CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

Prepared by:
Tifton Finance Department

CITY OF TIFTON, GEORGIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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CITY OF TIFTON, GEORGIA

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council
City of Tifton, Georgia
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, 2020, and the related notes to financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison 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), the Schedule of Changes in Net Pension Liability and Related Ratios (on page 70), and the Schedule Contributions (on page 71) 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 24, 2021, 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 24, 2021

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

As management of the City of Tifton, Georgia (the "City"), 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, 2020. 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's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2020, by $99.5 million (reported as net position). Of this amount, $22.7 million (reported as unrestricted net position) is reported as an increase of $6.9 million.

- As of June 30, 2020, the City's governmental funds reported combined ending fund balance of $22.5 million. Approximately 41% of this total amount, $9.2 million, is unassigned fund balance in the General Fund and may be used to meet the City's ongoing obligations to citizens and creditors.

  Total net position is comprised of the following:

  - Investment in capital assets, net of related debt, is $62.9 million and includes property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items).

  - Net position of $13.9 million is restricted by constraints imposed from outside the City such as laws and regulations or debt covenants.

  - Unrestricted net position increased from $15.8 million in fiscal year 2019 to $22.7 million in fiscal year 2020.

- In the governmental activities, total assets in fiscal year 2020 increased by $928 thousand. Long-term liabilities increased from $10.1 million in 2019 to $11.2 million in 2020 (Refer to Note 5).

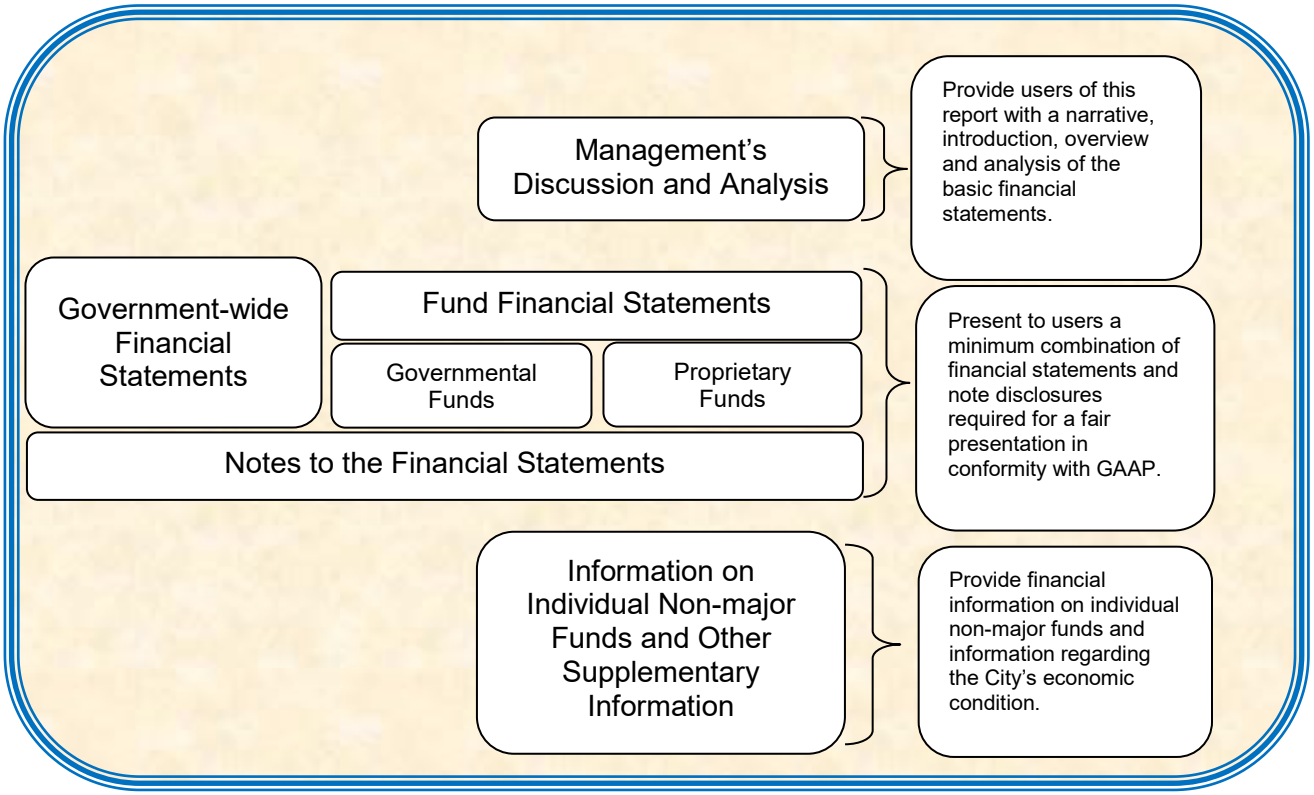
- Total revenues for governmental activities decreased from $20.2 million in 2019 to $19.8 million in 2020. Total revenues for business-type activities decreased from $17 million in 2019 to $15.8 million in 2020.

- Total expenses for governmental activities increased from $15.8 million in 2019 to $16.5 million in 2020, and total expenses for business-type activities decreased from $16.5 million in 2019 to $14.5 million in 2020.

- The total cost of all City programs decreased by $198 thousand.

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 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'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.

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 post-employment 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 ("SPLOST") proceeds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, and net assets of the City for fiscal years 2020 and 2019:

City of Tifton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	**2020**	2019	**2020**	2019
Current and other assets	**$ 25,968,034**	$ 25,302,858	**$ 31,348,661**	$ 28,840,024	**$ 57,316,695**	$ 54,142,882
Capital assets	**36,184,987**	35,922,687	**32,940,685**	32,859,552	**69,125,672**	68,782,239
Total assets	**62,153,021**	61,225,545	**64,289,346**	61,699,576	**126,442,367**	122,925,121
Deferred outflows of resources	**3,450,614**	2,978,621	**1,157,760**	1,012,372	**4,608,374**	3,990,993
Other liabilities	**686,021**	1,106,805	**3,143,874**	2,821,089	**3,829,895**	3,927,894
Long-term liabilities outstanding	**11,229,613**	10,100,988	**11,499,889**	10,775,563	**22,729,502**	20,876,551
Total liabilities	**11,915,634**	11,207,793	**14,643,763**	13,596,652	**26,559,397**	24,804,445
Deferred inflows of resources	**4,051,913**	5,707,643	**883,453**	1,549,456	**4,935,366**	7,257,099
Net position:						
Net investment in capital assets	**31,716,125**	34,997,449	**31,199,532**	30,974,980	**62,915,657**	65,972,429
Restricted	**13,907,016**	13,065,917	**-**	-	**13,907,016**	13,065,917
Unrestricted	**4,012,947**	(774,636)	**18,720,358**	16,590,860	**22,733,305**	15,816,224
Total net position	**$ 49,636,088**	$ 47,288,730	**$ 49,919,890**	$ 47,565,840	**$ 99,555,978**	$ 94,854,570

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% and 63% for fiscal year 2020 and 2019, 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 $841 thousand and restricted net position increased $6.9 million for fiscal year 2020. 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 2020 and 2019:

City of Tifton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	**2020**	2019	**2020**	2019
Revenues						
Program revenues:						
Charges for services	**$ 3,436,212**	$ 4,817,478	**$ 15,316,204**	$ 15,431,218	**$ 18,752,416**	$ 20,248,696
Operating grants and contributions	**142,376**	26,399	**-**	-	**142,376**	26,399
Capital grants and contributions	**3,850,896**	3,596,567	**-**	1,526,040	**3,850,896**	5,122,607
General revenues:						
Property taxes	**4,093,717**	3,704,500	**-**	-	**4,093,717**	3,704,500
Sales taxes	**3,135,874**	3,065,527	**-**	-	**3,135,874**	3,065,527
Insurance premium tax	**1,249,067**	1,175,613	**-**	-	**1,249,067**	1,175,613
Alcoholic beverage taxes	**517,489**	280,371	**-**	-	**517,489**	280,371
Hotel/motel taxes	**971,420**	1,139,474	**-**	-	**971,420**	1,139,474
Franchise taxes	**1,377,141**	1,072,095	**-**	-	**1,377,141**	1,072,095
Other taxes	**879,753**	1,186,311	**-**	-	**879,753**	1,186,311
Unrestricted investment earnings	**220,388**	189,181	**567,813**	96,515	**788,201**	285,696
Gain on sale of capital assets	**-**	-	**-**	24,321	**-**	24,321
Total revenues	**19,874,333**	20,253,516	**15,884,017**	17,078,094	**35,758,350**	37,331,610
Expenses						
General government	**4,095,856**	3,521,774	**-**	-	**4,095,856**	3,521,774
Judicial	**218,131**	160,033	**-**	-	**218,131**	160,033
Public safety	**6,760,171**	6,312,865	**-**	-	**6,760,171**	6,312,865
Public works	**3,668,645**	4,092,704	**-**	-	**3,668,645**	4,092,704
Health and welfare	**255,122**	240,953	**-**	-	**255,122**	240,953
Culture and recreation	**215,076**	674,600	**-**	-	**215,076**	674,600
Housing and development	**865,384**	647,206	**-**	-	**865,384**	647,206
Interest on long-term debt	**449,033**	165,259	**-**	-	**449,033**	165,259
Water	**-**	-	**2,817,314**	2,872,233	**2,817,314**	2,872,233
Sewer	**-**	-	**4,341,006**	3,933,351	**4,341,006**	3,933,351
Gas	**-**	-	**3,384,660**	3,969,322	**3,384,660**	3,969,322
Solid Waste	**-**	-	**3,765,652**	5,359,446	**3,765,652**	5,359,446
Tift Theatre	**-**	-	**220,892**	217,487	**220,892**	217,487
Total expenses	**16,527,418**	15,815,394	**14,529,524**	16,351,839	**31,056,942**	32,167,233
Change in net position before transfers	**3,346,915**	4,438,122	**1,354,493**	726,255	**4,701,408**	5,164,377
Transfers	**(999,557)**	187,603	**999,557**	(187,603)	**-**	-
Change in net position	**2,347,358**	4,625,725	**2,354,050**	538,652	**4,701,408**	5,164,377
Net position, beginning	**47,288,730**	42,663,005	**47,565,840**	47,027,188	**94,854,570**	89,690,193
Net position, ending	**$ 49,636,088**	$ 47,288,730	**$ 49,919,890**	$ 47,565,840	**$ 99,555,978**	$ 94,854,570

The City's total revenues decreased by $661 thousand in fiscal year 2020. Key elements of this decrease are as follows:

- Charges for services revenue decreased $1.3 million and hotel/motel decreased $168 thousand and other taxes decreased $306 thousand.

The total cost of all programs and services for fiscal year 2020 was $31.9 million compared to $32.1 million for fiscal year 2019. This change is primarily due to the operations. City-wide expenses and revenues cover a range of services with public safety comprising 21% of total expenses.

