CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

Prepared by:
Tifton Finance Department

CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, 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 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 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 20, 2017, 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 20, 2017

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, 2017. 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, 2017, by $87.8 million (reported as net position). Of this amount, $12.1 million (reported as unrestricted net position) is reported as an increase of $1.3 million.

- As of June 30, 2017, Tifton's governmental funds reported combined ending fund balance of $17.6 million. Approximately 33% of this total amount, $5.8 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 $64.5 million and includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items).

  - Net position of $11 million is restricted by constraints imposed from outside the City such as laws and regulations or debt covenants.

  - Unrestricted net position increased from $10.8 million in fiscal year 2016 to $12.1 million in fiscal year 2017.

- In the governmental activities, total assets in fiscal year 2017 increased by $657 thousand. Long-term liabilities decreased from $17.9 million in 2016 to $15.5 million in 2017 (Refer to Note 5).

- Total revenues for governmental activities decreased from $17.7 million in 2016 to $16.8 million in 2017. Total revenues for business-type activities decreased from $17.5 million in 2016 to $16.0 million in 2017.

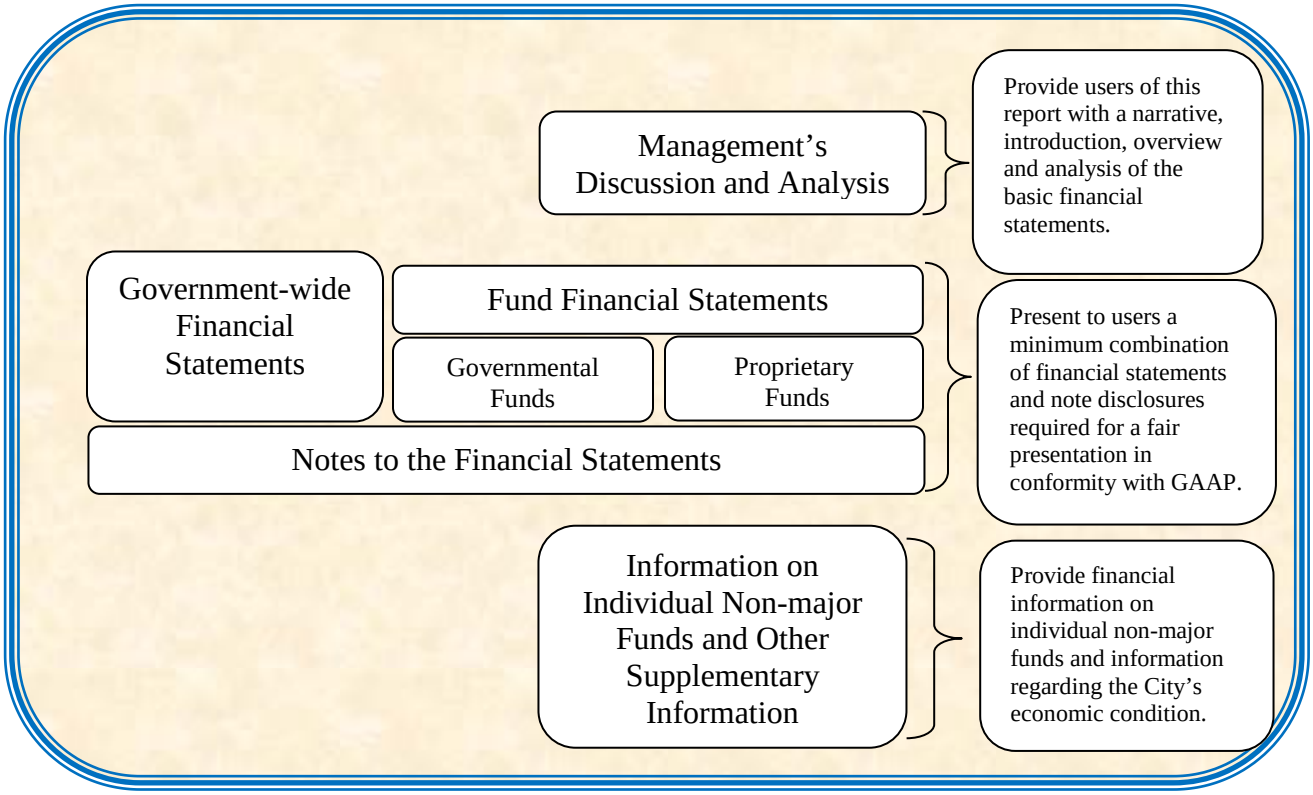
- Total expenses for governmental activities decreased from $16.9 million in 2016 to $15.2 million in 2017, and total expenses for business-type activities increased from $13.3 million in 2016 to $13.8 million in 2017.

- The total cost of all City programs decreased by $1.2 million.

- The total assets of the City's component unit, Downtown Development Authority (DDA), were $4.2 million, which exceeded its liabilities of $815 thousand by $3.4 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 2017 and 2016:

City of Tifton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
Current and other assets	$ 22,031,116	$ 21,938,361	$ 22,906,474	$ 22,136,260	$ 44,937,590	$ 44,074,621
Capital assets	34,941,869	34,377,791	33,606,562	33,640,069	68,548,431	68,017,860
Total assets	56,972,985	56,316,152	56,513,036	55,776,329	113,486,021	112,092,481
Deferred outflows of resources	3,385,744	4,106,502	1,137,464	1,321,170	4,523,208	5,427,672
Other liabilities	1,316,485	1,343,806	3,337,371	3,863,466	4,653,856	5,207,272
Long-term liabilities outstanding	15,314,845	17,775,666	6,062,019	6,801,017	21,376,864	24,576,683
Total liabilities	16,631,330	19,119,472	9,399,390	10,664,483	26,030,720	29,783,955
Deferred inflows of resources	3,428,654	3,248,753	763,692	509,978	4,192,346	3,758,731
Net position:						
Net investment in capital assets	33,670,006	31,916,738	30,823,343	30,417,888	64,493,349	62,334,626
Restricted	11,241,777	10,816,320	-	-	11,241,777	10,816,320
Unrestricted	(4,613,038)	(4,678,629)	16,664,075	15,505,150	12,051,037	10,826,521
Total net position	$ 40,298,745	$ 38,054,429	$ 47,487,418	$ 45,923,038	$ 87,786,163	$ 83,977,467

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 74 percent for fiscal year 2017 and 2016, 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 $1.3 million and restricted net position increased $400 thousand for fiscal year 2017. 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 2017 and 2016:

City of Tifton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
Revenues:						
Program revenues						
Charges for services	$ 1,355,599	$ 2,886,054	$ 14,518,872	$ 15,254,774	$ 15,874,471	$ 18,140,828
Operating grants and contributions	72,946	97,185	-	-	72,946	97,185
Capital grants and contributions	4,010,744	3,801,474	1,469,906	1,648,750	5,480,650	5,450,224
General revenues:						
Property taxes	3,563,773	3,487,529	-	-	3,563,773	3,487,529
Sales taxes	2,756,688	2,800,366	-	-	2,756,688	2,800,366
Insurance premium tax	1,020,221	941,864	-	-	1,020,221	941,864
Alcoholic beverage taxes	480,554	478,875	-	-	480,554	478,875
Hotel/motel taxes	1,048,743	1,020,483	-	-	1,048,743	1,020,483
Franchise taxes	1,250,502	1,249,232	-	-	1,250,502	1,249,232
Other taxes	826,099	811,500	-	-	826,099	811,500
Unrestricted investment earnings	398,721	89,888	17,118	317,914	415,839	407,802
Gain on sale of capital assets	-	-	29,323	248,232	29,323	248,232
Total revenues	16,784,590	17,664,450	16,035,219	17,469,670	32,819,809	35,134,120
Expenses:						
General government	899,462	1,782,025	-	-	899,462	1,782,025
Judicial	283,971	299,161	-	-	283,971	299,161
Public safety	7,490,749	7,823,552	-	-	7,490,749	7,823,552
Public works	4,838,903	5,100,492	-	-	4,838,903	5,100,492
Health and welfare	240,790	210,800	-	-	240,790	210,800
Culture and recreation	749,995	894,042	-	-	749,995	894,042
Housing and development	279,916	286,534	-	-	279,916	286,534
Interest on long-term debt	424,927	480,419	-	-	424,927	480,419
Water	-	-	2,932,835	2,610,416	2,932,835	2,610,416
Sewer	-	-	4,003,008	4,014,404	4,003,008	4,014,404
Gas	-	-	3,819,716	3,331,647	3,819,716	3,331,647
Solid Waste	-	-	2,893,550	3,228,546	2,893,550	3,228,546
Tift Theatre	-	-	153,291	146,911	153,291	146,911
Total expenses	15,208,713	16,877,025	13,802,400	13,331,924	29,011,113	30,208,949
Change in net position before transfers	1,575,877	787,425	2,232,819	4,137,746	3,808,696	4,925,171
Transfers	668,439	536,034	(668,439)	(536,034)	-	-
Change in net position	2,244,316	1,323,459	1,564,380	3,601,712	3,808,696	4,925,171
Net position, beginning	38,054,429	36,730,970	45,923,038	42,321,326	83,977,467	79,052,296
Net position, ending	$ 40,298,745	$ 38,054,429	$ 47,487,418	$ 45,923,038	$ 87,786,163	$ 83,977,467

The City's total revenues decreased by $2.4 million in fiscal year 2017. Key elements of this decrease are as follows:

- Capital grants and contributions revenue increased $209 thousand and charges for services went down $1.5 million.

The total cost of all programs and services for fiscal year 2017 was $29 million compared to $30 million for fiscal year 2016. This unchanged is primarily due to the operations. Citywide expenses and revenues cover a range of services with public safety comprising 49 percent of total expenses.

The total cost of all programs and services for fiscal year 2017 was $29 million compared to $30 million for fiscal year 2016. This unchanged is primarily due to the operations. Citywide expenses and revenues cover a range of services with public safety comprising 49 percent of total expenses.

