CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Prepared by:
Tifton Finance Department

CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

Independent Auditor's Report ..... 1 – 3
Management's Discussion and Analysis ..... 4 – 18
Basic Financial Statements:
- **Government-wide Financial Statements:**
  - **Statement of Net Position 19**
  - **Statement of Activities 20**
- **Fund Financial Statements:**
  - **Balance Sheet – Governmental Funds ..... 21 and 22**
  - **Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ..... 23 and 24**
  - **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 25**
  - **General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual ..... 26 and 27**
  - **Statement of Net Position – Proprietary Funds ..... 28 and 29**
  - **Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds 30**
  - **Statement of Cash Flows – Proprietary Funds ..... 31 and 32**
  - **Statement of Fiduciary Net Position – Pension Trust Fund 33**
  - **Statement of Changes in Fiduciary Net Position – Pension Trust Fund 34**
- **Notes to Financial Statements ..... 35 – 67**

Required Supplementary Information:
- **Schedule of Changes in Net Pension Liability and Related Ratios 68**
- **Schedule of Contributions 69**
- **Schedule of Pension Investment Returns 70**

Combining Statements and Schedules:
- **Combining Balance Sheet – Nonmajor Governmental Funds 71**
- **Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 72**
- **Schedules of Expenditures of Special Purpose Local Option Sales Tax Proceeds ..... 73 and 74**

COMPLIANCE SECTION

- **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* ..... 75 and 76**
- **Schedule of Findings and Responses ..... 77 – 80**
- **Summary Schedule of Prior Year Findings 81**

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, 2018, and the related notes to the financial statements, which collectively comprise the City of Tifton, Georgia'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, 2018, 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 18) and the Schedules of Required Supplementary Information (on pages 68 through 70) 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 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 March 14, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
March 14, 2019

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 ended June 30, 2018. 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, 2018, by $89.7 million (reported as net position). Of this amount, $12.8 million (reported as unrestricted net position) is reported as an increase of $791,000.

- As of June 30, 2018, Tifton's governmental funds reported combined ending fund balance of $18.5 million. Approximately 35% of this total amount, $6.5 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 $65.2 million and includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items).

  - Net position of $11.6 million is restricted by constraints imposed from outside the City such as laws and regulations or debt covenants.

  - Unrestricted net position increased from $12.1 million in fiscal year 2017 to $12.8 million in fiscal year 2018.

- In the governmental activities, total assets in fiscal year 2018 increased by $2 million. Long-term liabilities decreased from $15.5 million in 2017 to $15.1 million in 2018 (Refer to Note 5).

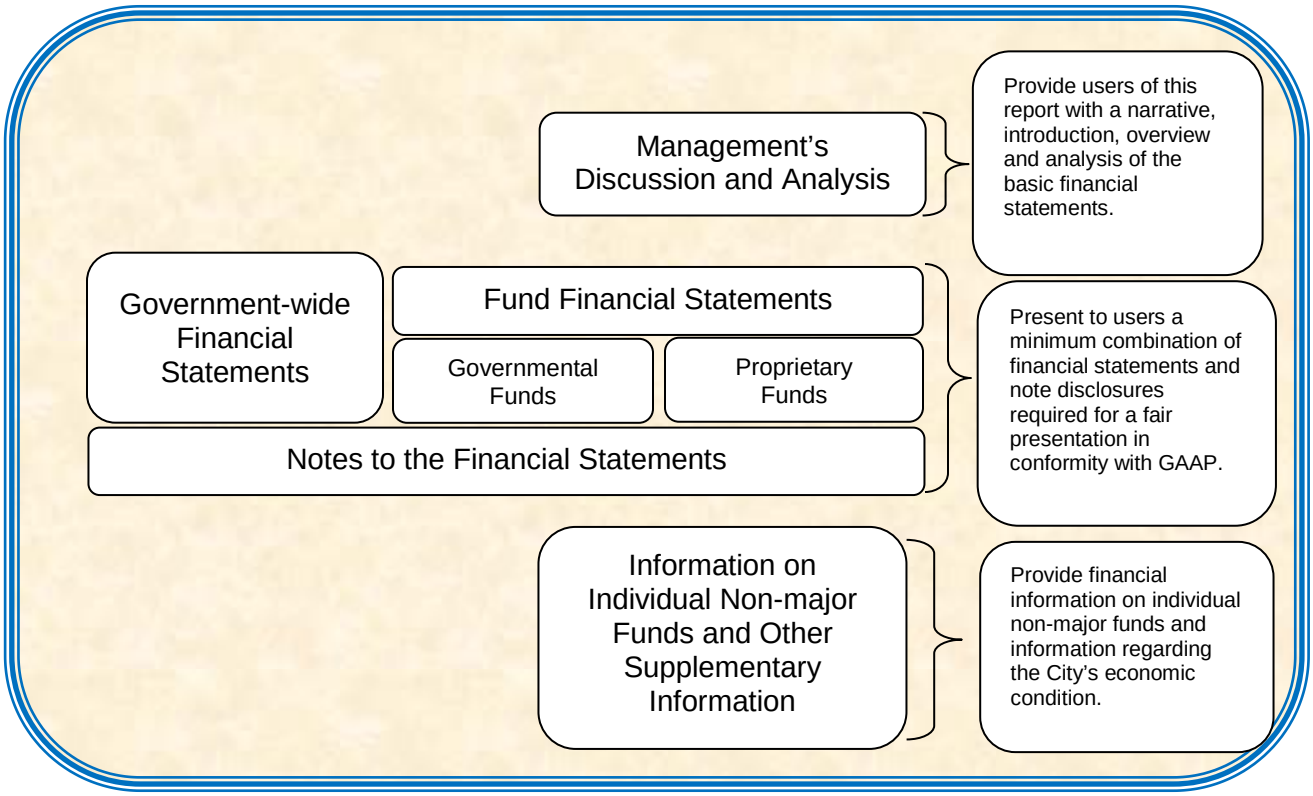
- Total revenues for governmental activities increased from $16.8 million in 2017 to $19.9 million in 2018. Total revenues for business-type activities increased from $16.0 million in 2017 to $16.1 million in 2018.

- Total expenses for governmental activities increased from $15.2 million in 2017 to $17.5 million in 2018, and total expenses for business-type activities increased from $13.8 million in 2017 to $16.5 million in 2018.

- The total cost of all City programs increased by $4.3 million.

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 2018 and 2017:

City of Tifton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Current and other assets	**$ 22,695,507**	$ 22,031,116	**$ 26,031,289**	$ 22,906,474	**$ 48,726,796**	$ 44,937,590
Capital assets	**36,307,518**	34,941,869	**32,737,140**	33,606,562	**69,044,658**	68,548,431
Total assets	**59,003,025**	56,972,985	**58,768,429**	56,513,036	**117,771,454**	113,486,021
Deferred outflows of resources	**3,632,215**	3,385,744	**1,145,956**	1,137,464	**4,778,171**	4,523,208
Other liabilities	**2,000,733**	1,316,485	**3,226,802**	3,337,371	**5,227,535**	4,653,856
Long-term liabilities outstanding	**14,980,302**	15,314,845	**8,995,367**	6,062,019	**23,975,669**	21,376,864
Total liabilities	**16,981,035**	16,631,330	**12,222,169**	9,399,390	**29,203,204**	26,030,720
Deferred inflows of resources	**2,991,200**	3,428,654	**665,028**	763,692	**3,656,228**	4,192,346
Net position:						
Net investment in capital assets	**34,823,113**	33,670,006	**30,400,777**	30,823,343	**65,223,890**	64,493,349
Restricted	**11,624,262**	11,241,777	**-**	-	**11,624,262**	11,241,777
Unrestricted	**(3,784,370)**	(4,613,038)	**16,626,411**	16,664,075	**12,842,041**	12,051,037
Total net position	**$ 42,663,005**	$ 40,298,745	**$ 47,027,188**	$ 47,487,418	**$ 89,690,193**	$ 87,786,163

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 73 percent and 74 percent for fiscal year 2018 and 2017, 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 decreased $791 thousand and restricted net position increased $1.1 million for fiscal year 2018. 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 2018 and 2017:

City of Tifton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Revenues:						
Program revenues						
Charges for services	**$ 3,958,674**	$ 1,355,599	**$ 15,530,252**	$ 14,518,872	**$ 19,488,926**	$ 15,874,471
Operating grants and contributions	**117,978**	72,946	**-**	-	**117,978**	72,946
Capital grants and contributions	**4,227,485**	4,010,744	**530,639**	1,469,906	**4,758,124**	5,480,650
General revenues:						
Property taxes	**3,711,302**	3,563,773	**-**	-	**3,711,302**	3,563,773
Sales taxes	**2,865,056**	2,756,688	**-**	-	**2,865,056**	2,756,688
Insurance premium tax	**1,090,093**	1,020,221	**-**	-	**1,090,093**	1,020,221
Alcoholic beverage taxes	**249,807**	480,554	**-**	-	**249,807**	480,554
Hotel/motel taxes	**1,436,583**	1,048,743	**-**	-	**1,436,583**	1,048,743
Franchise taxes	**1,196,699**	1,250,502	**-**	-	**1,196,699**	1,250,502
Other taxes	**929,677**	826,099	**-**	-	**929,677**	826,099
Unrestricted investment earnings	**123,936**	398,721	**20,832**	17,118	**144,768**	415,839
Gain on sale of capital assets	**-**	-	**1,058**	29,323	**1,058**	29,323
Total revenues	**19,907,290**	16,784,590	**16,082,781**	16,035,219	**35,990,071**	32,819,809
Expenses:						
General government	**2,727,212**	899,462	**-**	-	**2,727,212**	899,462
Judicial	**269,435**	283,971	**-**	-	**269,435**	283,971
Public safety	**8,279,829**	7,490,749	**-**	-	**8,279,829**	7,490,749
Public works	**4,821,874**	4,838,903	**-**	-	**4,821,874**	4,838,903
Health and welfare	**244,849**	240,790	**-**	-	**244,849**	240,790
Culture and recreation	**749,562**	749,995	**-**	-	**749,562**	749,995
Housing and development	**316,519**	279,916	**-**	-	**316,519**	279,916
Interest on long-term debt	**133,750**	424,927	**-**	-	**133,750**	424,927
Water	**-**	-	**3,022,482**	2,932,835	**3,022,482**	2,932,835
Sewer	**-**	-	**3,851,488**	4,003,008	**3,851,488**	4,003,008
Gas	**-**	-	**3,749,890**	3,819,716	**3,749,890**	3,819,716
Solid Waste	**-**	-	**5,847,324**	2,893,550	**5,847,324**	2,893,550
Tift Theatre	**-**	-	**71,827**	153,291	**71,827**	153,291
Total expenses	**17,543,030**	15,208,713	**16,543,011**	13,802,400	**34,086,041**	29,011,113
Change in net position before transfers	**2,364,260**	1,575,877	**(460,230)**	2,232,819	**1,904,030**	3,808,696
Transfers	**-**	668,439	**-**	(668,439)	**-**	-
Change in net position	**2,364,260**	2,244,316	**(460,230)**	1,564,380	**1,904,030**	3,808,696
Net position, beginning	**40,298,745**	38,054,429	**47,487,418**	45,923,038	**87,786,163**	83,977,467
Net position, ending	**$ 42,663,005**	$ 40,298,745	**$ 47,027,188**	$ 47,487,418	**$ 89,690,193**	$ 87,786,163

The City's total revenues increased by $3.2 million in fiscal year 2018. Key elements of this increase are as follows:

- Capital grants and contributions revenue increased $217 thousand and charges for services went up $2.6 million.