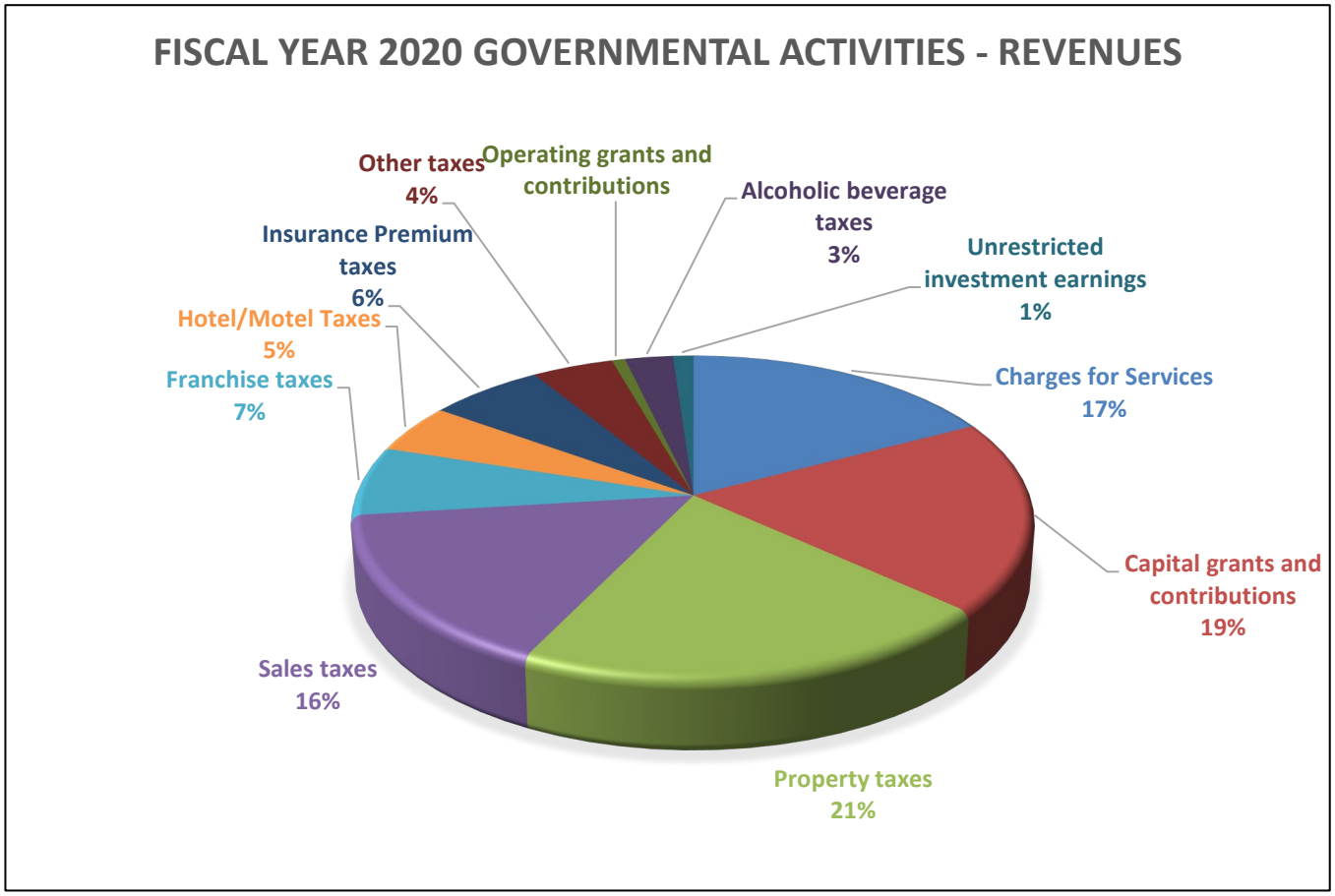
Governmental Activities

Total governmental activities revenues slightly decreased by $379 thousand. This decrease is mainly attributable to decrease in charges for services. There was a decrease in hotel/motel taxes and other taxes.

Charges for services and sales tax and insurance premium tax account for 39% of total governmental activities revenues. Property taxes and capital grants and contributions for another 21% and 19%, respectively.

The following charts depict revenues of the governmental activities for fiscal years 2020 and 2019, excluding transfers:

	2020	2019	Change
Revenues			
Charges for services	**$ 3,436,212**	$ 4,817,478	$ (1,381,266)
Capital grants and contributions	**3,850,896**	3,596,567	254,329
Property taxes	**4,093,717**	3,704,500	389,217
Sales taxes	**3,135,874**	3,065,527	70,347
Franchise taxes	**1,377,141**	1,072,095	305,046
Hotel/motel taxes	**971,420**	1,139,474	(168,054)
Insurance premium taxes	**1,249,067**	1,175,613	73,454
Other taxes	**879,753**	1,186,311	(306,558)
Operating grants and contributions	**142,376**	26,399	115,977
Alcoholic beverage taxes	**517,489**	280,371	237,118
Unrestricted investment earnings	**220,388**	189,181	31,207
Total governmental revenues	**$ 19,874,333**	$ 20,253,516	$ (379,183)

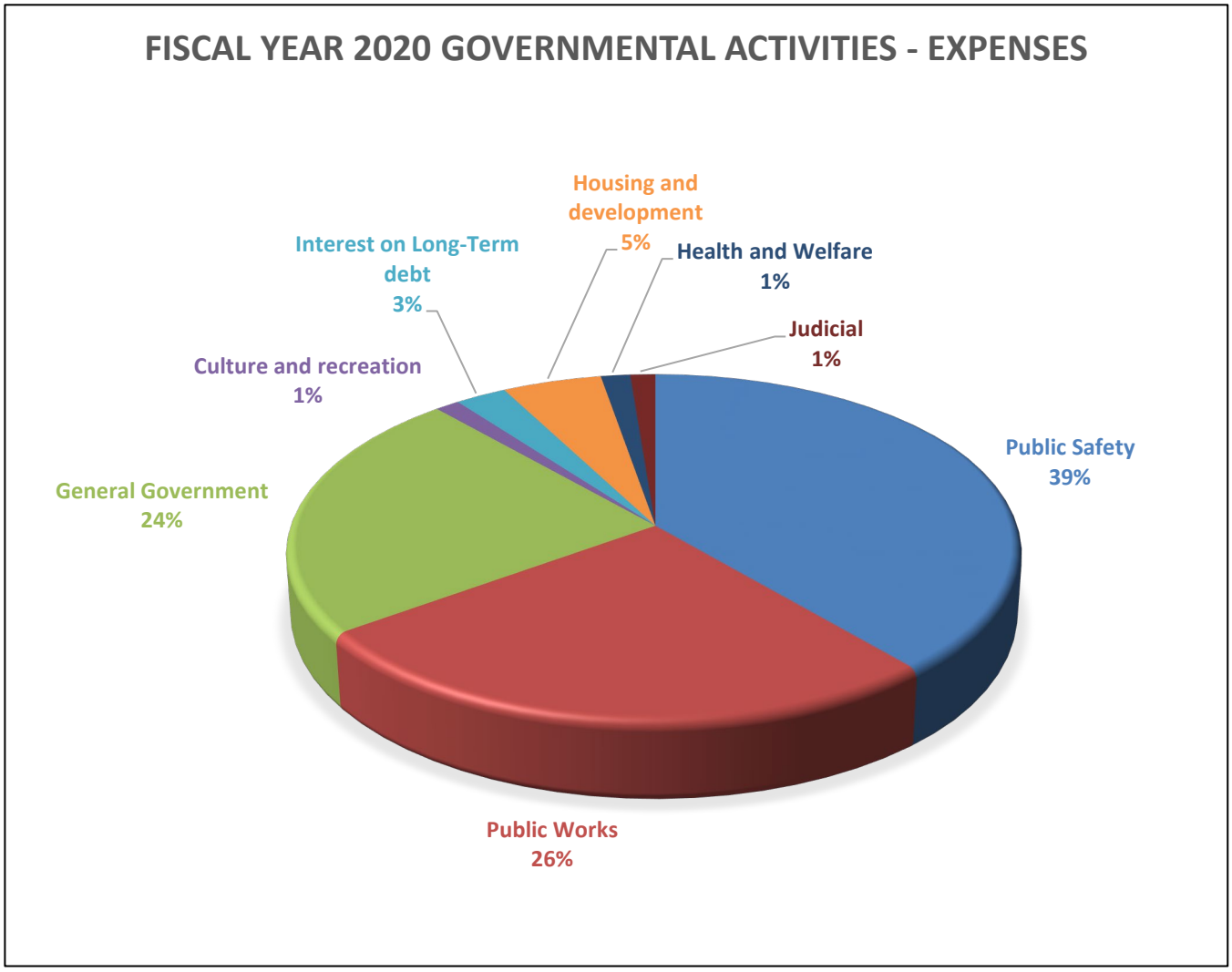


Total governmental activities expenditures increased by $1.6 million. This increase is mainly attributable to public safety and public works.

The most significant governmental expense for the City is providing public safety services such as fire, police and public works. This comprises 65% 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 26% of total governmental expenses.

The following charts depict expenses of the governmental activities for fiscal years 2020 and 2019:

	2020	2019	Change
Expenses			
Public safety	**$ 6,760,171**	$ 6,312,865	$ 447,306
Public works	**3,668,645**	4,092,704	(424,059)
General government	**4,095,856**	3,521,774	574,082
Culture and recreation	**215,076**	674,600	(459,524)
Interest on long-term debt	**449,033**	165,259	283,774
Housing and development	**865,384**	647,206	218,178
Health and welfare	**255,122**	240,953	14,169
Judicial	**218,131**	160,033	58,098
Total governmental revenues	**$ 16,527,418**	$ 15,815,394	$ 712,024

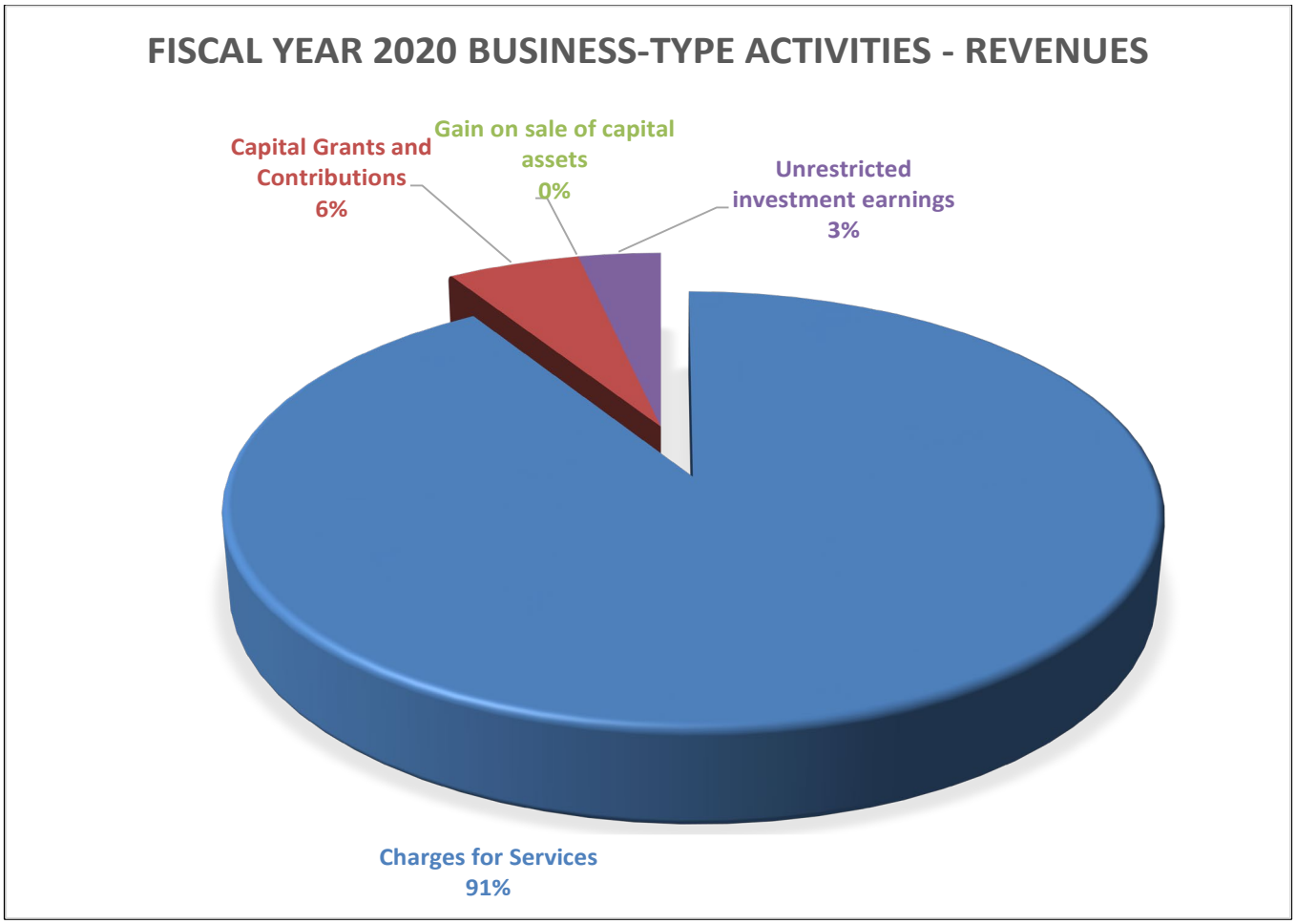


Business-Type Activities

Operating revenues of the business-type activities decreased by $282 thousand in 2020. Charges for services, which account for 91% of total business-type revenues, slightly decreased; however, that decrease was partially offset by an increase in unrestricted investment earnings.