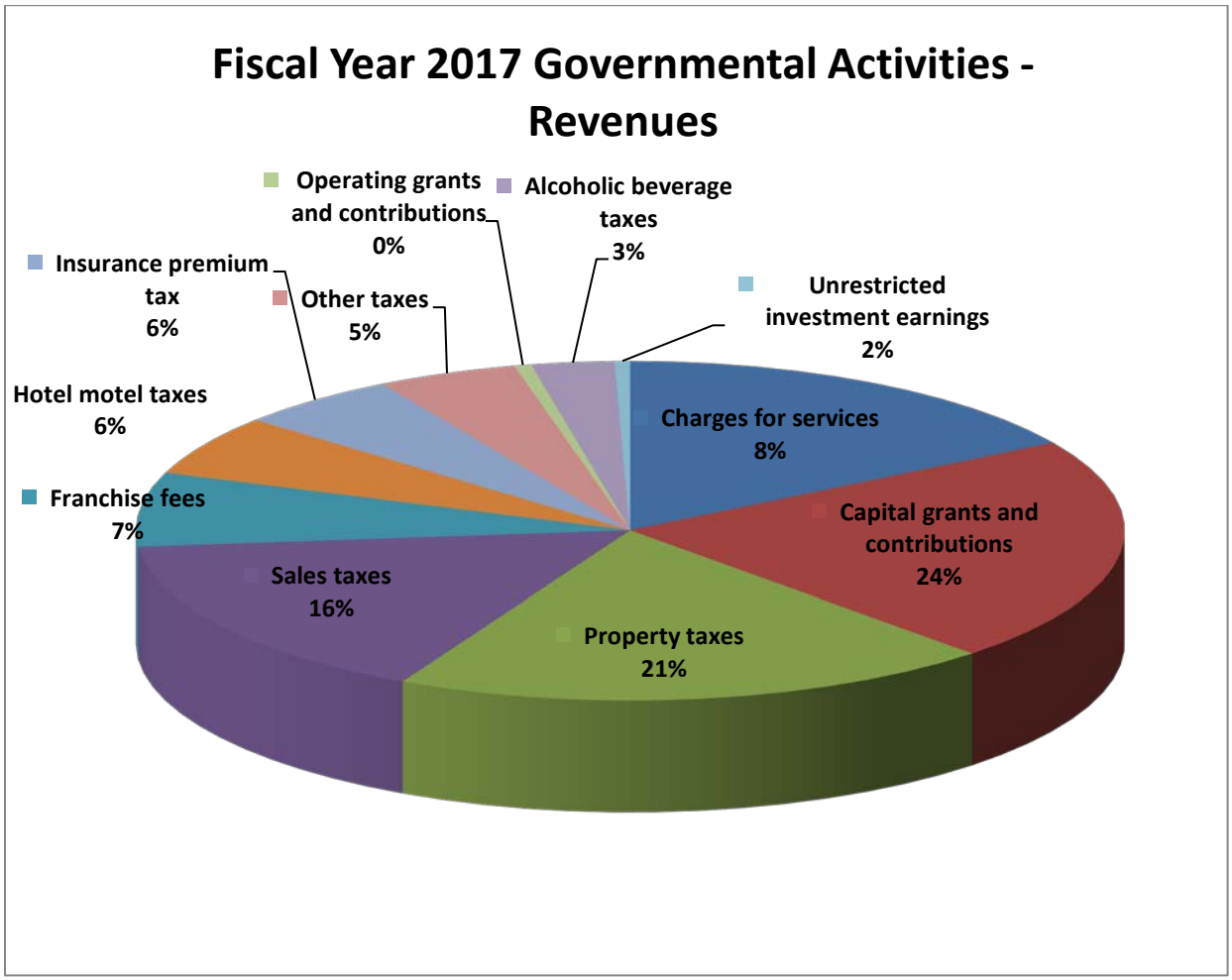
Governmental Activities

Total governmental activities revenues decreased $880 thousand. This decrease is mainly attributable to a decrease in capital grants and contributions. There was a slight decrease in property taxes, sales taxes and decrease in charges for services.

Charges for services and capital grants and contributions account for 32 percent of total governmental activities revenues. Property taxes and sales taxes account for another 21 percent and 16 percent, respectively.

The following charts depict revenues of the governmental activities for fiscal years 2017 and 2016, excluding transfers:

	2017	2016	Change
Revenues:			
Charges for services	$ 1,355,599	$ 2,886,054	$ (1,530,455)
Capital grants and contributions	4,010,744	3,801,474	209,270
Property taxes	3,563,773	3,487,529	76,244
Sales taxes	2,756,688	2,800,366	(43,678)
Franchise taxes	1,250,502	1,249,232	1,270
Hotel/motel taxes	1,048,743	1,020,483	28,260
Insurance premium taxes	1,020,221	941,864	78,357
Other taxes	826,099	811,500	14,599
Operating grants and contributions	72,946	97,185	(24,239)
Alcoholic beverage taxes	480,554	478,875	1,679
Unrestricted investment earnings	398,721	89,888	308,833
Total governmental revenues	**$ 16,784,590**	**$ 17,664,450**	**$ (879,860)**

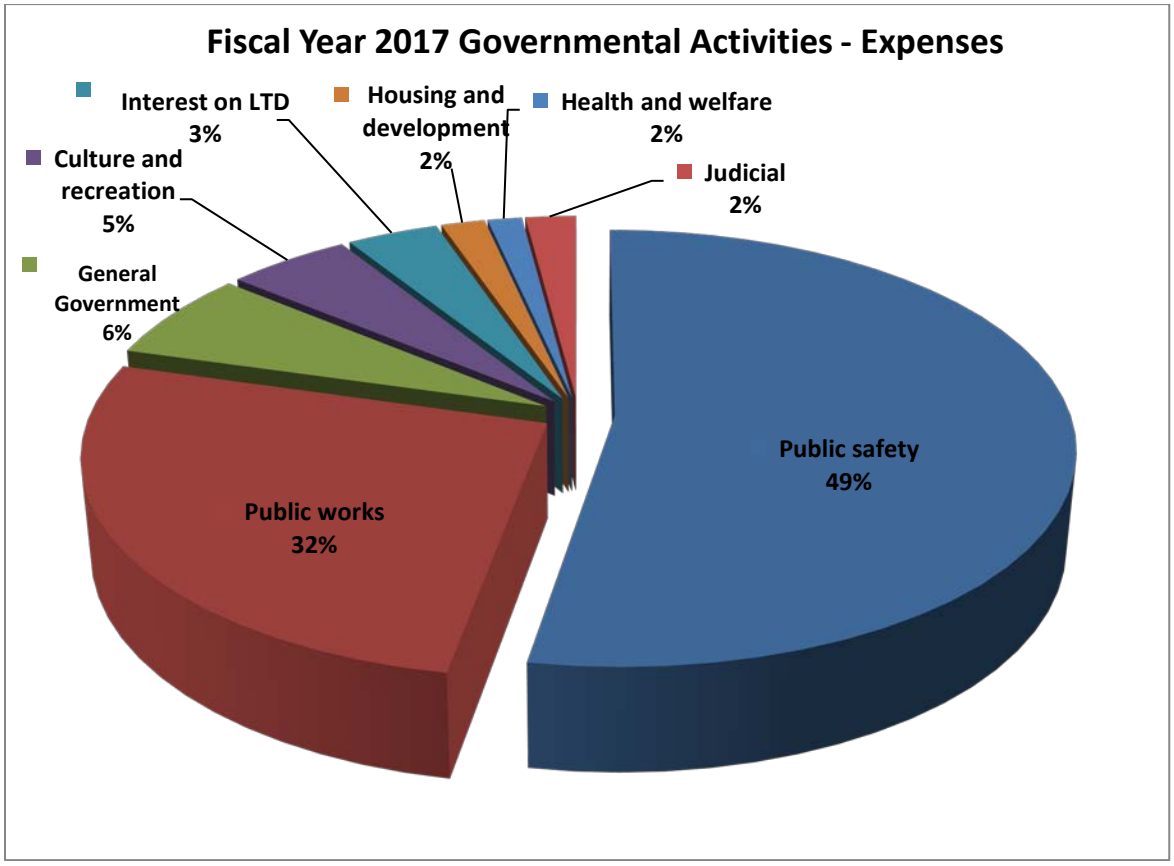

Fiscal Year 2017 Governmental Activities - Revenues
Operating grants and contributions 0%
Alcoholic beverage taxes 3%
Insurance premium tax 6%
Other taxes 5%
Unrestricted investment earnings 2%
Hotel motel taxes 6%
Charges for services 8%
Franchise fees 7%
Capital grants and contributions 24%
Sales taxes 16%
Property taxes 21%

Total governmental activities expenditures decreased by $1.7 million. This decrease 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 49 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 32 percent of total governmental expenses.

The following charts depict expenses of the governmental activities for fiscal years 2017 and 2016:

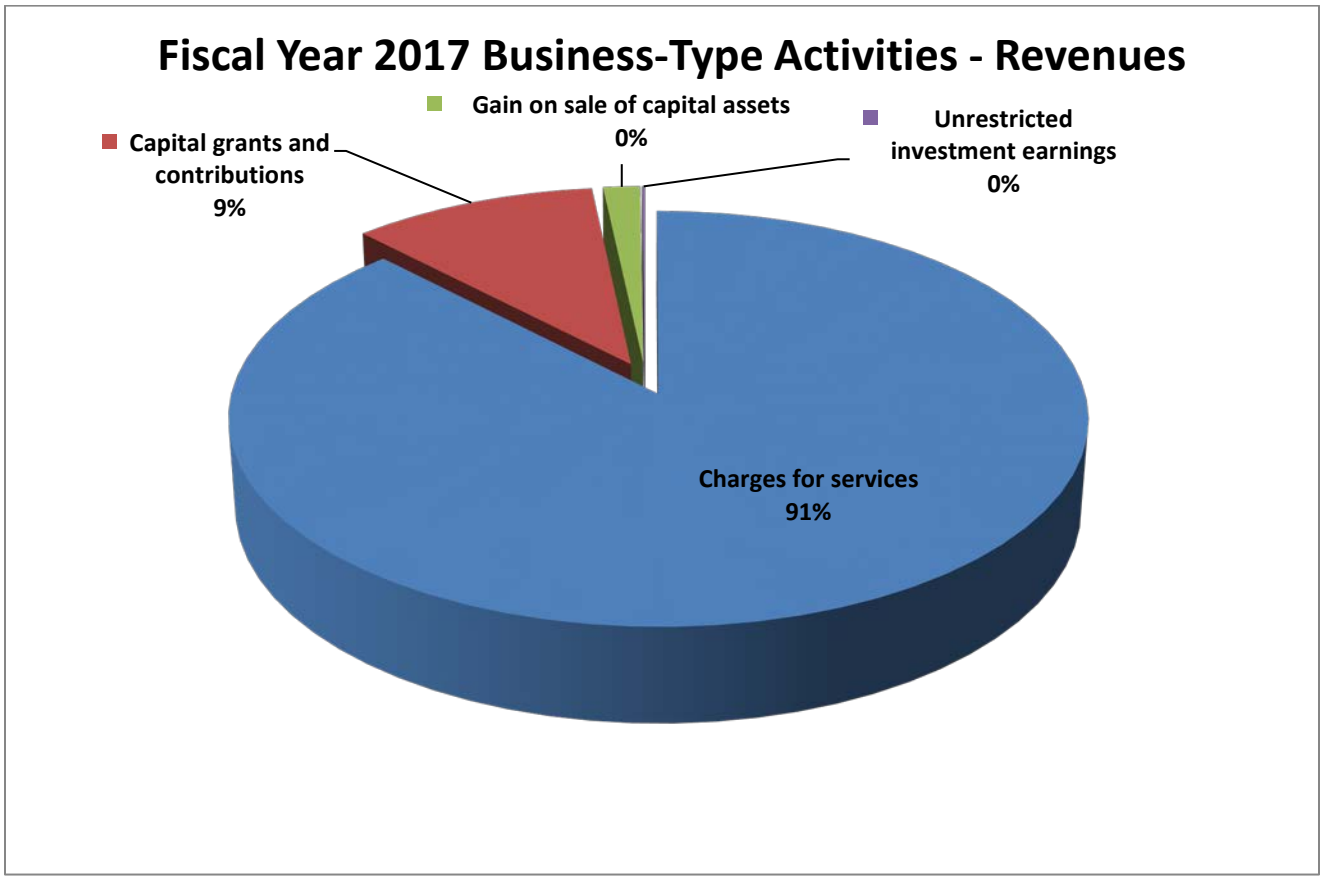
	2017	2016	Change
Expenses:			
Public safety	$ 7,490,749	$ 7,823,552	$ (332,803)
Public works	4,838,903	5,100,492	(261,589)
General government	899,462	1,782,025	(882,563)
Culture and recreation	749,995	894,042	(144,047)
Interest on long-term debt	424,927	480,419	(55,492)
Housing and development	279,916	286,534	(6,618)
Health and welfare	240,790	210,800	29,990
Judicial	283,971	299,161	(15,190)
Total governmental revenues	**$ 15,208,713**	**$ 16,877,025**	**$ (1,668,312)**



Business-Type Activities
Operating revenues of the business-type activities decreased by $1.5 million in 2017. Charges for services, which account for 91 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 2017 and 2016:

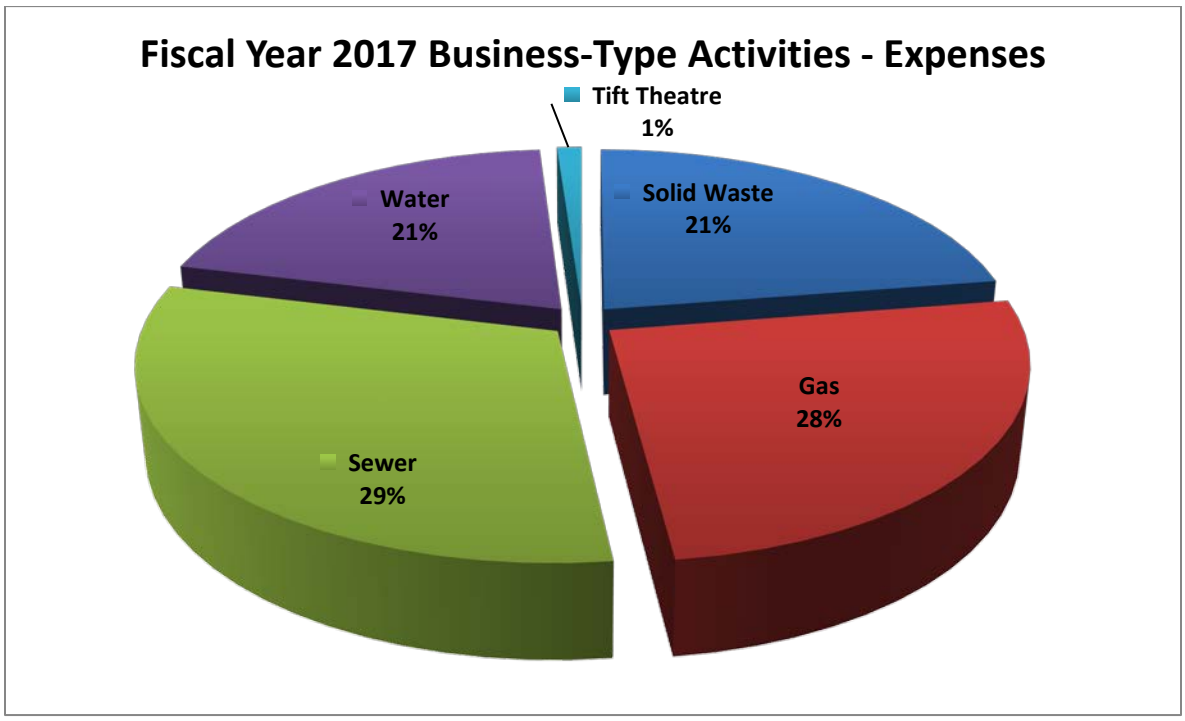
	2017	2016	Change
Revenues:			
Charges for services	$ 14,518,872	$ 15,254,774	$ (735,902)
Capital grants and contributions	1,469,906	1,648,750	(178,844)
Gain on sale of capital assets	29,323	248,232	(218,909)
Unrestricted investment earnings	17,118	317,914	(300,796)
Total business-type revenues	**$ 16,035,219**	**$ 17,469,670**	**$ (1,434,451)**



The cost of all business-type activities this fiscal year was $13.8 million compared to $13.3 million in the prior year. The $13.8 million in expenses was covered by $14.5 million in amounts paid by the users of the systems.

The following charts depict expenses of the business-type activities for fiscal years 2017 and 2016:

	2017	2016	Change
Expenses			
Solid Waste	$ 2,893,550	$ 3,228,546	$ (334,996)
Gas	3,819,716	3,331,647	488,069
Sewer	4,003,008	4,014,404	(11,396)
Water	2,932,835	2,610,416	322,419
Tift Theatre	153,291	146,911	6,380
Total business-type expenses	**$ 13,802,400**	**$ 13,331,924**	**$ 470,476**



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 $17.6 million in 2017 as compared to $17.6 million in 2016. Approximately $5.8 million of the fund balance is unassigned, which is available for spending at the City's discretion. Around $600 thousand is classified as nonspendable and is reserved for prepaid expenses and advances to other funds. 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, 2017, total assets were $7.055 million and total liabilities were $530 thousand. This net decrease, when combined with deferred inflows of resources of $106 thousand, resulted in a decrease in fund balance to $6.4 million as of June 30, 2017 from $6.7 million as of June 30, 2016.

Operating revenues, decreased by $1.4 million, due to a slight decrease 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 2017, the SPLOST IV Fund had a restricted fund balance of $1.4 million, an increase of $114 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 2017, the SPLOST V Fund had a restricted fund balance of $5.4 million, a decrease of $373 thousand 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, 2017, the Capital Projects Fund had a restricted fund balance of $3.7 million, an increase of $704 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, 2017, the total net position was $47.5 million, an increase of $1.6 million from the prior year. Of the total net position, $31 million was invested in capital assets net of related debt and $16.7 million was unrestricted. Operating revenues decreased $736 thousand in fiscal year 2017, and operating expenses increased $480 thousand.

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

Water Revenue Fund
For fiscal year 2017, the water revenue fund reflects operating income of $714 thousand compared to 2016 operating income of $825 thousand. Operating expenses increased $322 thousand.

Sewer Revenue Fund
The sewer revenue fund reflects an operating loss of $147 thousand, compared to an operating loss of $211 thousand in 2016. Operating expenses decreased $5,000, which was due to the reduction in utilities and offset by the pension expenditure attributable to GASB Statement No. 68.

Gas Revenue Fund
The gas revenue fund experienced operating income of $157 thousand in 2017 and operating income of $145 thousand in 2016. This inconsistency in operating income is a result of varying climate conditions. Operating expenses increased $491 thousand, which was due to the reduction in cost of gas, utilities, and offset by the pension expenditure attributable to GASB Statement No. 68.

Solid Waste Collection and Disposal Fund
The solid waste collection and disposal fund had operating income of $178 thousand in fiscal year 2017 compared to $1.3 million in fiscal year 2016. Operating expenses decreased by $335 thousand due to a contractual agreement to outsource Sanitation Collection services and by the pension expenditure attributable to GASB Statement No. 68.

Internal Service Fund
In fiscal year 2017, the internal service fund had operating gain of $623 thousand compared to operating loss of $16,000 in fiscal year 2016. The 2017 increase recognized is due to the updated charge for services and pension expenditure attributable to GASB Statement No. 68.

Tift Theatre Fund
In fiscal year 2017, the Tift Theatre fund had an operating loss of $115 thousand compared to a loss of $98 thousand in fiscal year 2016 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 2017 were $12.6 million and $12.6 million, respectively. General Fund revenues were $1.3 million less than the final budget amounts. There was a decrease for property tax collected as well as charges for services.

