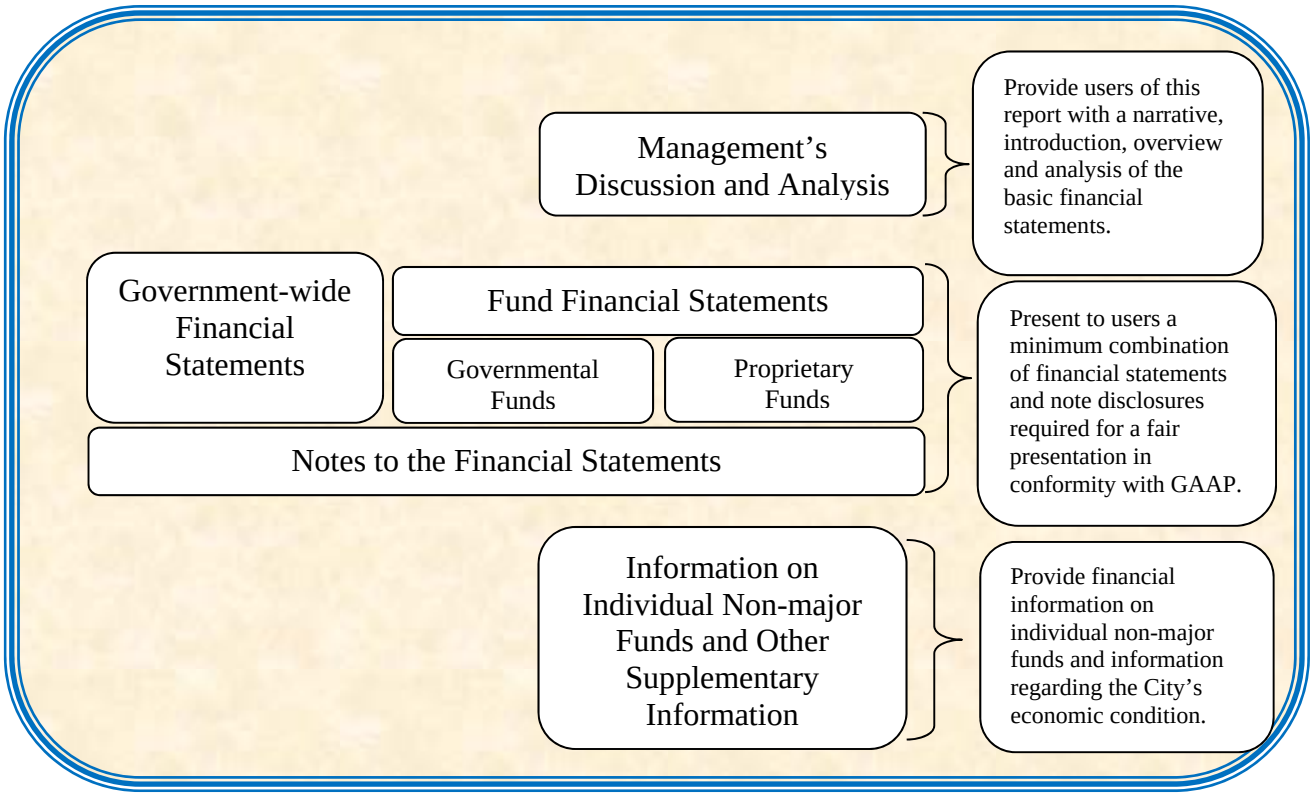
- Total expenses for governmental activities increased from $13.8 million in 2015 to $16.9 million in 2016, and total expenses for business-type activities decreased from $14.4 million in 2015 to $13.3 million in 2016.

- The total cost of all City programs increased by $1.6 million.

- The total assets of the City's component unit, Downtown Development Authority (DDA), were $4.1 million, which exceeded its liabilities of $927 thousand by $3.2 million (net position).

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and under the guiding principles of the Governmental Accounting Standards Board (GASB). To help facilitate the understanding of the organization of this report we are providing the following illustration:



The Management's Discussion and Analysis (MD&A) document is intended to serve as an introduction to the City of Tifton's basic financial statements. The basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This report also contains required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The City's basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements provide both long-term and short-term information about the City's overall financial status and use accounting methods similar to those used by private-sector companies. All governmental and business-type activities are combined to arrive at a total for the primary government.

The statement of net position presents information on all assets and liabilities of the City, with the difference between assets and liabilities reported as net position. This is the government-wide statement of 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 declining. Evaluation of the overall health of the City will extend to other nonfinancial factors, such as diversification of the taxpayer base or the condition of City infrastructure. This is in addition to the financial information provided in this report.

The statement of activities presents information on all revenues and expenses of the City and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions of the City. To assist in understanding the City's operations, expenses have been reported as governmental activities or business-type activities.

In the statement of net position and the statement of activities, the City is divided into three types of activities:

Governmental activities
Most of the City's basic services are reported here, including the council, municipal court, police, fire, public works, senior citizen center, nutrition program, environmental management, community development, and general administration. Property taxes, sales taxes, franchise fees, insurance premium taxes, excise and occupation taxes finance the majority of these activities.

Business-type activities
The City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City's water system, sewer system, solid waste and landfill, gas system, and theatre are reported here.

Component unit
The City includes the Downtown Development Authority (DDA), a separate legal entity, in its report. The DDA has one program: Main Street. Although legally separate, this component unit is important because the City has some degree of financial accountability. The employees on these programs are under the City's payroll with the same benefits as other City employees. The City is funding a portion of their budget from Hotel-Motel Tax revenues.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual sections of the government, reporting the City's operations in more detail than the government-wide financial statements. Major funds are reported separately, while all others are combined into a single, aggregated presentation. The fund statements provide detailed information about the most significant funds and not the City of Tifton as a whole. Some funds are required to be established by the City's charter. However, the Council establishes many other funds to help control and manage financial activities for particular purposes such as the Capital Projects Fund and Special Revenue Fund to show that it is meeting legal responsibilities for using grants and other money, such as grants from the state and Federal Government.

The City of Tifton's funds are divided into three categories: governmental, proprietary and fiduciary.

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds. The balances left at year-end are available for spending. Governmental funds are reported using the *modified accrual accounting method*, 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 the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between the governmental activities (reported in the balance sheet and the statement of revenues, expenditures, and changes in fund balances) and governmental funds are described in the reconciliation at the bottom of the fund financial statements.

Proprietary funds

When the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in the proprietary funds. Proprietary funds are reported using the full accrual accounting method. The City maintains two types of proprietary funds:

Enterprise fund

Enterprise fund statements are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City has five enterprise funds: Water, Sewer, Gas, Solid Waste Collection and Disposal, and Tift Theatre.

Internal service fund

The internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for the financing of goods and services provided to the departments or funds of the City. The estimated cost of operating the internal service fund is charged to separate departments during the fiscal year and allocated at year-end based on the actual expenses of the different departments therein and is accounted for in the governmental activities of the government-wide financial statements.

Fiduciary fund

The City is the trustee, or fiduciary, for its employees' pension plan. These activities are excluded from the City's other financial statements as the City cannot use these assets to finance its operations and are recorded in the fiduciary fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, investments of the City, capital assets, and long-term debt are some of the items included in the notes to the financial statements. The notes are essential to a full understanding of the government-wide and fund financial statements.

Required Supplementary Information

In addition to this MD&A, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information that further explains and supports the information in the financial statements. This section of the report includes the City's funding progress for other postemployment benefits.

Supplementary Information

Supplementary information includes combining financial statements for the City's nonmajor governmental funds, and a schedule of expenditures of Special Purpose Local Option Sales Tax proceeds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, and net assets of the City for fiscal years 2016 and 2015:

City of Tifton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	**2016**	2015	**2016**	2015
Current and other assets	$ 21,938,361	$ 20,269,781	$ 22,136,260	$ 19,158,962	$ 44,074,621	$ 39,428,743
Capital assets	34,377,791	35,102,565	33,640,069	34,902,351	68,017,860	70,004,916
Total assets	56,316,152	55,372,346	55,776,329	54,061,313	112,092,481	109,433,659
Deferred outflows of resources	4,106,502	3,746,557	1,321,170	1,198,591	5,427,672	4,945,148
Other liabilities	1,343,806	1,679,422	3,863,466	3,979,867	5,207,272	5,659,289
Long-term liabilities outstanding	17,775,666	19,103,542	6,801,017	8,840,298	24,576,683	27,943,840
Total liabilities	19,119,472	20,782,964	10,664,483	12,820,165	29,783,955	33,603,129
Deferred inflows of resources	3,248,753	1,604,969	509,978	118,413	3,758,731	1,723,382
Net position:						
Net investment in capital assets	31,916,738	32,995,210	30,417,888	31,249,040	62,334,626	64,244,250
Restricted	10,816,320	8,975,594	-	-	10,816,320	8,975,594
Unrestricted	(4,678,629)	(5,239,834)	15,505,150	11,072,286	10,826,521	5,832,452
Total net position	$ 38,054,429	$ 36,730,970	$ 45,923,038	$ 42,321,326	$ 83,977,467	$ 79,052,296

The City's investments in capital assets, net of related debt, such as land, buildings, machinery infrastructures, and equipment as a percentage of net position represents 74 percent and 69 percent for fiscal year 2016 and 2015, respectively. These asset values are presented less any outstanding debt related to the acquisition and including accumulated depreciation of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability and, therefore, other resources will be needed to repay any associated debt.

The City's unrestricted net position increased $4.9 million and restricted net position increased $1.8 million for fiscal year 2016. Unrestricted net position represents City resources that may be used to meet the City's ongoing obligations to citizens and creditors while restricted net position represents resources subject to external restrictions.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government, as a whole, as well as its separate governmental and business-type activities.

The schedule below provides a summary of the changes in net assets for fiscal years 2016 and 2015:

City of Tifton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	**2016**	2015	**2016**	2015
Revenues:						
Program revenues						
Charges for services	$ 2,886,054	$ 2,661,728	$ 15,254,774	$ 15,170,917	$ 18,140,828	$ 17,832,645
Operating grants and contributions	97,185	86,607	-	-	97,185	86,607
Capital grants and contributions	3,801,474	4,375,746	1,648,750	610,110	5,450,224	4,985,856
General revenues:						
Property taxes	3,487,529	3,520,010	-	-	3,487,529	3,520,010
Sales taxes	2,800,366	2,878,686	-	-	2,800,366	2,878,686
Insurance premium tax	941,864	881,618	-	-	941,864	881,618
Alcoholic beverage taxes	478,875	459,470	-	-	478,875	459,470
Hotel/motel taxes	1,020,483	949,700	-	-	1,020,483	949,700
Franchise taxes	1,249,232	1,255,316	-	-	1,249,232	1,255,316
Other taxes	811,500	765,726	-	-	811,500	765,726
Unrestricted investment earnings	89,888	95,499	317,914	134,865	407,802	230,364
Gain on sale of capital assets	-	-	248,232	614,479	248,232	614,479
Total revenues	17,664,450	17,930,106	17,469,670	16,530,371	35,134,120	34,460,477
Expenses:						
General government	1,782,025	910,803	-	-	1,782,025	910,803
Judicial	299,161	286,246	-	-	299,161	286,246
Public safety	7,823,552	7,313,427	-	-	7,823,552	7,313,427
Public works	5,100,492	3,691,498	-	-	5,100,492	3,691,498
Health and welfare	210,800	193,621	-	-	210,800	193,621
Culture and recreation	894,042	695,927	-	-	894,042	695,927
Housing and development	286,534	246,475	-	-	286,534	246,475
Interest on long-term debt	480,419	516,024	-	-	480,419	516,024
Water	-	-	2,610,416	2,440,266	2,610,416	2,440,266
Sewer	-	-	4,014,404	4,144,425	4,014,404	4,144,425
Gas	-	-	3,331,647	3,895,261	3,331,647	3,895,261
Solid Waste	-	-	3,228,546	3,817,926	3,228,546	3,817,926
Tift Theatre	-	-	146,911	159,058	146,911	159,058
Total expenses	16,877,025	13,854,021	13,331,924	14,456,936	30,208,949	28,310,957
Change in net position before transfers	787,425	4,076,085	4,137,746	2,073,435	4,925,171	6,149,520
Transfers	536,034	236,314	(536,034)	(236,314)	-	-
Change in net position	1,323,459	4,312,399	3,601,712	1,837,121	4,925,171	6,149,520
Net position, beginning	36,730,970	32,418,571	42,321,326	40,484,205	79,052,296	72,902,776
Net position, ending	$ 38,054,429	$ 36,730,970	$ 45,923,038	$ 42,321,326	$ 83,977,467	$ 79,052,296

The City's total revenues increased by $378 thousand in fiscal year 2016. Key elements of this decrease are as follows:

- Capital grants and contributions revenue increased $464 thousand.

The total cost of all programs and services for fiscal year 2016 was $30.2 million compared to $28.3 million for fiscal year 2015. This increase is primarily due to the operations. City-wide expenses cover a range of services with public safety comprising 26 percent of total expenses.