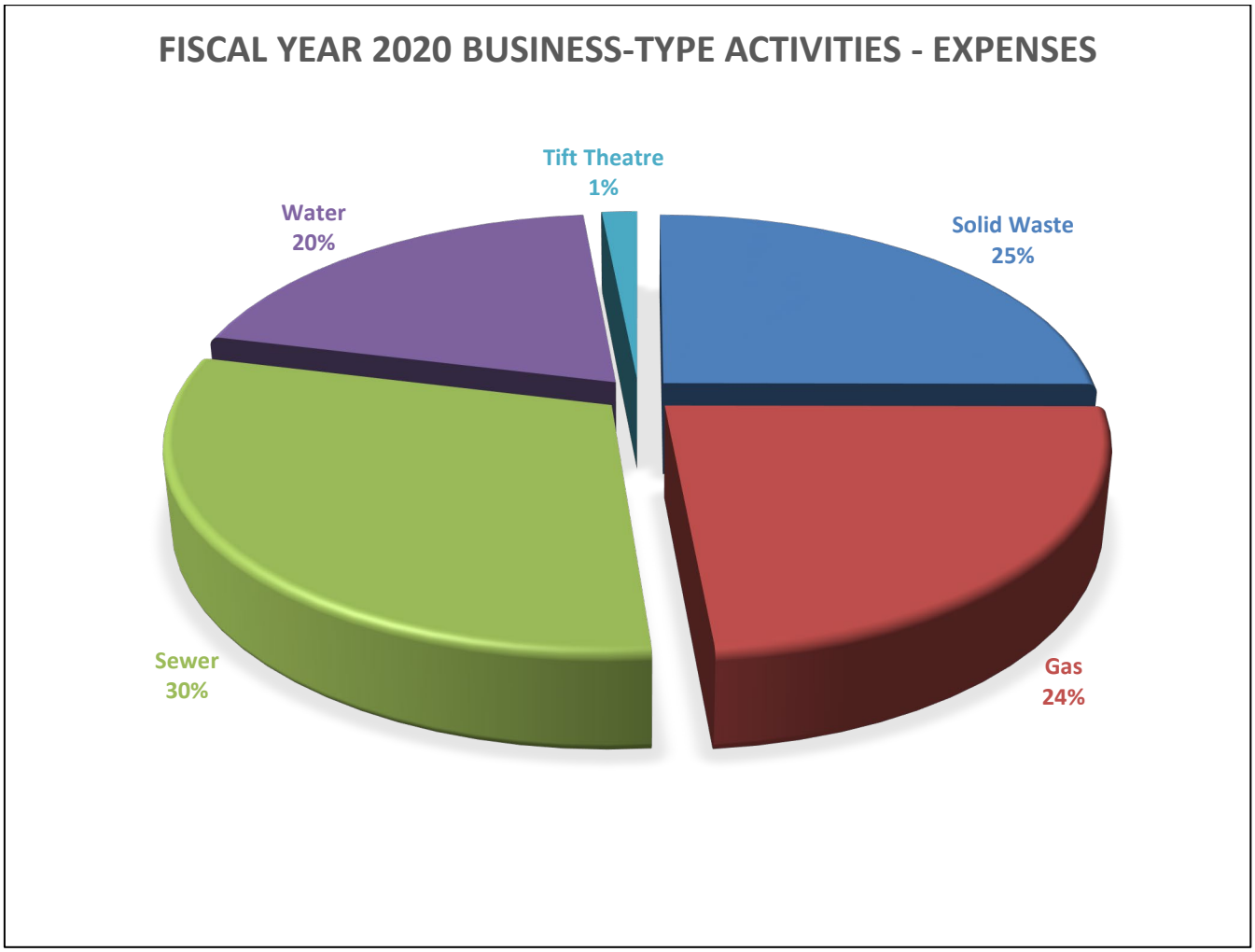
The following charts depict revenues of the business-type activities for fiscal years 2020 and 2019:

	2020	2019	Change
Revenues			
Charges for services	**$ 15,316,204**	$ 15,431,218	$ (115,014)
Capital grants and contributions	**-**	1,526,040	(1,526,040)
Gain on sale of capital assets	**-**	24,321	(24,321)
Unrestricted investment earnings	**567,813**	96,515	471,298
Total business-type revenues	**$ 15,884,017**	$ 17,078,094	$ (1,194,077)



The cost of all business-type activities this fiscal year was $14.3 million compared to $16.9 million in the prior year. The $14.3 million in expenses was mostly covered by $15.3 million in amounts paid by the users of the systems. The following charts depict expenses of the business-type activities for fiscal years 2020 and 2019:

	2020	2019	Change
Expenses			
Solid Waste	**$ 3,599,062**	$ 5,918,747	$ (2,319,685)
Gas	**3,384,660**	3,969,322	(584,662)
Sewer	**4,341,006**	3,933,351	407,655
Water	**2,817,314**	2,872,233	(54,919)
Tift Theatre	**220,892**	217,487	3,405
Total business-type expenses	**$ 14,362,934**	$ 16,911,140	$ (2,548,206)



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 $22.5 million in 2020 as compared to $21.9 million in 2019. Approximately $8.6 million of the fund balance is unassigned, which is available for spending at the City's discretion. Around $27,000 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, 2020, total assets were $15.9 million and total liabilities were $6.2 million. This net increase, when combined with deferred inflows of resources of $349 thousand, resulted in an increase in fund balance to $9.2 million as of June 30, 2020 from $8.8 million as of June 30, 2019.

Operating revenues decreased by $1 million due to a decrease in other revenues and decrease in fines and forfeiture of $361,145.

SPLOST IV

The SPLOST IV (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the 1% 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 2020, the SPLOST IV Fund had a restricted fund balance of $1.15 million, same as fiscal year 2019.

SPLOST V

The SPLOST V (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the 1% local option sales tax. These resources must be used for various building projects. At the end of fiscal year 2020, the SPLOST V Fund had a restricted fund balance of $3.7 million, a decrease of $2.09 million from the prior year.

SPLOST VI

The SPLOST VI (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the 1% local option sales tax. These resources must be used for various building projects and sewer, water, storm drainage, property acquisition and demolition and road improvements throughout the City. At the end of fiscal year 2020, the SPLOST VI Fund had a restricted fund balance of $4.2 million. Collections for this SPLOST VI Fund started in January 2019.

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, 2020, the Capital Projects Fund had a restricted fund balance of $3 million, a decrease of $242 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, 2020, the total net position was $49.9 million, an increase of $2.3 million from the prior year. Of the total net position, $30.9 million was invested in capital assets net of related debt and $18.7 million was unrestricted. Operating revenues decreased $282 thousand in fiscal year 2020, and operating expenses decreased $1.8 million.

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

Water Revenue Fund

For fiscal year 2020, the water revenue fund reflects operating income of $1.3 million compared to 2019 operating income of $2.2 million. Operating expenses decreased $54 thousand.

Sewer Revenue Fund

The sewer revenue fund reflects an operating gains of $107 thousand, compared to an operating loss of $141 thousand in 2019. Operating expenses increased $414 thousand, which was due to Utilities and Maintenance and Repairs for equipment.

Gas Revenue Fund

The gas revenue fund experienced a decrease of $537 thousand in 2020, compared to an operating decrease of $273 thousand in 2019. This inconsistency in operating income is a result of varying climate conditions. Operating expenses decreased $578 thousand, which was due to the gallons of gas purchased and system repairs and maintenance.

Solid Waste Collection and Disposal Fund

The solid waste collection and disposal fund had operating loss of $19 thousand in fiscal year 2020 which was much smaller than fiscal year 2019. Operating expenses decreased by $19 thousand due to landfill expenditures.

Internal Service Fund

In fiscal year 2020, the internal service fund had operating loss of $164 thousand compared to operating loss of $314 thousand in fiscal year 2019. The 2020 decrease is due to personnel services and charges for services.

Tift Theatre Fund

In fiscal year 2020, the Tift Theatre fund had an operating loss of $199 thousand compared to a loss of $189 thousand in fiscal year 2019 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 2020 were $14 million. General Fund revenues were $317 thousand more than the final budget amounts. There was an increase in property tax collections as well other revenues.

The original and final approved expenditure budgets for fiscal year 2020 were $14 million and $13.3 million, respectively. Actual expenditures were $865 thousand less than the final budget amounts.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the City had $69.1 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 $343 thousand from the end of 2019 is primarily due to the fiscal year 2020 additions to accumulated depreciation offset by additions to construction in progress, buildings and improvements.

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	
	2020	2019	**2020**	2019	**2020**	2019
Land	**$ 3,160,597**	$ 2,878,671	**$ 582,835**	$ 582,835	**$ 3,743,432**	$ 3,461,506
Construction in progress	**-**	-	**605,151**	245,719	**605,151**	245,719
Buildings and improvements	**6,577,205**	6,986,381	**264,783**	292,934	**6,841,988**	7,279,315
Distribution system	**-**	-	**28,203,649**	28,844,451	**28,203,649**	28,844,451
Landfill	**-**	-	**855,711**	896,611	**855,711**	896,611
Machinery and equipment	**2,328,409**	2,018,191	**2,428,556**	1,997,002	**4,756,965**	4,015,193
Infrastructure	**24,118,776**	24,039,444	**-**	-	**24,118,776**	24,039,444
Total	**$ 36,184,987**	$ 35,922,687	**$ 32,940,685**	$ 32,859,552	**$ 69,125,672**	$ 68,782,239

Long-Term Debt

The State of Georgia limits the amount of general obligation that a unit of government can issue to 10% of the total assessed value of the taxable property within the City's boundaries. The legal debt margin for the City is $39.1 million based on the City's 2020 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, 2020 and 2019, the City had $24 million and $22 million in debt outstanding, respectively. The decrease is primarily due to the net pension liability and landfill post-closure.

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	
	2020	2019	**2020**	2019	**2020**	2019
Notes payable	**$ -**	$ -	**$ 396,153**	$ 539,572	**$ 396,153**	$ 539,572
Bonds payable	**-**	-	**1,345,000**	1,345,000	**1,345,000**	1,345,000
Certificates of participation	**4,444,000**	4,444,000	**-**	-	**4,444,000**	4,444,000
Compensated absences	**293,643**	305,589	**17,742**	15,155	**311,385**	320,744
Net pension liability	**6,506,140**	5,366,678	**2,182,963**	1,824,022	**8,689,103**	7,190,700
Landfill post-closure	**-**	-	**9,049,773**	8,540,403	**9,049,773**	8,540,403
Total	**$ 11,243,783**	$ 10,116,267	**$ 12,991,631**	$ 12,264,152	**$ 24,235,414**	$ 22,380,419

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate in 2020 was 3.7% compared to 3.6% in 2019. In contrast, both the statewide and national annual averages were 3.3% and 3.4%, respectively.