The total cost of all programs and services for fiscal year 2018 was $34 million compared to $29 million for fiscal year 2017. This changed is primarily due to the operations. Citywide expenses and revenues cover a range of services with public safety comprising 47 percent of total expenses.

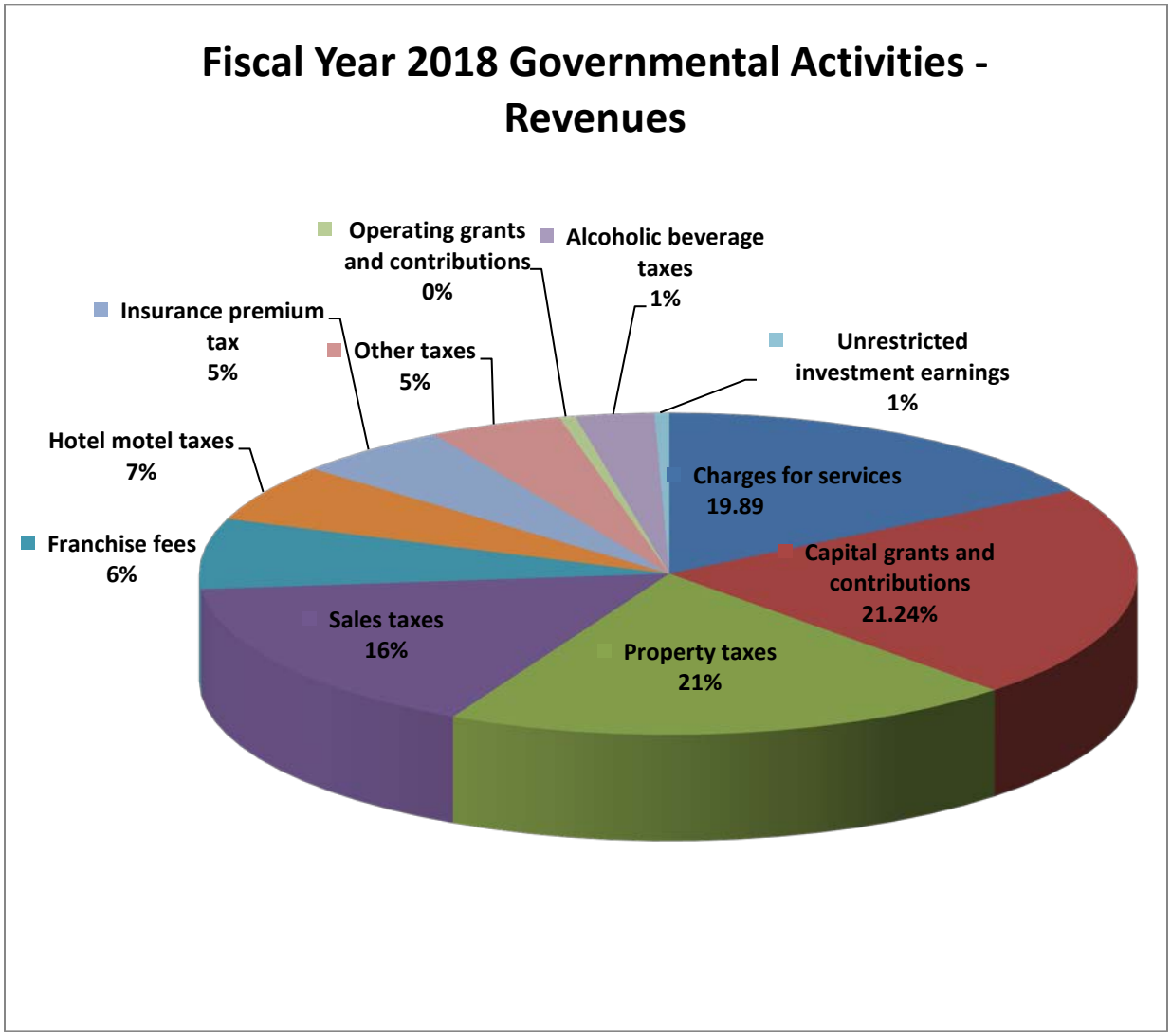
Governmental Activities

Total governmental activities revenues increased $3.1 million. This increase is mainly attributable to an increase in capital grants and contributions. There was a slight increase in property taxes, sales taxes and increase in charges for services.

Charges for services and capital grants and contributions account for 41 percent of total governmental activities revenues. Property taxes and sales taxes account for another 19 percent and 14 percent, respectively.

The following charts depict revenues of the governmental activities for fiscal years 2018 and 2017, excluding transfers:

	2018	2017	Change
Revenues:			
Charges for services	**$ 3,958,674**	$ 1,355,599	$ 2,603,075
Capital grants and contributions	**4,227,485**	4,010,744	216,741
Property taxes	**3,711,302**	3,563,773	147,529
Sales taxes	**2,865,056**	2,756,688	108,368
Franchise taxes	**1,196,699**	1,250,502	(53,803)
Hotel/motel taxes	**1,436,583**	1,048,743	387,840
Insurance premium taxes	**1,090,093**	1,020,221	69,872
Other taxes	**929,677**	826,099	103,578
Operating grants and contributions	**117,978**	72,946	45,032
Alcoholic beverage taxes	**249,807**	480,554	(230,747)
Unrestricted investment earnings	**123,936**	398,721	(274,785)
Total governmental revenues	**$ 19,907,290**	$ 16,784,590	$ 3,122,700

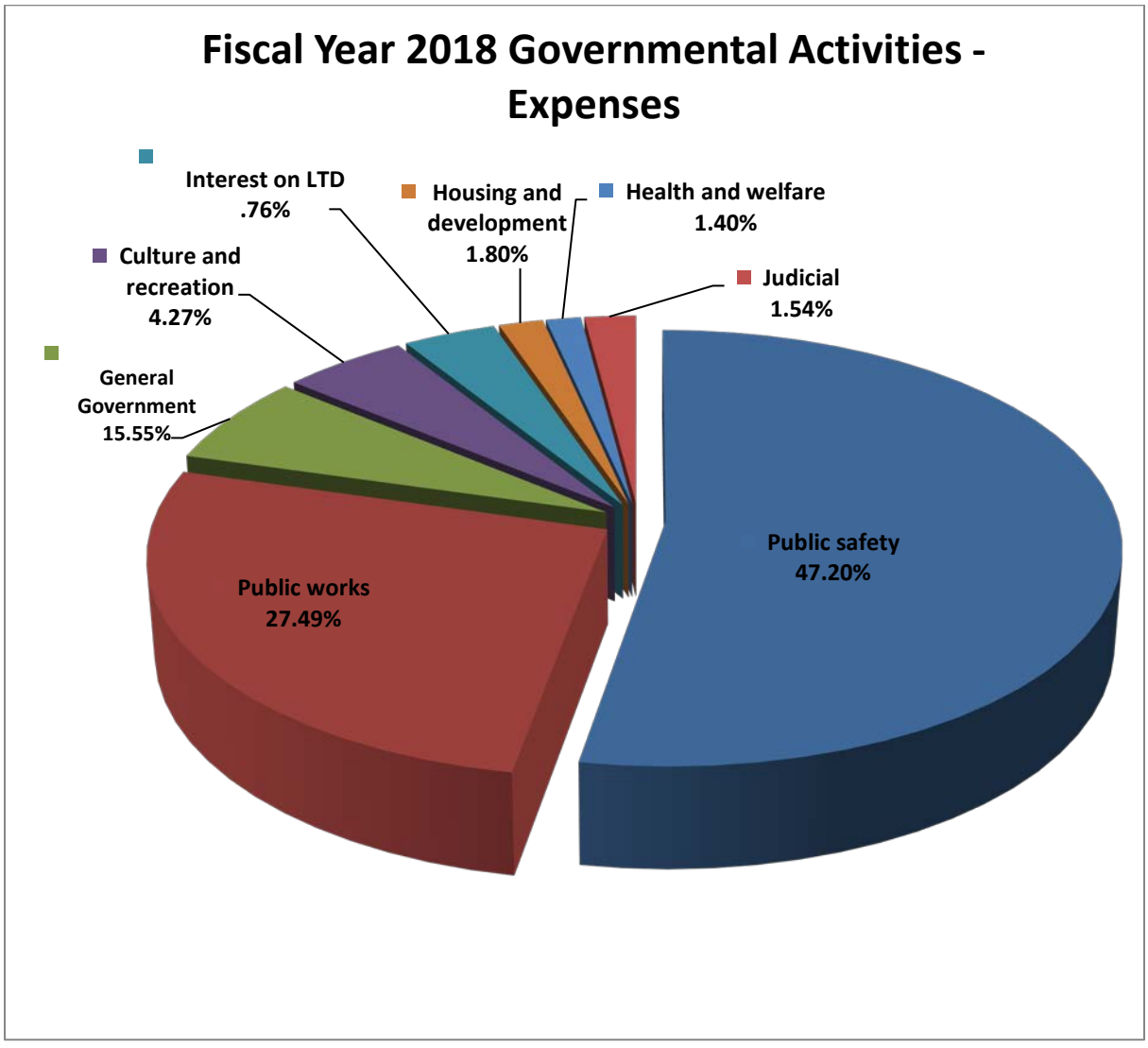


Total governmental activities expenditures increased by $2.3 million. This increase is mainly attributable to public safety, public works and general government expenses along with capital improvement.

The most significant governmental expense for the City is providing public safety services such as fire, police, and environmental management. This comprises 47 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 27 percent of total governmental expenses.