The original and final approved expenditure budgets for fiscal year 2017 were $12.6 million and $12.5 million, respectively. Actual expenditures were $916 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 $531 thousand from the end of 2016 is primarily due to the fiscal year 2017 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.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	**2017**	2016	**2017**	2016
Land	$ 2,522,664	$ 2,522,664	$ 582,835	$ 582,835	$ 3,105,499	$ 3,105,499
Construction in progress	2,658,191	921,789	1,761,152	266,156	4,419,343	1,187,945
Buildings and improvements	6,936,825	7,168,185	344,333	374,350	7,281,158	7,542,535
Distribution system	-	-	28,165,138	29,404,767	28,165,138	29,404,767
Landfill	-	-	929,419	1,113,245	929,419	1,113,245
Machinery and equipment	1,392,897	1,372,104	1,823,685	1,898,716	3,216,582	3,270,820
Infrastructure	21,431,292	22,393,049	-	-	21,431,292	22,393,049
Total	$ 34,941,869	$ 34,377,791	$ 33,606,562	$ 33,640,069	$ 68,548,431	$ 68,017,860

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 2017 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/post closure costs. At June 30, 2017 and 2016, the City had $23 million and $24 million in debt outstanding, respectively. The decrease is primarily due to reduction of debt and 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	
	2017	2016	**2017**	2016	**2017**	2016
Notes payable	$ 271,083	$ 404,072	$ 813,219	$ 947,181	$ 1,084,302	$ 1,351,253
Bonds payable	-	-	1,970,000	2,275,000	1,970,000	-
Certificates of participation	4,444,000	4,444,000	-	-	4,444,000	4,444,000
Compensated absences	404,517	440,256	29,181	26,274	433,698	466,530
Net pension liability	10,351,882	12,637,116	3,477,786	4,065,693	13,829,668	16,702,809
Landfill postclosure	-	-	1,880,148	1,897,144	1,880,148	1,897,144
Total	$ 15,471,482	$ 17,925,444	$ 8,170,334	$ 9,211,292	$ 23,641,816	$ 24,861,736

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate in 2017 was 4.5 percent compared to 5.1 percent in 2016. In contrast, both the statewide and national annual averages were 4.3 percent and 4.7 percent, respectively.

- The tax digest for 2017 slightly increased due to new commercial development and renovations.
- The fiscal year 2017 budget totals $43.9 million for all funds, a $2.6 million increase 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, 2017

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Cash and cash equivalents	$ 13,855,426	$ 14,238,409	$ 28,093,835	$ 1,042,835
Investments	3,644,155	7,350,630	10,994,785	608,209
Taxes receivable	769,701	-	769,701	-
Accounts receivable, net of allowances	303,639	1,574,676	1,878,315	47,049
Interest receivable	-	-	-	1,200
Notes receivable	-	456,920	456,920	700,778
Due from other governments	255,497	-	255,497	-
Due from component units	179,344	-	179,344	-
Internal balances	714,161	(714,161)	-	-
Inventories	109,580	-	109,580	-
Prepaid expenses	1,044,144	-	1,044,144	-
Fair value of interest rate swap agreement	1,155,469	-	1,155,469	-
Capital assets:				
Nondepreciable	5,180,855	2,343,987	7,524,842	250,583
Depreciable, net	29,761,014	31,262,575	61,023,589	1,529,002
Total assets	56,972,985	56,513,036	113,486,021	4,179,656
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	157,157	52,799	209,956	415
Pension assumption changes	1,863,883	626,184	2,490,067	4,916
Pension investment return	1,364,704	458,481	1,823,185	3,599
Total deferred outflows of resources	3,385,744	1,137,464	4,523,208	8,930
LIABILITIES				
Accounts payable	853,763	190,016	1,043,779	31,006
Retainage payable	200,892	-	200,892	-
Accrued liabilities	105,193	19,842	125,035	1,170
Accrued interest	-	10,247	10,247	-
Due to primary government	-	-	-	179,344
Customer deposits payable	-	1,008,951	1,008,951	-
Net pension liability	10,351,882	3,477,786	13,829,668	27,306
Notes payable due within one year	136,412	136,856	273,268	84,591
Notes payable due in more than one year	134,671	676,363	811,034	492,174
Revenue bonds payable due in more than one year	-	1,970,000	1,970,000	-
Certificates of participation due in more than one year	4,444,000	-	4,444,000	-
Compensated absences due within one year	20,225	1,459	21,684	-
Compensated absences due in more than one year	384,292	27,722	412,014	-
Landfill closure/postclosure care costs due in more than one year	-	1,880,148	1,880,148	-
Total liabilities	16,631,330	9,399,390	26,030,720	815,591
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	1,155,469	-	1,155,469	-
Pension experience differences	2,016,430	677,433	2,693,863	5,319
Pension assumption changes	134,809	45,290	180,099	356
Pension investment return	121,946	40,969	162,915	321
Total deferred inflows of resources	3,428,654	763,692	4,192,346	5,996
NET POSITION				
Net investment in capital assets	33,670,006	30,823,343	64,493,349	1,202,820
Restricted for tourism	423,526	-	423,526	-
Restricted for capital outlay	10,534,782	-	10,534,782	-
Restricted for public safety	49,520	-	49,520	-
Restricted for housing and development	233,949	-	233,949	-
Unrestricted	(4,613,038)	16,664,075	12,051,037	2,164,179
Total net position	$ 40,298,745	$ 47,487,418	$ 87,786,163	$ 3,366,999

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

CITY OF TIFTON, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net 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	$ 899,462	$ 443,591	$ -	$ -	$ (455,871)	$ -	$ (455,871)	$ -
Judicial	283,971	-	-	-	(283,971)	-	(283,971)	-
Public safety	7,490,749	543,590	31,796	1,614,612	(5,300,751)	-	(5,300,751)	-
Public works	4,838,903	38,740	-	2,396,132	(2,404,031)	-	(2,404,031)	-
Health and welfare	240,790	66,962	-	-	(173,828)	-	(173,828)	-
Culture and recreation	749,995	-	-	-	(749,995)	-	(749,995)	-
Housing and development	279,916	262,716	41,150	-	23,950	-	23,950	-
Interest on long-term debt	424,927	-	-	-	(424,927)	-	(424,927)	-
Total governmental activities	15,208,713	1,355,599	72,946	4,010,744	(9,769,424)	-	(9,769,424)	-
Business-type activities:								
Water	2,932,835	3,646,857	-	1,469,906	-	2,183,928	2,183,928	-
Sewer	4,003,008	3,804,860	-	-	-	(198,148)	(198,148)	-
Gas	3,819,716	3,957,500	-	-	-	137,784	137,784	-
Solid waste collection and disposal	2,893,550	3,071,688	-	-	-	178,138	178,138	-
Tift Theatre	153,291	37,967	-	-	-	(115,324)	(115,324)	-
Total business-type activities	13,802,400	14,518,872	-	1,469,906	-	2,186,378	2,186,378	-
Total primary government	$ 29,011,113	$ 15,874,471	$ 72,946	$ 5,480,650	(9,769,424)	2,186,378	(7,583,046)	-
Component unit:								
Tifton Downtown Development Authority	$ 305,871	$ 6,840	$ 161,323	$ 272,517	-	-	-	134,809
Total component unit	$ 305,871	$ 6,840	$ 161,323	$ 272,517	-	-	-	134,809
General revenues:								
Property taxes					3,563,773	-	3,563,773	-
Sales taxes					2,756,688	-	2,756,688	-
Insurance premium tax					1,020,221	-	1,020,221	-
Alcoholic beverage taxes					480,554	-	480,554	-
Hotel/motel taxes					1,048,743	-	1,048,743	-
Franchise taxes					1,250,502	-	1,250,502	-
Other taxes					826,099	-	826,099	-
Unrestricted investment earnings					398,721	17,118	415,839	36,403
Gain on sale of capital assets					-	29,323	29,323	-
Transfers					668,439	(668,439)	-	-
Total general revenues and transfers					12,013,740	(621,998)	11,391,742	36,403
Change in net position					2,244,316	1,564,380	3,808,696	171,212
Net position, beginning of year					38,054,429	45,923,038	83,977,467	3,195,787
Net position, end of year					$ 40,298,745	$ 47,487,418	$ 87,786,163	$ 3,366,999

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

CITY OF TIFTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

ASSETS	General Fund	SPLOST V Fund	Capital Projects Fund
Cash and cash equivalents	$ 5,713,815	$ 5,524,901	$ 215,531
Investments	43	-	3,644,112
Taxes receivable, net	116,266	559,726	-
Accounts receivable, net	303,619	-	-
Due from other governments	243,787	-	-
Due from other funds	78,043	3,053	-
Due from component unit	-	-	-
Advances to other funds	30,500	-	-
Prepaid expenditures	569,000	-	-
Total assets	$ 7,055,073	$ 6,087,680	$ 3,859,643
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 173,141	$ 401,644	$ 121,554
Retainage payable	-	200,892	-
Accrued liabilities	83,452	-	-
Due to other funds	271,581	62,366	-
Advance from other funds	1,449	-	500
Total liabilities	529,623	664,902	122,054
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	106,511	-	-
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	106,511	-	-
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	569,000	-	-
Advances to other funds	30,500	-	-
Restricted for:			
Capital outlay	-	5,422,778	3,737,589
Public safety	-	-	-
Tourism	-	-	-
Housing and development	-	-	-
Unassigned	5,819,439	-	-
Total fund balances (deficits)	6,418,939	5,422,778	3,737,589
Total liabilities, deferred inflows of resources, and fund balances	$ 7,055,073	$ 6,087,680	$ 3,859,643

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
- 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 experience differences, assumption changes, and 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
$ 1,871,744	$ 13,325,991
-	3,644,155
93,709	769,701
-	303,619
11,710	255,497
90,551	171,647
179,344	179,344
-	30,500
-	569,000
$ 2,247,058	$ 19,249,454
$ 52,166	$ 748,505
-	200,892
-	83,452
106,228	440,175
30,000	31,949
188,394	1,504,973
-	106,511
5,470	5,470
5,470	111,981
-	569,000
-	30,500
1,374,415	10,534,782
49,520	49,520
423,526	423,526
233,949	233,949
(28,216)	5,791,223
2,053,194	17,632,500
$ 2,247,058	
	52,159,367
	(20,423,007)
	111,981
	2,882,002
	3,717,736
	(271,083)
	(4,444,000)
	(320,078)
	(8,811,699)
	(1,934,974)
	$ 40,298,745

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	SPLOST V Fund	Capital Projects Fund
REVENUES			
Taxes	$ 7,165,029	$ -	$ -
Sales taxes	2,756,688	-	-
Charges for services	240,459	-	-
Licenses and permits	412,416	-	-
Intergovernmental	41,150	3,886,875	-
Fines and forfeitures	542,210	-	-
Interest revenue	7,860	1,506	390,152
Other revenues	160,514	-	-
Total revenues	11,326,326	3,888,381	390,152
EXPENDITURES			
Current:			
General government	1,139,104	380,756	-
Judicial	307,610	-	-
Public safety	7,193,357	-	-
Public works	2,292,867	-	-
Health and welfare	235,805	-	-
Culture and recreation	138,715	-	-
Housing and development	278,667	-	-
Capital outlay	-	3,880,924	346,980
Debt service:			
Principal	-	-	-
Interest	-	-	416,609
Total expenditures	11,586,125	4,261,680	763,589
Excess (deficiency) of revenues over (under) expenditures	(259,799)	(373,299)	(373,437)
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	-	1,077,655
Transfers out	(295,771)	-	-
Total other financing sources (uses)	(95,771)	-	1,077,655
Net change in fund balances	(355,570)	(373,299)	704,218
Fund balances, beginning of year	6,774,509	5,796,077	3,033,371
Fund balances, end of year	$ 6,418,939	$ 5,422,778	$ 3,737,589