- The tax digest for 2020 slightly increased due to new commercial development and renovations.
- The fiscal year 2020 budget totals $43.3 million for all funds, a $100 thousand increase from the fiscal year 2019 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'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
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**	**Downtown Development Authority**
Cash and cash equivalents	$ 16,304,299	$ 21,010,421	$ 37,314,720	$ 1,191,229
Investments	6,628,678	7,973,405	14,602,083	633,155
Taxes receivable	180,122	-	180,122	-
Accounts receivable, net of allowances	69,309	1,324,785	1,394,094	39,591
Interest receivable	-	-	-	1,995
Notes receivable	-	196,071	196,071	294,124
Due from other governments	1,298,033	-	1,298,033	-
Due from component units	179,344	-	179,344	-
Internal balances	(843,979)	843,979	-	-
Inventories	434,081	-	434,081	-
Prepaid expenses	299,286	-	299,286	-
Fair value of interest rate swap agreement	1,418,861	-	1,418,861	-
Capital assets:				
Nondepreciable	3,160,597	1,187,986	4,348,583	294,333
Depreciable, net	33,024,390	31,752,699	64,777,089	1,842,010
Total assets	62,153,021	64,289,346	126,442,367	4,296,437
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	331,232	111,138	442,370	-
Pension assumption changes	1,483,729	497,824	1,981,553	-
Pension contributions	1,635,653	548,798	2,184,451	-
Total deferred outflows of resources	3,450,614	1,157,760	4,608,374	-
LIABILITIES				
Accounts payable	498,653	500,422	999,075	19,482
Retainage payable	24,862	-	24,862	-
Accrued liabilities	148,336	12,788	161,124	516
Accrued interest	-	24,594	24,594	-
Due to primary government	-	-	-	179,344
Customer deposits payable	-	1,114,328	1,114,328	-
Net pension liability	6,506,140	2,182,963	8,689,103	-
Notes payable due within one year	-	145,917	145,917	379
Notes payable due in more than one year	-	250,236	250,236	249,882
Revenue bonds payable due within one year	-	325,000	325,000	-
Revenue bonds payable due in more than one year	-	1,020,000	1,020,000	-
Certificates of participation due in more than one year	4,444,000	-	4,444,000	-
Compensated absences due within one year	14,170	825	14,995	-
Compensated absences due in more than one year	279,473	16,917	296,390	-
Landfill closure/post-closure care costs due in more than one year	-	9,049,773	9,049,773	-
Total liabilities	11,915,634	14,643,763	26,559,397	449,603
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	1,418,861	-	1,418,861	-
Pension experience differences	740,586	248,483	989,069	-
Pension assumption changes	1,677,807	562,946	2,240,753	-
Pension investment return	214,659	72,024	286,683	-
Total deferred inflows of resources	4,051,913	883,453	4,935,366	-
NET POSITION				
Net investment in capital assets	31,716,125	31,199,532	62,915,657	1,886,082
Restricted for tourism	1,992,813	-	1,992,813	-
Restricted for capital outlay	11,663,971	-	11,663,971	-
Restricted for public safety	60,345	-	60,345	-
Restricted for housing and development	189,887	-	189,887	-
Unrestricted	4,012,947	18,720,358	22,733,305	1,960,752
Total net position	$ 49,636,088	$ 49,919,890	$ 99,555,978	$ 3,846,834

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, 2020

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	$ 4,095,856	$ 2,718,841	$ 131,525	$ -	$ (1,245,490)	$ -	$ (1,245,490)	$ -
Judicial	218,131	-	-	-	(218,131)	-	(218,131)	-
Public safety	6,760,171	472,496	1,000	1,642,339	(4,644,336)	-	(4,644,336)	-
Public works	3,668,645	7,500	2,851	2,203,557	(1,454,737)	-	(1,454,737)	-
Health and welfare	255,122	106,143	-	5,000	(143,979)	-	(143,979)	-
Culture and recreation	215,076	-	-	-	(215,076)	-	(215,076)	-
Housing and development	865,384	131,232	7,000	-	(727,152)	-	(727,152)	-
Interest on long-term debt	449,033	-	-	-	(449,033)	-	(449,033)	-
Total governmental activities	16,527,418	3,436,212	142,376	3,850,896	(9,097,934)	-	(9,097,934)	-
Business-type activities:								
Water	2,817,314	3,798,492	-	-	-	981,178	981,178	-
Sewer	4,341,006	3,993,092	-	-	-	(347,914)	(347,914)	-
Gas	3,384,660	3,923,764	-	-	-	539,104	539,104	-
Solid waste collection and disposal	3,765,652	3,579,796	-	-	-	(185,856)	(185,856)	-
Tift Theatre	220,892	21,060	-	-	-	(199,832)	(199,832)	-
Total business-type activities	14,529,524	15,316,204	-	-	-	786,680	786,680	-
Total primary government	$ 31,056,942	$ 18,752,416	$ 142,376	$ 3,850,896	(9,097,934)	786,680	(8,311,254)	-
Component unit:								
Tifton Downtown Development Authority	$ 819,311	$ 4,910	$ 135,999	$ 912,036	-	-	-	233,634
Total component unit	$ 819,311	$ 4,910	$ 135,999	$ 912,036	-	-	-	233,634
General revenues:								
Property taxes					4,093,717	-	4,093,717	-
Sales taxes					3,135,874	-	3,135,874	-
Insurance premium tax					1,249,067	-	1,249,067	-
Alcoholic beverage taxes					517,489	-	517,489	-
Hotel/motel taxes					971,420	-	971,420	-
Franchise taxes					1,377,141	-	1,377,141	-
Other taxes					879,753	-	879,753	-
Unrestricted investment earnings					220,388	567,813	788,201	31,409
Transfers					(999,557)	999,557	-	-
Total general revenues and transfers					11,445,292	1,567,370	13,012,662	31,409
Change in net position					2,347,358	2,354,050	4,701,408	265,043
Net position, beginning of year					47,288,730	47,565,840	94,854,570	3,581,791
Net position, end of year					$ 49,636,088	$ 49,919,890	$ 99,555,978	$ 3,846,834

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

CITY OF TIFTON, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	General Fund	SPLOST V Fund	SPLOST VI Fund
Cash and cash equivalents	$ 7,095,685	$ 2,033,730	$ 3,489,396
Investments	3,411,319	-	-
Taxes receivable, net	97,763	-	-
Accounts receivable, net	37,106	-	-
Due from other governments, net	517,262	-	757,707
Due from other funds	4,733,291	1,670,763	-
Due from component unit	-	-	-
Prepaid expenditures	26,866	-	-
Total assets	$ 15,919,292	$ 3,704,493	$ 4,247,103
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 299,236	$ 67,241	$ -
Retainage payable	-	24,862	-
Accrued liabilities	144,051	-	-
Due to other funds	5,847,945	-	276,707
Total liabilities	6,291,232	92,103	276,707
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	112,745	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - intergovernmental	236,574	-	232,699
Total deferred inflows of resources	349,319	-	232,699
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	26,866	-	-
Restricted for:			
Capital outlay	-	3,612,390	3,737,697
Public safety	-	-	-
Tourism	-	-	-
Housing and development	-	-	-
Unassigned	9,251,875	-	-
Total fund balances	9,278,741	3,612,390	3,737,697
Total liabilities, deferred inflows of resources and fund balances	$ 15,919,292	$ 3,704,493	$ 4,247,103

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.

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.

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, and assumption changes.

Net position of governmental activities

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 3,158,023	$ 15,776,834
3,217,359	6,628,678
82,359	180,122
30,511	67,617
23,064	1,298,033
1,024,415	7,428,469
179,344	179,344
-	26,866
$ 7,715,075	$ 31,585,963
$ 112,110	$ 478,587
-	24,862
-	144,051
1,658,077	7,782,729
1,770,187	8,430,229
-	112,745
16,865	16,865
-	469,273
16,865	598,883
-	26,866
4,313,884	11,663,971
60,345	60,345
1,992,813	1,992,813
189,887	189,887
(628,906)	8,622,969
5,928,023	22,556,851
$ 7,715,075	
	36,184,987
	598,883
	3,374,422
	588,381
	(4,444,000)
	(286,047)
	(6,362,477)
	(2,574,912)
	$ 49,636,088

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	SPLOST V Fund	SPLOST VI Fund
REVENUES			
Taxes	$ 7,638,835	$ -	$ -
Sales taxes	3,135,874	-	-
Charges for services	384,199	-	-
Licenses and permits	281,276	-	-
Intergovernmental	121,525	-	3,284,677
Fines and forfeitures	402,562	-	-
Interest revenue	91,011	29,701	10,136
Contributions	-	13,121	-
Other revenues	2,316,026	-	-
Total revenues	14,371,308	42,822	3,294,813
EXPENDITURES			
Current:			
General government	3,677,416	-	-
Judicial	269,258	-	-
Public safety	6,205,460	-	-
Public works	2,249,541	-	-
Health and welfare	252,349	-	-
Culture and recreation	-	-	-
Housing and development	851,490	-	-
Capital outlay	-	2,038,353	769,332
Debt service:			
Interest	-	-	-
Total expenditures	13,505,514	2,038,353	769,332
Excess (deficiency) of revenues over (under) expenditures	865,794	(1,995,531)	2,525,481
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(464,200)	-	-
Total other financing sources (uses)	(464,200)	-	-
Net change in fund balances	401,594	(1,995,531)	2,525,481
Fund balances, beginning of year	8,877,147	5,607,921	1,212,216
Fund balances, end of year	$ 9,278,741	$ 3,612,390	$ 3,737,697

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

Nonmajor Governmental Funds	Total Governmental Funds
$ 971,420	$ 8,610,255
-	3,135,874
-	384,199
-	281,276
547,784	3,953,986
31,528	434,090
128,076	258,924
-	13,121
7,500	2,323,526
1,686,308	19,395,251
44,709	3,722,125
-	269,258
893,096	7,098,556
-	2,249,541
-	252,349
497,238	497,238
12,084	863,574
509,405	3,317,090
449,033	449,033
2,405,565	18,718,764
(719,257)	676,487
540,095	540,095
(163,595)	(627,795)
376,500	(87,700)
(342,757)	588,787
6,270,780	21,968,064
$ 5,928,023	$ 22,556,851

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, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	588,787
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 outlay exceeded depreciation in the current period.		
Total capital outlay		3,374,576
Total depreciation		(2,018,633)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations, transfers to enterprise funds) is to decrease net position.		(1,093,643)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		478,332
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.		(164,114)
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		12,099
Net pension liability and related deferred inflows and outflows of resources		1,169,954
Change in net position - governmental activities	$	2,347,358