The following charts depict expenses of the governmental activities for fiscal years 2018 and 2017:

	2018	2017	Change
Expenses:			
Public safety	**$ 8,279,829**	$ 7,490,749	$ 789,080
Public works	**4,821,874**	4,838,903	(17,029)
General government	**2,727,212**	899,462	1,827,750
Culture and recreation	**749,562**	749,995	(433)
Interest on long-term debt	**133,750**	424,927	(291,177)
Housing and development	**316,519**	279,916	36,603
Health and welfare	**244,849**	240,790	4,059
Judicial	**269,435**	283,971	(14,536)
Total governmental revenues	**$ 17,543,030**	$ 15,208,713	$ 2,334,317

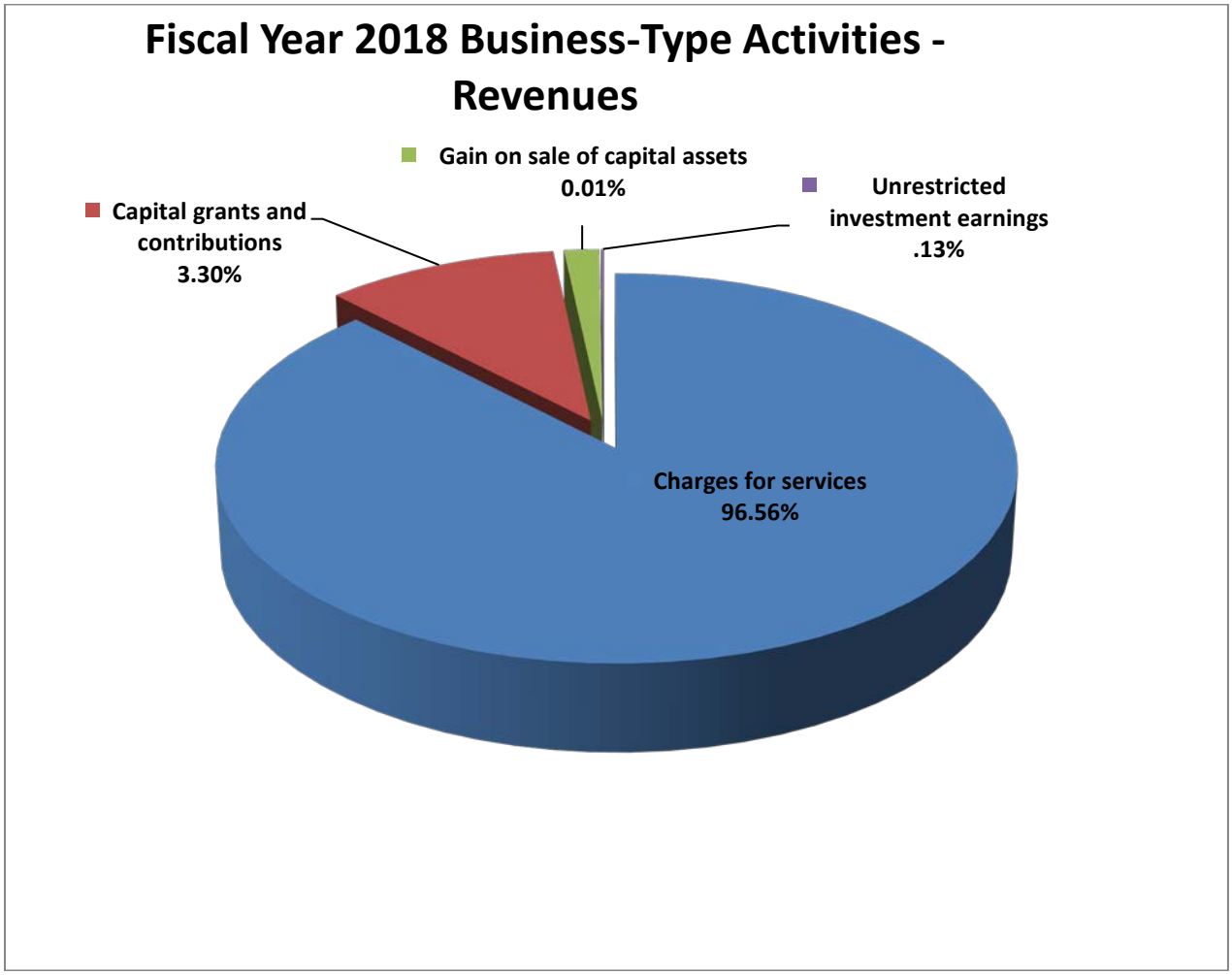


Business-Type Activities

Operating revenues of the business-type activities increased by $48 thousand in 2018. Charges for services, which account for 97 percent of total business-type revenues, increased; however, that increase was partially offset by a decrease in capital grants and contributions.

The following charts depict revenues of the business-type activities for fiscal years 2018 and 2017:

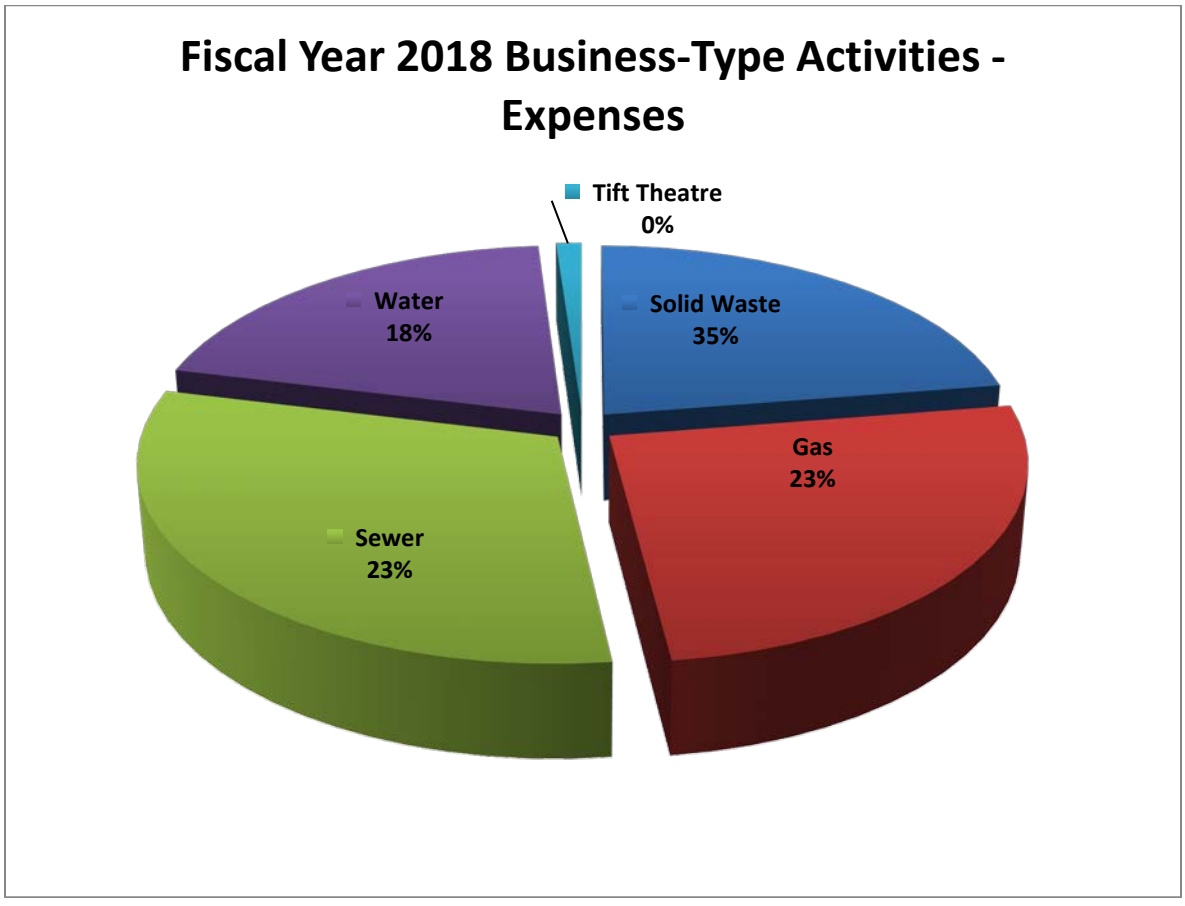
	2018	2017	Change
Revenues:			
Charges for services	**$ 15,530,252**	$ 14,518,872	$ 1,011,380
Capital grants and contributions	**530,639**	1,469,906	(939,267)
Gain on sale of capital assets	**1,058**	29,323	(28,265)
Unrestricted investment earnings	**20,832**	17,118	3,714
Total business-type revenues	**$ 16,082,781**	$ 16,035,219	$ 47,562



The cost of all business-type activities this fiscal year was $16.5 million compared to $13.8 million in the prior year. The $16.5 million in expenses was mostly covered by $15.5 million in amounts paid by the users of the systems.

The following charts depict expenses of the business-type activities for fiscal years 2018 and 2017:

	2018	2017	Change
Expenses			
Solid Waste	**$ 5,847,324**	$ 2,893,550	$ 2,953,774
Gas	**3,749,890**	3,819,716	(69,826)
Sewer	**3,851,488**	4,003,008	(151,520)
Water	**3,022,482**	2,932,835	89,647
Tift Theatre	**71,827**	153,291	(81,464)
Total business-type expenses	**$ 16,543,011**	$ 13,802,400	$ 2,740,611



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 $18.5 million in 2018 as compared to $17.6 million in 2017. Approximately $6.5 million of the fund balance is unassigned, which is available for spending at the City's discretion. Around $426 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, 2018, total assets were $7.5 million and total liabilities were $463 thousand. This net increase, when combined with deferred inflows of resources of $95 thousand, resulted in an increase in fund balance to $7.0 million as of June 30, 2018 from $6.4 million as of June 30, 2017.

Operating revenues, increased by $2.5 million, due to a slight increase in property taxes, local option sales tax, and fines and forfeitures and clearing due to from accounts.

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 2018, the SPLOST IV Fund had a restricted fund balance of $1.2 million, a decrease of $217 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, at the end of fiscal year 2018, the SPLOST V Fund had a restricted fund balance of $5.7 million, an increase of $265 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, 2018, the Capital Projects Fund had a restricted fund balance of $3.2 million, a decrease of $489 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, 2018, the total net position was $47 million, a decrease of $460 thousand from the prior year. Of the total net position, $30 million was invested in capital assets net of related debt and $16.7 million was unrestricted. Operating revenues increased $1 million in fiscal year 2018, and operating expenses increased $2.7 million.

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

Water Revenue Fund
For fiscal year 2018, the water revenue fund reflects operating income of $588 thousand compared to 2017 operating income of $74 thousand. Operating expenses increased $89 thousand.

Sewer Revenue Fund
The sewer revenue fund reflects an operating loss of $2 thousand, compared to an operating loss of $147 thousand in 2017. Operating expenses decreased $144 thousand, which was due to the WWT plant improvements.

Gas Revenue Fund
The gas revenue fund experienced operating income of $1.0 million in 2018 and operating income of $157 thousand in 2017. This inconsistency in operating income is a result of varying climate conditions. Operating expenses decreased $68 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 loss of $2.5 million in fiscal year 2018 compared to $3.01 million in fiscal year 2017. Operating expenses increased by $2.9 million 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 2018, the internal service fund had operating gain of $550 thousand compared to operating loss of $16,000 in fiscal year 2017. The 2018 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 2018, the Tift Theatre fund had an operating loss of $11 thousand compared to a loss of $115 thousand in fiscal year 2017 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 2018 were $13.7 million and $15.6 million, respectively. General Fund revenues were $1.8 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 2018 were $13.3 million and $13.4 million, respectively. Actual expenditures were $230 thousand over 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 $69 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 $496 thousand from the end of 2017 is primarily due to the fiscal year 2018 additions to accumulated depreciation offset by additions to construction in progress, buildings and improvements, and the distribution system and deletions from sale of sanitation equipment.