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,048,743	$ 8,213,772
-	2,756,688
-	240,459
-	412,416
152,435	4,080,460
-	542,210
2,007	401,525
-	160,514
1,203,185	16,808,044
-	1,519,860
-	307,610
50,211	7,243,568
-	2,292,867
-	235,805
629,119	767,834
2,358	281,025
-	4,227,904
132,989	132,989
8,741	425,350
823,418	17,434,812
379,767	(626,768)
-	1,277,655
(313,445)	(609,216)
(313,445)	668,439
66,322	41,671
1,986,872	17,590,829
$ 2,053,194	$ 17,632,500

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, 2017

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	41,671
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		2,456,737
Total depreciation		(1,197,822)
The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.		(445,854)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(23,879)
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.		623,373
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		132,989
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		3,663
Net pension liability and related deferred inflows and outflows of resources		653,015
Accrued interest on debt		423
	$	2,244,316

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, 2017

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 3,621,110	$ 3,621,110	$ 3,550,126	$ (70,984)
Sales taxes	2,850,000	2,850,000	2,756,688	(93,312)
Franchise taxes	1,300,000	1,300,000	1,250,502	(49,498)
Other taxes	2,160,000	2,160,000	2,326,874	166,874
Penalties and interest - delinquent taxes	26,000	26,000	37,527	11,527
Licenses and permits	243,200	243,200	412,416	169,216
Intergovernmental	30,000	30,000	41,150	11,150
Charges for services	505,500	505,500	240,459	(265,041)
Fines and forfeitures	887,200	887,200	542,210	(344,990)
Interest revenue	7,000	7,000	7,860	860
Other revenues	974,422	974,422	160,514	(813,908)
Total revenues	12,604,432	12,604,432	11,326,326	(1,278,106)
EXPENDITURES:				
Current:				
General government:				
City Council	80,684	80,684	76,096	4,588
General administration	1,419,729	1,369,729	1,063,008	306,721
Total general government	1,500,413	1,450,413	1,139,104	311,309
Municipal court	349,610	349,610	307,610	42,000
Public safety:				
Police	4,726,422	4,726,422	4,232,723	493,699
Fire	2,960,623	2,960,623	2,960,634	(11)
Total public safety	7,687,045	7,687,045	7,193,357	493,688
Public works:				
Highways and streets	2,120,087	2,120,087	2,033,688	86,399
Cemetery	163,665	163,665	259,179	(95,514)
Total public works	2,283,752	2,283,752	2,292,867	(9,115)
Health and welfare:				
Senior citizens center	160,133	160,133	163,210	(3,077)
Nutrition program	85,733	85,733	72,595	13,138
Total health and welfare	245,866	245,866	235,805	10,061
Culture and recreation:				
Library	139,000	139,000	138,715	285
Housing and development:				
Code enforcement	346,475	346,475	278,667	67,808
Total expenditures	12,552,161	12,502,161	11,586,125	916,036
Excess (deficiency) of revenues over (under) expenditures	52,271	102,271	(259,799)	(362,070)

(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, 2017

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 200,000	$ 200,000	$ 200,000	$ -
Transfers out	(252,271)	(302,271)	(295,771)	6,500
Total other financing sources (uses)	(52,271)	(102,271)	(95,771)	6,500
Net change in fund balances	-	-	(355,570)	(355,570)
Fund balances, beginning of year	6,774,509	6,774,509	6,774,509	-
Fund balances, end of year	$ 6,774,509	$ 6,774,509	$ 6,418,939	$ (355,570)

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

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	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	$ 5,563,865	$ 1,989,555	$ 2,464,219	$ 3,984,853	$ 235,917	$ 14,238,409	$ 529,435
Investments	-	-	-	7,350,630	-	7,350,630	-
Accounts receivable, net of allowances	440,178	453,908	356,654	323,936	-	1,574,676	20
Current portion - notes receivable	-	-	138,650	-	-	138,650	-
Due from other funds	-	-	-	5,452	-	5,452	982,689
Inventories	-	-	-	-	-	-	109,580
Prepaid expenses	-	-	-	-	-	-	475,144
Total current assets	6,004,043	2,443,463	2,959,523	11,664,871	235,917	23,307,817	2,096,868
NONCURRENT ASSETS							
Advances to other funds	-	-	-	-	-	-	1,449
Notes receivable, net of current portion	-	-	318,270	-	-	318,270	-
Capital assets:							
Nondepreciable	1,575,768	394,985	102,302	184,525	86,407	2,343,987	50,445
Depreciable, net of accumulated depreciation	9,395,095	15,636,279	3,543,895	2,470,507	216,799	31,262,575	3,155,064
Total noncurrent assets	10,970,863	16,031,264	3,964,467	2,655,032	303,206	33,924,832	3,206,958
Total assets	16,974,906	18,474,727	6,923,990	14,319,903	539,123	57,232,649	5,303,826
DEFERRED OUTFLOWS OF RESOURCES							
Pension experience differences	12,187	12,320	12,254	16,038	-	52,799	23,383
Pension assumption changes	144,534	146,114	145,324	190,212	-	626,184	277,314
Pension investment return	105,825	106,982	106,404	139,270	-	458,481	203,045
Total deferred outflows of resources	262,546	265,416	263,982	345,520	-	1,137,464	503,742
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	36,280	27,463	14,489	102,176	9,608	190,016	105,258
Accrued liabilities	-	-	-	18,481	1,361	19,842	21,741
Accrued interest	-	-	10,247	-	-	10,247	-
Current portion - compensated absences	-	-	-	1,317	142	1,459	4,222
Current portion - notes payable	-	-	136,856	-	-	136,856	-
Customer deposits payable	417,288	323,294	202,021	66,348	-	1,008,951	-
Due to other funds	185,184	186,777	186,252	161,400	-	719,613	-
Total current liabilities	638,752	537,534	549,865	349,722	11,111	2,086,984	131,221
NONCURRENT LIABILITIES							
Compensated absences, net of current portion	-	-	-	25,032	2,690	27,722	80,217
Notes payable, net of current portion	-	-	676,363	-	-	676,363	-
Revenue bonds payable, net of current portion	-	1,970,000	-	-	-	1,970,000	-
Landfill closure/postclosure care costs	-	-	-	1,880,148	-	1,880,148	-
Net pension liability	802,733	811,508	807,120	1,056,425	-	3,477,786	1,540,183
Total noncurrent liabilities	802,733	2,781,508	1,483,483	2,961,605	2,690	8,032,019	1,620,400
Total liabilities	1,441,485	3,319,042	2,033,348	3,311,327	13,801	10,119,003	1,751,621
DEFERRED INFLOWS OF RESOURCES							
Pension experience differences	156,363	158,072	157,218	205,780	-	677,433	300,010
Pension assumption changes	10,454	10,568	10,511	13,757	-	45,290	20,057
Pension investment return	9,456	9,560	9,508	12,445	-	40,969	18,144
Total deferred inflows of resources	176,273	178,200	177,237	231,982	-	763,692	338,211
NET POSITION							
Net investment in capital assets	10,970,863	14,061,264	2,832,978	2,655,032	303,206	30,823,343	3,205,509
Unrestricted	4,648,831	1,181,637	2,144,409	8,467,082	222,116	16,664,075	512,227
Total net position	$ 15,619,694	$ 15,242,901	$ 4,977,387	$ 11,122,114	$ 525,322	$ 47,487,418	$ 3,717,736

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, 2017

	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	$ 3,442,323	$ 3,706,750	$ 3,750,782	$ 2,991,599	$ 34,887	$ 13,926,341	$ 3,359,640
Penalties and fines	193,150	83,626	34,228	50,652	-	361,656	-
Change in closure/postclosure costs	-	-	-	16,996	-	16,996	-
Miscellaneous	11,384	14,484	172,490	12,441	3,080	213,879	20,751
Total operating revenues	3,646,857	3,804,860	3,957,500	3,071,688	37,967	14,518,872	3,380,391
OPERATING EXPENSES							
Personnel services	-	190,934	89,548	402,122	76,673	759,277	1,595,248
Cost of gas sold	-	-	2,210,208	-	-	2,210,208	-
Contract services	1,036,024	1,895,238	574,928	995,724	-	4,501,914	383,347
Utilities	325,489	219,885	15,964	9,458	22,969	593,765	110,516
Equipment repairs and maintenance	-	370	450	39,420	1,208	41,448	246,421
System repairs and maintenance	-	111,985	685	-	-	112,670	-
Landfill expenses	-	-	-	67,754	-	67,754	-
Supplies	-	-	167	15,067	19,293	34,527	64,768
Insurance	112,057	118,180	88,953	131,845	6,554	457,589	49,082
Gas, oil, and grease	25,306	76,627	1,626	75,987	-	179,546	-
Professional services	7,686	11,592	30,483	44,221	15,073	109,055	59,076
Depreciation	541,996	684,179	132,614	418,306	8,557	1,785,652	248,986
Postage	30,290	10,664	3,603	3,971	-	48,528	-
Marketing	-	-	24,889	-	2,964	27,853	-
Administrative and clerical	786,826	631,617	626,824	594,678	-	2,639,945	-
Miscellaneous	67,161	326	-	94,997	-	162,484	-
Total operating expenses	2,932,835	3,951,597	3,800,942	2,893,550	153,291	13,732,215	2,757,444
Operating income (loss)	714,022	(146,737)	156,558	178,138	(115,324)	786,657	622,947
NON-OPERATING INCOME (EXPENSES)							
Investment earnings	1,572	1,493	14,053	-	-	17,118	426
Interest expense	-	(51,411)	(18,774)	-	-	(70,185)	-
Gain on sale of capital assets	-	-	-	29,323	-	29,323	-
Total non-operating income (expenses)	1,572	(49,918)	(4,721)	29,323	-	(23,744)	426
Income (loss) before contributions and transfers	715,594	(196,655)	151,837	207,461	(115,324)	762,913	623,373
CAPITAL CONTRIBUTIONS	1,469,906	-	-	-	-	1,469,906	-
TRANSFERS							
Transfers in	-	-	-	-	113,445	113,445	-
Transfers out	(50,000)	(50,000)	(50,000)	(631,884)	-	(781,884)	-
Total transfers	(50,000)	(50,000)	(50,000)	(631,884)	113,445	(668,439)	-
Change in net position	2,135,500	(246,655)	101,837	(424,423)	(1,879)	1,564,380	623,373
NET POSITION, beginning of year	13,484,194	15,489,556	4,875,550	11,546,537	527,201	45,923,038	3,094,363
NET POSITION, end of year	$ 15,619,694	$ 15,242,901	$ 4,977,387	$ 11,122,114	$ 525,322	$ 47,487,418	$ 3,717,736