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, 2020

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Property taxes	$ 3,673,583	$ 3,673,583	$ 3,615,319	$ (58,264)
Sales taxes	2,950,000	2,950,000	3,135,874	185,874
Franchise taxes	1,115,078	1,115,078	1,377,141	262,063
Other taxes	2,576,922	2,576,922	2,646,309	69,387
Penalties and interest - delinquent taxes	20,000	20,000	66	(19,934)
Licenses and permits	381,143	381,143	281,276	(99,867)
Intergovernmental	43,000	43,000	121,525	78,525
Charges for services	385,700	385,700	384,199	(1,501)
Fines and forfeitures	736,500	736,500	402,562	(333,938)
Interest revenue	20,000	20,000	91,011	71,011
Other revenues	2,152,364	2,152,364	2,316,026	163,662
Total revenues	14,054,290	14,054,290	14,371,308	317,018
EXPENDITURES				
Current				
General government:				
City Council	102,150	102,150	90,016	12,134
General administration	2,834,747	2,834,747	3,587,400	(752,653)
Total general government	2,936,897	2,936,897	3,677,416	(740,519)
Municipal court	248,555	248,555	269,258	(20,703)
Public safety:				
Police	4,516,730	4,516,730	3,849,542	667,188
Fire	2,537,074	2,537,074	2,355,918	181,156
Total public safety	7,053,804	7,053,804	6,205,460	848,344
Public works:				
Highways and streets	1,829,849	1,829,849	1,831,799	(1,950)
Cemetery	227,560	227,560	253,390	(25,830)
Traffic lights	-	-	164,352	(164,352)
Total public works	2,057,409	2,057,409	2,249,541	(192,132)
Health and welfare:				
Senior citizens center	230,257	230,257	252,349	(22,092)
Total health and welfare	230,257	230,257	252,349	(22,092)
Housing and development:				
Code enforcement	549,801	549,801	558,844	(9,043)
Economic development	290,326	290,326	292,646	(2,320)
Total housing and development	840,127	840,127	851,490	(11,363)
Total expenditures	13,367,049	13,367,049	13,505,514	(138,465)
Excess of revenues over expenditures	687,241	687,241	865,794	178,553

(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, 2020

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (694,241)	$ (694,241)	$ (464,200)	$ 230,041
Total other financing sources (uses)	(694,241)	(694,241)	(464,200)	230,041
Net change in fund balances	(7,000)	(7,000)	401,594	408,594
Fund balances, beginning of year	8,877,147	8,877,147	8,877,147	-
Fund balances, end of year	$ 8,870,147	$ 8,870,147	$ 9,278,741	$ 408,594

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

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 6,001,965	$ 2,728,010	$ 6,035,790	$ 6,055,285
Investments	-	-	-	7,973,405
Accounts receivable, net of allowances	358,475	408,517	240,970	316,823
Current portion - notes receivable	-	-	105,938	-
Due from other funds	2,723,106	-	-	470,663
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
Total current assets	9,083,546	3,136,527	6,382,698	14,816,176
NON-CURRENT ASSETS				
Notes receivable, net of current portion	-	-	90,133	-
Capital assets:				
Nondepreciable	449,309	426,849	102,302	184,526
Depreciable, net of accumulated depreciation	11,540,356	14,060,902	3,555,176	2,177,481
Total non-current assets	11,989,665	14,487,751	3,747,611	2,362,007
Total assets	21,073,211	17,624,278	10,130,309	17,178,183
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	23,888	24,009	24,617	38,467
Pension assumption changes	107,002	107,545	110,266	172,307
Pension contributions	117,958	118,557	121,558	189,950
Total deferred outflows of resources	248,848	250,111	256,441	400,724

(Continued)

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 189,371	$ 21,010,421	$ 527,465
-	7,973,405	-
-	1,324,785	1,692
-	105,938	-
1,502	3,195,271	235,269
-	-	434,081
-	-	272,420
190,873	33,609,820	1,470,927
-	90,133	-
25,000	1,187,986	-
418,784	31,752,699	-
443,784	33,030,818	-
634,657	66,640,638	1,470,927
157	111,138	7,313
704	497,824	32,762
775	548,798	36,117
1,636	1,157,760	76,192

CITY OF TIFTON, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 120,210	$ 39,728	$ 117,941	$ 215,427
Accrued liabilities	-	-	-	11,991
Accrued interest	-	15,199	9,395	-
Current portion - compensated absences	-	-	-	825
Current portion - bonds payable	-	325,000	-	-
Current portion - notes payable	-	-	145,917	-
Customer deposits payable	451,892	357,115	234,666	70,655
Due to other funds	41,669	320,455	1,706,999	156,942
Total current liabilities	613,771	1,057,497	2,214,918	455,840
NON-CURRENT LIABILITIES				
Compensated absences, net of current portion	-	-	-	16,055
Notes payable, net of current portion	-	-	250,236	-
Revenue bonds payable, net of current portion	-	1,020,000	-	-
Landfill closure/post-closure care costs	-	-	-	9,049,773
Net pension liability	469,205	471,585	483,521	755,569
Total non-current liabilities	469,205	1,491,585	733,757	9,821,397
Total liabilities	1,082,976	2,549,082	2,948,675	10,277,237
DEFERRED INFLOWS OF RESOURCES				
Pension experience differences	53,409	53,680	55,038	86,005
Pension assumption changes	121,000	121,613	124,691	194,847
Pension investment return	15,481	15,559	15,953	24,929
Total deferred inflows of resources	189,890	190,852	195,682	305,781
NET POSITION				
Net investment in capital assets	11,989,665	13,142,751	3,261,325	2,362,007
Unrestricted	8,059,528	1,991,704	3,981,068	4,633,882
Total net position	$ 20,049,193	$ 15,134,455	$ 7,242,393	$ 6,995,889

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

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 7,116	$ 500,422	$ 20,066
797	12,788	4,285
-	24,594	-
-	825	380
-	325,000	-
-	145,917	-
-	1,114,328	-
125,227	2,351,292	724,988
133,140	4,475,166	749,719
862	16,917	7,216
-	250,236	-
-	1,020,000	-
-	9,049,773	-
3,083	2,182,963	143,663
3,945	12,519,889	150,879
137,085	16,995,055	900,598
351	248,483	16,352
795	562,946	37,047
102	72,024	4,741
1,248	883,453	58,140
443,784	31,199,532	-
54,176	18,720,358	588,381
$ 497,960	$ 49,919,890	$ 588,381

CITY OF TIFTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
OPERATING REVENUES				
Charges for services	$ 3,495,345	$ 3,794,403	$ 3,679,541	$ 3,530,127
Penalties and fines	160,075	70,313	28,457	26,481
Miscellaneous	143,072	128,376	215,766	23,188
Total operating revenues	3,798,492	3,993,092	3,923,764	3,579,796
OPERATING EXPENSES				
Personnel services	-	-	-	531,779
Cost of gas sold	-	-	1,922,411	-
Contract services	1,127,077	2,352,950	590,103	1,357,114
Utilities	386,145	269,194	22,447	10,952
Equipment repairs and maintenance	-	-	60,517	302,829
System repairs and maintenance	-	128,677	200	-
Landfill expenses	-	-	-	548,475
Supplies	-	-	-	141,308
Insurance	44,900	29,895	22,050	58,994
Gas, oil and grease	19,995	17,597	-	71,874
Professional services	28,889	8,739	13	37,842
Depreciation	647,372	586,129	143,742	262,076
Marketing	-	-	43,290	-
Administrative and clerical	562,936	549,558	566,980	273,200
Miscellaneous	-	367,870	-	2,619
Total operating expenses	2,817,314	4,310,609	3,371,753	3,599,062
Operating income (loss)	981,178	(317,517)	552,011	(19,266)
NON-OPERATING INCOME (EXPENSES)				
Investment earnings	38,997	8,344	42,763	477,448
Interest expense	-	(30,397)	(12,907)	-
Loss on sale of capital assets	-	-	-	(166,590)
Total non-operating income (expenses)	38,997	(22,053)	29,856	310,858
Income (loss) before contributions and transfers	1,020,175	(339,570)	581,867	291,592
CAPITAL CONTRIBUTIONS	456,498	75,885	-	379,474
TRANSFERS				
Transfers in	-	-	-	-
Transfers out	(146,703)	-	146,703	(75,895)
Total transfers	(146,703)	-	146,703	(75,895)
Change in net position	1,329,970	(263,685)	728,570	595,171
NET POSITION, beginning of year	18,719,223	15,398,140	6,513,823	6,400,718
NET POSITION, end of year	$ 20,049,193	$ 15,134,455	$ 7,242,393	$ 6,995,889

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

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 18,740	$ 14,518,156	$ 280,334
-	285,326	-
2,320	512,722	-
21,060	15,316,204	280,334
34,763	566,542	292,711
-	1,922,411	-
-	5,427,244	-
13,186	701,924	2,909
146	363,492	19,707
-	128,877	-
-	548,475	-
140,568	281,876	74,850
5,077	160,916	32,923
-	109,466	-
4,592	80,075	-
21,247	1,660,566	-
1,313	44,603	-
-	1,952,674	-
-	370,489	22,098
220,892	14,319,630	445,198
(199,832)	996,574	(164,864)
261	567,813	750
-	(43,304)	-
-	(166,590)	-
261	357,919	750
(199,571)	1,354,493	(164,114)
-	911,857	-
163,595	163,595	-
-	(75,895)	-
163,595	87,700	-
(35,976)	2,354,050	(164,114)
533,936	47,565,840	752,495
$ 497,960	$ 49,919,890	$ 588,381

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 3,846,067	$ 6,364,189	$ 4,711,073	$ 3,988,786
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(2,070,653)	(3,699,671)	(3,266,142)	(2,143,364)
Payments to employees	(113,768)	(113,661)	(188,765)	(562,590)
Net cash provided by (used in) operating activities	1,661,646	2,550,857	1,256,166	1,282,832
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in/out	(146,703)	-	146,703	(75,895)
Net cash provided by (used in) noncapital financing activities	(146,703)	-	146,703	(75,895)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(500,533)	(31,866)	(351,140)	(112,893)
Principal paid on notes payable	-	-	(143,419)	-
Interest paid	-	(15,198)	(12,907)	-
Net cash used in capital and related financing activities	(500,533)	(47,064)	(507,466)	(112,893)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(122,398)
Principal received on notes receivable	-	-	71,029	-
Interest received	38,997	8,344	42,763	477,448
Net cash provided by investing activities	38,997	8,344	113,792	355,050
Increase (decrease) in cash and cash equivalents	1,053,407	2,512,137	1,009,195	1,449,094
Cash and cash equivalents:				
Beginning of year	4,948,558	215,873	5,026,595	4,606,191
End of year	$ 6,001,965	$ 2,728,010	$ 6,035,790	$ 6,055,285

(Continued)

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ 183,605	$ 19,093,720	$ -
-	-	1,018,554
(158,214)	(11,338,044)	(118,053)
(35,403)	(1,014,187)	(379,243)
(10,012)	6,741,489	521,258
163,595	87,700	-
163,595	87,700	-
-	(996,432)	-
-	(143,419)	-
-	(28,105)	-
-	(1,167,956)	-
-	(122,398)	-
-	71,029	-
261	567,813	750
261	516,444	750
153,844	6,177,677	522,008
35,527	14,832,744	5,457
$ 189,371	$ 21,010,421	$ 527,465

CITY OF TIFTON, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Major Proprietary Funds			
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 981,178	$ (317,517)	$ 552,011	$ (19,266)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	647,372	586,129	143,742	262,076
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	59,509	44,266	69,312	(11,319)
Decrease in inventories	-	-	-	-
Decrease in prepaid items	-	-	-	-
(Increase) decrease in due from other funds	(74,007)	2,094,347	-	319,121
Decrease (increase) in deferred outflows of resources	(24,167)	(24,584)	5,763	(102,677)
Increase in accounts payable	99,289	24,809	(38,131)	152,473
Increase in accrued liabilities	-	-	-	3,683
Increase in customer deposits	20,404	19,508	13,230	3,965
Increase in landfill closure/post-closure care costs	-	-	-	509,370
Increase in due to other funds	41,669	212,976	704,767	97,223
(Increase) decrease in net pension liability	64,389	65,246	11,099	218,568
(Decrease) increase in deferred inflows of resources	(153,990)	(154,323)	(205,627)	(150,385)
Net cash provided by (used in) operating activities	$ 1,661,646	$ 2,550,857	$ 1,256,166	$ 1,282,832
Noncash capital and related financing activities:				
Contributions of capital assets from SPLOST Fund	$ 456,498	$ 75,885	$ -	$ -
Contributions of capital assets from Capital Projects Fund (GMA Lease Pool)	-	-	-	379,474
Unrealized gain on investments	-	-	-	224,225
Net noncash capital and related financing activities	$ 456,498	$ 75,885	$ -	$ 603,699

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

Nonmajor Proprietary Fund		Governmental Activities
Tift Theatre Fund	Totals	Internal Service Fund
$ (199,832)	$ 996,574	$ (164,864)
21,247	1,660,566	-
-	161,768	(480)
-	-	40,285
-	-	12,337
37,318	2,376,779	26,062
277	(145,388)	15,551
6,668	245,108	(18,188)
1,122	4,805	1,830
-	57,107	-
-	509,370	-
125,227	1,181,862	712,638
(361)	358,941	(21,637)
(1,678)	(666,003)	(82,276)
$ (10,012)	$ 6,741,489	$ 521,258
$ -	$ 532,383	$ -
-	379,474	-
-	224,225	-
$ -	$ 1,136,082	$ -

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, the City Manager 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 GAAP, 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 GASB 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 non-fiduciary 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 ("SPLOST 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 ***Special Purpose Local Option Sales Tax ("SPLOST") VI Fund*** accounts for projects supported by the special purpose local option sales tax, including renovation and improvement to City buildings, the purchase of vehicles, the purchase of machinery equipment, construction of roads, sidewalks, water and sewer system improvements, property acquisition and property demolition.