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

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	**2018**	2017	**2018**	2017
Land	**$ 2,624,664**	$ 2,522,664	**$ 582,835**	$ 582,835	**$ 3,207,499**	$ 3,105,499
Construction in progress	**68,820**	2,658,191	**245,719**	1,761,152	**314,539**	4,419,343
Buildings and improvements	**7,252,748**	6,936,825	**319,669**	344,333	**7,572,417**	7,281,158
Distribution system	**-**	-	**28,727,287**	28,165,138	**28,727,287**	28,165,138
Landfill	**-**	-	**958,460**	929,419	**958,460**	929,419
Machinery and equipment	**2,208,467**	1,392,897	**1,903,170**	1,823,685	**4,111,637**	3,216,582
Infrastructure	**24,152,819**	21,431,292	**-**	-	**24,152,819**	21,431,292
Total	**$ 36,307,518**	$ 34,941,869	**$ 32,737,140**	$ 33,606,562	**$ 69,044,658**	$ 68,548,431

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 2018 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, 2018 and 2017, the City had $26 million and $22 million in debt outstanding, respectively. The increase is primarily due to the landfill liability.

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	
	2018	2017	**2018**	2017	**2018**	2017
Notes payable	**$ 134,670**	$ 271,083	**$ 676,363**	$ 813,219	**$ 811,033**	$ 1,084,302
Bonds payable	**-**	-	**1,660,000**	1,970,000	**1,660,000**	-
Certificates of participation	**4,444,000**	4,444,000	**-**	-	**4,444,000**	4,444,000
Compensated absences	**326,958**	404,517	**24,801**	29,181	**351,759**	433,698
Net pension liability	**10,225,692**	10,351,882	**3,226,185**	3,477,786	**13,451,877**	13,829,668
Landfill postclosure	**-**	-	**5,209,069**	1,880,148	**5,209,069**	1,880,148
Total	**$ 15,131,320**	$ 15,471,482	**$ 10,796,418**	$ 8,170,334	**$ 25,927,738**	$ 21,671,816

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate in 2018 was 3.8 percent compared to 4.5 percent in 2017. In contrast, both the statewide and national annual averages were 3.8 percent and 3.8 percent, respectively.

- The tax digest for 2018 slightly increased due to new commercial development and renovations.
- The fiscal year 2018 budget totals $42.4 million for all funds, a $1.5 million decrease from the fiscal year 2017 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, 2018

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Downtown Development Authority**
Cash and cash equivalents	$ 15,359,266	$ 16,743,841	$ 32,103,107	$ 979,927
Investments	3,691,801	7,387,027	11,078,828	613,617
Taxes receivable	785,409	-	785,409	-
Accounts receivable, net of allowances	274,888	1,538,630	1,813,518	49,009
Interest receivable	-	-	-	913
Notes receivable	-	361,791	361,791	400,009
Due from other governments	290,057	-	290,057	-
Due from component units	179,344	-	179,344	-
Inventories	421,160	-	421,160	-
Prepaid expenses	810,253	-	810,253	-
Fair value of interest rate swap agreement	883,329	-	883,329	-
Capital assets:				
Nondepreciable	2,693,484	828,554	3,522,038	281,051
Depreciable, net	33,614,034	31,908,586	65,522,620	1,851,221
Total assets	59,003,025	58,768,429	117,771,454	4,175,747
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	1,129,221	356,267	1,485,488	3,125
Pension assumption changes	1,563,473	493,272	2,056,745	4,327
Pension investment return	939,521	296,417	1,235,938	2,601
Total deferred outflows of resources	3,632,215	1,145,956	4,778,171	10,053
LIABILITIES				
Accounts payable	1,417,204	378,125	1,795,329	100,389
Retainage payable	354,697	-	354,697	-
Accrued liabilities	77,814	6,650	84,464	728
Accrued interest	-	10,247	10,247	-
Due to primary government	-	-	-	179,344
Customer deposits payable	-	1,030,729	1,030,729	-
Net pension liability	10,225,692	3,226,185	13,451,877	28,303
Notes payable due within one year	134,670	139,811	274,481	50,512
Notes payable due in more than one year	-	536,552	536,552	302,592
Revenue bonds payable due in more than one year	-	1,660,000	1,660,000	-
Certificates of participation due in more than one year	4,444,000	-	4,444,000	-
Compensated absences due within one year	16,348	1,240	17,588	-
Compensated absences due in more than one year	310,610	23,561	334,171	-
Landfill closure/post-closure care costs due in more than one year	-	5,209,069	5,209,069	-
Total liabilities	16,981,035	12,222,169	29,203,204	661,868
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	883,329	-	883,329	-
Pension experience differences	1,597,256	503,523	2,100,779	5,319
Pension assumption changes	510,615	161,505	672,120	356
Pension investment return	-	-	-	159
Total deferred inflows of resources	2,991,200	665,028	3,656,228	5,834
NET POSITION				
Net investment in capital assets	34,823,113	30,400,777	65,223,890	1,779,168
Restricted for tourism	1,257,156	-	1,257,156	-
Restricted for capital outlay	10,092,757	-	10,092,757	-
Restricted for public safety	58,042	-	58,042	-
Restricted for housing and development	216,307	-	216,307	-
Unrestricted	(3,784,370)	16,626,411	12,842,041	1,738,930
Total net position	$ 42,663,005	$ 47,027,188	$ 89,690,193	$ 3,518,098

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, 2018

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	$ 2,727,212	$ 2,579,152	$ -	$ -	$ (148,060)	$ -	$ (148,060)	$ -
Judicial	269,435	-	-	-	(269,435)	-	(269,435)	-
Public safety	8,279,829	795,165	32,192	1,677,409	(5,775,063)	-	(5,775,063)	-
Public works	4,821,874	54,971	1,665	2,470,549	(2,294,689)	-	(2,294,689)	-
Health and welfare	244,849	93,549	-	2,500	(148,800)	-	(148,800)	-
Culture and recreation	749,562	142,500	-	77,027	(530,035)	-	(530,035)	-
Housing and development	316,519	293,337	84,121	-	60,939	-	60,939	-
Interest on long-term debt	133,750	-	-	-	(133,750)	-	(133,750)	-
Total governmental activities	17,543,030	3,958,674	117,978	4,227,485	(9,238,893)	-	(9,238,893)	-
Business-type activities:								
Water	3,022,482	3,610,666	-	226,148	-	814,332	814,332	-
Sewer	3,851,488	3,804,855	-	93,140	-	46,507	46,507	-
Gas	3,749,890	4,735,304	-	-	-	985,414	985,414	-
Solid waste collection and disposal	5,847,324	3,352,219	-	82,500	-	(2,412,605)	(2,412,605)	-
Tift Theatre	71,827	27,208	-	128,851	-	84,232	84,232	-
Total business-type activities	16,543,011	15,530,252	-	530,639	-	(482,120)	(482,120)	-
Total primary government	$ 34,086,041	$ 19,488,926	$ 117,978	$ 4,758,124	(9,238,893)	(482,120)	(9,721,013)	-
Component unit:								
Tifton Downtown Development Authority	$ 353,543	$ 8,079	$ 177,876	$ 283,197	-	-	-	115,609
Total component unit	$ 353,543	$ 8,079	$ 177,876	$ 283,197	-	-	-	115,609
General revenues:								
Property taxes					3,711,302	-	3,711,302	-
Sales taxes					2,865,056	-	2,865,056	-
Insurance premium tax					1,090,093	-	1,090,093	-
Alcoholic beverage taxes					249,807	-	249,807	-
Hotel/motel taxes					1,436,583	-	1,436,583	-
Franchise taxes					1,196,699	-	1,196,699	-
Other taxes					929,677	-	929,677	-
Unrestricted investment earnings					123,936	20,832	144,768	35,490
Gain on sale of capital assets					-	1,058	1,058	-
Total general revenues					11,603,153	21,890	11,625,043	35,490
Change in net position					2,364,260	(460,230)	1,904,030	151,099
Net position, beginning of year					40,298,745	47,487,418	87,786,163	3,366,999
Net position, end of year					$ 42,663,005	$ 47,027,188	$ 89,690,193	$ 3,518,098

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

CITY OF TIFTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

ASSETS	General Fund	SPLOST V Fund	Capital Projects Fund
Cash and cash equivalents	$ 6,250,464	$ 6,190,990	$ -
Investments	242,839	-	3,448,962
Taxes receivable, net	100,293	579,690	-
Accounts receivable, net	265,786	-	-
Due from other governments	251,543	-	-
Due from component unit	-	-	-
Advances to other funds	30,500	-	-
Prepaid expenditures	395,392	-	-
Total assets	$ 7,536,817	$ 6,770,680	$ 3,448,962
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 386,529	$ 728,442	$ 200,212
Retainage payable	-	354,697	-
Accrued liabilities	74,895	-	-
Advance from other funds	1,449	-	500
Total liabilities	462,873	1,083,139	200,712
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	95,131	-	-
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	95,131	-	-
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	395,392	-	-
Advances to other funds	30,500	-	-
Restricted for:			
Capital outlay	-	5,687,541	3,248,250
Public safety	-	-	-
Tourism	-	-	-
Housing and development	-	-	-
Unassigned	6,552,921	-	-
Total fund balances	6,978,813	5,687,541	3,248,250
Total liabilities, deferred inflows of resources, and fund balances	$ 7,536,817	$ 6,770,680	$ 3,448,962

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 liability

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
$ 2,506,085	$ 14,947,539
-	3,691,801
105,426	785,409
-	265,786
38,514	290,057
179,344	179,344
-	30,500
-	395,392
$ 2,829,369	$ 20,585,828
$ 97,639	$ 1,412,822
-	354,697
-	74,895
30,000	31,949
127,639	1,874,363
-	95,131
75,083	75,083
75,083	170,214
-	395,392
-	30,500
1,156,966	10,092,757
58,042	58,042
1,257,156	1,257,156
216,307	216,307
(61,824)	6,491,097
2,626,647	18,541,251
$ 2,829,369	
	62,033,282
	(25,725,764)
	170,214
	3,559,514
	1,066,501
	(134,670)
	(4,444,000)
	(316,625)
	(10,021,017)
	(2,065,681)
	$ 42,663,005

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	SPLOST V Fund	Capital Projects Fund
REVENUES			
Taxes	$ 7,119,346	$ -	$ -
Sales taxes	2,865,056	-	-
Charges for services	293,842	-	-
Licenses and permits	506,301	-	-
Intergovernmental	84,121	4,139,095	-
Fines and forfeitures	798,360	-	-
Interest revenue	7,871	2,130	115,270
Other revenues	2,189,470	-	-
Total revenues	13,864,367	4,141,225	115,270
EXPENDITURES			
Current:			
General government	2,724,142	-	-
Judicial	247,241	-	-
Public safety	7,179,538	-	-
Public works	2,302,558	-	-
Health and welfare	246,258	-	-
Culture and recreation	138,715	-	-
Housing and development	314,437	-	-
Capital outlay	-	3,876,462	627,780
Debt service:			
Principal	-	-	-
Interest	-	-	128,433
Total expenditures	13,152,889	3,876,462	756,213
Excess (deficiency) of revenues over (under) expenditures	711,478	264,763	(640,943)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	151,604
Transfers out	(151,604)	-	-
Total other financing sources (uses)	(151,604)	-	151,604
Net change in fund balances	559,874	264,763	(489,339)
Fund balances, beginning of year	6,418,939	5,422,778	3,737,589
Fund balances, end of year	$ 6,978,813	$ 5,687,541	$ 3,248,250