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, 2017

	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	$ 3,980,039	$ 4,161,303	$ 3,964,080	$ 3,209,918	$ 37,967	$ 15,353,307	$ -
Receipts from interfund services provided	-	-	-	-	-	-	2,726,318
Payments to suppliers	(2,376,363)	(3,083,463)	(3,701,837)	(2,215,183)	(65,931)	(11,442,777)	(1,040,822)
Payments to employees	-	(157,572)	(159,220)	(528,647)	(83,252)	(928,691)	(1,888,758)
Net cash provided by (used in) operating activities	1,603,676	920,268	103,023	466,088	(111,216)	2,981,839	(203,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in/out	(50,000)	(50,000)	(50,000)	(631,884)	113,445	(668,439)	-
Net cash provided by (used in) noncapital financing activities	(50,000)	(50,000)	(50,000)	(631,884)	113,445	(668,439)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	-	-	(91,689)	(299,477)	(9,000)	(400,166)	-
Proceeds from the sale of capital assets	-	-	-	147,249	-	147,249	-
Principal paid on notes payable	-	-	(133,962)	-	-	(133,962)	-
Principal paid on revenue bonds payable	-	(305,000)	-	-	-	(305,000)	-
Interest paid	-	(51,411)	(20,461)	-	-	(71,872)	-
Net cash used in capital and related financing activities	-	(356,411)	(246,112)	(152,228)	(9,000)	(763,751)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of certificate of deposit	-	-	-	(1,122,334)	-	(1,122,334)	-
Principal received on notes receivable	-	-	135,390	-	-	135,390	-
Interest received	1,572	1,493	14,053	-	-	17,118	426
Net cash provided by (used in) investing activities	1,572	1,493	149,443	(1,122,334)	-	(969,826)	426
Increase (decrease) in cash and cash equivalents	1,555,248	515,350	(43,646)	(1,440,358)	(6,771)	579,823	(202,836)
Cash and cash equivalents:							
Beginning of year	4,008,617	1,474,205	2,507,865	5,425,211	242,688	13,658,586	732,271
End of year	$ 5,563,865	$ 1,989,555	$ 2,464,219	$ 3,984,853	$ 235,917	$ 14,238,409	$ 529,435

(Continued)

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	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)	$ 714,022	$ (146,737)	$ 156,558	$ 178,138	(115,324)	$ 786,657	$ 622,947
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	541,996	684,179	132,614	418,306	8,557	1,785,652	248,986
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	186,158	211,408	(132,623)	45	-	264,988	574
Decrease in inventories	-	-	-	-	-	-	17,447
Decrease in prepaid items	-	-	-	-	-	-	17,607
Increase in due from other funds	-	-	-	-	-	-	(654,647)
Decrease in deferred outflows of resources	23,464	15,068	56,739	86,112	2,323	183,706	144,993
Increase (decrease) in accounts payable	2,557	(6,979)	(123,057)	(138,818)	2,130	(264,167)	(162,666)
Increase (decrease) in accrued liabilities	-	-	-	7,600	(855)	6,745	(70,103)
Increase in customer deposits	16,513	13,375	6,950	1,044	-	37,882	-
Decrease in landfill closure/postclosure care costs	-	-	-	(16,996)	-	(16,996)	-
Increase in due to other funds	130,511	131,660	132,253	137,141	-	531,565	-
Decrease in net pension liability	(77,417)	(51,638)	(179,848)	(271,854)	(7,150)	(587,907)	(456,196)
Increase (decrease) in deferred inflows of resources	65,872	69,932	53,437	65,370	(897)	253,714	87,796
Net cash provided by (used in) operating activities	$ 1,603,676	$ 920,268	$ 103,023	$ 466,088	(111,216)	$ 2,981,839	$ (203,262)
Noncash capital and related financing activities:							
Contributions of capital assets from SPLOST Fund	$ 1,469,906	$ -	$ -	$ -	$ -	$ 1,469,906	$ -
Unrealized loss on investments	-	-	-	44,663	-	44,663	-
Net noncash capital and related financing activities	$ 1,469,906	$ -	$ -	$ 44,663	$ -	$ 1,514,569	$ -

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, 2017

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 1,802,806
Investments at fair value:	
Treasury and agency securities	2,363,665
Domestic common stocks	11,831,856
Municipal obligations	1,681,593
Domestic corporate bonds	3,306,692
Asset backed securities	2,024,624
Accounts receivable	7,210
Total assets	23,018,446
LIABILITIES	
Accounts payable	32,295
Total liabilities	32,295
NET POSITION	
Restricted for pension benefits	$ 22,986,151

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, 2017

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ 2,774,416
Employee	104,324
	2,878,740
Investment income:	
Net appreciation in fair value of investments	1,184,700
Interest and dividends	153,050
	1,337,750
Total additions	4,216,490
Deductions	
Administrative expenses	172,938
Retiree benefits	2,354,581
Total deductions	2,527,519
Net increase	1,688,971
Net position held in trust for benefits:	
Beginning of year	21,297,180
End of year	$ 22,986,151

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

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 GASB 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 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.

For the year ended June 30, 2017, the Grant Fund reported a deficit fund balance of $14,108. This deficit will be eliminated through future revenues and/or transfers from other funds.

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 the Official Code of Georgia Annotated (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 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 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, 2017, 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 GASB 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, 2017 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, 2017, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	28,093,835
Investments		10,994,785
Amounts as presented on the fiduciary statement of net position:		
Cash and cash equivalents - Pension Trust Fund		1,802,806
Investments - Pension Trust Fund		21,208,430
Total	$	62,099,856
Cash deposited with financial institutions	$	29,896,641
Cash deposited with Georgia Fund 1		43
Certificate of deposit		509,840
Investment in the Municipal Competitive Trust		3,644,112
Investments in U.S. government securities		5,584,010
Investments in municipal bonds		3,585,399
Investments in domestic corporate bonds		3,306,692
Investments in asset backed securities		3,741,263
Investments in equity securities		11,831,856
Total	$	62,099,856

Total deposits and investments of the Downtown Development Authority (component unit) as of June 30, 2017, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	1,042,835
Investments		608,209
Total	$	1,651,044
Cash deposited with financial institutions	$	1,042,835
Certificates of deposit (maturity less than one year)		608,209
Total	$	1,651,044

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, 2017, 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	$ 43	$ 43	$ -	$ -	$ -	$ -	$ -
Certificates of Deposit		509,840	-	509,840	-	-	-	-
Common stock		11,831,856	-	-	-	-	-	-
U.S. Government securities	AA+	2,156,882	196,065	748,668	980,300	231,849	-	-
U.S. Government securities	AAA	3,427,128	252,420	2,165,768	1,008,940	-	-	-
Municipal bonds	A	305,754	305,754	-	-	-	-	-
Municipal bonds	AA-	783,285	-	222,032	561,253	-	-	-
Municipal bonds	AA	930,650	-	166,775	278,628	485,247	-	-
Municipal bonds	AA+	1,039,110	161,277	340,508	537,325	-	-	-
Municipal bonds	AAA	526,600	-	-	256,670	269,930	-	-
Corporate bonds	A-	452,884	186,674	266,210	-	-	-	-
Corporate bonds	A	510,243	258,985	251,258	-	-	-	-
Corporate bonds	A+	196,596	-	196,596	-	-	-	-
Corporate bonds	AA+	478,164	-	217,791	260,373	-	-	-
Corporate bonds	AA-	386,458	151,226	235,232	-	-	-	-
Corporate bonds	BBB+	1,282,347	501,940	-	780,407	-	-	-
Mortgage backed securities	NR	3,741,263	436,876	-	159,898	-	427,672	2,716,817
Guaranteed investment contract	AA-	3,644,112	-	-	-	3,644,112	-	-
Total		$ 32,203,215	$ 2,451,260	$ 5,320,678	$ 4,823,794	$ 4,631,138	$ 427,672	$ 2,716,817

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 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, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Government agencies	$ 3,872,745	$ 1,711,265	$ -	5,584,010
Municipal bonds	-	3,585,399	-	3,585,399
Certificates of deposit	-	509,840	-	509,840
Corporate securities	2,902,227	404,465	-	3,306,692
Equity securities	11,831,856	-	-	11,831,856
Asset backed funds	-	3,741,263	-	3,741,263
Total investments measured at fair value	$ 18,606,828	$ 9,952,232	$ -	28,559,060
Investments not subject to level disclosure:				
Georgia Fund 1				43
Investments recorded at cost:				
Guaranteed Investment Contract				3,644,112
				$ 32,203,215
Fair market hedging derivative:				
Interest rate swap agreement	$ -	$ 1,155,469	$ -	$ 1,155,469

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, 2017, 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, 2017, the City was not exposed to custodial credit risk for its investments.

NOTE 3. RECEIVABLES

Receivables as of June 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST V	Nonmajor Governmental	Internal Service
Receivables:				
Taxes	$ 116,266	$ 559,726	$ 93,709	$ -
Accounts	303,619	-	-	-
Interest	-	-	-	20
Intergovernmental	998,184	-	11,710	-
Gross receivables	1,418,069	559,726	105,419	20
Less: allowance for uncollectibles	(754,397)	-	-	-
Net total receivables	$ 663,672	$ 559,726	$ 105,419	$ 20

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Coll. and Disp.
Receivables:				
Accounts	$ 626,645	$ 691,384	$ 571,510	$ 755,402
Notes	-	-	456,920	-
Interest	-	-	-	12,566
Gross receivables	626,645	691,384	1,028,430	767,968
Less: allowance for uncollectibles	(186,467)	(237,476)	(214,856)	(444,032)
Net total receivables	$ 440,178	$ 453,908	$ 813,574	$ 323,936

Property taxes were levied on behalf of the City by Tift County on July 20, 2016, (Levy Date) based upon property values assessed as of January 1. The billings were mailed August 27, 2016, and were payable on or before November 15, 2016, for the calendar year 2016 tax. If unpaid by November 15, 2016, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes levied for 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2017, and expected to be collected by August 31, 2017, are recognized as revenues for the year ended June 30, 2017. Net receivables estimated to be collectible subsequent to August 31, 2017 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 2016 for the City's operations was 9.759 mills (mill equals $1 per thousand dollars of assessed value).