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting (Continued)

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 GAAP.

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.

The local government investment pool ("Georgia Fund 1"), created by the Official Code of Georgia Annotated ("O.C.G.A.") §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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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".

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, as of the time of donation.

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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 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.

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, 2020, with the exception of the pension items discussed below.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

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. Contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

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 GAAP 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, 2020, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	$ 37,314,720
Investments	14,602,083
Total	$ 51,916,803
Cash deposited with financial institutions	$ 37,314,720
Cash deposited with Georgia Fund 1	3,411,319
Certificate of deposit	1,811,663
Investment in guaranteed investment contract	3,217,359
Investments in U.S. government securities	908,924
Investments in municipal bonds	3,163,863
Investments in asset backed securities	2,088,955
Total	$ 51,916,803

Total deposits and investments of the Downtown Development Authority (component unit) as of June 30, 2020, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	$ 1,191,229
Investments	633,155
Total	$ 1,824,384
Cash deposited with financial institutions	$ 1,191,229
Certificates of deposit (maturity less than one year)	633,155
Total	$ 1,824,384

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, 2020, 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	$ 3,411,319	$ -	$ 3,411,319	$ -	$ -	$ -	$ -
Certificates of deposit	NR	1,811,663	201,350	1,610,313	-	-	-	-
U.S. Government securities	AAA	908,924	-	908,924	-	-	-	-
Municipal bonds	AA-	582,415	-	271,580	310,835	-	-	-
Municipal bonds	AA	869,250	-	869,250	-	-	-	-
Municipal bonds	AA+	530,300	-	250,885	279,415	-	-	-
Municipal bonds	AAA	1,181,898	-	-	1,181,898	-	-	-
Mortgage backed securities	NR	2,088,955	-	160,760	64,920	87,788	378,126	1,397,361
Guaranteed investment contract	AA-	3,217,359	-	-	3,217,359	-	-	-
Total		$ 14,602,083	$ 201,350	$ 7,483,031	$ 5,054,427	$ 87,788	$ 378,126	$ 1,397,361

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 GAAP. 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, 2020:

Investment	Level 1	Level 2	Level 3	Fair Value
Government securities	$ -	$ 908,924	$ -	$ 908,924
Municipal bonds	-	3,163,863	-	3,163,863
Certificates of deposit	-	1,811,663	-	1,811,663
Mortgage backed securities	-	2,088,955	-	2,088,955
Total investments measured at fair value	$ -	$ 7,973,405	$ -	7,973,405
Investments not subject to level disclosure:				
Georgia Fund 1				3,411,319
Investments recorded at cost:				
Guaranteed investment contract				3,217,359
				$ 14,602,083
Fair market hedging derivative:				
Interest rate swap agreement	$ -	$ 1,418,861	$ -	$ 1,418,861

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, 2020, 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, 2020, the City was not exposed to custodial credit risk for its investments.

NOTE 3. RECEIVABLES

Receivables as of June 30, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST VI	Nonmajor Governmental	Internal Service
Receivables:				
Taxes	$ 97,763	$ -	$ 82,359	$ -
Accounts	37,106	-	30,511	1,692
Intergovernmental	1,255,665	-	23,064	-
Gross receivables	1,390,534	-	135,934	1,692
Less: allowance for uncollectibles	(738,403)	-	-	-
Net total receivables	$ 652,131	-	$ 135,934	$ 1,692

	Solid Waste Coll. and Disp.	Water Revenue	Sewer Revenue	Gas Revenue
Receivables:				
Accounts	929,859	$ 702,749	$ 690,490	$ 407,234
Notes	-	-	-	196,071
Gross receivables	929,859	702,749	690,490	603,305
Less: allowance for uncollectibles	(613,036)	(344,274)	(281,973)	(166,264)
Net total receivables	$ 316,823	$ 358,475	$ 408,517	$ 437,041

Property taxes were levied on behalf of the City by Tift County on January 1, 2019, (levy date) based upon property values assessed as of January 1. The billings were mailed August 5, 2019, and were payable on or before November 15, 2019, for the calendar year 2019 tax. If unpaid by November 15, 2019, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes levied for 2019 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2020, and expected to be collected by August 31, 2020, are recognized as revenues for the year ended June 30, 2020. Net receivables estimated to be collectible subsequent to August 31, 2020, are recorded as revenue when received.

Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during calendar year 2019 for the City's operations was 9.731 mills (mill equals $1 per thousand dollars of assessed value).

At June 30, 2020, the Downtown Development Authority (component unit) has notes receivable totaling $294,124 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 $250,261 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, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 2,878,671	$ 281,926	$ -	$ -	$ 3,160,597
Total capital assets, not being depreciated	2,878,671	281,926	-	-	3,160,597
Capital assets, being depreciated:					
Buildings and improvements	10,876,772	-	-	(134,300)	10,742,472
Machinery and equipment	12,169,468	1,862,396	(385,027)	(620,829)	13,026,008
Infrastructure	37,553,126	1,230,254	-	(156,728)	38,626,652
Total capital assets, being depreciated	60,599,366	3,092,650	(385,027)	(911,857)	62,395,132
Less accumulated depreciation for:					
Buildings and improvements	(3,890,391)	(274,876)	-	-	(4,165,267)
Machinery and equipment	(10,151,277)	(749,563)	203,241	-	(10,697,599)
Infrastructure	(13,513,682)	(994,194)	-	-	(14,507,876)
Total accumulated depreciation	(27,555,350)	(2,018,633)	203,241	-	(29,370,742)
Total capital assets, being depreciated, net	33,044,016	1,074,017	(181,786)	(911,857)	33,024,390
Governmental activities capital assets, net	$ 35,922,687	$ 1,355,943	$ (181,786)	$ (911,857)	$ 36,184,987

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

Governmental activities:	
General government	$ 399,724
Public safety	441,427
Public works	1,171,082
Health and welfare	6,400
Total depreciation expense - governmental activities	$ 2,018,633

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 582,835	$ -	$ -	$ -	$ 582,835
Construction in progress	245,719	359,432	-	-	605,151
Total capital assets, not being depreciated	828,554	359,432	-	-	1,187,986
Capital assets, being depreciated:					
Landfill	6,906,194	36,000	-	-	6,942,194
Buildings and improvements	958,269	-	-	-	958,269
Distribution system	67,583,341	334,814	-	291,028	68,209,183
Machinery and equipment	11,147,224	266,231	(643,181)	620,784	11,391,058
Total capital assets, being depreciated	86,595,028	637,045	(643,181)	911,812	87,500,704
Less accumulated depreciation for:					
Landfill	(6,009,583)	(76,900)	-	-	(6,086,483)
Buildings and improvements	(665,335)	(28,151)	-	-	(693,486)
Distribution system	(38,738,890)	(1,266,644)	-	-	(40,005,534)
Machinery and equipment	(9,150,222)	(288,871)	476,591	-	(8,962,502)
Total accumulated depreciation	(54,564,030)	(1,660,566)	476,591	-	(55,748,005)
Total capital assets, being depreciated, net	32,030,998	(1,023,521)	(166,590)	911,812	31,752,699
Business-type activities capital assets, net	$ 32,859,552	$ (664,089)	$ (166,590)	$ 911,812	$ 32,940,685

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

Business-type activities:	
Water	$ 647,372
Sewer	586,129
Gas	143,742
Solid waste collection and disposal	262,076
Tift Theatre	21,247
Total depreciation expense - business-type activities	$ 1,660,566

NOTE 4. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Downtown Development Authority for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority					
Capital assets, not being depreciated:					
Land	$ 257,583	$ 68,000	$ (31,250)	$ -	$ 294,333
Total capital assets, not being depreciated	257,583	68,000	(31,250)	-	294,333
Capital assets, being depreciated:					
Buildings and improvements	2,314,167	1,323,417	(1,197,880)	-	2,439,704
Furniture and equipment	42,893	-	-	-	42,893
Total capital assets, being depreciated	2,357,060	1,323,417	(1,197,880)	-	2,482,597
Less accumulated depreciation for:					
Buildings and improvements	(753,836)	(80,860)	211,179	-	(623,517)
Furniture and equipment	(12,465)	(4,605)	-	-	(17,070)
Total accumulated depreciation	(766,301)	(85,465)	211,179	-	(640,587)
Total capital assets, being depreciated, net	1,590,759	1,237,952	(986,701)	-	1,842,010
Downtown Development Authority capital assets, net	$ 1,848,342	$ 1,305,952	$ (1,017,951)	$ -	$ 2,136,343

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, 2020:

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, 2020, is $291,987.

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, 2020, is $104,166.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Business-type Activities (Continued)

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

Fiscal Year Payable	Total	Principal	Interest
2021	$ 154,421	$ 145,917	$ 8,504
2022	154,723	149,370	5,353
2023	102,999	100,866	2,133
	$ 412,143	$ 396,153	$ 15,990

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 $250,261 at June 30, 2020.

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

Fiscal Year Payable	Total	Principal	Interest
2021	$ 66,733	$ 55,757	$ 10,976
2022	66,734	58,581	8,153
2023	66,733	61,547	5,186
2024	66,734	64,664	2,070
2025	9,743	9,712	31
	$ 276,677	$ 250,261	$ 26,416

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, 2020, was $1,345,000. Total interest costs incurred during the fiscal year ended June 30, 2020, were $30,397.

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

Business-type Activities (Continued)

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

Fiscal Year Payable	Total	Principal	Interest
2021	351,851	325,000	26,851
2022	349,414	330,000	19,414
2023	351,807	340,000	11,807
2024	274,882	270,000	4,882
2025	80,908	80,000	908
	$ 1,408,862	$ 1,345,000	$ 63,862

Certificates of Participation

Governmental Activities

The City leases certain equipment through a lease pool agreement with the 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)

Governmental Activities (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 Aa1 by Moody's. At June 30, 2020, the floating rate being paid by the City is .4%, and the market value of this agreement is $1,418,861, an increase of $270,055 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, 2020 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)

Governmental Activities (Continued)

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

Fiscal Year Payable	Total	Principal	Interest
2021	$ 211,090	$ -	$ 211,090
2022	211,090	-	211,090
2023	211,090	-	211,090
2024	211,090	-	211,090
2025	211,090	-	211,090
2026 - 2028	5,077,270	4,444,000	633,270
	$ 6,132,720	$ 4,444,000	$ 1,688,720

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 $821,918.