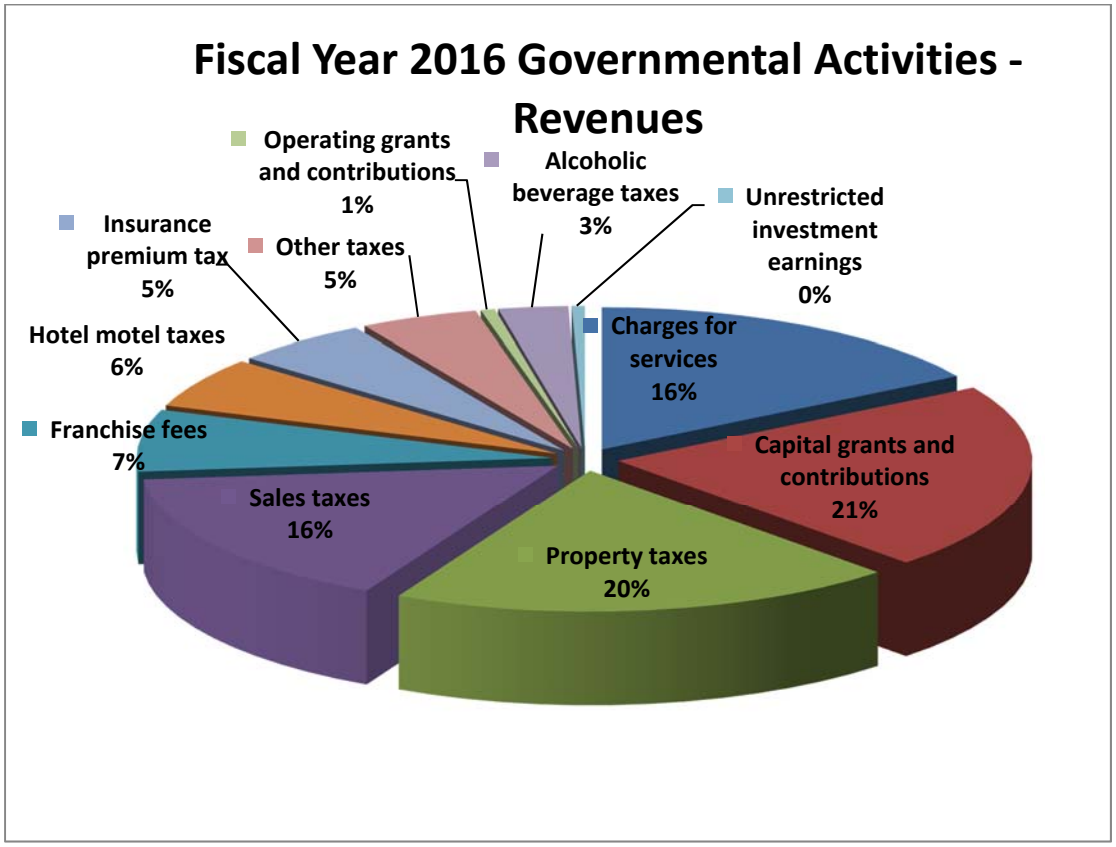
Governmental Activities

Total governmental activities revenues decreased $265 thousand. This decrease is mainly attributable to a decrease in capital grants and contributions. There was a slight decrease in property taxes and sales taxes.

Charges for services and capital grants and contributions account for 37.9 percent of total governmental activities revenues. Property taxes and sales taxes account for another 20.0 percent and 15.9 percent, respectively.

The following charts depict revenues of the governmental activities for fiscal years 2016 and 2015, excluding transfers:

	2016	2015	**Change**
Revenues:			
Charges for services	$ 2,886,054	$ 2,661,728	$ 224,326
Capital grants and contributions	3,801,474	4,375,746	(574,272)
Property taxes	3,487,529	3,520,010	(32,481)
Sales taxes	2,800,366	2,878,686	(78,320)
Franchise taxes	1,249,232	1,255,316	(6,084)
Hotel/motel taxes	1,020,483	949,700	70,783
Insurance premium taxes	941,864	881,618	60,246
Other taxes	811,500	765,726	45,774
Operating grants and contributions	97,185	86,607	10,578
Alcoholic beverage taxes	478,875	459,470	19,405
Unrestricted investment earnings	89,888	95,499	(5,611)
Total governmental revenues	$ **17,664,450**	**17,930,106**	**(265,656)**

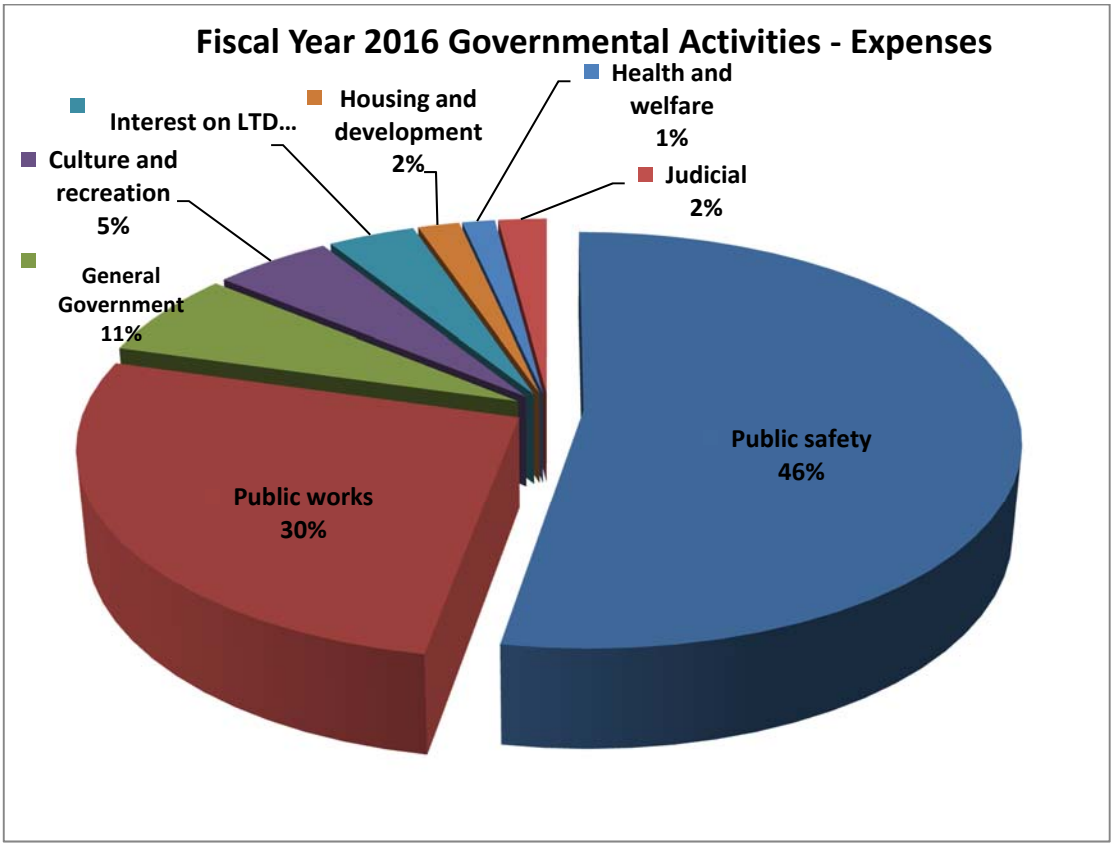


Total governmental activities expenditures increased by $3.0 million. This increase is mainly attributable to public safety, public works and general government expenses.

The most significant governmental expense for the City is providing public safety services such as fire, police, and environmental management. This comprises 46.3 percent of the total governmental expenses. Revenues collected from a variety of sources, such as fines and forfeitures, offset a portion of the public safety expenses. The next largest City cost is public works which is 30.2 percent of total governmental expenses.

The following charts depict expenses of the governmental activities for fiscal years 2016 and 2015:

	2016	2015	Change
Expenses:			
Public safety	$ 7,823,552	$ 7,313,427	$ 510,125
Public works	5,100,492	3,691,498	1,408,994
General government	1,782,025	910,803	871,222
Culture and recreation	894,042	695,927	198,115
Interest on long-term debt	480,419	516,024	(35,605)
Housing and development	286,534	246,475	40,059
Health and welfare	210,800	193,621	17,179
Judicial	299,161	286,246	12,915
Total governmental revenues	$ **16,877,025**	**13,854,021**	**3,023,004**

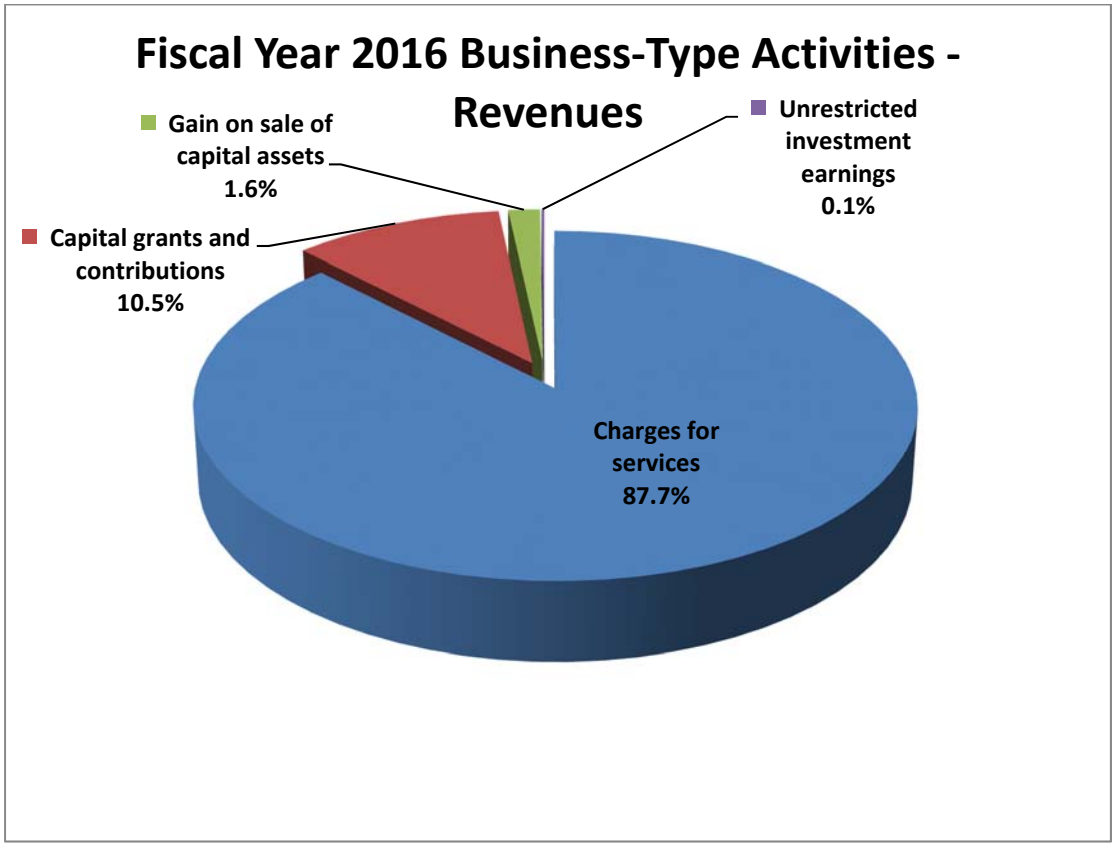


Business-Type Activities

Operating revenues of the business-type activities decreased by $890 thousand in 2016. Charges for services, which account for 87.7 percent of total business-type revenues, decreased; however, that decrease was partially offset by an increase in sale of capital assets and investment earnings.

The following charts depict revenues of the business-type activities for fiscal years 2016 and 2015:

	2016	2015	Change
Revenues:			
Charges for services	$ 13,720,320	$ 15,170,917	$ (1,450,597)
Capital grants and contributions	1,648,750	610,110	1,038,640
Gain on sale of capital assets	248,232	614,479	(366,247)
Unrestricted investment earnings	22,204	134,865	(112,661)
Total business-type revenues	$ **15,639,506**	**16,530,371**	**(890,865)**

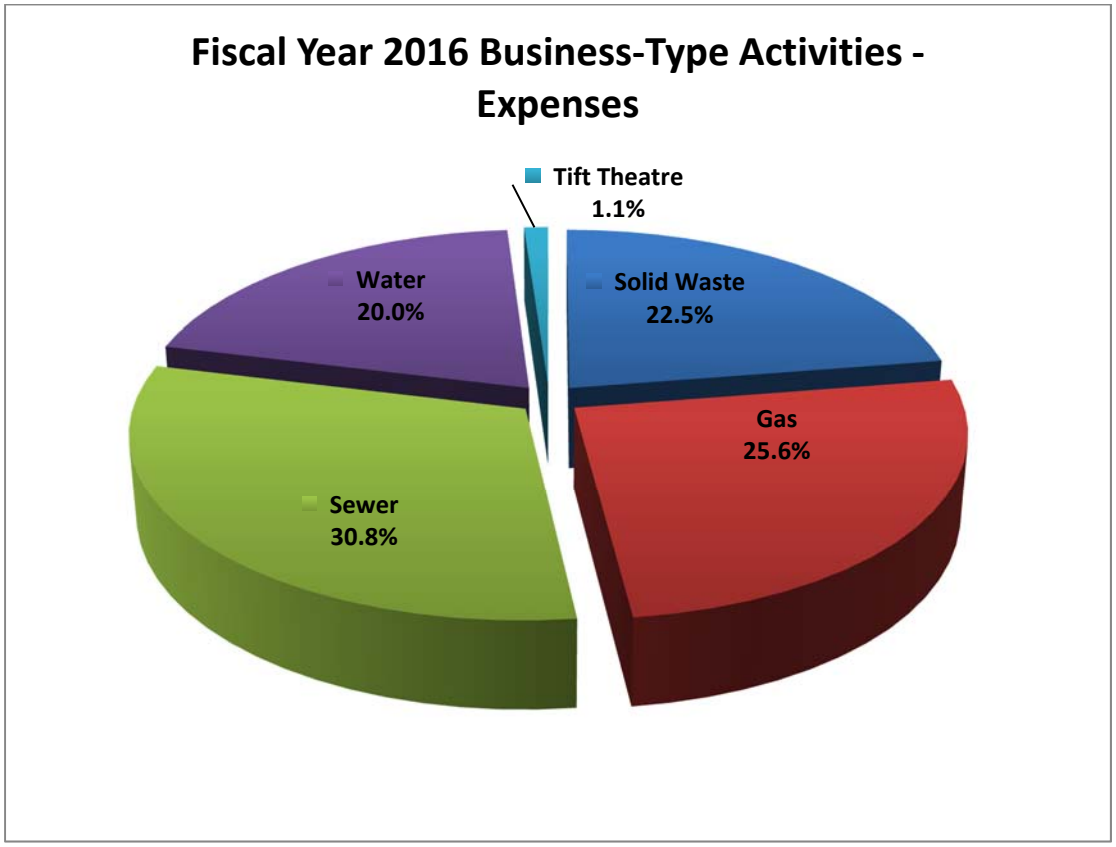


The cost of all business-type activities this fiscal year was $13.0 million compared to $14.4 million in the prior year. The $13.0 million in expenses was covered by $14.4 million in amounts paid by the users of the systems.