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,436,583	$ 8,555,929
-	2,865,056
-	293,842
-	506,301
138,874	4,362,090
7,712	806,072
2,093	127,364
142,500	2,331,970
1,727,762	19,848,624
151,877	2,876,019
-	247,241
31,749	7,211,287
219,869	2,522,427
-	246,258
609,084	747,799
-	314,437
-	4,504,242
136,413	136,413
5,317	133,750
1,154,309	18,939,873
573,453	908,751
-	151,604
-	(151,604)
-	-
573,453	908,751
2,053,194	17,632,500
$ 2,626,647	$ 18,541,251

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, 2018

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	908,751
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		3,267,045
Total depreciation		(1,530,714)
The net effect of various miscellaneous transactions (i.e., sales and donations) is to increase net position.		2,834,829
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		58,230
Internal service funds are used by management to charge the costs of certain functions to individual funds. The net loss of certain activities in the internal service funds is reported with governmental activities.		(2,651,235)
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		136,413
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		3,454
Net pension liability and related deferred inflows and outflows of resources		(662,513)
	$	2,364,260

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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 3,783,000	$ 3,783,000	$ 3,632,416	$ (150,584)
Sales taxes	2,800,000	2,800,000	2,865,056	65,056
Franchise taxes	1,280,000	1,280,000	1,196,699	(83,301)
Other taxes	2,387,000	2,387,000	2,269,577	(117,423)
Penalties and interest - delinquent taxes	30,000	30,000	20,654	(9,346)
Licenses and permits	281,600	281,600	506,301	224,701
Intergovernmental	42,000	42,000	84,121	42,121
Charges for services	274,500	239,500	293,842	54,342
Fines and forfeitures	762,600	762,600	798,360	35,760
Interest revenue	10,000	10,000	7,871	(2,129)
Other revenues	2,053,104	4,033,264	2,189,470	(1,843,794)
Total revenues	13,703,804	15,648,964	13,864,367	(1,784,597)
EXPENDITURES:				
Current:				
General government:				
City Council	81,624	81,624	91,085	(9,461)
General administration	2,823,911	2,644,036	2,633,057	10,979
Total general government	2,905,535	2,725,660	2,724,142	1,518
Municipal court	299,024	299,024	247,241	51,783
Public safety:				
Police	4,535,993	4,735,968	4,505,874	230,094
Fire	2,603,605	2,603,605	2,673,664	(70,059)
Total public safety	7,139,598	7,339,573	7,179,538	160,035
Public works:				
Highways and streets	1,929,016	1,991,887	2,028,451	(36,564)
Cemetery	269,288	269,288	274,107	(4,819)
Total public works	2,198,304	2,261,175	2,302,558	(41,383)
Health and welfare:				
Senior citizens center	234,822	250,822	237,698	13,124
Nutrition program	16,000	-	8,560	(8,560)
Total health and welfare	250,822	250,822	246,258	4,564
Culture and recreation:				
Library	138,715	138,715	138,715	-
Housing and development:				
Code enforcement	368,018	368,018	314,437	53,581
Total expenditures	13,300,016	13,382,987	13,152,889	230,098
Excess of revenues over expenditures	403,788	2,265,977	711,478	(1,554,499)

(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, 2018

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
OTHER FINANCING USES				
Transfers out	$ (403,788)	$ (322,617)	$ (151,604)	$ 171,013
Total other financing uses	(403,788)	(322,617)	(151,604)	171,013
Net change in fund balances	-	1,943,360	559,874	(1,383,486)
Fund balances, beginning of year	6,418,939	6,418,939	6,418,939	-
Fund balances, end of year	$ 6,418,939	$ 8,362,299	$ 6,978,813	$ (1,383,486)

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

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	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	$ 6,414,114	$ 2,038,295	$ 3,360,341	$ 4,740,199	$ 190,892	$ 16,743,841	$ 411,727
Investments	-	-	-	7,387,027	-	7,387,027	-
Accounts receivable, net of allowances	403,521	375,934	408,448	350,727	-	1,538,630	9,102
Current portion - notes receivable	-	-	130,631	-	-	130,631	-
Inventories	-	-	-	-	-	-	421,160
Prepaid expenses	-	-	-	-	-	-	414,861
Total current assets	6,817,635	2,414,229	3,899,420	12,477,953	190,892	25,800,129	1,256,850
NONCURRENT ASSETS							
Advances to other funds	-	-	-	-	-	-	1,449
Notes receivable, net of current portion	-	-	231,160	-	-	231,160	-
Capital assets:							
Nondepreciable	121,741	394,985	102,302	184,526	25,000	828,554	-
Depreciable, net of accumulated depreciation	10,606,221	15,143,666	3,479,050	2,281,149	398,500	31,908,586	-
Total noncurrent assets	10,727,962	15,538,651	3,812,512	2,465,675	423,500	32,968,300	1,449
Total assets	17,545,597	17,952,880	7,711,932	14,943,628	614,392	58,768,429	1,258,299
DEFERRED OUTFLOWS OF RESOURCES							
Pension experience differences	83,627	82,247	84,596	105,374	423	356,267	22,602
Net pension liability	115,786	113,876	117,128	145,896	586	493,272	31,294
Pension investment return	69,578	68,430	70,385	87,672	352	296,417	18,805
Total deferred outflows of resources	268,991	264,553	272,109	338,942	1,361	1,145,956	72,701

(Continued)

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	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
CURRENT LIABILITIES							
Accounts payable	41,091	37,361	183,037	115,524	1,112	378,125	4,382
Accrued liabilities	-	-	-	6,183	467	6,650	2,919
Accrued interest	-	-	10,247	-	-	10,247	-
Current portion - compensated absences	-	-	-	1,240	-	1,240	517
Current portion - notes payable	-	-	139,811	-	-	139,811	-
Customer deposits payable	423,803	330,809	210,601	65,516	-	1,030,729	-
Total current liabilities	464,894	368,170	543,696	188,463	1,579	1,566,802	7,818
NONCURRENT LIABILITIES							
Compensated absences, net of current portion	-	-	-	23,561	-	23,561	9,816
Notes payable, net of current portion	-	-	536,552	-	-	536,552	-
Revenue bonds payable, net of current portion	-	1,660,000	-	-	-	1,660,000	-
Landfill closure/post-closure care costs	-	-	-	5,209,069	-	5,209,069	-
Net pension liability	757,285	744,792	766,063	954,214	3,831	3,226,185	204,675
Total noncurrent liabilities	757,285	2,404,792	1,302,615	6,186,844	3,831	10,655,367	214,491
Total liabilities	1,222,179	2,772,962	1,846,311	6,375,307	5,410	12,222,169	222,309
DEFERRED INFLOWS OF RESOURCES							
Pension experience differences	118,288	116,337	119,659	149,048	191	503,523	31,970
Pension assumption changes	37,815	37,191	38,253	47,648	598	161,505	10,220
Total deferred inflows of resources	156,103	153,528	157,912	196,696	789	665,028	42,190
NET POSITION							
Net investment in capital assets	10,727,962	13,878,651	2,904,989	2,465,675	423,500	30,400,777	-
Unrestricted	5,708,344	1,412,292	3,074,829	6,244,892	186,054	16,626,411	1,066,501
Total net position	$ 16,436,306	$ 15,290,943	$ 5,979,818	$ 8,710,567	$ 609,554	$ 47,027,188	$ 1,066,501

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, 2018

	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	$ 3,292,255	$ 3,602,594	$ 4,304,428	$ 3,102,974	$ 27,208	$ 14,329,459	$ 869,511
Penalties and fines	137,803	78,633	38,419	62,208	-	317,063	-
Miscellaneous	180,608	123,628	392,457	187,037	-	883,730	-
Total operating revenues	3,610,666	3,804,855	4,735,304	3,352,219	27,208	15,530,252	869,511
OPERATING EXPENSES							
Personnel services	-	61,683	88,046	347,488	29,004	526,221	80,706
Cost of gas sold	-	-	2,236,162	-	-	2,236,162	-
Contract services	1,326,608	2,175,096	585,360	1,092,385	-	5,179,449	-
Utilities	381,063	190,329	16,356	10,272	14,349	612,369	1,765
Equipment repairs and maintenance	-	441	4,814	128,347	1,405	135,007	93,250
System repairs and maintenance	-	102,077	400	-	-	102,477	-
Landfill expenses	-	-	-	3,402,404	-	3,402,404	-
Supplies	-	-	4,455	25,031	5,442	34,928	89,192
Insurance	35,125	32,195	20,587	42,698	2,551	133,156	-
Gas, oil, and grease	19,007	61,318	-	47,634	-	127,959	-
Professional services	161	155	48	17,437	10,489	28,290	-
Depreciation	591,265	585,753	136,246	271,857	8,557	1,593,678	-
Postage	12,352	8,864	2,685	200	-	24,101	-
Marketing	-	-	56,484	3,050	30	59,564	-
Administrative and clerical	656,751	584,209	580,571	411,246	-	2,232,777	-
Miscellaneous	150	4,846	111	47,275	-	52,382	50,757
Total operating expenses	3,022,482	3,806,966	3,732,325	5,847,324	71,827	16,480,924	315,670
Operating income (loss)	588,184	(2,111)	1,002,979	(2,495,105)	(44,619)	(950,672)	553,841
NON-OPERATING INCOME (EXPENSES)							
Investment earnings	2,280	1,535	17,017	-	-	20,832	434
Interest expense	-	(44,522)	(17,565)	-	-	(62,087)	-
Gain on sale of capital assets	-	-	-	1,058	-	1,058	-
Loss on disposal of capital assets	-	-	-	-	-	-	(3,205,510)
Total non-operating income (expenses)	2,280	(42,987)	(548)	1,058	-	(40,197)	(3,205,076)
Income (loss) before contributions	590,464	(45,098)	1,002,431	(2,494,047)	(44,619)	(990,869)	(2,651,235)
CAPITAL CONTRIBUTIONS	226,148	93,140	-	82,500	128,851	530,639	-
Change in net position	816,612	48,042	1,002,431	(2,411,547)	84,232	(460,230)	(2,651,235)
NET POSITION, beginning of year	15,619,694	15,242,901	4,977,387	11,122,114	525,322	47,487,418	3,717,736
NET POSITION, end of year	$ 16,436,306	$ 15,290,943	$ 5,979,818	$ 8,710,567	$ 609,554	$ 47,027,188	$ 1,066,501