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, 2020 of $8,227,855, is reported in the Solid Waste Collection and Disposal Fund and represents the cumulative amount reported to date based on the use of approximately 69% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $2,930,967 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 2020. 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, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of participation	$ 4,444,000	$ -	$ -	$ 4,444,000	$ -
Net pension liability	5,366,678	3,475,164	(2,335,702)	6,506,140	-
Compensated absences	305,589	227,043	(238,989)	293,643	14,170
Governmental activity Long-term liabilities	$ 10,116,267	$ 3,702,207	$ (2,574,691)	$ 11,243,783	$ 14,170
Business-type activities					
Notes payable	$ 539,572	$ -	$ (143,419)	$ 396,153	$ 145,917
Bonds payable	1,345,000	-	-	1,345,000	325,000
Net pension liability	1,824,022	1,270,797	(911,856)	2,182,963	-
Compensated absences	15,155	13,106	(10,519)	17,742	825
Landfill closure/post-closure	8,540,403	509,370	-	9,049,773	-
Business-type activity Long-term liabilities	$ 12,264,152	$ 1,793,273	$ (1,065,794)	$ 12,991,631	$ 471,742
Downtown Development Authority					
Notes payable	$ 302,952	$ -	$ (52,691)	$ 250,261	$ 53,070
Component unit Long-term liabilities	$ 302,952	$ -	$ (52,691)	$ 250,261	$ 53,070

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, $7,596 of the Service Fund's compensated absences and $143,663 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 City, as authorized by the City Council, established a non-contributory defined benefit pension plan, The City of Tifton Retirement Plan, the ("Plan"), covering substantially all of the City's employees. The City's pension plan is administered through the GMEBS, an agent multiple-employer pension plan administered by the GMA. The Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are provided by the Plan whereby retirees receive between 1% and 1.75% multiplied by the average of the five highest years of regular earnings multiplied by the total credited years of service. The City Council, in its role as the Plan sponsor, has the governing authority to establish and amend from time to time, the benefits provided and the contribution rates of the City and its employees. The GMA issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained at www.gmanet.com or by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

Plan membership. As of January 1, 2020, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	185
Inactive plan members entitled to but not receiving benefits	78
Active plan members	122
Total	385

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan, as adopted by the City Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of Plan members, as determined by the City Council. City contributions to the Plan were $2,532,381 for the year ended June 30, 2020.

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019, with updated procedures performed by the actuary to roll forward to the total pension liability as of September 30, 2019.

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%, plus service based merit increases
Investment rate of return	7.375%

Mortality rates were based on the gender-district Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.

The actuarial assumption used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2019.

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 September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	45%	6.41%
International equity	20%	6.96%
Domestic fixed income	20%	1.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Cash	- %	
Total	100%	

* Rates shown are net of the 2.25% assumed rate of inflation.

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 7.375%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the 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, 2020, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$ 31,951,391	$ 24,760,690	$ 7,190,701
Changes for the year:			
Service cost	208,171	-	208,171
Interest	2,320,820	-	2,320,820
Differences between expected and actual experience	(4,932)	-	(4,932)
Contributions - employer	-	904,393	(904,393)
Contributions - employee	-	81,124	(81,124)
Net investment income	-	2,257,110	(2,257,110)
Benefit payments, including refunds of employee contributions	(2,430,590)	(2,430,590)	-
	-	-	-
Administrative expense	-	(52,495)	52,495
Changes in benefit terms	-	-	-
Assumption changes	1,182,454	(982,021)	2,164,475
Net changes	1,275,923	(222,479)	1,498,402
Balances at June 30, 2018	$ 33,227,314	$ 24,538,211	$ 8,689,103

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to financial statements presents multi-year 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 7.375%, 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 (6.375%) or 1-percentage-point higher (8.375%) than the current rate.

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 12,106,519	$ 8,689,103	$ 5,805,979

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 September 30, 2019, 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, 2020, the City recognized pension expense of $488,987. At June 30, 2020, 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	$ 442,370	$ 989,069
Changes in assumptions	1,981,553	2,240,753
Net difference between projected and actual earnings on pension plan investments	-	286,683
City contributions subsequent to the measurement date	2,184,451	-
Total	$ 4,608,374	$ 3,516,505

NOTE 6. PENSION PLAN (CONTINUED)

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

Government contributions subsequent to the measurement date of $2,184,451 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other 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,	
2021	$ (1,253,886)
2022	594,733
2023	56,931
2024	(294,783)
2025	(195,577)
Total	$ (1,092,582)

NOTE 7. INTERFUND BALANCES AND TRANSFERS

The City's interfund receivables and payables at June 30, 2020 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The composition of interfund balances as of June 30, 2020, is as follows:

	Payable					
Receivable	General	Capital Projects Fund	SPLOST VI	Sewer Revenue	Gas Revenue	Water
General fund	$ -	$ 750,425	$ 274,007	$ 276,898	$ 1,594,019	$ 41,669
Nonmajor governmental fund	1,024,415	-	-	-	-	-
SPLOST V fund	1,652,103	-	2,700	-	-	-
Water revenue	2,699,257	-	-	-	-	-
Solid waste collection and disposal	470,663					-
Internal service fund	-	-	-	43,557	112,980	-
Nonmajor proprietary fund	1,502	-	-	-	-	-
Total collection and disposal	$ 5,847,940	$ 750,425	$ 276,707	$ 320,455	$ 1,706,999	$ 41,669

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

	Payable				
Receivable	Solid Waste Coll. and Disp.	Internal Service Fund	Nonmajor Governmental	Nonmajor Proprietary	Total
General fund	$ 79,178	$ 701,139	$ 890,729	$ 125,227	$ 4,733,291
Nonmajor governmental fund	-	-	-	-	1,024,415
SPLOST V fund	-	-	15,960	-	1,670,763
Water revenue	-	23,849	-	-	2,723,106
Internal service fund	77,764	-	968	-	549,395
Nonmajor proprietary fund	-	-	-	-	156,537
Solid waste collection and disposal	-	-	-	-	1,502
	$ 12,350	$ 12,350	$ 75,951	$ 75,951	$ 10,859,009

Interfund transfers for the fiscal year ended June 30, 2020, consisted of the following:

	Transfer To		
Transfer From	Capital Projects Fund	Nonmajor Governmental	Total
General Fund	$ 464,200	$ -	$ 464,200
Solid waste collection and disposal	75,895	-	75,895
Nonmajor proprietary funds	-	163,595	163,595
Total	$ 540,095	$ 163,595	$ 703,690

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, 2020:

General Fund:	
General administration	$ 752,653
Municipal court	20,703
Highways and streets	1,950
Cemetery	25,830
Traffic lights	164,352
Senior citizens center	22,092
Code enforcement	9,043
Economic development	2,320

NOTE 8. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)

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

NOTE 9. HOTEL/MOTEL TAX

The City imposes a 7% hotel/motel tax on lodging facilities within the City. For the fiscal year ended June 30, 2020, $971,420 of hotel/motel tax was collected. During the year, $442,878 was paid to the Tifton-Tift County Tourism Association. The remainder of the funds totaling $528,542 was spent by the City in accordance with O.C.G.A. §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, 2020, the City paid $25,357 in such dues. Membership in a Regional Commission is required by O.C.G.A. §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. O.C.G.A. §50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

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

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

NOTE 11. RELATED ORGANIZATION

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

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

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, 2020, the City has contractual commitments on uncompleted contracts of approximately $1,223,912.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia ("MGAG") that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2050, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to $1,748,889.

NOTE 12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreements with the Municipal Gas Authority of Georgia (Continued)

At June 30, 2020, the outstanding debt of MGAG was approximately $180,500,000. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately $2,368,080 at June 30, 2020.

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
FOR THE FISCAL YEAR ENDED JUNE 30,

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	**$ 208,171**	$ -	$ 439,603	$ 443,294	$ 454,712	$ 628,470	$ -
Interest on total pension liability	**2,320,820**	-	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	**(4,932)**	-	1,801,367	(1,516,773)	(1,973,536)	17,857	335,746
Changes of assumptions	**1,182,454**	(6,289,478)	(762,524)	(244,220)	-	-	4,230,628
Benefit payments, including refunds of employee contributions	**(2,430,590)**	-	(2,492,093)	(2,354,581)	(2,257,531)	(2,342,637)	(2,237,177)
Net change in total pension liability	**1,275,923**	(6,289,478)	1,397,744	(1,215,470)	(1,198,404)	838,818	9,997,337
Total pension liability - beginning	**31,951,391**	38,240,869	36,843,125	38,058,595	39,256,999	38,418,181	28,420,844
Total pension liability - ending	**33,227,314**	31,951,391	38,240,869	36,843,125	38,058,595	39,256,999	38,418,181
Plan fiduciary net position							
Contributions - employer	**904,393**	-	2,543,429	2,774,416	2,770,560	3,651,868	1,889,252
Contributions - employee	**81,124**	-	324,123	104,324	80,121	37,730	-
Net investment income (loss)	**2,257,110**	-	1,408,766	1,184,694	(24,420)	(154,293)	2,179,770
Benefit payments, including refunds of employee contributions	**(2,430,590)**	-	(2,492,092)	(2,354,581)	(2,257,531)	(2,201,840)	(2,117,590)
Administrative expenses	**(52,495)**	-	(9,687)	(19,882)	(166,118)	(177,347)	-
Other	**(982,021)**	-	-	-	-	-	-
Net change in plan fiduciary net position	**(222,479)**	-	1,774,539	1,688,971	402,612	1,156,118	1,951,432
Plan fiduciary net position - beginning	**24,760,690**	24,760,690	22,986,151	21,297,180	20,894,568	19,738,450	17,787,018
Plan fiduciary net position - ending	**24,538,211**	24,760,690	24,760,690	22,986,151	21,297,180	20,894,568	19,738,450
City's net pension liability - ending	**$ 8,689,103**	$ 7,190,701	$ 13,480,179	$ 13,856,974	$ 16,761,415	$ 18,362,431	$ 18,679,731
Plan fiduciary net position as a percentage of the total pension liability	**73.8%**	77.5%	64.7%	62.4%	56.0%	53.2%	51.4%
Covered payroll	**$ 4,625,960**	$ 4,748,058	$ 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 payroll	**187.8%**	151.4%	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
FOR THE FISCAL YEAR ENDED JUNE 30,

	Fiscal Year						
	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	**$ 814,130**	$ 743,241	$ 2,349,696	$ 2,269,040	$ 2,768,028	$ 1,764,217	$ 1,766,335
Contributions in relation to the actuarially determined contribution	**2,184,451**	889,094	2,543,429	2,774,416	2,770,560	3,651,868	1,889,251
Contribution deficiency (excess)	**$ (1,370,321)**	$ (145,853)	$ (193,733)	$ (505,376)	$ (2,532)	$ (1,887,651)	$ (122,916)
Covered payroll	**$ 4,687,009**	$ 4,387,996	$ 4,027,933	$ 3,944,091	$ 3,989,842	$ 5,315,072	$ 5,315,072
Contributions as a percentage of covered payroll	**46.6%**	20.3%	63.1%	70.3%	69.4%	68.7%	35.5%

Notes to the Schedule:

Valuation date	January 1, 2020
Cost method	Projected Unit Credit
Actuarial asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.38%
Projected salary increases	2.25%, plus service based merit increases
Cost-of-living adjustment	0.00%
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies for the bases, with a net effective amortization period of 30 years

Changes of Assumptions

The investment return assumption was decreased from 7.50% to 7.375%.
The inflation assumption was decreased from 2.75% to 2.25%.