The following charts depict expenses of the business-type activities for fiscal years 2016 and 2015:

Business-Type Activities-Expenses

	2016	2015	Change
Expenses			
Solid Waste	$ 3,228,546	$ 3,817,926	$ (589,380)
Gas	3,331,647	3,895,261	(563,614)
Sewer	4,014,404	4,144,425	(130,021)
Water	2,610,416	2,440,266	170,150
Tift Theatre	146,911	159,058	(12,147)
Total business-type expenses	$ **13,331,924**	**14,456,936**	**(1,125,012)**



FINANCIAL ANALYSIS OF THE FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. In assessing the City's financing requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the year.

The City's combined fund balance for governmental funds was $17.5 million in 2016 as compared to $15.8 million in 2015. Approximately $5.9 million of the fund balance is unassigned, which is available for spending at the City's discretion. Around $850 thousand is classified as nonspendable and is reserved for prepaid expenses. The remainder of the fund balance is restricted and is not available for spending because restrictions have been placed on the amounts by external sources, such as creditors, grantors, and laws or regulations.

General Fund

The General Fund is the City's primary operating fund. It is used to account for financial resources that are not restricted by state or Federal laws or other externally imposed requirements. As of June 30, 2016, total assets were $7.5 million and total liabilities were $638 thousand. This net increase, when combined with deferred inflows of resources of $130 thousand, resulted in a decrease in fund balance to $6.8 million as of June 30, 2015, from $6.7 million as of June 30, 2016.

General Fund (Continued)
Operating revenues, increased by $211 thousand, excluding prior year CityNet activities, due to a slight increase in property taxes, local option sales tax, and fines and forfeitures.

SPLOST IV
The SPLOST IV (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the one percent local option sales tax. These resources must be used for various building projects and sewer, water, storm drainage, and road improvements throughout the City. At the end of fiscal year 2016, the SPLOST Fund had a restricted fund balance of $1.2 million, a decrease of $271 thousand from the prior year.

SPLOST V
The SPLOST V (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the one percent local option sales tax. These resources must be used for various building projects, Telecom debt reduction, and sewer, water, storm drainage, and road improvements throughout the City. At the end of fiscal year 2016, the SPLOST V Fund had a restricted fund balance of $5.8 million, an increase of $2.4 million from the prior year.

Capital Projects Fund
The Capital Projects Fund accounts for the leasing of certain equipment through the lease pool agreement with the Georgia Municipal Association (GMA). As of June 30, 2016, the Capital Projects Fund had a restricted fund balance of $3 million, a decrease of $362 thousand from the prior year.

Proprietary Funds
Proprietary fund statements provide the same information as in the business-type column of the government-wide statements, but in greater detail.

As of June 30, 2016, the total net position was $45.9 million, an increase of $3.6 million from the prior year. Of the total net position, $30.4 million was invested in capital assets net of related debt and $15 million was unrestricted. Operating revenues increased $39 thousand in fiscal year 2016, and operating expenses decreased $1.4 million.

Operating income is the result of operating revenues less operating expenses.

Water Revenue Fund
For fiscal year 2016, the water revenue fund reflects operating income of $825 thousand compared to 2015 operating income of $955 thousand. Operating expenses decreased $128 thousand.

Sewer Revenue Fund
The sewer revenue fund reflects an operating loss of $211 thousand, compared to an operating loss of $322 thousand in 2015. Operating expenses decreased $41 thousand, which was due to the reduction in utilities and offset by the pension expenditure attributable to the implementation of GASB Statement No. 68.

Gas Revenue Fund
The gas revenue fund experienced operating income of $145 thousand in 2016 and operating income of $326 thousand in 2015. This inconsistency in operating income is a result of varying climate conditions. Operating expenses decreased $561 thousand, which was due to the reduction in cost of gas, utilities, and offset by the pension expenditure attributable to the implementation of GASB Statement No. 68.

Solid Waste Collection and Disposal Fund
The solid waste collection and disposal fund had operating income of $1.3 million in fiscal year 2016 compared to $77 thousand in fiscal year 2015. Operating expenses decreased by $542 thousand due to a contractual agreement to outsource Sanitation Collection services and by the pension expenditure attributable to the implementation of GASB Statement No. 68.

Internal Service Fund
In fiscal year 2016, the internal service fund had operating loss of $16 thousand compared to operating of $146 thousand in fiscal year 2015. The 2016 decrease is recognized due to the pension expenditure attributable to the implementation of GASB Statement No. 68.

Tift Theatre Fund
In fiscal year 2016, the Tift Theatre fund had an operating loss of $98 thousand compared to $105 thousand in fiscal year 2015 due to lower income and higher expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget to actual statement is presented in the basic financial statements. The original and final approved revenue budgets for fiscal year 2016 were $12.9 million and $13.0 million, respectively. General Fund revenues were $323 thousand less than the final budget amounts. There was a decrease in the amount of property tax collected as well as charges for services.

The original and final approved expenditure budgets for fiscal year 2016 were $12.3 million and $12.6 million, respectively. Actual expenditures were $48 thousand less than the final budget amounts.

Generally, amendments are done to 1) appropriate fund balance for encumbrance from prior years; 2) to adjust the estimates that are used to prepare the original budget resolution once the exact information is available; 3) to recognize new funding sources from external resources, such as Federal, state and local grants; 4) to appropriate increases that become necessary to maintain services; and 5) to provide appropriations between departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the City had $68 million, net of accumulated depreciation, invested in a variety of capital assets, as reflected in the following schedule. The net increase (additions, deletions, and depreciation/amortization) of $1.9 million from the end of 2015 is primarily due to the fiscal year 2016 additions to accumulated depreciation offset by additions to construction in progress, buildings and improvements, and the distribution system and deletions from sale of sanitation equipment.

Additional information regarding the capital assets of the City can be found in Note 4 of the basic financial statements.

City of Tifton's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	**2016**	2015	**2016**	2015
Land	$ 2,522,664	$ 2,522,664	$ 582,835	$ 582,835	$ 3,105,499	$ 3,105,499
Construction in progress	921,789	1,640,492	266,156	578,342	1,187,945	2,218,834
Buildings and improvements	7,168,185	7,422,573	374,350	406,227	7,542,535	7,828,800
Distribution system	-	-	29,404,767	30,389,574	29,404,767	30,389,574
Landfill	-	-	1,113,245	1,303,918	1,113,245	1,303,918
Machinery and equipment	1,372,104	2,080,310	1,898,716	1,641,455	3,270,820	3,721,765
Infrastructure	22,393,049	21,436,526	-	-	22,393,049	21,436,526
Total	$ 34,377,791	$ 35,102,565	$ 33,640,069	$ 34,902,351	$ 68,017,860	$ 70,004,916

Long-Term Debt

The State of Georgia limits the amount of general obligation that a unit of government can issue to 10 percent of the total assessed value of the taxable property within the City's boundaries. The legal debt margin for the City is $38 million based on the City's 2016 gross digest. However, the City has no general obligation bond.

- The City's long-term debt consists of notes payable, certificates of participation, pension obligations, accrued vacation pay, and closure/postclosure costs. At June 30, 2016 and 2015, the City had $27 million and $28 million in debt outstanding, respectively. The increase is primarily due to the reporting of the unfunded pension liability attributable to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

More detailed information about the City's long-term debt is presented in Note 5 in the notes to the financial statements.

Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	**2016**	2015	**2016**	2015
Notes payable	$ 404,072	$ 533,692	$ 947,181	$ 1,078,311	$ 1,351,253	$ 1,612,003
Bonds payable	-	-	2,275,000	2,575,000	2,275,000	-
Certificates of participation	4,444,000	4,444,000	-	-	4,444,000	4,444,000
Compensated absences	440,256	393,576	26,274	22,564	466,530	416,140
Net pension liability	12,637,116	13,878,831	4,065,693	4,440,082	16,702,809	18,318,913
Landfill postclosure	-	-	1,897,144	3,431,598	1,897,144	3,431,598
Total	$ 17,925,444	$ 19,250,099	$ 9,211,292	$ 11,547,555	$ 27,136,736	$ 28,222,654

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate in 2016 was 5.1 percent compared to 8.2 percent in 2016. In contrast, both the statewide and national annual averages were 5.6 percent and 5.0 percent, respectively.

- The tax digest for 2016 slightly increased due to new commercial development and renovations
- The fiscal year 2017 budget totals $40.9 million for all funds, a $2 million decrease from the fiscal year 2016 final budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Tifton's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Tifton Finance Department, P.O. Box 229, Tifton, Georgia 31793-0229 or visit our website at www.tifton.net.

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 14,886,316	$ 13,658,586	$ 28,544,902	$ 915,728
Investments	2,387,019	6,228,296	8,615,315	604,201
Taxes receivable	815,078	-	815,078	-
Accounts receivable, net of allowances	110,042	1,839,664	1,949,706	67,312
Interest receivable	-	-	-	1,353
Notes receivable	-	592,310	592,310	779,542
Due from other governments	275,564	-	275,564	-
Due from component units	179,344	-	179,344	-
Internal balances	182,596	(182,596)	-	-
Inventories	127,027	-	127,027	-
Prepaid expenses	1,311,751	-	1,311,751	-
Fair value of interest rate swap agreement	1,663,624	-	1,663,624	-
Capital assets:				
Nondepreciable	3,444,453	848,991	4,293,444	250,583
Depreciable, net	30,933,338	32,791,078	63,724,416	1,492,398
Total assets	56,316,152	55,776,329	112,092,481	4,111,117
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	185,949	59,825	245,774	862
Pension assumption changes	2,208,214	710,440	2,918,654	10,241
Pension investment return	1,712,339	550,905	2,263,244	7,941
Total deferred outflows of resources	4,106,502	1,321,170	5,427,672	19,044
LIABILITIES				
Accounts payable	917,277	454,183	1,371,460	27,929
Accrued liabilities	276,328	16,004	292,332	1,346
Accrued interest	423	11,935	12,358	-
Due to primary government	-	-	-	179,344
Customer deposits payable	-	971,069	971,069	-
Net pension liability	12,637,116	4,065,693	16,702,809	58,606
Notes payable due within one year	132,988	133,962	266,950	83,590
Notes payable due in more than one year	271,084	813,219	1,084,303	576,208
Revenue bonds payable due in more than one year	-	2,275,000	2,275,000	-
Certificates of participation due in more than one year	4,444,000	-	4,444,000	-
Compensated absences due within one year	16,790	1,313	18,103	-
Compensated absences due in more than one year	423,466	24,961	448,427	-
Landfill closure/postclosure care costs due in more than one year	-	1,897,144	1,897,144	-
Total liabilities	19,119,472	10,664,483	29,783,955	927,023
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	1,663,624	-	1,663,624	-
Pension experience differences	1,338,988	430,788	1,769,776	6,210
Pension investment return	246,141	79,190	325,331	1,141
Total deferred inflows of resources	3,248,753	509,978	3,758,731	7,351
NET POSITION				
Net investment in capital assets	31,916,738	30,417,888	62,334,626	1,083,183
Restricted for tourism	450,794	-	450,794	-
Restricted for capital outlay	10,089,499	-	10,089,499	-
Restricted for public safety	41,719	-	41,719	-
Restricted for housing and development	234,308	-	234,308	-
Unrestricted	(4,678,629)	15,505,150	10,826,521	2,112,604
Total net position	$ 38,054,429	$ 45,923,038	$ 83,977,467	$ 3,195,787