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, 2018

	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	$ 3,468,654	$ 3,703,567	$ 4,505,838	$ 3,168,648	$ 27,208	$ 14,873,915	$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,843,118
Payments to suppliers	(2,498,469)	(3,149,632)	(3,339,485)	(1,896,612)	(42,762)	(10,926,960)	(587,137)
Payments to employees	-	(152,208)	(156,555)	(481,351)	(29,471)	(819,585)	(1,374,122)
Net cash provided by (used in) operating activities	970,185	401,727	1,009,798	790,685	(45,025)	3,127,370	(118,141)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(122,216)	-	(71,401)	-	-	(193,617)	-
Proceeds from the sale of capital assets	-	-	-	1,058	-	1,058	-
Principal paid on notes payable	-	-	(136,856)	-	-	(136,856)	-
Principal paid on revenue bonds payable	-	(310,000)	-	-	-	(310,000)	-
Interest paid	-	(44,522)	(17,565)	-	-	(62,087)	(1)
Net cash provided by (used in) capital and related financing activities	(122,216)	(354,522)	(225,822)	1,058	-	(701,502)	(1)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of certificate of deposit	-	-	-	(36,397)	-	(36,397)	-
Principal received on notes receivable	-	-	95,129	-	-	95,129	-
Interest received	2,280	1,535	17,017	-	-	20,832	434
Net cash provided by (used in) investing activities	2,280	1,535	112,146	(36,397)	-	79,564	434
Increase (decrease) in cash and cash equivalents	850,249	48,740	896,122	755,346	(45,025)	2,505,432	(117,708)
Cash and cash equivalents:							
Beginning of year	5,563,865	1,989,555	2,464,219	3,984,853	235,917	14,238,409	529,435
End of year	$ 6,414,114	$ 2,038,295	$ 3,360,341	$ 4,740,199	$ 190,892	$ 16,743,841	$ 411,727

(Continued)

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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)	$ 588,184	$ (2,111)	$ 1,002,979	$ (2,495,105)	(44,619)	$ (950,672)	$ 553,841
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	591,265	585,753	136,246	271,857	8,557	1,593,678	-
Changes in assets and liabilities:							
Decrease (increase) in accounts receivable	36,657	77,974	(51,794)	(26,791)	-	36,046	(9,082)
Increase in inventories	-	-	-	-	-	-	(311,580)
Decrease in prepaid items	-	-	-	-	-	-	60,283
Decrease in due from other funds	-	-	-	5,452	-	5,452	982,689
Decrease (increase) in deferred outflows of resources	(6,445)	863	(8,127)	6,578	(1,361)	(8,492)	431,041
Increase (decrease) in accounts payable	4,811	9,898	168,548	13,348	(8,496)	188,109	(100,876)
Decrease in accrued liabilities	-	-	-	(13,846)	(3,726)	(17,572)	(92,928)
Increase (decrease) increase in customer deposits	6,515	7,515	8,580	(832)	-	21,778	-
Increase in landfill closure/post-closure care costs	-	-	-	3,328,921	-	3,328,921	-
Decrease in due to other funds	(185,184)	(186,777)	(186,252)	(161,400)	-	(719,613)	-
Increase (decrease) in net pension liability	(45,448)	(66,716)	(41,057)	(102,211)	3,831	(251,601)	(1,335,508)
Increase (decrease) in deferred inflows of resources	(20,170)	(24,672)	(19,325)	(35,286)	789	(98,664)	(296,021)
Net cash provided by (used in) operating activities	$ 970,185	$ 401,727	$ 1,009,798	$ 790,685	(45,025)	$ 3,127,370	$ (118,141)
Noncash capital and related financing activities:							
Contributions of capital assets from SPLOST Fund	$ 226,148	$ 93,140	$ -	$ 82,500	$ 128,851	$ 530,639	$ -
Unrealized loss on investments	-	-	-	(11,080)	-	(11,080)	-
Net noncash capital and related financing activities	$ 226,148	$ 93,140	$ -	$ 71,420	$ 128,851	$ 519,559	$ -

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, 2018

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 2,495,390
Investments at fair value:	
Treasury and agency securities	2,608,948
Domestic common stocks	12,446,066
Municipal obligations	1,108,680
Domestic corporate bonds	3,899,199
Asset backed securities	1,989,086
Certificates of deposit	240,648
Total assets	24,788,017
LIABILITIES	
Accounts payable	27,328
Total liabilities	27,328
NET POSITION	
Restricted for pension benefits	$ 24,760,689

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, 2018

	Pension Trust Fund
Additions	
Contributions:	
Employer	$ 2,770,560
Employee	96,992
	2,867,552
Investment income:	
Net appreciation in fair value of investments	1,009,492
Interest and dividends	566,616
	1,576,108
Total additions	4,443,660
Deductions	
Administrative expenses	177,027
Retiree benefits	2,492,095
Total deductions	2,669,122
Net increase	1,774,538
Net position held in trust for benefits:	
Beginning of year	22,986,151
End of year	$ 24,760,689

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, 2018, the Grant Fund reported a deficit fund balance of $30,912. 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 acquisition value.

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, 2018, 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, 2018, 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, 2018, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	32,103,107
Investments		11,078,828
Amounts as presented on the fiduciary statement of net position:		
Cash and cash equivalents - Pension Trust Fund		2,495,390
Investments - Pension Trust Fund		22,292,627
Total	$	67,969,952

Cash deposited with financial institutions	$	34,598,497
Cash deposited with Georgia Fund 1		242,839
Certificate of deposit		980,740
Investment in the Municipal Competitive Trust		3,448,962
Investments in U.S. government securities		5,765,629
Investments in municipal bonds		2,961,332
Investments in domestic corporate bonds		3,899,199
Investments in asset backed securities		3,626,688
Investments in equity securities		12,446,066
Total	$	67,969,952

Total deposits and investments of the Downtown Development Authority (component unit) as of June 30, 2018, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:		
Cash and cash equivalents	$	979,927
Investments		613,617
Total	$	1,593,544

Cash deposited with financial institutions	$	979,927
Certificates of deposit (maturity less than one year)		613,617
Total	$	1,593,544

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

At June 30, 2018, 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	$ 242,839	$ 242,839	$ -	$ -	$ -	$ -	$ -
Certificates of Deposit		980,740	249,160	731,580	-	-	-	-
Common stock		12,446,066	-	-	-	-	-	-
U.S. Government securities	AA+	2,677,818	-	740,788	1,710,525	226,505	-	-
U.S. Government securities	AAA	3,087,811	423,068	1,940,333	724,410	-	-	-
Municipal bonds	AA-	547,860	-	258,870	288,990	-	-	-
Municipal bonds	AA	1,109,451	60,797	312,301	736,353	-	-	-
Municipal bonds	AA+	795,306	-	271,554	523,752	-	-	-
Municipal bonds	AAA	508,715	-	-	508,715	-	-	-
Corporate bonds	A-	1,246,963	249,170	997,793	-	-	-	-
Corporate bonds	A+	477,288	-	190,632	286,656	-	-	-
Corporate bonds	AA+	463,319	463,319	-	-	-	-	-
Corporate bonds	AA-	228,396	-	228,396	-	-	-	-
Corporate bonds	BBB+	493,858	-	256,668	237,190	-	-	-
Corporate bonds	BBB	989,375	250,148	246,223	493,004	-	-	-
Mortgage backed securities	NR	3,626,688	-	-	117,986	163,467	938,078	2,407,157
Guaranteed investment contract	AA-	3,448,962	-	-	3,448,962	-	-	-
Total		$ 33,371,455	$ 1,938,501	$ 6,175,138	$ 9,076,543	$ 389,972	$ 938,078	$ 2,407,157

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, 2018:

Investment	Level 1	Level 2	Level 3	Fair Value
Government agencies	$ 3,087,811	$ 2,677,818	$ -	5,765,629
Municipal bonds	288,990	2,672,342	-	2,961,332
Certificates of deposit	-	980,740	-	980,740
Corporate securities	3,685,752	213,447	-	3,899,199
Equity securities	12,446,066	-	-	12,446,066
Asset backed funds	-	3,626,688	-	3,626,688
Total investments measured at fair value	$ 19,508,619	$ 10,171,035	$ -	29,679,654
Investments not subject to level disclosure:				
Georgia Fund 1				242,839
Investments recorded at cost:				
Guaranteed Investment Contract				3,448,962
				$ 33,371,455
Fair market hedging derivative:				
Interest rate swap agreement	$ -	$ 883,329	$ -	$ 883,329

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, 2018, 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, 2018, the City was not exposed to custodial credit risk for its investments.

NOTE 3. RECEIVABLES

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST V	Nonmajor Governmental	Internal Service
Receivables:				
Taxes	$ 100,293	$ 579,690	$ 105,426	$ -
Accounts	265,786	-	-	9,102
Intergovernmental	991,756	-	38,514	-
Gross receivables	1,357,835	579,690	143,940	9,102
Less: allowance for uncollectibles	(740,213)	-	-	-
Net total receivables	$ 617,622	$ 579,690	$ 143,940	$ 9,102

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Coll. and Disp.
Receivables:				
Accounts	$ 587,378	$ 601,788	$ 579,711	$ 852,513
Notes	-	-	361,791	-
Gross receivables	587,378	601,788	941,502	852,513
Less: allowance for uncollectibles	(183,857)	(225,854)	(171,263)	(501,786)
Net total receivables	$ 403,521	$ 375,934	$ 770,239	$ 350,727

Property taxes were levied on behalf of the City by Tift County on July 16, 2017, (Levy Date) based upon property values assessed as of January 1. The billings were mailed August 15, 2017, and were payable on or before November 15, 2017, for the calendar year 2017 tax. If unpaid by November 15, 2017, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes levied for 2017 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2018, and expected to be collected by August 31, 2018, are recognized as revenues for the year ended June 30, 2018. Net receivables estimated to be collectible subsequent to August 31, 2018, 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 2017 for the City's operations was 9.731 mills (mill equals $1 per thousand dollars of assessed value).

At June 30, 2018, the Downtown Development Authority (component unit) has notes receivable totaling $400,009 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 $353,104 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, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,522,664	$ 102,000	$ -	$ -	$ 2,624,664
Construction in progress	2,658,191	1,609,637	(370,682)	(3,828,326)	68,820
Total capital assets, not being depreciated	5,180,855	1,711,637	(370,682)	(3,828,326)	2,693,484
Capital assets, being depreciated:					
Buildings and improvements	10,309,047	48,417	-	519,308	10,876,772
Machinery and equipment	10,875,225	1,269,505	(397,409)	-	11,747,321
Infrastructure	33,169,201	237,486	-	3,309,018	36,715,705
Total capital assets, being depreciated	54,353,473	1,555,408	(397,409)	3,828,326	59,339,798
Less accumulated depreciation for:					
Buildings and improvements	(3,372,222)	(251,802)	-	-	(3,624,024)
Machinery and equipment	(9,482,328)	(453,935)	397,409	-	(9,538,854)
Infrastructure	(11,737,909)	(824,977)	-	-	(12,562,886)
Total accumulated depreciation	(24,592,459)	(1,530,714)	397,409	-	(25,725,764)
Total capital assets, being depreciated, net	29,761,014	24,694	-	3,828,326	33,614,034
Governmental activities capital assets, net	$ 34,941,869	$ 1,736,331	$ (370,682)	$ -	$ 36,307,518

NOTE 4. CAPITAL ASSETS (CONTINUED)

Internal service funds predominantly serve the governmental funds. In prior years, capital assets for the internal service fund were included as part of the totals for governmental activities. During the year ended June 30, 2018, the County transferred all capital assets accounted for in the internal service fund to the governmental activities capital assets. At year-end, the internal service fund had no capital assets.