At June 30, 2017, the Downtown Development Authority (component unit) has notes receivable totaling $700,778 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 $576,765 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, 2017, 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	921,789	2,045,308	(28,975)	(279,931)	2,658,191
Total capital assets, not being depreciated	3,444,453	2,045,308	(28,975)	(279,931)	5,180,855
Capital assets, being depreciated:					
Buildings and improvements	10,321,696	-	(158,280)	145,631	10,309,047
Machinery and equipment	10,621,651	411,429	(157,855)	-	10,875,225
Infrastructure	33,328,324	-	(293,423)	134,300	33,169,201
Total capital assets, being depreciated	54,271,671	411,429	(609,558)	279,931	54,353,473
Less accumulated depreciation for:					
Buildings and improvements	(3,153,511)	(253,535)	34,824	-	(3,372,222)
Machinery and equipment	(9,249,547)	(390,636)	157,855	-	(9,482,328)
Infrastructure	(10,935,275)	(802,634)	-	-	(11,737,909)
Total accumulated depreciation	(23,338,333)	(1,446,805)	192,679	-	(24,592,459)
Total capital assets, being depreciated, net	30,933,338	(1,035,376)	(416,879)	279,931	29,761,014
Governmental activities capital assets, net	$ 34,377,791	$ 1,009,932	$ (445,854)	$ -	$ 34,941,869

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 $3,205,509 are included in the above amounts.

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

Governmental activities:	
General government	$ 20,910
Public safety	314,446
Public works	857,694
Health and welfare	4,769
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	248,986
Total depreciation expense - governmental activities	$ 1,446,805

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 582,835	$ -	$ -	$ -	$ 582,835
Construction in progress	266,156	1,494,996	-	-	1,761,152
Total capital assets, not being depreciated	848,991	1,494,996	-	-	2,343,987
Capital assets, being depreciated:					
Landfill	6,816,760	6,934	-	-	6,823,694
Buildings and improvements	958,269	-	-	-	958,269
Distribution system	64,351,373	50,432	-	-	64,401,805
Machinery and equipment	11,617,488	317,710	(1,405,420)	-	10,529,778
Total capital assets, being depreciated	83,743,890	375,076	(1,405,420)	-	82,713,546
Less accumulated depreciation for:					
Landfill	(5,703,515)	(190,760)	-	-	(5,894,275)
Buildings and improvements	(583,919)	(30,017)	-	-	(613,936)
Distribution system	(34,946,606)	(1,290,061)	-	-	(36,236,667)
Machinery and equipment	(9,718,772)	(274,814)	1,287,493	-	(8,706,093)
Total accumulated depreciation	(50,952,812)	(1,785,652)	1,287,493	-	(51,450,971)
Total capital assets, being depreciated, net	32,791,078	(1,410,576)	(117,927)	-	31,262,575
Business-type activities capital assets, net	$ 33,640,069	$ 84,420	$ (117,927)	$ -	$ 33,606,562

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

Business-type activities:	
Water	$ 541,996
Sewer	684,179
Gas	132,614
Solid waste collection and disposal	418,306
Tift Theatre	8,557
Total depreciation expense - business-type activities	$ 1,785,652

Capital asset activity for the Downtown Development Authority for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority:					
Capital assets, not being depreciated:					
Land	$ 250,583	$ -	$ -	$ -	$ 250,583
Total capital assets, not being depreciated	250,583	-	-	-	250,583
Capital assets, being depreciated:					
Buildings and improvements	2,001,874	97,305	-	-	2,099,179
Furniture and equipment	42,893	-	-	-	42,893
Total capital assets, being depreciated	2,044,767	97,305	-	-	2,142,072
Less accumulated depreciation for:					
Buildings and improvements	(551,018)	(57,163)	-	-	(608,181)
Furniture and equipment	(1,351)	(3,538)	-	-	(4,889)
Total accumulated depreciation	(552,369)	(60,701)	-	-	(613,070)
Total capital assets, being depreciated, net	1,492,398	36,604	-	-	1,529,002
Downtown Development Authority capital assets, net	$ 1,742,981	$ 36,604	$ -	$ -	$ 1,779,585

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, 2017:

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, 2017, is $271,083.

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

Fiscal Year Payable	Total	Principal	Interest
2018	$ 141,730	$ 136,412	$ 5,318
2019	136,476	134,671	1,805
	$ 278,206	$ 271,083	$ 7,123

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, 2017, is $561,963.

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, 2017, is $251,256.

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
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	154,422	149,069	5,353
2023	100,866	98,733	2,133
	$ 872,974	$ 813,219	$ 59,755

Discretely Presented Component Unit: Downtown Development Authority

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 $576,765 at June 30, 2017.

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

Fiscal Year Payable	Total	Principal	Interest
2018	$ 110,416	$ 84,591	$ 25,825
2019	118,268	75,694	42,574
2020	97,727	79,422	18,305
2021	97,727	83,334	14,393
2022	97,727	87,439	10,288
2023 - 2025	174,370	166,285	8,085
	$ 696,235	$ 576,765	$ 119,470

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, 2017, was $1,970,000. Total interest costs incurred during the fiscal year ended June 30, 2017, were $51,411.

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

Fiscal Year Payable	Total	Principal	Interest
2018	$ 22,366	$ -	$ 22,366
2019	351,213	310,000	41,213
2020	349,117	315,000	34,117
2021	351,851	325,000	26,851
2022	349,414	330,000	19,414
2023 - 2025	707,598	690,000	17,598
	$ 2,131,559	$ 1,970,000	$ 161,559

Certificates of Participation

Governmental Activities

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, 2017, the floating rate being paid by the City is 1.22%, and the market value of this agreement is $1,155,469, a decrease of $508,155 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, 2017 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
2018	$ 211,090	$ -	$ 211,090
2019	211,090	-	211,090
2020	211,090	-	211,090
2021	211,090	-	211,090
2022	211,090	-	211,090
2023 - 2027	1,055,450	-	1,055,450
2028	4,655,090	4,444,000	211,090
	$ 6,765,990	$ 4,444,000	$ 2,321,990

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 $601,539.

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, 2017 of $1,278,609 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 $2,053,270 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 postclosure care in 2017. 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, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 404,072	$ -	$ (132,989)	$ 271,083	$ 136,412
Certificates of participation	4,444,000	-	-	4,444,000	-
Net pension liability	12,637,116	-	(2,285,234)	10,351,882	-
Compensated absences	440,256	438,831	(474,570)	404,517	20,225
Governmental activity Long-term liabilities	$ 17,925,444	$ 438,831	$ (2,892,793)	$ 15,471,482	$ 156,637
Business-type activities:					
Notes payable	$ 947,181	$ -	$ (133,962)	$ 813,219	$ 136,856
Bonds payable	2,275,000	-	(305,000)	1,970,000	-
Net pension liability	4,065,693	-	(587,907)	3,477,786	-
Compensated absences	26,274	23,656	(20,749)	29,181	1,459
Landfill closure/postclosure	1,897,144	-	(16,996)	1,880,148	-
Business-type activity Long-term liabilities	$ 9,211,292	$ 23,656	$ (1,064,614)	$ 8,170,334	$ 138,315
Downtown Development Authority:					
Notes payable	$ 659,798	$ -	$ (83,033)	$ 576,765	$ 84,591
Net pension liability	58,606	-	(31,300)	27,306	-
Component unit Long-term liabilities	$ 718,404	$ -	$ (114,333)	$ 604,071	$ 84,591

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, $84,439 of the Service Fund's compensated absences and $1,540,183 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, 2016, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	164
Inactive plan members entitled to but not receiving benefits	80
Active plan members	124
Total	368

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, 2017, the City's contribution rate was 70.3% 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 standard.

The City's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, with update procedures performed by the actuary to roll forward to the total pension liability as of June 30, 2017.

Actuarial assumptions. The total pension liability in the June 30, 2017 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	7.00%

Mortality rates were based on the RP-2000 Combined Mortality Table, which contained gender-distinct rates, with full generational projections 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, 2017, 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, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 38,058,595	$ 21,297,180	$ 16,761,415
Changes for the year:			
Service cost	443,294	-	443,294
Interest	2,493,963	1,441,377	1,052,586
Differences between expected and actual experience	(1,516,773)	-	(1,516,773)
Contributions - employer	-	2,774,416	(2,774,416)
Contributions - employee	-	104,324	(104,324)
Net investment income	-	(256,683)	256,683
Benefit payments, including refunds of employee contributions	(2,354,581)	(2,354,581)	-
Administrative expense	-	(19,882)	19,882
Changes in benefit terms	(37,153)	-	(37,153)
Assumption changes	(244,220)	-	(244,220)
Net changes	(1,215,470)	1,688,971	(2,904,441)
Balances at June 30, 2017	$ 36,843,125	$ 22,986,151	$ 13,856,974

The Plan's fiduciary net position as a percentage of the total pension liability	62.39%

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	$ 17,075,429	$ 13,856,974	$ 9,744,440

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, 2017, 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, 2017, the City recognized pension expense of $1,724,966. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 210,371	$ 2,699,182
Changes in assumptions	2,494,983	180,455
Net difference between projected and actual earnings on pension plan investments	1,826,784	163,236
Total	$ 4,532,138	$ 3,042,873

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:	
2018	$ 350,682
2019	513,919
2020	264,286
2021	323,961
2022	272,626
Thereafter	(236,209)
Total	$ 1,489,265

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, 2017, 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 V fund	3,053	-	-	-
Internal service fund	268,528	182,588	184,440	185,733
Solid waste coll. and disp.	-	2,596	2,337	519
Total	$ 271,581	$ 185,184	$ 186,777	$ 186,252

	Solid Waste Coll. and Disp.	SPLOST V Fund	Nonmajor Governmental	Total
Receivable				
General fund	$ -	$ -	$ 78,043	$ 78,043
Nonmajor governmental fund	-	62,366	28,185	90,551
SPLOST V fund	-	-	-	3,053
Internal service fund	161,400	-	-	982,689
Solid waste coll. and disp.	-	-	-	5,452
Total	$ 161,400	$ 62,366	$ 106,228	$ 1,159,788

Interfund transfers for the fiscal year ended June 30, 2017, consisted of the following:

	Transfer To			
	Capital Projects Fund	Tift Theatre	General Fund	Total
Transfer From				
General	$ 295,771	$ -	$ -	$ 295,771
Water revenue	50,000	-	-	50,000
Sewer revenue	50,000	-	-	50,000
Gas revenue	50,000	-	-	50,000
Solid waste coll. and disp.	631,884	-	-	631,884
Nonmajor governmental fund	-	113,445	200,000	313,445
Total	$ 1,077,655	$ 113,445	$ 200,000	$ 1,391,100

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, 2017:

General Fund:		
Fire	$	11
Cemetery		95,514
Senior citizens center		3,077

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, 2017, $1,048,743 of hotel/motel tax was collected. During the year, $431,359 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 $20,000 was paid to the Chamber of Commerce for the promotion of tourism. The remainder of the funds totaling $505,813 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 fiscal year ended June 30, 2017, the City paid $25,478 in such dues. Membership in a Regional Commission is required by 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.