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

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CITY OF TIFTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Total	Net (Expenses) Revenues and Changes in Net Position: Downtown Development Authority
Primary government:								
Governmental activities:								
General government	$ 1,782,025	$ 361,457	$ -	$ -	$ (1,420,568)	$ -	$ (1,420,568)	$ -
Judicial	299,161	-	-	-	(299,161)	-	(299,161)	-
Public safety	7,823,552	2,311,293	31,503	1,695,907	(3,784,849)	-	(3,784,849)	-
Public works	5,100,492	38,740	3,171	2,069,382	(2,989,199)	-	(2,989,199)	-
Health and welfare	210,800	57,298	-	-	(153,502)	-	(153,502)	-
Culture and recreation	894,042	-	-	36,185	(857,857)	-	(857,857)	-
Housing and development	286,534	117,266	62,511	-	(106,757)	-	(106,757)	-
Interest on long-term debt	480,419	-	-	-	(480,419)	-	(480,419)	-
Total governmental activities	16,877,025	2,886,054	97,185	3,801,474	(10,092,312)	-	(10,092,312)	-
Business-type activities:								
Water	2,610,416	3,435,396	-	44,437	-	869,417	869,417	-
Sewer	4,014,404	3,745,097	-	99,075	-	(170,232)	(170,232)	-
Gas	3,331,647	3,454,950	-	-	-	123,303	123,303	-
Solid waste collection and disposal	3,228,546	4,570,414	-	1,505,238	-	2,847,106	2,847,106	-
Tift Theatre	146,911	48,917	-	-	-	(97,994)	(97,994)	-
Total business-type activities	13,331,924	15,254,774	-	1,648,750	-	3,571,600	3,571,600	-
Total primary government	$ 30,208,949	$ 18,140,828	$ 97,185	$ 5,450,224	(10,092,312)	3,571,600	(6,520,712)	-
Component unit:								
Tifton Downtown Development Authority	$ 335,005	$ 11,313	$ 162,339	$ 276,874	-	-	-	115,521
Total component unit	$ 335,005	$ 11,313	$ 162,339	$ 276,874	-	-	-	115,521
General revenues:								
Property taxes					3,487,529	-	3,487,529	-
Sales taxes					2,800,366	-	2,800,366	-
Insurance premium tax					941,864	-	941,864	-
Alcoholic beverage taxes					478,875	-	478,875	-
Hotel/motel taxes					1,020,483	-	1,020,483	-
Franchise taxes					1,249,232	-	1,249,232	-
Other taxes					811,500	-	811,500	-
Unrestricted investment earnings					89,888	317,914	407,802	40,583
Gain on sale of capital assets					-	248,232	248,232	-
Transfers					536,034	(536,034)	-	-
Total general revenues and transfers					11,415,771	30,112	11,445,883	40,583
Change in net position					1,323,459	3,601,712	4,925,171	156,104
Net position, beginning of year					36,730,970	42,321,326	79,052,296	3,039,683
Net position, end of year					$ 38,054,429	$ 45,923,038	$ 83,977,467	$ 3,195,787

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

CITY OF TIFTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

ASSETS	General Fund	SPLOST Fund	SPLOST V Fund	Capital Projects Fund
Cash and cash equivalents	$ 6,111,016	$ 1,200,963	$ 5,508,915	$ 769,052
Investments	-	-	-	2,387,019
Taxes receivable, net	164,785	-	560,788	-
Accounts receivable, net	109,448	-	-	-
Due from other governments	240,780	24,907	-	-
Due from other funds	67,500	62,366	46,492	-
Due from component unit	-	-	-	-
Advances to other funds	30,500	-	-	-
Prepaid expenditures	819,000	-	-	-
Total assets	$ 7,543,029	$ 1,288,236	$ 6,116,195	$ 3,156,071
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 271,621	$ -	$ 257,752	$ 78,761
Accrued liabilities	216,560	-	-	-
Due to other funds	148,499	28,185	62,366	43,439
Advance from other funds	1,449	-	-	500
Total liabilities	638,129	28,185	320,118	122,700
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	130,391	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	130,391	-	-	-
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	819,000	-	-	-
Advances to other funds	30,500	-	-	-
Restricted for:				
Capital outlay	-	1,260,051	5,796,077	3,033,371
Public safety	-	-	-	-
Tourism	-	-	-	-
Housing and development	-	-	-	-
Unassigned	5,925,009	-	-	-
Total fund balances	6,774,509	1,260,051	5,796,077	3,033,371
Total liabilities, deferred inflows of resources, and fund balances	$ 7,543,029	$ 1,288,236	$ 6,116,195	$ 3,156,071

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 of capital assets
- Accumulated depreciation

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes, and differences between projected and actual earnings on plan investments.

Internal service funds are used by management to charge the costs of certain administrative functions to individual funds.
- Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.
- Notes payable
- Certificates of participation
- Compensated absences
- Accrued interest
- Net pension obligation

Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.
- These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments.

Net position of governmental activities

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 564,099	$ 14,154,045
-	2,387,019
89,505	815,078
-	109,448
9,877	275,564
28,185	204,543
179,344	179,344
-	30,500
-	819,000
$ 871,010	$ 18,974,541
$ 41,219	$ 649,353
-	216,560
67,500	349,989
30,000	31,949
138,719	1,247,851
-	130,391
5,470	5,470
5,470	135,861
-	819,000
-	30,500
-	10,089,499
41,719	41,719
450,794	450,794
234,308	234,308
-	5,925,009
726,821	17,590,829
$ 871,010	
	50,994,262
	(20,070,966)
	135,861
	3,457,767
	3,094,363
	(404,072)
	(4,444,000)
	(323,741)
	(423)
	(10,640,737)
	(1,334,714)
	$ 38,054,429

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	SPLOST Fund	SPLOST V Fund	Capital Projects Fund
REVENUES				
Taxes	$ 7,011,991	$ -	$ -	$ -
Sales taxes	2,800,366	-	-	-
Charges for services	1,797,867	-	-	-
Licenses and permits	270,406	-	-	-
Intergovernmental	-	22,407	3,557,420	-
Fines and forfeitures	695,549	-	-	-
Interest revenue	8,383	1,800	1,507	78,592
Contributions	-	-	239,811	-
Other revenues	108,649	-	-	-
Total revenues	12,693,211	24,207	3,798,738	78,592
EXPENDITURES				
Current:				
General government	1,757,873	-	-	-
Judicial	302,217	-	-	-
Public safety	7,199,132	-	-	-
Public works	2,507,290	-	-	-
Health and welfare	209,889	-	-	-
Culture and recreation	138,715	-	-	-
Housing and development	216,577	-	-	-
Capital outlay	-	295,364	1,378,141	1,195,178
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	468,577
Total expenditures	12,331,693	295,364	1,378,141	1,663,755
Excess (deficiency) of revenues over (under) expenditures	361,518	(271,157)	2,420,597	(1,585,163)
OTHER FINANCING SOURCES (USES)				
Transfers in	15,193	-	-	1,222,534
Transfers out	(461,850)	-	-	-
Total other financing sources (uses)	(446,657)	-	-	1,222,534
Net change in fund balances	(85,139)	(271,157)	2,420,597	(362,629)
Fund balances, beginning of year	6,859,648	1,531,208	3,375,480	3,396,000
Fund balances, end of year	$ 6,774,509	$ 1,260,051	$ 5,796,077	$ 3,033,371

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,020,483	$ 8,032,474
-	2,800,366
-	1,797,867
-	270,406
133,370	3,713,197
13,583	709,132
2,440	92,722
-	239,811
-	108,649
1,169,876	17,764,624
-	1,757,873
-	302,217
37,029	7,236,161
7,353	2,514,643
-	209,889
627,496	766,211
62,511	279,088
-	2,868,683
129,620	129,620
12,109	480,686
876,118	16,545,071
293,758	1,219,553
6,350	1,244,077
(246,193)	(708,043)
(239,843)	536,034
53,915	1,755,587
672,906	15,835,242
$ 726,821	$ 17,590,829

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CITY OF TIFTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	1,755,587
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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Total capital outlay		1,216,871
Total depreciation		(1,293,592)
The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.		(636,378)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(100,645)
Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.		214,788
The 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. Neither transaction, however, has any effect on net position.		
Principal repayments		129,620
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The adjustments for these items are as follows:		
Compensated absences		(49,637)
Net pension liability and related deferred inflows and outflows of resources		86,578
Accrued interest on debt		267
	$	1,323,459

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

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 3,694,000	$ 3,655,600	$ 3,504,333	$ (151,267)
Sales taxes	3,000,000	2,850,000	2,800,366	(49,634)
Franchise taxes	1,255,000	1,300,000	1,249,232	(50,768)
Other taxes	2,062,000	2,127,000	2,232,239	105,239
Penalties and interest - delinquent taxes	25,000	25,000	26,187	1,187
Licenses and permits	296,950	227,700	270,406	42,706
Intergovernmental	30,000	30,000	-	(30,000)
Charges for services	1,793,565	2,038,100	1,797,867	(240,233)
Fines and forfeitures	685,200	595,200	695,549	100,349
Interest revenue	6,000	6,000	8,383	2,383
Other revenues	74,000	161,900	108,649	(53,251)
Total revenues	12,921,715	13,016,500	12,693,211	(323,289)
EXPENDITURES:				
Current:				
General government:				
City Council	77,981	78,919	81,088	(2,169)
General administration	1,222,149	1,428,735	1,676,785	(248,050)
Total general government	1,300,130	1,507,654	1,757,873	(250,219)
Municipal court	344,125	339,566	302,217	37,349
Public safety:				
Police	4,585,337	4,566,733	4,066,139	500,594
Fire	3,158,474	3,278,375	3,132,993	145,382
Total public safety	7,743,811	7,845,108	7,199,132	645,976
Public works:				
Highways and streets	2,105,455	2,073,915	2,059,487	14,428
Cemetery	180,192	188,025	447,803	(259,778)
Total public works	2,285,647	2,261,940	2,507,290	(245,350)
Health and welfare:				
Senior citizens center	148,668	148,443	142,069	6,374
Nutrition program	69,798	71,625	67,820	3,805
Total health and welfare	218,466	220,068	209,889	10,179
Culture and recreation:				
Library	138,715	139,000	138,715	285
Housing and development:				
Code enforcement	332,421	293,164	216,577	76,587
Total expenditures	12,363,315	12,606,500	12,331,693	274,807
Excess of revenues over expenditures	558,400	410,000	361,518	(48,482)

(Continued)

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 15,193	$ 15,193
Transfers out	(558,400)	(410,000)	(461,850)	(51,850)
Total other financing sources (uses)	(558,400)	(410,000)	(446,657)	(36,657)
Net change in fund balances	-	-	(85,139)	(85,139)
Fund balances, beginning of year	6,859,648	6,859,648	6,859,648	-
Fund balances, end of year	$ 6,859,648	$ 6,859,648	$ 6,774,509	$ (85,139)

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

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Major Proprietary Funds				Nonmajor Proprietary Fund		Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund	Tift Theatre Fund	Totals	Internal Service Fund
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 4,008,617	$ 1,474,205	$ 2,507,865	$ 5,425,211	$ 242,688	$ 13,658,586	$ 732,271
Investments	-	-	-	6,228,296	-	6,228,296	-
Accounts receivable, net of allowances	626,336	665,316	224,031	323,981	-	1,839,664	594
Current portion - notes receivable	-	-	94,828	-	-	94,828	-
Due from other funds	-	-	-	5,452	-	5,452	328,042
Inventories	-	-	-	-	-	-	127,027
Prepaid expenses	-	-	-	-	-	-	492,751
Total current assets	4,634,953	2,139,521	2,826,724	11,982,940	242,688	21,826,826	1,680,685
NONCURRENT ASSETS							
Advances to other funds	-	-	-	-	-	-	1,449
Notes receivable, net of current portion	-	-	497,482	-	-	497,482	-
Capital assets:							
Nondepreciable	105,862	394,985	102,302	168,435	77,407	848,991	50,445
Depreciable, net of accumulated depreciation	9,937,091	16,320,458	3,584,821	2,723,352	225,356	32,791,078	3,404,050
Total noncurrent assets	10,042,953	16,715,443	4,184,605	2,891,787	302,763	34,137,551	3,455,944
Total assets	14,677,906	18,854,964	7,011,329	14,874,727	545,451	55,964,377	5,136,629
DEFERRED OUTFLOWS OF RESOURCES							
Pension experience differences	12,951	12,701	14,523	19,545	105	59,825	29,376
Pension assumption changes	153,798	150,826	172,463	232,104	1,249	710,440	348,848
Pension investment return	119,261	116,957	133,735	179,983	969	550,905	270,511
Total deferred outflows of resources	286,010	280,484	320,721	431,632	2,323	1,321,170	648,735
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	33,723	34,442	137,546	240,994	7,478	454,183	267,924
Accrued liabilities	-	-	-	12,821	3,183	16,004	59,768
Accrued interest	-	-	11,935	-	-	11,935	-
Current portion - compensated absences	-	-	-	1,220	93	1,313	5,826
Current portion - notes payable	-	-	133,962	-	-	133,962	-
Customer deposits payable	400,775	309,919	195,071	65,304	-	971,069	-
Due to other funds	54,673	55,117	53,999	24,259	-	188,048	-
Total current liabilities	489,171	399,478	532,513	344,598	10,754	1,776,514	333,518
NONCURRENT LIABILITIES							
Compensated absences, net of current portion	-	-	-	23,189	1,772	24,961	110,689
Notes payable, net of current portion	-	-	813,219	-	-	813,219	-
Revenue bonds payable, net of current portion	-	2,275,000	-	-	-	2,275,000	-
Landfill closure/postclosure care costs	-	-	-	1,897,144	-	1,897,144	-
Net pension liability	880,150	863,146	986,968	1,328,279	7,150	4,065,693	1,996,379
Total noncurrent liabilities	880,150	3,138,146	1,800,187	3,248,612	8,922	9,076,017	2,107,068
Total liabilities	1,369,321	3,537,624	2,332,700	3,593,210	19,676	10,852,531	2,440,586
DEFERRED INFLOWS OF RESOURCES							
Pension experience differences	93,258	91,456	104,576	140,740	758	430,788	211,530
Pension investment return	17,143	16,812	19,224	25,872	139	79,190	38,885
Total deferred inflows of resources	110,401	108,268	123,800	166,612	897	509,978	250,415
NET POSITION							
Net investment in capital assets	10,042,953	14,440,443	2,739,942	2,891,787	302,763	30,417,888	3,454,495
Unrestricted	3,441,241	1,049,113	2,135,608	8,654,750	224,438	15,505,150	(360,132)
Total net position	$ 13,484,194	$ 15,489,556	$ 4,875,550	$ 11,546,537	$ 527,201	$ 45,923,038	$ 3,094,363