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

Governmental activities:	
General government	$ 368,552
Public safety	312,620
Public works	844,773
Health and welfare	4,769
Total depreciation expense - governmental activities	$ 1,530,714

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 582,835	$ -	$ -	$ -	$ 582,835
Construction in progress	1,761,152	21,101	-	(1,536,534)	245,719
Total capital assets, not being depreciated	2,343,987	21,101	-	(1,536,534)	828,554
Capital assets, being depreciated:					
Landfill	6,823,694	82,500	-	-	6,906,194
Buildings and improvements	958,269	-	-	-	958,269
Distribution system	64,401,805	322,232	-	1,475,127	66,199,164
Machinery and equipment	10,529,778	298,423	(116,295)	61,407	10,773,313
Total capital assets, being depreciated	82,713,546	703,155	(116,295)	1,536,534	84,836,940
Less accumulated depreciation for:					
Landfill	(5,894,275)	(53,459)	-	-	(5,947,734)
Buildings and improvements	(613,936)	(24,664)	-	-	(638,600)
Distribution system	(36,236,667)	(1,235,210)	-	-	(37,471,877)
Machinery and equipment	(8,706,093)	(280,345)	116,295	-	(8,870,143)
Total accumulated depreciation	(51,450,971)	(1,593,678)	116,295	-	(52,928,354)
Total capital assets, being depreciated, net	31,262,575	(890,523)	-	1,536,534	31,908,586
Business-type activities capital assets, net	$ 33,606,562	$ (869,422)	$ -	$ -	$ 32,737,140

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

Business-type activities:	
Water	$ 591,265
Sewer	585,753
Gas	136,246
Solid waste collection and disposal	271,857
Tift Theatre	8,557
Total depreciation expense - business-type activities	$ 1,593,678

Capital asset activity for the Downtown Development Authority for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority:					
Capital assets, not being depreciated:					
Land	$ 250,583	$ 30,468	$ -	$ -	$ 281,051
Total capital assets, not being depreciated	250,583	30,468	-	-	281,051
Capital assets, being depreciated:					
Buildings and improvements	2,099,179	397,518	-	-	2,496,697
Furniture and equipment	42,893	-	-	-	42,893
Total capital assets, being depreciated	2,142,072	397,518	-	-	2,539,590
Less accumulated depreciation for:					
Buildings and improvements	(608,181)	(71,762)	-	-	(679,943)
Furniture and equipment	(4,889)	(3,537)	-	-	(8,426)
Total accumulated depreciation	(613,070)	(75,299)	-	-	(688,369)
Total capital assets, being depreciated, net	1,529,002	322,219	-	-	1,851,221
Downtown Development Authority capital assets, net	$ 1,779,585	$ 352,687	$ -	$ -	$ 2,132,272

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, 2018:

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, 2018, is $134,670.

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

Fiscal Year Payable	Total	Principal	Interest
2019	$ 136,475	$ 134,670	$ 1,805
	$ 136,475	$ 134,670	$ 1,805

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, 2018, is $473,233.

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, 2018, is $203,130.

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
2019	$ 154,420	$ 139,811	$ 14,609
2020	154,423	142,833	11,590
2021	154,421	145,917	8,504
2022	154,422	149,069	5,353
2023	100,866	98,733	2,133
	$ 718,552	$ 676,363	$ 42,189

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 $353,104 at June 30, 2018.

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

Fiscal Year Payable	Total	Principal	Interest
2019	$ 66,733	$ 50,512	$ 16,221
2020	66,733	53,070	13,663
2021	66,733	55,757	10,976
2022	66,734	58,581	8,153
2023	66,733	61,547	5,186
2024 and 2025	75,737	73,637	2,100
	$ 409,403	$ 353,104	$ 56,299

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, 2018, was $1,660,000. Total interest costs incurred during the fiscal year ended June 30, 2018, were $44,522.

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

Fiscal Year Payable	Total	Principal	Interest
2019	$ 18,847	$ -	$ 18,847
2020	349,117	315,000	34,117
2021	351,851	325,000	26,851
2022	349,414	330,000	19,414
2023	351,807	340,000	11,807
2024 and 2025	355,790	350,000	5,790
	$ 1,776,826	$ 1,660,000	$ 116,826

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, 2018, the floating rate being paid by the City is 1.82%, and the market value of this agreement is $883,329, a decrease of $272,140 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, 2018 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
2019	$ 211,090	$ -	$ 211,090
2020	211,090	-	211,090
2021	211,090	-	211,090
2022	211,090	-	211,090
2023	211,090	-	211,090
2024 - 2028	5,499,450	4,444,000	1,055,450
	$ 6,554,900	$ 4,444,000	$ 2,110,900

Closure/Post-closure 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 Post-closure 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 post-closure care costs, recorded in the Solid Waste Collection and Disposal Fund statement of net position is $790,005.

Omega/Eldorado Road MSW Landfill Phase 3

The City began operations at this site in July 2008. Although closure and post-closure 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 post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post-closure care liability at June 30, 2018 of $4,419,064, 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 post-closure care of $6,306,396 as the remaining estimated capacity is filled.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Closure/Post-closure Care Costs (Continued)

These amounts are based on what it would cost to perform all closure and post-closure care in 2018. 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, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 271,083	$ -	$ (136,413)	$ 134,670	$ 134,670
Certificates of participation	4,444,000	-	-	4,444,000	-
Net pension liability	10,351,882	1,209,318	(1,335,508)	10,225,692	-
Compensated absences	404,517	138,984	(216,543)	326,958	16,348
Governmental activity Long-term liabilities	$ 15,471,482	$ 1,348,302	$ (1,688,464)	$ 15,131,320	$ 151,018
Business-type activities:					
Notes payable	$ 813,219	$ -	$ (136,856)	$ 676,363	$ 139,811
Bonds payable	1,970,000	-	(310,000)	1,660,000	-
Net pension liability	3,477,786	3,831	(255,432)	3,226,185	-
Compensated absences	29,181	7,993	(12,373)	24,801	1,240
Landfill closure/post-closure	1,880,148	3,328,921	-	5,209,069	-
Business-type activity Long-term liabilities	$ 8,170,334	$ 3,340,745	$ (714,661)	$ 10,796,418	$ 141,051
Downtown Development Authority:					
Notes payable	$ 576,765	$ -	$ (223,661)	$ 353,104	$ 50,512
Net pension liability	27,306	997	-	28,303	-
Component unit Long-term liabilities	$ 604,071	$ 997	$ (223,661)	$ 381,407	$ 50,512

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, $10,333 of the Service Fund's compensated absences and $204,675 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, 2017, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	172
Inactive plan members entitled to but not receiving benefits	84
Active plan members	119
Total	375

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 ten 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, 2018, the City's contribution rate was 63.1% 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures performed by the actuary to roll forward to the total pension liability as of June 30, 2018.

Actuarial assumptions. The total pension liability in the June 30, 2018 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, 2018, 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, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 36,843,125	$ 22,986,151	$ 13,856,974
Changes for the year:			
Service cost	439,603	-	439,603
Interest	2,408,111	1,549,811	858,300
Differences between expected and actual experience	1,801,367	-	1,801,367
Contributions - employer	-	2,543,429	(2,543,429)
Contributions - employee	-	324,123	(324,123)
Net investment income	-	(141,045)	141,045
Benefit payments, including refunds of employee contributions	(2,492,093)	(2,492,093)	-
Administrative expense	-	(9,687)	9,687
Changes in benefit terms	3,280	-	3,280
Assumption changes	(762,524)	-	(762,524)
Net changes	1,397,744	1,774,538	(376,794)
Balances at June 30, 2018	$ 38,240,869	$ 24,760,689	$ 13,480,180

The Plan's fiduciary net position as a percentage of the total pension liability 64.75%

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	$ 17,884,864	$ 13,480,180	$ 9,815,838

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, 2018, 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, 2018, the City recognized pension expense of $1,646,410. At June 30, 2018, 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	$ 1,488,613	$ 2,106,098
Changes in assumptions	2,061,072	672,476
Net difference between projected and actual earnings on pension plan investments	1,238,539	159
Total	$ 4,788,224	$ 2,778,733

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 Ending June 30:	
2019	$ 822,896
2020	573,263
2021	548,709
2022	300,835
2023	155,540
Thereafter	(391,752)
Total	$ 2,009,491

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

Interfund transfers for the fiscal year ended June 30, 2018, consisted of the following:

	Transfer To
	Capital Projects Fund
Transfer From	
General	$ 151,604

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, 2018:

General Fund:	
City Council	$ 9,461
Fire	70,059
Highways and streets	36,564
Cemetery	4,819
Nutrition program	8,560

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, 2018, $1,436,583 of hotel/motel tax was collected. During the year, $434,418 was paid to the Tifton-Tift County Tourism Association, $69,122 was paid to the Downtown Development Authority, and $50,000 was paid to the Tift County Airport. The remainder of the funds totaling $883,043 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, 2018, 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, 2018, the City has contractual commitments on uncompleted contracts of approximately $235,173.

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 $2,227,830.

At June 30, 2018, the outstanding debt of MGAG was approximately $207,220,000. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $2,824,741 at June 30, 2018.