NOTE 10. JOINT VENTURES (CONTINUED)

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.

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, 2017, the City has contractual commitments on uncompleted contracts of approximately $1,568,000.

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 $2,078,855.

At June 30, 2017, the outstanding debt of MGAG was approximately $231,330,000. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $3,165,811 at June 30, 2017.

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIFTON, GEORGIA

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

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability				
Service cost	**$ 443,294**	$ 454,712	$ 628,470	$ -
Interest on total pension liability	**2,493,963**	2,577,951	2,535,128	2,129,173
Changes of benefit terms	**(37,153)**	-	-	5,538,967
Differences between expected and actual experience	**(1,516,773)**	(1,973,536)	17,857	335,746
Changes of assumptions	**(244,220)**	-	-	4,230,628
Benefit payments, including refunds of employee contributions	**(2,354,581)**	(2,257,531)	(2,342,637)	(2,237,177)
Net change in total pension liability	**(1,215,470)**	(1,198,404)	838,818	9,997,337
Total pension liability - beginning	**38,058,595**	39,256,999	38,418,181	28,420,844
Total pension liability - ending	**$ 36,843,125**	$ 38,058,595	$ 39,256,999	$ 38,418,181
Plan fiduciary net position				
Contributions - employer	**$ 2,774,416**	$ 2,770,560	$ 3,651,868	$ 1,889,252
Contributions - employee	**104,324**	80,121	37,730	-
Net investment income (loss)	**1,184,694**	(24,420)	(154,293)	2,179,770
Benefit payments, including refunds of employee contributions	**(2,354,581)**	(2,257,531)	(2,201,840)	(2,117,590)
Administrative expenses	**(19,882)**	(166,118)	(177,347)	-
Net change in plan fiduciary net position	**1,688,971**	402,612	1,156,118	1,951,432
Plan fiduciary net position - beginning	**21,297,180**	20,894,568	19,738,450	17,787,018
Plan fiduciary net position - ending	**$ 22,986,151**	$ 21,297,180	$ 20,894,568	$ 19,738,450
City's net pension liability - ending	**$ 13,856,974**	$ 16,761,415	$ 18,362,431	$ 18,679,731
Plan fiduciary net position as a percentage of the total pension liability	**62.4%**	56.0%	53.2%	51.4%
Covered-employee payroll	**$ 3,944,091**	$ 3,989,842	$ 5,315,072	$ 5,315,072
City's net pension liability as a percentage of covered-employee payroll	**351.3%**	420.1%	345.5%	351.4%

Note 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, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	**$ 2,269,040**	$ 2,768,028	$ 1,764,217	$ 1,766,335
Contributions in relation to the actuarially determined contribution	**2,774,416**	2,770,560	3,651,868	1,889,251
Contribution deficiency (excess)	**$ (505,376)**	$ (2,532)	$ (1,887,651)	$ (122,916)
Covered-employee payroll	**$ 3,944,091**	$ 3,989,842	$ 5,315,072	$ 5,315,072
Contributions as a percentage of covered employee payroll	**70.3%**	69.4%	68.7%	35.5%

Notes to the Schedule

Valuation date	June 30, 2016
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, 2017	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.	**5.50%**	-0.91%	-1.59%	12.03%

Note to the Schedule

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

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.

The **Special Purpose Local Option Sales Tax (SPLOST) Fund** accounts 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.

CITY OF TIFTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

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 Funds: CDBG Grant Fund	Capital Projects Funds: SPLOST Fund	Total
Cash and cash equivalents	$ 26,420	$ 441,963	$ 19,673	$ 35,412	$ 10,543	$ 1,337,733	$ 1,871,744
Taxes receivable	-	93,709	-	-	-	-	93,709
Due from other governments	-	-	9,209	-	-	2,501	11,710
Due from other funds	-	-	-	-	28,185	62,366	90,551
Due from component unit	179,344	-	-	-	-	-	179,344
Total assets	$ 205,764	$ 535,672	$ 28,882	$ 35,412	$ 38,728	$ 1,402,600	$ 2,247,058
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 44,646	$ 7,520	$ -	$ -	$ -	$ 52,166
Due to other funds	-	67,500	-	-	10,543	28,185	106,228
Advances from other funds	-	-	30,000	-	-	-	30,000
Total liabilities	-	112,146	37,520	-	10,543	28,185	188,394
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - grants	-	-	5,470	-	-	-	5,470
Total deferred inflows of resources	-	-	5,470	-	-	-	5,470
FUND BALANCES							
Restricted for:							
Capital outlay	-	-	-	-	-	1,374,415	1,374,415
Housing and development	205,764	-	-	-	28,185	-	233,949
Tourism	-	423,526	-	-	-	-	423,526
Public safety	-	-	-	35,412	-	-	35,412
Unassigned	-	-	(14,108)	-	-	-	(14,108)
Total fund balances (deficits)	205,764	423,526	(14,108)	35,412	28,185	1,374,415	2,053,194
Total liabilities, deferred inflows of resources, and fund balances	$ 205,764	$ 535,672	$ 28,882	$ 35,412	$ 38,728	$ 1,402,600	$ 2,247,058

CITY OF TIFTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				Capital Projects Funds		
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund	CDBG Grant Fund	SPLOST Fund	Total
Revenues:							
Taxes	$ -	$ 1,048,743	$ -	$ -	$ -	$ -	$ 1,048,743
Intergovernmental	-	-	31,795	-	8,000	112,640	152,435
Interest revenue	-	283	-	-	-	1,724	2,007
Total revenues	-	1,049,026	31,795	-	8,000	114,364	1,203,185
Expenditures:							
Current:							
Public safety	-	-	50,211	-	-	-	50,211
Culture and recreation	-	621,119	-	-	8,000	-	629,119
Housing and development	359	-	1,999	-	-	-	2,358
Debt service:						-	
Principal	-	132,989	-	-	-	-	132,989
Interest	-	8,741	-	-	-	-	8,741
Total expenditures	359	762,849	52,210	-	8,000	-	823,418
Excess (deficiency) of revenues over (under) expenditures	(359)	286,177	(20,415)	-	-	114,364	379,767
Other financing uses							
Transfers out	-	(313,445)	-	-	-	-	(313,445)
Total other financing uses	-	(313,445)	-	-	-	-	(313,445)
Net change in fund balances	(359)	(27,268)	(20,415)	-	-	114,364	66,322
Fund balances, beginning of year	206,123	450,794	6,307	35,412	28,185	1,260,051	1,986,872
Fund balances (deficits), end of year	$ 205,764	$ 423,526	$ (14,108)	$ 35,412	$ 28,185	$ 1,374,415	$ 2,053,194

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	770,344	-	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	$ 21,235,597	$ -	$ 21,235,597

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2013 Referendum					
General obligation debt for telecom services	$ 4,500,000	$ 4,500,000	$ 4,500,000	$ -	$ 4,500,000
Senior citizen center renovation and improvements	500,000	500,000	107,686	1,500	109,186
Road, street, bridge projects, drainage and parking	8,800,000	8,800,000	951,354	1,316,968	2,268,322
Technology equipment and upgrades	1,500,000	1,500,000	234,353	145,297	379,650
Water and sewer system capital outlay and improvements	7,600,000	7,600,000	360,716	1,759,510	2,120,226
Fire Department capital outlay and facilities upgrades	1,600,000	1,600,000	5,900	-	5,900
	$ 24,500,000	$ 24,500,000	$ 6,160,009	$ 3,223,275	$ 9,383,284

Total per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 4,261,680
Payout to County per agreement	(380,756)
Expenditures funded by grant revenues and contributions	(657,649)
	$ 3,223,275

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2017

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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2017-001, that we consider to be a material weakness.

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 Response to Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 20, 2017

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017 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, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001. Revenue/Receivables Cycle

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they are realized, or realizable and earned, to finance expenditures of the current period.

Condition: The City did not appropriately record all transactions involving certain receivable and revenue accounts during the fiscal year ended June 30, 2017.

Context/Cause: During our testing of revenues and receivables, audit adjustments were required to correct various account balances. These adjustments were due to the inclusion of receivables that should not have been recorded at year-end and additional receivables that should have been recorded.

Effect: An audit adjustment to increase revenues and accounts receivable in the amount of $99,176 was required to be recorded in the Solid Waste Collection and Disposal Fund as of June 30, 2017. Audit adjustments to decrease accounts receivable in the amount of $57,053, decrease allowance for doubtful accounts in the amount of $120,679, and decrease bad debt expense in the amount of $63,626 were required to be recorded in the Gas Revenue Fund as of June 30, 2017.

Recommendation: We recommend the City record the necessary adjustments to reflect the accounts receivable balances at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Corrective Action: We concur. We will take appropriate measures to ensure all receivables are appropriately recorded at year-end.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017

STATUS OF PRIOR YEAR AUDIT FINDINGS

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.

Audit Response/Status: Resolved

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.

Audit Response/Status: Resolved

CITY OF TIFTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATUS OF PRIOR YEAR AUDIT FINDINGS (CONTINUED)

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.

Audit Response/Status: Resolved