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

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Proprietary Funds				Nonmajor Proprietary Fund		Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund	Tift Theatre Fund	Totals	Internal Service Fund
OPERATING REVENUES							
Charges for services	$ 3,205,432	$ 3,619,830	$ 3,303,431	$ 2,982,155	$ 45,320	$ 13,156,168	$ 2,779,243
Penalties and fines	203,941	78,442	26,182	28,347	-	336,912	-
Change in closure/post closure costs	-	-	-	1,534,454	-	1,534,454	-
Miscellaneous	26,023	46,825	125,337	25,458	3,597	227,240	124,264
Total operating revenues	3,435,396	3,745,097	3,454,950	4,570,414	48,917	15,254,774	2,903,507
OPERATING EXPENSES							
Personnel services	-	66,190	159,698	553,657	67,944	847,489	1,664,955
Cost of gas sold	-	-	1,744,276	-	-	1,744,276	-
Contract services	953,219	1,942,360	542,752	992,782	-	4,431,113	531,731
Utilities	303,794	235,500	21,742	9,139	19,286	589,461	110,810
Equipment repairs and maintenance	9,074	1,251	22,807	155,215	5,589	193,936	230,707
System repairs and maintenance	45,488	119,363	300	-	-	165,151	-
Landfill expenses	-	-	-	67,113	-	67,113	-
Supplies	-	31	-	26,805	19,445	46,281	59,607
Insurance	47,258	70,545	23,346	76,518	3,392	221,059	16,891
Gas, oil, and grease	36,600	18,712	3,528	71,610	-	130,450	-
Professional services	9,043	19,513	38,710	67,696	13,536	148,498	62,815
Depreciation	563,352	916,073	122,584	643,074	8,556	2,253,639	242,369
Postage	25,534	17,515	5,519	6,177	-	54,745	-
Marketing	-	-	31,771	-	9,163	40,934	-
Administrative and clerical	617,054	545,756	590,332	558,760	-	2,311,902	-
Miscellaneous	-	3,400	2,642	-	-	6,042	-
Total operating expenses	2,610,416	3,956,209	3,310,007	3,228,546	146,911	13,252,089	2,919,885
Operating income (loss)	824,980	(211,112)	144,943	1,341,868	(97,994)	2,002,685	(16,378)
NON-OPERATING INCOME (EXPENSES)							
Investment earnings	1,574	1,494	19,136	295,710	-	317,914	472
Interest expense	-	(58,195)	(21,640)	-	-	(79,835)	-
Gain on sale of capital assets	-	-	-	248,232	-	248,232	-
Total non-operating income (expenses)	1,574	(56,701)	(2,504)	543,942	-	486,311	472
Income (loss) before contributions and transfers	826,554	(267,813)	142,439	1,885,810	(97,994)	2,488,996	(15,906)
CAPITAL CONTRIBUTIONS	44,437	99,075	-	1,505,238	-	1,648,750	230,694
TRANSFERS							
Transfers in	-	-	-	-	117,000	117,000	-
Transfers out	(89,000)	(89,000)	(89,000)	(386,034)	-	(653,034)	-
Total transfers	(89,000)	(89,000)	(89,000)	(386,034)	117,000	(536,034)	-
Change in net position	781,991	(257,738)	53,439	3,005,014	19,006	3,601,712	214,788
NET POSITION, beginning of year	12,702,203	15,747,294	4,822,111	8,541,523	508,195	42,321,326	2,879,575
NET POSITION, end of year	$ 13,484,194	$ 15,489,556	$ 4,875,550	$ 11,546,537	$ 527,201	$ 45,923,038	$ 3,094,363

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

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Proprietary Funds				Nonmajor Proprietary Fund		Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund	Tift Theatre Fund	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	$ 3,229,340	$ 3,675,976	$ 3,513,865	$ 4,519,686	$ 48,655	$ 14,987,522	$ -
Receipts from interfund services provided	-	-	-	-	-	-	3,072,740
Payments to suppliers	(2,040,052)	(2,977,733)	(3,004,959)	(3,458,785)	(74,647)	(11,556,176)	(984,281)
Payments to employees	(57,232)	(139,194)	(159,162)	(531,169)	(61,727)	(948,484)	(1,961,517)
Net cash provided by (used in) operating activities	1,132,056	559,049	349,744	529,732	(87,719)	2,482,862	126,942
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in/out	(89,000)	(89,000)	(89,000)	(386,034)	117,000	(536,034)	-
Net cash provided by (used in) noncapital financing activities	(89,000)	(89,000)	(89,000)	(386,034)	117,000	(536,034)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	-	-	(154,051)	(9,152)	(8,484)	(171,687)	-
Proceeds from the sale of capital assets	-	-	-	255,208	-	255,208	-
Principal paid on notes payable	-	-	(131,130)	-	-	(131,130)	-
Principal paid on revenue bonds payable	-	(300,000)	-	-	-	(300,000)	-
Capital contributions	-	-	-	822,104		822,104	-
Interest paid	-	(58,195)	(23,291)	-	-	(81,486)	-
Net cash provided by (used in) capital and related financing activities	-	(358,195)	(308,472)	1,068,160	(8,484)	393,009	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of certificate of deposit	-	-	-	(933,785)	-	(933,785)	-
Principal received on notes receivable	-	-	172,961	-	-	172,961	-
Interest received	1,574	1,494	19,136	295,709	-	317,913	472
Net cash provided by (used in) investing activities	1,574	1,494	192,097	(638,076)	-	(442,911)	472
Increase in cash and cash equivalents	1,044,630	113,348	144,369	573,782	20,797	1,896,926	127,414
Cash and cash equivalents:							
Beginning of year	2,963,987	1,360,857	2,363,496	4,851,429	221,891	11,761,660	604,857
End of year	$ 4,008,617	$ 1,474,205	$ 2,507,865	$ 5,425,211	$ 242,688	$ 13,658,586	$ 732,271

(Continued)

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Proprietary Funds				Nonmajor Proprietary Fund		Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund	Tift Theatre Fund	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	$ 824,980	$ (211,112)	$ 144,943	$ 1,341,868	(97,994)	$ 2,002,685	$ (16,378)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	563,352	916,073	122,584	643,074	8,556	2,253,639	242,369
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	(201,353)	(60,160)	77,094	(1,427)	-	(185,846)	436
Increase in inventories	-	-	-	-	-	-	(57,317)
Increase in prepaid items	-	-	-	-	-	-	(28,408)
Decrease (increase) in due from other funds	-	-	-	(5,452)	-	(5,452)	168,797
Decrease (increase) in deferred outflows of resources	(14,261)	(7,962)	(39,076)	(59,299)	(1,981)	(122,579)	28,395
Increase (decrease) in accounts payable	7,012	(3,787)	22,766	107,484	(4,236)	129,239	114,005
Increase in accrued liabilities	-	-	-	2,957	1,451	4,408	3,524
Increase in customer deposits	20,136	16,868	10,080	5,212	-	52,296	-
Decrease in landfill closure/postclosure care costs	-	-	-	(1,534,454)	-	(1,534,454)	-
Decrease in due to other funds	(24,839)	(25,829)	(28,259)	(49,061)	(262)	(128,250)	-
Increase (decrease) in net pension liability	(126,525)	(146,386)	(56,364)	(50,998)	5,884	(374,389)	(512,001)
Increase in deferred inflows of resources	83,554	81,344	95,976	129,828	863	391,565	183,520
Net cash provided by (used in) operating activities	$ 1,132,056	$ 559,049	$ 349,744	$ 529,732	(87,719)	$ 2,482,862	$ 126,942
Noncash capital and related financing activities:							
Contributions of capital assets from SPLOST Fund	$ 44,437	$ 99,075	$ -	$ -	$ -	$ 143,512	$ 219,058
Contributions of capital assets from Capital Projects Fund (GMA Lease Pool)	-	-	-	683,134	-	683,134	11,636
Unrealized loss on investments	-	-	-	295,710	-	295,710	-
Net noncash capital and related financing activities	$ 44,437	$ 99,075	$ -	$ 978,844	$ -	$ 1,122,356	$ 230,694

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

CITY OF TIFTON, GEORGIA

STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
JUNE 30, 2016

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 3,024,220
Investments at fair value:	
Treasury and agency securities	2,425,887
Domestic common stocks	10,156,797
Municipal obligations	1,901,542
Domestic corporate bonds	2,756,829
Asset backed securities	1,057,422
Accounts receivable	7,210
Total assets	21,329,907
LIABILITIES	
Accounts payable	32,727
Total liabilities	32,727
NET POSITION	
Restricted for pension benefits	$ 21,297,180

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

CITY OF TIFTON, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ 2,770,560
Employee	80,121
	2,850,681
Investment income:	
Interest and dividends	235,526
	235,526
Total additions	3,086,207
Deductions	
Administrative expenses	166,118
Retiree benefits	2,257,531
Net depreciation in fair value of investments	259,946
Total deductions	2,683,595
Net increase	402,612
Net position held in trust for benefits:	
Beginning of year	20,894,568
End of year	$ 21,297,180

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tifton, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City of Tifton is the county seat of Tift County and was incorporated on August 14, 1920 under the provisions of an act of the General Assembly of Georgia and is governed by an elected Mayor and four-member Council. The City Manager is the head of the administrative branch of government. As such, he is responsible for the day-to-day operations of city government. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; health and welfare; housing and development; and public utilities (water, sewer, gas, and solid waste). As required by accounting principles generally accepted in the United States of America, these financial statements include the accounts of all City operations and all activities of the City.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

In conformity with accounting principles generally accepted in the United States of America, as set forth in the Statement of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and 61, the component unit's financial statements are discretely presented in the government-wide financial statements.

Discretely Presented Component Unit

The City of Tifton Downtown Development Authority - The City of Tifton Downtown Development Authority (the "Downtown Development Authority") operates the Mainstreet programs. The governing board of the Downtown Development Authority is appointed by the Mayor and City Council and the City has assumed financial responsibility for its operations. The Downtown Development Authority is audited along with the primary government financial statements in accordance with Governmental Accounting Standards Board Statements No. 14 and 39. However, separate financial statements are not prepared.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***Special Purpose Local Option Sales Tax (SPLOST) Fund*** is a capital projects fund used to account for projects supported by the special purpose local option sales tax, including construction of roads, sidewalks, water and sewer system improvements, landfill development, firefighting equipment, and construction of City buildings.

The ***Special Purpose Local Option Sales Tax V Fund*** is a capital projects fund used to account for projects supported by the special purpose local option sales tax, including general obligation debt, senior center improvements, roads, sidewalks, water and sewer system improvements, technology equipment and upgrades, firefighting equipment and facility upgrades.

The ***Capital Projects Fund*** accounts for the leasing of certain equipment through a lease pool agreement with the Georgia Municipal Association (GMA).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The ***Water Revenue Fund*** accounts for the provision of water services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The ***Sewer Revenue Fund*** accounts for the provision of sewer services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The ***Gas Revenue Fund*** accounts for the provisions of natural gas services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The ***Solid Waste Collection and Disposal Fund*** accounts for the provision of garbage and trash pickup and disposal for the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The ***Special Revenue Funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Projects Funds*** account for revenue sources that are to be used for the acquisition and construction of major capital facilities.

The ***Internal Service Fund*** is used to account for the rental of motor vehicles and equipment to other departments and related costs of the City, on a cost reimbursement basis.

The ***Enterprise Fund*** is used to account for the activity of the Tift Theatre.

The ***Pension Trust Fund*** is a fiduciary fund used to account for the assets held by the City in a trustee capacity for retirement benefits for City employees.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, gas and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

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

1. In February, the department heads are furnished with a worksheet to submit their proposed budget for the upcoming fiscal year to the Finance Director.

2. The budgets are reviewed and compiled by the Finance Director and submitted to the Mayor and City Council.

3. Budget hearings are held with the Mayor and City Council, the City Manager, and the Finance Director for final review and revisions.

4. A public hearing is then held for the proposed budget with adoption of the budget around the first of June.

5. Formal budgetary integration is the management tool used as a control device during the year for governmental and proprietary funds.

During the year, as the need arises, the Finance Director is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures/expenses must be approved by the Mayor and City Council.

All annual appropriations lapse at fiscal year-end.

The City adopts annual budgets for its General Fund and special revenue funds, and adopts budgets for its capital project funds on a project basis, with the term of the project being longer than the City's fiscal year. All budgets are prepared on a basis consistent with generally accepted accounting principles.

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deposits and Investments (Continued)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as investments for financial statement presentation.

The City's nonparticipating interest earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in the fair value during the year are recognized as a component of investment income.

In accordance with authorized investment laws, the City's employee benefit trust invests in various asset-backed securities, such as mortgage-backed securities. These securities represent an ownership interest in a pool of residential mortgage loans, the interest in which is, in most cases, issued and guaranteed by an agency or instrumentality of the U.S. government. These securities are reported at fair value in the balance sheet.

F. Inventory and Prepaid Items

Inventories are valued at average cost, which approximates market, using the first-in, first-out (FIFO) method. The City accounts for inventory on the purchase basis. Prepaid expenditures/expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as follows: equipment with an initial cost of more than $10,000; public utility extensions of $20,000 or more; land and buildings of $100,000 or more; and roads, bridges and drainage systems of $250,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include only those items acquired after June 30, 1980. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2016, no amounts of interest were capitalized.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

Asset	Years
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	20-50
Distribution Systems	10-50
Landfill	20

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Liabilities

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 using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

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 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.