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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability					
Service cost	**$ 439,603**	$ 443,294	$ 454,712	$ 628,470	$ -
Interest on total pension liability	**2,408,111**	2,493,963	2,577,951	2,535,128	2,129,173
Changes of benefit terms	**3,280**	(37,153)	-	-	5,538,967
Differences between expected and actual experience	**1,801,367**	(1,516,773)	(1,973,536)	17,857	335,746
Changes of assumptions	**(762,524)**	(244,220)	-	-	4,230,628
Benefit payments, including refunds of employee contributions	**(2,492,093)**	(2,354,581)	(2,257,531)	(2,342,637)	(2,237,177)
Net change in total pension liability	**1,397,744**	(1,215,470)	(1,198,404)	838,818	9,997,337
Total pension liability - beginning	**36,843,125**	38,058,595	39,256,999	38,418,181	28,420,844
Total pension liability - ending	**$ 38,240,869**	$ 36,843,125	$ 38,058,595	$ 39,256,999	$ 38,418,181
Plan fiduciary net position					
Contributions - employer	**$ 2,543,429**	$ 2,774,416	$ 2,770,560	$ 3,651,868	$ 1,889,252
Contributions - employee	**324,123**	104,324	80,121	37,730	-
Net investment income (loss)	**1,408,766**	1,184,694	(24,420)	(154,293)	2,179,770
Benefit payments, including refunds of employee contributions	**(2,492,093)**	(2,354,581)	(2,257,531)	(2,201,840)	(2,117,590)
Administrative expenses	**(9,687)**	(19,882)	(166,118)	(177,347)	-
Net change in plan fiduciary net position	**1,774,538**	1,688,971	402,612	1,156,118	1,951,432
Plan fiduciary net position - beginning	**22,986,151**	21,297,180	20,894,568	19,738,450	17,787,018
Plan fiduciary net position - ending	**$ 24,760,689**	$ 22,986,151	$ 21,297,180	$ 20,894,568	$ 19,738,450
City's net pension liability - ending	**$ 13,480,180**	$ 13,856,974	$ 16,761,415	$ 18,362,431	$ 18,679,731
Plan fiduciary net position as a percentage of the total pension liability	**64.7%**	62.4%	56.0%	53.2%	51.4%
Covered-employee payroll	**$ 4,027,933**	$ 3,944,091	$ 3,989,842	$ 5,315,072	$ 5,315,072
City's net pension liability as a percentage of covered-employee payroll	**334.7%**	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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	**$ 2,349,696**	$ 2,269,040	$ 2,768,028	$ 1,764,217	$ 1,766,335
Contributions in relation to the actuarially determined contribution	**2,543,429**	2,774,416	2,770,560	3,651,868	1,889,251
Contribution deficiency (excess)	**$ (193,733)**	$ (505,376)	$ (2,532)	$ (1,887,651)	$ (122,916)
Covered-employee payroll	**$ 4,027,933**	$ 3,944,091	$ 3,989,842	$ 5,315,072	$ 5,315,072
Contributions as a percentage of covered employee payroll	**63.1%**	70.3%	69.4%	68.7%	35.5%

Notes to the Schedule

Valuation date	June 30, 2017
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

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 PENSION INVESTMENT RETURNS

	June 30, 2018	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.	**7.72%**	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, 2018

	Special Revenue Funds				Capital Projects Funds		
ASSETS	**Community Development Revolving Loan Fund**	**Hotel/Motel Tax Fund**	**Grant Fund**	**Confiscated Assets Fund**	**CDBG Grant Fund**	**SPLOST Fund**	**Total**
Cash and cash equivalents	$ 26,420	$ 1,235,381	$ 49,645	$ 27,130	$ 10,543	$ 1,156,966	$ 2,506,085
Taxes receivable	-	105,426	-	-	-	-	105,426
Due from other governments	-	-	38,514	-	-	-	38,514
Due from component unit	179,344	-	-	-	-	-	179,344
Total assets	$ 205,764	$ 1,340,807	$ 88,159	$ 27,130	$ 10,543	$ 1,156,966	$ 2,829,369
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 83,651	$ 13,988	$ -	$ -	$ -	$ 97,639
Advances from other funds	-	-	30,000	-	-	-	30,000
Total liabilities	-	83,651	43,988	-	-	-	127,639
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - grants	-	-	75,083	-	-	-	75,083
Total deferred inflows of resources	-	-	75,083	-	-	-	75,083
FUND BALANCES (DEFICIT)							
Restricted for:							
Capital outlay	-	-	-	-	-	1,156,966	1,156,966
Housing and development	205,764	-	-	-	10,543	-	216,307
Tourism	-	1,257,156	-	-	-	-	1,257,156
Public safety	-	-	-	27,130	-	-	27,130
Unassigned	-	-	(30,912)	-	-	-	(30,912)
Total fund balances (deficits)	205,764	1,257,156	(30,912)	27,130	10,543	1,156,966	2,626,647
Total liabilities, deferred inflows of resources, and fund balances	$ 205,764	$ 1,340,807	$ 88,159	$ 27,130	$ 10,543	$ 1,156,966	$ 2,829,369

CITY OF TIFTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	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	$ -	$ 1,436,583	$ -	$ -	$ -	$ -	$ 1,436,583
Intergovernmental	-	-	133,873	-	5,001	-	138,874
Interest revenue	-	361	-	-	-	1,732	2,093
Fines and forfeitures	-	-	-	7,712	-	-	7,712
Other revenues	-	142,500	-	-	-		142,500
Total revenues	-	1,579,444	133,873	7,712	5,001	1,732	1,727,762
Expenditures:							
Current:							
General government	-	-	134,234	-	17,643	-	151,877
Public safety	-	-	15,755	15,994	-	-	31,749
Public works	-	-	688	-	-	219,181	219,869
Culture and recreation	-	604,084	-	-	5,000	-	609,084
Debt service:							
Principal	-	136,413	-	-	-	-	136,413
Interest	-	5,317	-	-	-	-	5,317
Total expenditures	-	745,814	150,677	15,994	22,643	219,181	1,154,309
Excess (deficiency) of revenues over (under) expenditures	-	833,630	(16,804)	(8,282)	(17,642)	(217,449)	573,453
Net change in fund balances	-	833,630	(16,804)	(8,282)	(17,642)	(217,449)	573,453
Fund balances (deficits), beginning of year	205,764	423,526	(14,108)	35,412	28,185	1,374,415	2,053,194
Fund balances (deficits), end of year	$ 205,764	$ 1,257,156	$ (30,912)	$ 27,130	$ 10,543	$ 1,156,966	$ 2,626,647

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	136,681	2,186,723
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	82,500	665,275
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	$ 219,181	$ 21,454,778

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	109,186	68,820	178,006
Road, street, bridge projects, drainage and parking	8,800,000	8,800,000	2,268,322	2,162,407	4,430,729
Technology equipment and upgrades	1,500,000	1,500,000	379,650	152,547	532,197
Water and sewer system capital outlay and improvements	7,600,000	7,600,000	2,120,226	378,309	2,498,535
Fire Department capital outlay and facilities upgrades	1,600,000	1,600,000	5,900	327,218	333,118
	$ 24,500,000	$ 24,500,000	$ 9,383,284	$ 3,089,301	$ 12,472,585

Total per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 3,876,462
Expenditures funded by grant revenues and contributions	(787,161)
	$ 3,089,301

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 14, 2019.

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 deficiencies in internal control, described in the accompanying schedule of findings and responses as 2018 – 001 and 2018 – 002, that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Tifton, Georgia's 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
March 14, 2019

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018 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, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2018 – 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, 2018.

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 $20,489 was required to be recorded in the Grant Fund as of June 30, 2018. An audit adjustment to increase revenues and accounts receivable in the amount of $557,608 was required to be recorded in the SPLOST V Fund as of June 30, 2018. An audit adjustment to increase revenues and accounts receivable in the amount of $111,660 was required to be recorded in the Water Revenue Fund as of June 30, 2018. An audit adjustment to increase revenues and accounts receivable in the amount of $58,987 was required to be recorded in the Sewer Revenue Fund as of June 30, 2018. Audit adjustments to increase accounts receivable in the amount of $78,569, decrease allowance for doubtful accounts in the amount of $53,424, and decrease revenues in the amount of $131,993 were required to be recorded in the Gas Revenue Fund as of June 30, 2018. An audit adjustment to increase revenues and accounts receivable in the amount of $133,158 was required to be recorded in the Solid Waste Collection and Disposal Fund as of June 30, 2018.

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.

2018 – 002. Software Conversion Issues

Criteria: Generally accepted accounting principles require assets, liabilities, revenues and expenditures to be recognized in the accounting period in which they become both measurable and available.

Condition: The City did not appropriately reconcile account balances involving accounts payable, interfund, or fund balance accounts during the fiscal year ended June 30, 2018. Accounts payable listings did not agree to the trial balance. Interfund transaction balances did not net to zero across funds. Fund balance amounts did not agree with the prior year financial statements. These issues resulted in adjusting journal entries in many of the City's individual funds.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018 – 002. Software Conversion Issues (Continued)

Context/Cause: The City underwent a major software conversion during the fiscal year ended June 30, 2018, resulting in significant accounting and reconciliation issues across City funds.

Effect: Significant time was spent working with City personnel to resolve these accounting and reconciliation issues, resulting in the following audit entries for the fiscal year 2018:

- General Fund - An audit adjustment to increase accounts payable in the amount of $62,072, decrease interfund payable in the amount of $260,786, decrease transfers out in the amount of $36,965, increase other income in the amount of $499,345, increase expenditures in the amount of $62,072, decrease fund balance in the amount of $226,164, and decrease cash in the amount of $24,570.
- Hotel Motel Tax Fund - An audit adjustment to increase miscellaneous income and interfund receivable in the amount of $135,000.
- SPLOST Fund - An audit adjustment to decrease interfund receivable in the amount of $34,181, increase expenditures in the amount of $36,681, and decrease accounts receivable in the amount of $2,500.
- SPLOST V Fund - An audit adjustment to decrease accounts payable in the amount of $712,924, increase interfund payable in the amount of $714,324, decrease fund balance in the amount of $10,850 and decrease expenditures in the amount of $9,450.
- CDBG Grant Fund - An audit adjustment to increase expenditures and interfund payable in the amount of $17,642.
- Capital Projects Fund - An audit adjustment to decrease accounts payable in the amount of $2,400, decrease expenditures in the amount of $2,073, increase fund balance in the amount of $610,389, and increase investments in the amount of $610,062.
- Water Revenue Fund - An audit adjustment to increase accounts payable in the amount of $68,550, decrease interfund payable in the amount of $160,249, increase other income in the amount of $160,249, and increase expenditures in the amount of $68,550.
- Sewer Revenue Fund - An audit adjustment to decrease accounts payable in the amount of $71,109, decrease interfund payable in the amount of $140,267, increase other income in the amount of $178,835, and decrease expenditures in the amount of $32,541.
- Gas Revenue Fund - An audit adjustment to increase accounts payable in the amount of $4,126, decrease interfund payable in the amount of $145,088, decrease fund balance in the amount of $725, and decrease expenditures in the amount of $141,687.
- Solid Waste Collection and Disposal Fund - An audit adjustment to decrease accounts payable in the amount of $24,471, decrease interfund payable in the amount of $174,458, decrease accounts receivable in the amount of $1,800, increase other income in the amount of $172,658, and decrease expenditures in the amount of $24,471.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2018 – 002. Software Conversion Issues (Continued)

Effect (Continued)

- Tift Theatre Fund - An audit adjustment to decrease expenditures and interfund payables in the amount of $5,879.
- Pension Trust Fund - An audit adjustment to decrease accounts payable in the amount of $3,356, decrease interfund payable in the amount of $23,420, increase unrealized gain in the amount of $1,774,539, decrease fund balance in the amount of $1,774,539, and decrease expenditures in the amount of $26,776.
- Internal Service Fund - Audit adjustments to increase accounts payable in the amount of $46,979, increase expenditures in the amount of $795,964, and decrease interfund receivables in the amount of $748,985.

Recommendation: We recommend the City work with the software company to reconcile the above mentioned audit areas as needed.

Views of Responsible Officials and Planned Corrective Action: We concur. We will take appropriate measures to ensure account balances are correctly reconciled.

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, 2018

STATUS OF PRIOR YEAR AUDIT FINDINGS

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.

Audit Response/Status: Unresolved. See current year finding number 2018-001.