J. Compensated Absences

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, have established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any items that qualified for reporting in this category for the year ended June 30, 2016 with the exception of the pension items discussed below.

In addition to liabilities, the statement of net position and the balance sheet for governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the pension related items discussed below, the City has two types of items that qualify for reporting in this category. One type arises only under a modified accrual basis of accounting. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant revenue not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. An e*ffective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

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

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

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

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has not formally designated an individual to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments of the primary government as of June 30, 2016, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	28,544,902
Investments		8,615,315
Amounts as presented on the fiduciary statement of net position:		
Cash and cash equivalents - Pension Trust Fund		3,024,220
Investments - Pension Trust Fund		18,298,477
Total	$	58,482,914
Cash deposited with financial institutions	$	31,347,537
Cash deposited with Georgia Fund 1		221,585
Certificate of deposit		515,686
Investment in the Municipal Competitive Trust		2,387,019
Investments in U.S. government securities		5,254,608
Investments in municipal bonds		3,586,859
Investments in domestic corporate bonds		2,756,829
Investments in asset backed securities		2,255,994
Investments in equity securities		10,156,797
Total	$	58,482,914

Total deposits and investments of the Downtown Development Authority (component unit) as of June 30, 2016, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	915,728
Investments		604,201
Total	$	1,519,929
Cash deposited with financial institutions	$	915,728
Certificates of deposit (maturity less than one year)		604,201
Total	$	1,519,929

Credit risk. State statutes authorize the City to invest in U.S. Government obligations; U.S. Government agency (or other corporation of the U.S. Government) obligations; obligations fully insured or guaranteed by the U.S. Government or a U.S. Government agency; obligations of the State of Georgia or other states; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America; prime bankers' acceptances; repurchase agreements; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2016, the City had the following investments:

			Investment Maturities (in Years)					
Investment	Rating	Fair Value	Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	> 20
Georgia Fund 1	AAAf	$ 221,585	$ 221,585	$ -	$ -	$ -	$ -	$ -
Certificates of Deposit		515,686	-	255,423	260,263	-	-	-
Common stock		10,156,797	-	-	-	-	-	-
U.S. Government securities	AA+	1,696,990	493,603	204,687	998,700	-	-	-
U.S. Government securities	AAA	3,557,618	250,445	1,724,030	1,583,143	-	-	-
Municipal bonds	A	318,621	-	318,621	-	-	-	-
Municipal bonds	AA-	1,123,373	-	315,174	504,296	303,903	-	-
Municipal bonds	AA	498,928	-	498,928	-	-	-	-
Municipal bonds	AA+	1,107,074	-	420,536	686,538	-	-	-
Municipal bonds	AAA	538,863	-	-	-	538,863	-	-
Corporate bonds	A-	407,742	211,908	195,834	-	-	-	-
Corporate bonds	A	492,599	-	492,599	-	-	-	-
Corporate bonds	A+	728,283	-	524,945	203,338	-	-	-
Corporate bonds	AA+	388,903	-	158,496	230,407	-	-	-
Corporate bonds	AA-	241,562	-	-	241,562	-	-	-
Corporate bonds	BBB+	497,740	-	497,740	-	-	-	-
Mortgage backed securities	NR	1,762,819	-	-	205,416	-	325,521	1,231,882
Mortgage backed securities	AA+	493,175	-	-	-	-	493,175	-
Guaranteed investment contract	AA-	2,387,019	-	-	-	2,387,019	-	-
Total		$ 27,135,377	$ 1,177,541	$ 5,607,013	$ 4,913,663	$ 3,229,785	$ 818,696	$ 1,231,882

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to those with maturity of no more than one (1) year, unless matched to a specific requirement.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of June 30, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
Government agencies	$ 5,254,608	$ -	$ -	5,254,608
Municipal bonds	108,850	3,478,009	-	3,586,859
Certificates of deposit	-	515,686	-	515,686
Corporate securities	2,060,876	695,953	-	2,756,829
Equity securities	10,156,797	-	-	10,156,797
Asset backed funds	-	2,255,994	-	2,255,994
Total investments measured at fair value	$ 17,581,131	$ 6,945,642	$ -	$ 24,526,773
Investments not subject to level disclosure:				
Georgia Fund 1				221,585
Investments recorded at cost:				
Guaranteed Investment Contract				2,387,019
				$ 27,135,377
Fair market hedging derivative:				
Interest rate swap agreement	$ -	$ 1,663,624	$ -	$ 1,663,624

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy. The Guaranteed Investment Contract is a nonparticipating interest-earning investment contract and, accordingly, is recorded at cost.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements and the State of Georgia.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2016, the City was not exposed to custodial credit risk for its investments.

NOTE 3. RECEIVABLES

Receivables as of June 30, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST	SPLOST V	Nonmajor Governmental
Receivables:				
Taxes	$ 164,785	$ -	$ 560,788	$ 89,505
Accounts	109,448	-	-	-
Intergovernmental	979,297	24,907	-	9,877
Gross receivables	1,253,530	24,907	560,788	99,382
Less: allowance for uncollectibles	(738,517)	-	-	-
Net total receivables	$ 515,013	$ 24,907	$ 560,788	$ 99,382

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Coll. and Disp.
Receivables:				
Accounts	$ 808,436	$ 898,204	$ 486,977	$ 740,102
Notes	-	-	592,310	-
Interest	-	-	-	12,566
Gross receivables	808,436	898,204	1,079,287	752,668
Less: allowance for uncollectibles	(182,100)	(232,888)	(262,946)	(428,687)
Net total receivables	$ 626,336	$ 665,316	$ 816,341	$ 323,981

	Internal Service
Receivables:	
Accounts	$ -
Interest	594
Gross receivables	594
Less: allowance for uncollectibles	-
Net total receivables	$ 594

Property taxes were levied on behalf of the City by Tift County on July 20, 2015, (Levy Date) based upon property values assessed as of January 1. The billings were mailed August 27, 2015, and were payable on or before November 15, 2015, for the calendar year 2015 tax. If unpaid by November 15, 2015, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes levied for 2015 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2016, and expected to be collected by August 31, 2016, are recognized as revenues for the year ended June 30, 2016. Net receivables estimated to be collectible subsequent to August 31, 2016 are recorded as revenue when received.

NOTE 3. RECEIVABLES (CONTINUED)

Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during calendar year 2015 for the City's operations was 9.759 mills (mill equals $1 per thousand dollars of assessed value).

At June 30, 2016, the Downtown Development Authority (component unit) has notes receivable totaling $779,542 from a number of entities associated with certain conduit debt financing arrangements of the Downtown Development Authority. These amounts are offset by notes payable of $659,798 with the difference in the two amounts caused by the timing of payments received. Terms of the notes receivable are similar to the terms of the respective and offsetting notes payable.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,522,664	$ -	$ -	$ -	$ 2,522,664
Construction in progress	1,640,492	1,004,707	-	(1,723,410)	921,789
Total capital assets, not being depreciated	4,163,156	1,004,707	-	(1,723,410)	3,444,453
Capital assets, being depreciated:					
Buildings and improvements	10,321,696	-	-	-	10,321,696
Machinery and equipment	11,660,950	442,858	(1,482,157)	-	10,621,651
Infrastructure	31,604,914	-	-	1,723,410	33,328,324
Total capital assets, being depreciated	53,587,560	442,858	(1,482,157)	1,723,410	54,271,671
Less accumulated depreciation for:					
Buildings and improvements	(2,899,123)	(254,388)	-	-	(3,153,511)
Machinery and equipment	(9,580,640)	(514,686)	845,779	-	(9,249,547)
Infrastructure	(10,168,388)	(766,887)	-	-	(10,935,275)
Total accumulated depreciation	(22,648,151)	(1,535,961)	845,779	-	(23,338,333)
Total capital assets, being depreciated, net	30,939,409	(1,093,103)	(636,378)	1,723,410	30,933,338
Governmental activities capital assets, net	$ 35,102,565	$ (88,396)	$ (636,378)	$ -	$ 34,377,791

NOTE 4. CAPITAL ASSETS (CONTINUED)

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At year-end, internal service fund capital assets with a net book value of $3,454,495 are included in the above amounts, including additions of $230,694.

Depreciation expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	
General government	$ 4,890
Public safety	442,005
Public works	846,697
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	242,369
Total depreciation expense - governmental activities	$ 1,535,961

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 582,835	$ -	$ -	$ -	$ 582,835
Construction in progress	578,342	98,714	-	(410,900)	266,156
Total capital assets, not being depreciated	1,161,177	98,714	-	(410,900)	848,991
Capital assets, being depreciated:					
Landfill	6,816,760	-	-	-	6,816,760
Buildings and improvements	958,269	-	-	-	958,269
Distribution system	63,845,135	95,338	-	410,900	64,351,373
Machinery and equipment	11,556,075	804,281	(742,868)	-	11,617,488
Total capital assets, being depreciated	83,176,239	899,619	(742,868)	410,900	83,743,890
Less accumulated depreciation for:					
Landfill	(5,512,842)	(190,673)	-	-	(5,703,515)
Buildings and improvements	(552,042)	(31,877)	-	-	(583,919)
Distribution system	(33,455,561)	(1,491,045)	-	-	(34,946,606)
Machinery and equipment	(9,914,620)	(540,044)	735,892	-	(9,718,772)
Total accumulated depreciation	(49,435,065)	(2,253,639)	735,892	-	(50,952,812)
Total capital assets, being depreciated, net	33,741,174	(1,354,020)	(6,976)	410,900	32,791,078
Business-type activities capital assets, net	$ 34,902,351	$ (1,255,306)	$ (6,976)	$ -	$ 33,640,069

NOTE 4. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of business-type activities as follows:

Business-type activities:	
Water	$ 563,352
Sewer	916,073
Gas	122,584
Solid waste collection and disposal	643,074
Tift Theatre	8,556
Total depreciation expense - business-type activities	$ 2,253,639

Capital asset activity for the Downtown Development Authority for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority:					
Capital assets, not being depreciated:					
Land	$ 273,083	$ -	$ (22,500)	$ -	$ 250,583
Total capital assets, not being depreciated	273,083	-	(22,500)	-	250,583
Capital assets, being depreciated:					
Buildings and improvements	2,051,151	73,326	(122,603)	-	2,001,874
Furniture and equipment	4,034	38,859	-	-	42,893
Total capital assets, being depreciated	2,055,185	112,185	(122,603)	-	2,044,767
Less accumulated depreciation for:					
Buildings and improvements	(499,158)	(55,473)	3,613	-	(551,018)
Furniture and equipment	(134)	(1,217)	-	-	(1,351)
Total accumulated depreciation	(499,292)	(56,690)	3,613	-	(552,369)
Total capital assets, being depreciated, net	1,555,893	55,495	(118,990)	-	1,492,398
Downtown Development Authority capital assets, net	$ 1,828,976	$ 55,495	$ (141,490)	$ -	$ 1,742,981

NOTE 5. LONG-TERM DEBT

Notes Payable

The following is a listing of the notes payable of the City of Tifton, Georgia at June 30, 2016:

Governmental Activities

Note payable dated December 15, 2009 in the original amount of $1,135,651, to be used for improvements to streets, the local airport, and lighting on Interstate 75. The loan is to be repaid in 120 monthly installments of $11,811, including interest at 2.51%. The City refinanced the note during the year ending June 30, 2013 with the only modification being the reduction of the interest rate. The outstanding balance at June 30, 2016, is $404,072.

Annual debt service requirements to maturity for notes payable of governmental activities are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 141,730	$ 132,988	$ 8,742
2018	141,730	136,412	5,318
2019	136,477	134,672	1,805
	$ 419,937	$ 404,072	$ 15,865

Business-Type Activities

Note payable with a local financial institution dated September 12, 2012, in the original amount of $893,785 to be used for gas line extensions. The loan is to be repaid in annual installments of $100,867 including interest at 2.16% beginning December 12, 2013. The outstanding balance at June 30, 2016, is $648,815.

Note payable with a local financial institution dated September 14, 2012, in the original amount of $431,520 to be used for gas line extensions. The loan is to be repaid in annual installments of $53,554 including interest at 2.16% beginning December 14, 2013. The outstanding balance at June 30, 2016, is $298,366.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Annual debt service requirements to maturity for notes payable of business-type activities are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 154,421	$ 133,962	$ 20,459
2018	154,422	136,856	17,566
2019	154,421	139,812	14,609
2020	154,422	142,832	11,590
2021	154,421	145,917	8,504
2022 - 2023	255,287	247,802	7,485
	$ 1,027,394	$ 947,181	$ 80,213

From time to time the Downtown Development Authority (component unit) incurs notes payable to provide financial assistance to private sector entities or other third parties for the acquisition and construction of commercial facilities. The notes are secured by the property financed and are payable solely from payment received on the notes receivable and lease agreements. Upon repayment of the notes payable, ownership of the acquired facilities transfers to the private sector entity served by the notes payable. The outstanding balance of these notes payable totaled $659,798 at June 30, 2016.

Debt service requirements to maturity on the notes payable of the Downtown Development Authority are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 113,520	$ 83,590	$ 29,930
2018	109,859	84,034	25,825
2019	118,268	75,694	42,574
2020	97,727	79,422	18,305
2021	97,727	83,334	14,393
2022 - 2025	272,097	253,724	18,373
	$ 809,198	$ 659,798	$ 149,400

NOTE 5. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Business-Type Activities

On December 29, 2014, the City issued $2,735,000 in Series 2014 Sewer Refunding Revenue Bonds for refinancing two outstanding loans payable to the Georgia Environmental Finance Authority (GEFA). The Series 2014 Sewer Refunding Revenue Bonds mature on July 1, 2024, and pay interest at 2.26% on January 1 and July 1 each year. Interest and principal payments began July 1, 2015. The principal amount outstanding at June 30, 2016, was $2,275,000. Total interest costs incurred during the year ended June 30, 2016, were $58,195.

Annual debt service requirements to maturity for revenue bonds of business-type activities are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 25,829	$ -	$ 25,829
2018	353,195	305,000	48,195
2019	351,213	310,000	41,213
2020	349,117	315,000	34,117
2021	351,851	325,000	26,851
2022 - 2025	1,057,012	1,020,000	37,012
	$ 2,488,217	$ 2,275,000	$ 213,217

Certificates of Participation

The City leases certain equipment through a lease pool agreement with the Georgia Municipal Association (GMA). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by GMA. GMA passed the net proceeds through to the participating municipalities with the City's participation totaling $4,444,000. The lease pool agreement with GMA provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation.

The principal of $4,444,000 is due in a lump-sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from GMA. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. The GMA lease program expires June 2028.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Certificates of Participation (Continued)

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (i) a semi-annual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semi-annual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2016, the floating rate being paid by the City is 0.72%, and the market value of this agreement is $1,663,624, an increase of $428,788 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2016 based on the derivative contract. This market value is reported as an asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year-end) is deferred and reported as a deferred inflow in the statement of net position.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Certificates of Participation (Continued)

Annual debt service requirements for the certificates of participation are as follows:

Fiscal Year Payable	Total	Principal	Interest
2017	$ 211,090	$ -	$ 211,090
2018	211,090	-	211,090
2019	211,090	-	211,090
2020	211,090	-	211,090
2021	211,090	-	211,090
2022 - 2026	1,055,450	-	1,055,450
2027 - 2028	4,866,180	4,444,000	422,180
	$ 6,977,080	$ 4,444,000	$ 2,533,080

Closure/Postclosure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, requires the City to report a liability for the estimated costs of closing and maintaining each landfill site.

Omega/Eldorado Road MSW Landfill Phase 1

The City stopped accepting waste at this landfill site in April 1997, upon reaching full capacity. The City estimated the costs of closing and maintaining this site, based on landfill capacity used to date. The estimated postclosure care costs, recorded in the Solid Waste Collection and Disposal Fund statement of net position is $645,215.

Omega/Eldorado Road MSW Landfill Phase 3

The City began operations at this site in July 2008. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2030, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability at June 30, 2016 of $1,251,929 is reported in the Solid Waste Collection and Disposal Fund and represents the cumulative amount reported to date based on the use of approximately 38% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $2,046,961 as the remaining estimated capacity is filled.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Closure/Postclosure Care Costs (Continued)

These amounts are based on what it would cost to perform all closure and post-closure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and post-closure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 533,692	$ -	$ (129,620)	$ 404,072	$ 132,988
Certificates of participation	4,444,000	-	-	4,444,000	-
Net pension liability	13,878,831	-	(1,241,715)	12,637,116	-
Compensated absences	393,576	461,950	(415,270)	440,256	16,790
Governmental activity Long-term liabilities	$ 19,250,099	$ 461,950	$ (1,786,605)	$ 17,925,444	$ 149,778
Business-type activities:					
Notes payable	$ 1,078,311	$ -	$ (131,130)	$ 947,181	$ 133,962
Bonds payable	2,575,000	-	(300,000)	2,275,000	-
Net pension liability	4,440,082	5,884	(380,273)	4,065,693	-
Compensated absences	22,564	19,495	(15,785)	26,274	1,313
Landfill closure/post-closure	3,431,598	-	(1,534,454)	1,897,144	-
Business-type activity Long-term liabilities	$ 11,547,555	$ 25,379	$ (2,361,642)	$ 9,211,292	$ 135,275
Downtown Development Authority:					
Notes payable	$ 782,627	$ -	$ (122,829)	$ 659,798	$ 83,590
Net pension liability	43,518	15,088	-	58,606	-
Component unit Long-term liabilities	$ 826,145	$ 15,088	$ (122,829)	$ 718,404	$ 83,590

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, $116,515 of the Service Fund's compensated absences and $1,996,379 of the Service Fund's net pension liability are included in the above amounts. Also, for the governmental activities, compensated absences and the net pension obligation are substantially liquidated by the General Fund.

NOTE 6. PENSION PLAN

Plan description. The Retirement Plan for the Employees of the City of Tifton, Georgia (the "Plan") is a single-employer defined benefit pension plan. The Plan is administered for the City. The Plan was established and is maintained in accordance with ordinance 97-02 as adopted by the City Council. The pension committee is designated as the Trustees of the Retirement Plan for the City of Tifton, which is composed of the following persons: the Mayor, one City Council member appointed by the Mayor, four employees (who shall be actively employed by the City of Tifton and plan participants) elected by the employees, one member chosen by the other members of the Trustees, the City Manager, the Human Resources Director, and the Finance Director. The Plan is funded in conformity with the minimum funding standards in Section 47–20–10 of the Public Retirement Systems standard law. The Plan is part of the City's financial reporting entity and is therefore included in these financial statements as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

Plan membership. As of June 30, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	160
Inactive plan members entitled to but not receiving benefits	76
Active plan members	131
Total	367

Benefits provided. The Plan provides retirement, disability, and pre-retirement death benefits to plan members and beneficiaries. Retirement benefits for general plan members are calculated as the sum of 2.0% of the average earnings (highest 60 consecutive months of pensionable earnings), multiplied by years of service through September 30, 2010, plus 1.5% of average earnings multiplied by service earned thereafter (for members hired before July 1, 2008) or 1.5% of average earnings multiplied by service (for members hired after June 30, 2008). Normal retirement ranges from age 55 to age 65. General members are eligible for early retirement at age 55 with 10 years of service. Elected and appointed members of the governing authority and municipal legal officers receive $5, multiplied by years of service. If death occurs after meeting the requirements for Normal or Early retirement, members receive $5,000 (only if the employee retires after June 30, 2008 directly from active employment with the City). If an active participant becomes disabled during the course of his employment, the participant is entitled to receive a monthly benefit equal to the basic pension formula after five years of service.

Contributions. A City ordinance grants the authority to establish and amend the contribution requirements of the City to the Plan's Board of Trustees, subject to the approval of City Council. Members hired after June 30, 2008 must contribute 5% of pensionable earnings. The employer contribution rate is established based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the fiscal year ended June 30, 2016, the City's contribution rate was 69.4% of annual covered payroll.

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68,* which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, with update procedures performed by the actuary to roll forward to the total pension liability as of June 30, 2016.

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%
Investment rate of return	7.50%

Mortality rates were based on the RP-2000 Mortality Table, which contained sex-distinct rates, with adjustments for mortality improvements based on Scale AA. No experience study has been performed.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016, are summarized in the following table:

Investment Category	Target Allocation	Expected Long-term Rate of Return
U.S. equities	55.00%	6.75% per annum
Barclays U.S. government/credit	40.00%	-.06% per annum
Cash	5.00%	.04% per annum
Total or weighted arithmetic average	100.00%	3.69% per annum

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 6.69%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made equal to the actuarially determined contribution rate. Based on this assumption, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability of the city. The changes in the components of the net pension liability of the City for the year ended June 30, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$ 39,256,999	$ 20,894,568	$ 18,362,431
Changes for the year:			
Service cost	454,712	-	454,712
Interest	2,577,951	-	2,577,951
Differences between expected and actual experience	(1,973,536)	-	(1,973,536)
Contributions—employer	-	2,770,560	(2,770,560)
Contributions—employee	-	80,121	(80,121)
Net investment income	-	(24,420)	24,420
Benefit payments, including refunds of employee contributions	(2,257,531)	(2,257,531)	-
Administrative expense	-	(166,118)	166,118
Net changes	(1,198,404)	402,612	(1,601,016)
Balances at June 30, 2016	$ 38,058,595	$ 21,297,180	$ 16,761,415

The Plan's fiduciary net position as a percentage of the total pension liability	55.96%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.69%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.69%) or 1-percentage-point higher (7.69%) than the current rate.

	1% Decrease (5.69%)	Current Discount Rate (6.69%)	1% Increase (7.69%)
City's net pension liability	$ 21,098,411	$ 16,761,415	$ 13,134,087

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2016, and the current sharing pattern of costs between employer and employee.

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

For the year ended June 30, 2016, the City recognized pension expense of $2,292,473. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 246,636	$ 1,775,986
Changes in assumptions	2,928,895	-
Net difference between projected and actual earnings on pension plan investments	2,271,185	326,472
Total	$ 5,446,716	$ 2,102,458

NOTE 6. PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

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

Year Ended June 30:	
2017	$ 759,136
2018	759,136
2019	922,371
2020	594,575
2021	272,626
Thereafter	36,414
Total	$ 3,344,258

NOTE 7. INTERFUND BALANCES AND TRANSFERS

Advances to/from other funds result from the use of 1998 GMA lease pool proceeds, maintained in the Capital Projects Fund, by various other funds for capital outlay, and the repayment of these funds to the Capital Projects Fund over a period of several years.

	Receivable		
	General	Internal Service Fund	Total
Payable			
General fund	$ -	$ 1,449	$ 1,449
Capital projects fund	500	-	500
Nonmajor governmental fund	30,000	-	30,000
Total	$ 30,500	$ 1,449	$ 31,949

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

The City's interfund receivables and payables at June 30, 2016, are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Payable			
	General	Water Revenue	Sewer Revenue	Gas Revenue
Receivable				
General fund	$ -	$ -	$ -	$ -
Nonmajor governmental fund	-	-	-	-
SPLOST fund	-	-	-	-
SPLOST V fund	3,053	-	-	-
Internal service fund	145,446	52,077	52,780	53,480
Solid waste coll. and disp.	-	2,596	2,337	519
Total	$ 148,499	$ 54,673	$ 55,117	$ 53,999

	Solid Waste Coll. and Disp.	SPLOST Fund	Nonmajor Governmental
Receivable			
General fund	$ -	$ -	$ 67,500
Nonmajor governmental fund	-	28,185	-
SPLOST fund	-	-	-
SPLOST V fund	-	-	-
Internal service fund	24,259	-	-
Solid waste coll. and disp.	-	-	-
Total	$ 24,259	$ 28,185	$ 67,500

	Capital Projects Fund	SPLOST V Fund	Total
Receivable			
General fund	$ -	$ -	$ 67,500
Nonmajor governmental fund	-	-	28,185
SPLOST fund	-	62,366	62,366
SPLOST V fund	43,439	-	46,492
Internal service fund	-	-	328,042
Solid waste coll. and disp.	-	-	5,452
Total	$ 43,439	$ 62,366	$ 538,037

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund transfers for the year ended June 30, 2016, consisted of the following:

	Transfer To				
Transfer From	Capital Projects Fund	Tift Theatre	Nonmajor Governmental	General Fund	Total
General	$ 455,500	$ -	$ 6,350	$ -	$ 461,850
Water Revenue	89,000	-	-	-	89,000
Sewer Revenue	89,000	-	-	-	89,000
Gas Revenue	89,000	-	-	-	89,000
Solid waste coll. and disp.	386,034	-	-	-	386,034
Nonmajor governmental fund	114,000	117,000	-	15,193	246,193
Total	$ 1,222,534	$ 117,000	$ 6,350	$ 15,193	$ 1,361,077

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following General Fund departments had an excess of actual expenditures over appropriations for the fiscal year ended June 30, 2016:

General Fund:	
City Council	$ 2,169
General Administration	248,050
Cemetary	259,778

The excess of actual expenditures over appropriations in the General Fund were funded through underexpenditures in other departments and available fund balance.

NOTE 9. HOTEL/MOTEL TAX

The City imposes a 5% hotel/motel tax on lodging facilities within the City. For the fiscal year ended June 30, 2016, $1,020,483 of hotel/motel tax was collected. During the year, $408,054 was paid to the Tifton-Tift County Tourism Association, $69,122 was paid to the Downtown Development Authority, $50,000 was paid to the Tift County Airport, and $35,000 was paid to the Chamber of Commerce for the promotion of tourism. The remainder of the funds totaling $458,307 was spent by the City in accordance with OCGA 48-13-51 or remains available for future tourism expenditures in future years.

NOTE 10. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county south Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2016, the City paid $25,440 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

The City of Tifton and Tift County have entered into an agreement concerning the maintenance and operation of the Solid Waste Collection and Disposal Revenue Fund. This agreement calls for the City of Tifton to manage and operate the fund. It is the intent of the parties for these operations to be self-supporting through user charges and any surplus generated by these operations be accumulated and used for future use in these operations. The costs of any deficits are to be shared equally between the City and County. The financial statements for this operation are included as an enterprise fund in this financial report.

The City of Tifton and Tift County have also entered into an agreement combining the water and sewer operations of both entities. The City of Tifton manages and operates these activities. The financial statements of these operations are included as a part of this report as the Water Revenue Fund and the Sewer Revenue Fund. The title to all capital assets and any related debt remain with the respective entities; therefore, those items belonging to Tift County are not included in this report. However, because the City agreed to repay Tift County's outstanding debt on the water operations as part of the agreement, the note payable is included as a liability in the Water Revenue Fund.

NOTE 11. RELATED ORGANIZATION

The City's governing body is responsible for all of the board appointments of the City of Tifton Housing Authority. However, the City has no further accountability for this organization.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The City is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Grants from Governments

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

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2016, the City has contractual commitments on uncompleted contracts of approximately $90,000.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2050, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to $1,627,250.

At June 30, 2016, the outstanding debt of MGAG was approximately $329,940,000. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $4,227,492 at June 30, 2016.

NOTE 13. RISK MANAGEMENT

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS

	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability			
Service cost	$ 454,712	$ 628,470	$ -
Interest on total pension liability	2,577,951	2,535,128	2,129,173
Changes of benefit terms	-	-	5,538,967
Differences between expected and actual experience	(1,973,536)	17,857	335,746
Changes of assumptions	-	-	4,230,628
Benefit payments, including refunds of employee contributions	(2,257,531)	(2,342,637)	(2,237,177)
Net change in total pension liability	(1,198,404)	838,818	9,997,337
Total pension liability - beginning	39,256,999	38,418,181	28,420,844
Total pension liability - ending	$ 38,058,595	$ 39,256,999	$ 38,418,181
Plan fiduciary net position			
Contributions - employer	$ 2,770,560	$ 3,651,868	$ 1,889,252
Contributions - employee	80,121	37,730	-
Net investment income (loss)	(24,420)	(154,293)	2,179,770
Benefit payments, including refunds of employee contributions	(2,257,531)	(2,201,840)	(2,117,590)
Administrative expenses	(166,118)	(177,347)	-
Net change in plan fiduciary net position	402,612	1,156,118	1,951,432
Plan fiduciary net position - beginning	20,894,568	19,738,450	17,787,018
Plan fiduciary net position - ending	$ 21,297,180	$ 20,894,568	$ 19,738,450
City's net pension liability - ending	$ 16,761,415	$ 18,362,431	$ 18,679,731
Plan fiduciary net position as a percentage of the total pension liability	56.0%	53.2%	51.4%
Covered-employee payroll	$ 3,989,842	$ 5,315,072	$ 5,315,072
City's net pension liability as a percentage of covered-employee payroll	420.1%	345.5%	351.4%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	$ 2,768,028	$ 1,764,217	$ 1,766,335
Contributions in relation to the actuarially determined contribution	2,770,560	3,651,868	1,889,251
Contribution deficiency (excess)	$ (2,532)	$ (1,887,651)	$ (122,916)
Covered-employee payroll	$ 3,989,842	$ 5,315,072	$ 5,315,072
Contributions as a percentage of covered employee payroll	69.4%	68.7%	35.5%

Notes to the Schedule

Valuation date	June 30, 2015
Cost method	Aggregate cost
Actuarial asset valuation method	Five year smoothed market value
Assumed rate of return on investments	6.69%
Projected salary increases	3.50%
Cost-of-living adjustment	3.00%
Amortization method	Level percentage, open
Remaining amortization period	30 years

The schedule will present 10 years of information once it is accumulated.

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURNS

	June 30, 2016	June 30, 2015	June 30, 2014
Annual money-weighted rate of return, net of investment expenses for the City of Tifton's pension plan.	-0.91%	-1.59%	12.03%

Note to the Schedule

The schedule will present 10 years of information once it is accumulated.

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COMBINING STATEMENTS AND SCHEDULES

CITY OF TIFTON, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The **Community Development Revolving Loan Fund** accounts for grant revenues and expenditures relating to various short lived projects.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to organizations promoting tourism, as required by agreements with these organizations.

The **Grant Fund** accounts for grant revenues and expenditures relating to various short lived projects.

The **Confiscated Assets Fund** accounts for monies deemed as forfeited property by courts to the City from cases related to illegal drug activity.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **CDBG Grant Fund** accounts for grant revenues and expenditures associated with community development block grants received from the Department of Housing and Urban Development.

CITY OF TIFTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

ASSETS	Special Revenue Funds: Community Development Revolving Loan Fund	Special Revenue Funds: Hotel/Motel Tax Fund	Special Revenue Funds: Grant Fund	Special Revenue Funds: Confiscated Assets Fund	Capital Projects Fund: CDBG Grant Fund	Total
Cash and cash equivalents	$ 26,779	$ 465,898	$ 36,010	$ 35,412	$ -	$ 564,099
Taxes receivable	-	89,505	-	-	-	89,505
Due from other governments	-	-	9,877	-	-	9,877
Due from other funds	-	-	-	-	28,185	28,185
Due from component unit	179,344	-	-	-	-	179,344
Total assets	$ 206,123	$ 555,403	$ 45,887	$ 35,412	$ 28,185	$ 871,010
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ 37,109	$ 4,110	$ -	$ -	$ 41,219
Due to other funds	-	67,500	-	-	-	67,500
Advances from other funds	-	-	30,000	-	-	30,000
Total liabilities	-	104,609	34,110	-	-	138,719
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grants	-	-	5,470	-	-	5,470
Total deferred inflows of resources	-	-	5,470	-	-	5,470
FUND BALANCES						
Restricted for:						
Housing and development	206,123	-	-	-	28,185	234,308
Tourism	-	450,794	-	-	-	450,794
Public safety	-	-	6,307	35,412	-	41,719
Total fund balances	206,123	450,794	6,307	35,412	28,185	726,821
Total liabilities, deferred inflows of resources, and fund balances	$ 206,123	$ 555,403	$ 45,887	$ 35,412	$ 28,185	$ 871,010

CITY OF TIFTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				Capital Projects Fund	
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund	CDBG Grant Fund	Total
Revenues:						
Taxes	$ -	$ 1,020,483	$ -	$ -	$ -	$ 1,020,483
Intergovernmental	-	-	97,185	-	36,185	133,370
Interest revenue	2,157	283	-	-	-	2,440
Fines and forfeitures	-	-	-	13,583	-	13,583
Total revenues	2,157	1,020,766	97,185	13,583	36,185	1,169,876
Expenditures:						
Current:						
Public safety	-	-	33,671	3,358	-	37,029
Public works	-	-	7,353	-	-	7,353
Culture and recreation	-	619,496	-	-	8,000	627,496
Housing and development	-	-	62,511	-	-	62,511
Debt service:						
Principal	-	129,620	-	-	-	129,620
Interest	-	12,109	-	-	-	12,109
Total expenditures	-	761,225	103,535	3,358	8,000	876,118
Excess (deficiency) of revenues over (under) expenditures	2,157	259,541	(6,350)	10,225	28,185	293,758
Other financing sources (uses)						
Transfers in	-	-	6,350	-	-	6,350
Transfers out	-	(246,193)	-	-	-	(246,193)
Total other financing sources (uses)	-	(246,193)	6,350	-	-	(239,843)
Net change in fund balances	2,157	13,348	-	10,225	28,185	53,915
Fund balances, beginning of year	203,966	437,446	6,307	25,187	-	672,906
Fund balances, end of year	$ 206,123	$ 450,794	$ 6,307	$ 35,412	$ 28,185	$ 726,821

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2006 Referendum					
Street and sidewalk improvements	$ 2,670,000	$ 2,670,000	$ 2,599,184	$ -	$ 2,599,184
New fire station and equipment	2,660,000	2,660,000	2,166,748	-	2,166,748
Police equipment	414,000	414,000	308,229	-	308,229
Sewer system improvements	6,831,000	6,831,000	5,747,081	-	5,747,081
Water system improvements	5,200,000	5,200,000	4,105,889	-	4,105,889
Drainage improvements	2,500,000	2,500,000	2,050,042	-	2,050,042
Senior center improvements	750,000	750,000	495,325	275,019	770,344
City hall renovations	1,000,000	1,000,000	836,733	-	836,733
Recycling facility improvements	450,000	450,000	263,230	-	263,230
Landfill/Sanitation equipment	650,000	650,000	582,775	-	582,775
Park and cemetery improvements	200,000	200,000	6,650	-	6,650
Maintenance warehouse improvements	650,000	650,000	312,333	-	312,333
M.I.S. Improvements	1,850,000	1,850,000	1,486,359	-	1,486,359
	$ 25,825,000	$ 25,825,000	$ 20,960,578	$ 275,019	$ 21,235,597

Total per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 295,364
Expenditures funded by grant revenues	(20,345)
	$ 275,019

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2013 Referendum					
General Obligation Debt for Telecom Ser	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ -	$ 4,500,000
Senior Citizen Center Renovation and Impro	500,000	500,000	9,690	97,996	107,686
Road, Street, Bridge Projects, Drainage and	8,800,000	8,800,000	492,394	458,960	951,354
Technology Equipment and Upgrades	1,500,000	1,500,000	210	234,143	234,353
Water and Sewer System Capital Outlay an	7,600,000	7,600,000	184,991	175,725	360,716
Fire Department Capital Outlay and Facilitie	1,600,000	1,600,000	-	5,900	5,900
	$ 24,500,000	$ 24,500,000	$ 5,187,285	$ 972,724	$ 6,160,009

Total per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 1,378,141
Expenditures funded by grant revenues and contributions	(405,417)
	$ 972,724

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COMPLIANCE SECTION

MAULDIN & JENKINS

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

To the Honorable Mayor and Members
of the City Council
Tifton, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tifton, Georgia (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 through 2016-003, that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Tifton, Georgia's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 21, 2016

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ Yes ____ No
Significant deficiencies identified not considered to be material weaknesses?	____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

There was not an audit of major award programs as of June 30, 2016 due to the total amount expended being less than $750,000.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016 - 001. GMA Lease Pool

Criteria: In June 1998, the City, along with other municipalities in Georgia, entered into a lease pool agreement with the Georgia Municipal Association (GMA). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by GMA. GMA passed the net proceeds through to the participating municipalities with the City's participation totaling $4,444,000. The City is responsible for repaying the $4,444,000 back to GMA in a lump sum payment on June 1, 2028.

The lease pool agreement with GMA provides that the City owns their portion of the assets invested in the pool. Therefore the $4,444,000 is recorded as an investment on the books of the City. The City periodically uses these funds to purchase capital assets. As this happens, the balance of the investment decreases. The lease pool agreement requires the City to make semiannual lease payments, with the principal portion being repaid back into the City's investment account and the interest portion paid to GMA for the use of the $4,444,000.

Condition: During the year ended June 30, 2016, the City recorded loan proceeds when amounts were used from the investment account to purchase capital assets, debt service expenditures for the repayment of amounts back into the investment account, advances to other funds for capital outlay expenses, and transfers in for a debt service payment. This method of recording these transactions is not in accordance with generally accepted accounting principles (GAAP), but is instead on a budgetary basis.

Context: See above condition.

Effect: An adjustment to increase investments in the amount of $906,803, decrease due from other funds in the amount of $1,550,259, increase transfers in the amount of $297,034, increase capital outlay in the amount of $683,134, increase interest income in the amount of $78,592, decrease proceeds from debt in the amount of $221,182, decrease principal payments in the amount of $355,067, and increase interest expense in the amount of $469,833 was required to be recorded in the Capital Projects Fund at June 30, 2016. An adjustment to decrease fixed assets in the amount of $822,104, decrease due to other funds in the amount of $1,505,238, decrease interest income in the amount of $4,014, increase capital contributions in the amount of $1,505,238, decrease principal payments in the amount of $301,048, decrease capital outlay in the amount of $822,104, and increase transfers in the amount of $297,034 was required to be recorded in the Solid Waste Collection and Disposal Fund at June 30, 2016.

Recommendation: We recommend the City account for its GMA lease pool transactions in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding and recommendation, and will establish procedures to ensure GMA lease pool transactions are accounted for in accordance with GAAP at year end for financial reporting purposes.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 002. Capital Assets

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all assets and liabilities, including capital assets.

Condition: The City did not appropriately record all capital asset transactions in the Water Fund, Sewer Fund, and Gas Fund.

Context: See above condition.

Effect: An adjustment to decrease construction in progress and decrease capital contributions in the amount of $15,300 was required to be recorded in the Water Fund at June 30, 2016. An adjustment to decrease capital contributions and capital assets in the amount of $17,962 was required to be recorded in the Sewer Fund at June 30, 2016. Finally, an adjustment to decrease capital outlay expense and increase capital assets in the amount of $88,906 was required to be recorded in the Gas Fund at June 30, 2016.

Recommendation: We recommend the City record all capital asset transactions appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur. We will record all capital asset transactions appropriately as they occur during the year.

2016 - 003. Debt-Related Transactions

Criteria: Proprietary funds use the economic resources measurement focus, which requires those funds to report all debt as liabilities and the related debt payments as a reduction of that liability.

Condition: The City did not appropriately record all debt transactions in the Sewer Fund and Gas Fund.

Context: See above condition.

Effect: An adjustment to decrease debt service expense in the amount of $329,098, increase interest expense in the amount of $29,098, and decrease bond payable in the amount of $300,000 was required to be recorded in the Sewer Fund at June 30, 2016. Also, an adjustment to decrease debt service expense and bond payable in the amount of $131,129 was required to be recorded in the Gas Fund at June 30, 2016.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016 - 003. Debt-Related Transactions (Continued)

Recommendation: We recommend the City record all debt-related transactions appropriately as they occur during the year.

Views of Responsible Officials and Planned Corrective Action: We concur. We will record all debt related transactions appropriately as they occur during the year.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF TIFTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATUS OF PRIOR YEAR AUDIT FINDINGS

2015 - 001. Accounts Receivable Software and Reports

Criteria: During the prior fiscal year, the City converted its utilities software from TBS to Govern. This software captures and maintains all transactions related to the utility funds.

Condition: During our testing of receivables, audit adjustments were required to correctly agree the general ledger to reports provided from the software, which had to be manually allocated to each utility fund.

Auditee Response/Status: Resolved.

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