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

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.

The **Transportation Special Purpose Local Option Sales Tax ("T-SPLOST") Fund** accounts for projects supported by the transportation special purpose local option sales tax.

CITY OF TIFTON, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds			
ASSETS	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund
Cash and cash equivalents	$ 10,543	$ 967,638	$ 295,611	$ 60,345
Investments	-	-	-	-
Taxes receivable	-	82,359	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	1,024,415	-	-
Due from component unit	179,344	-	-	-
Total assets	$ 189,887	$ 2,074,412	$ 295,611	$ 60,345
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ 81,599	$ -	$ -
Due to other funds	-	-	907,652	-
Total liabilities	-	81,599	907,652	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	-	16,865	-
Unavailable revenue - intergovernmental	-	-	-	-
Total deferred inflows of resources	-	-	16,865	-
FUND BALANCES (DEFICITS)				
Restricted for:				
Capital outlay	-	-	-	-
Housing and development	189,887	-	-	-
Tourism	-	1,992,813	-	-
Public safety	-	-	-	60,345
Unassigned	-	-	(628,906)	-
Total fund balances (deficits)	189,887	1,992,813	(628,906)	60,345
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 189,887	$ 2,074,412	$ 295,611	$ 60,345

Capital Projects Funds			
Capital Projects Fund	SPLOST Fund	T-SPLOST Fund	Total
$ 237,627	$ 1,152,672	$ 433,587	$ 3,158,023
3,217,359	-	-	3,217,359
-	-	-	82,359
30,511	-	-	30,511
-	-	23,064	23,064
-	-	-	1,024,415
-	-	-	179,344
$ 3,485,497	$ 1,152,672	$ 456,651	$ 7,715,075
$ 30,511	$ -	$ -	$ 112,110
750,425	-	-	1,658,077
$ 780,936	-	-	1,770,187
-	-	-	16,865
-	-	-	-
	-	-	16,865
2,704,561	1,152,672	456,651	4,313,884
	-	-	189,887
	-	-	1,992,813
	-	-	60,345
	-	-	(628,906)
2,704,561	1,152,672	456,651	5,928,023
$ 3,485,497	$ 1,152,672	$ 456,651	$ 7,715,075

CITY OF TIFTON, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund
Revenues				
Taxes	$ -	$ 971,420	$ -	$ -
Intergovernmental	-	-	286,209	-
Interest revenue	-	6,298	-	304
Fines and forfeitures	-	-	-	31,528
Other revenues	-	7,500	-	-
Total revenues	-	985,218	286,209	31,832
Expenditures				
Current:				
General government	15,877.00	-	28,832	-
Public safety	-	-	886,699	6,397
Culture and recreation	-	497,238	-	-
Housing and development	-	-	12,084	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,877	497,238	927,615	6,397
Excess (deficiency) of revenues over (under) expenditures	(15,877)	487,980	(641,406)	25,435
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(163,595)	-	-
Total other financing sources (uses)	-	(163,595)	-	-
Net change in fund balances	(15,877)	324,385	(641,406)	25,435
Fund balances, beginning of year	205,764	1,668,428	12,500	34,910
Fund balances (deficits), end of year	$ 189,887	$ 1,992,813	$ (628,906)	$ 60,345

Capital Projects Funds			
Capital Projects Fund	SPLOST Fund	T-SPLOST Fund	Total
$ -	$ -	$ -	$ 971,420
-	-	261,575	547,784
109,848	9,585	2,041	128,076
-	-	-	31,528
-	-	-	7,500
109,848	9,585	263,616	1,686,308
-	-	-	44,709
-	-	-	893,096
-	-	-	497,238
-	-	-	12,084
502,318	7,087	-	509,405
-	-	-	-
449,033	-	-	449,033
951,351	7,087	-	2,405,565
(841,503)	2,498	263,616	(719,257)
540,095	-	-	540,095
-	-	-	(163,595)
540,095	-	-	376,500
(301,408)	2,498	263,616	(342,757)
3,005,969	1,150,174	193,035	6,270,780
$ 2,704,561	$ 1,152,672	$ 456,651	$ 5,928,023

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	$ 2,614,630	$ 7,087	$ 2,621,717
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	2,186,723	-	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	665,275	-	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	$ 21,470,224	$ 7,087	$ 21,477,311

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	419,348	-	419,348
Road, street, bridge projects, drainage and parking	8,800,000	8,800,000	4,873,700	763,313	5,637,013
Technology equipment and upgrades	1,500,000	1,500,000	708,077	219,189	927,266
Water and sewer system capital outlay and improvements	7,600,000	7,600,000	3,334,332	939,289	4,273,621
Fire Department capital outlay and facilities upgrades	1,600,000	1,600,000	513,782	116,562	630,344
	$ 24,500,000	$ 24,500,000	$ 14,349,239	$ 2,038,353	$ 16,387,592

CITY OF TIFTON, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
2019 Referendum					
Renovation and improvements to City buildings	$ 1,200,000	$ 1,200,000	$ -	$ -	$ -
Vehicle, machinery, equipment and technology capital outlay	3,500,000	3,500,000	-	-	-
Road, street, bridge, drainage and parking projects	9,450,000	9,450,000	57,532	418,062	475,594
Water and sewer system capital outlay and improvements	5,000,000	5,000,000	-	44,000	44,000
Property acquisition and demolition	750,000	750,000	274,007	307,270	581,277
	$ 19,900,000	$ 19,900,000	$ 331,539	$ 769,332	$ 1,100,871

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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
City of Tifton, Georgia
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, 2020, 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 24, 2021.

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) as a basis for designing audit procedures 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 and significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 through 2020-008 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 financial statements. 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*.

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 City'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 24, 2021

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 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, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2020-001 – Proper Recognition of Cash

Criteria: Internal controls should be in place to ensure that all bank accounts are appropriately reconciled on a timely basis. Additionally, internal controls should be in place to ensure that all reconciliations agree to the general ledger.

Condition: During the year, the City did not properly reconcile the cash disbursement account to the general ledger.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2020.

Effects: Adjustments to be recorded as follows:

- General Fund Cash – an adjustment to decrease by $5,076,093.
- CDBG Fund Cash – an adjustment to decrease by $15,877.
- Water Fund Cash – an adjustment to increase by $25,265.
- Sewer Fund Cash – an adjustment to increase by $21,343.
- Gas Fund Cash – an adjustment to increase by $35,923.
- Solid Waste Collection and Disposal Fund Cash – an adjustment to increase by $10,323.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure the cash balance in the disbursement account was properly reconciled and recorded.

Recommendation: We recommend the City carefully review the cash disbursement account to ensure transactions are reported in accordance with generally accepted accounting principles and perform the bank reconciliation on a monthly basis.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020 – 002. 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, 2020.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020 – 002. Revenue/Receivables Cycle (Continued)

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: Adjustment to be recorded as follows:

- General Fund Revenue and Accounts Receivable - an adjustment to increase by $11,921.
- Hotel-Motel Fund Revenue and Accounts Receivable – an adjustment to decrease by $26,380.
- T-SPLOST Fund Revenue and Accounts Receivable – an adjustment to increase by $23,064.
- Water Fund Revenue and Accounts Receivable – an adjustment to decrease by $886.
- Water Fund Allowance for Doubtful Accounts – an adjustment to decrease by $110,821.
- Sewer Fund Revenue and Accounts Receivable – an adjustment to decrease by $33,040.
- Sewer Fund Allowance for Doubtful Accounts – an adjustment to decrease by $129,746.
- Gas Fund Revenue and Accounts Receivable – an adjustment to increase by $3,393.
- Gas Fund Allowance for Doubtful Accounts – an adjustment to increase by $2,917.
- Solid Waste Collection and Disposal Fund Revenue and Accounts Receivable – an adjustment to decrease by $43,378.
- Solid Waste Collection and Disposal Fund Allowance for Doubtful Accounts – an adjustment to decrease by $125,173.

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.

2020-003 – Proper Recognition of Capital Assets

Criteria: Internal controls should be in place to ensure amounts reported for capital assets and related items are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

Condition: The City did not properly recognize capital assets for governmental activities and business-type activities, which did not agree to the City's capital assets listing. During the fiscal year ended June 30, 2020, the City converted to a new fixed asset software. This conversion duplicated some assets and improperly converted other assets.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-003 – Proper Recognition of Capital Assets (Continued)

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2020.

Effects: Adjustments to be recorded as follows:

- Water Fund Capital Assets (business-type activities) – an adjustment to decrease by $645,949.
- Sewer Fund Capital Assets (business-type activities) – an adjustment to decrease by $13,337.
- Gas Fund Capital Assets (business-type activities) – an adjustment to increase by $194,411.
- Solid Waste Collection and Disposal Fund Capital Assets (business-type activities) an adjustment to increase by $318,378.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure capital assets were properly reconciled and recorded.

Recommendation: We recommend the City carefully review all capital assets to ensure transactions are reported in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-004 – Proper Recognition of Prepaid Expenses

Criteria: Internal controls should in place to ensure amounts reported for prepaid expenses and related items are appropriate and properly valued and recorded in accordance with generally accepted accounting principles.

Condition: The City did not properly record prepaid expenses.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2020.

Effects: Adjustments to be recorded as follows:

- General Fund Prepaid Expenses – an adjustment to decrease by $118,526.
- Internal Service Fund Prepaid Expenses – an adjustment to decrease by $12,337.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-004 – Proper Recognition of Prepaid Expenses (Continued)

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure prepaid expenses were properly reconciled and recorded.

Recommendation: We recommend the City carefully review all prepaid expenditures to ensure transactions are reported in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-005 – Proper Recognition of Payables

Criteria: Generally accepted accounting principles require timely reporting of all current liabilities when goods have been received or services have been performed, regardless of the timing of the related cash flows.

Condition: The City did not properly record payables.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2020.

Effects: Adjustments to be recorded as follows:

- SPLOST V Fund Payable – an adjustment to decrease by $96,971.
- Gas Fund Payable – an adjustment to increase by $100,237.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure payable balances were properly reconciled and recorded.

Recommendation: We recommend the City carefully review all payable accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-006 – Management of Interfund Transactions

Criteria: Generally accepted accounting principles require consideration of the collectability of receivables of all kinds, whether external or internal to the City. In addition, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded.

Condition: We noted the City did not account for and use due to/from accounts and transfers properly within the operations of the City.

Context: We addressed the matter with the City to determine the appropriate adjustments so as to properly state the balance of due to/from accounts and interfund transfer accounts at June 30, 2020.

Effects: The effect of the above condition resulted in a significant amount of adjustments after year end.

In order to properly document the due to/from and interfund transfer balances as of June 30, 2020, a significant number of adjustments were recognized with the total net effect of interfund activity for each fund noted below:

- General Fund – $4,967,208
- Water Fund – ($34,265)
- Sewer Fund – ($87,366)
- Gas Fund – ($98,253)
- Solid Waste Collection and Disposal Fund – ($174,275)
- Internal Service Fund – ($19,708)

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to necessary to record all of the necessary interfund activity.

Recommendation: We recommend the City carefully review all interfund accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-007 – Proper Recognition of Investments

Criteria: Internal controls should be in place to ensure that all investment accounts are appropriately reconciled on a timely basis. Additionally, internal controls should be in place to ensure that all reconciliations agree to the general ledger.

Condition: During the year, the City did not properly reconcile investment accounts to the general ledger.

Context: We addressed the matter with the City to determine the appropriate amounts to record as of and for the fiscal year ended June 30, 2020.

Effects: Adjustments to be recorded as follows:

- Capital Projects Fund Investment – an adjustment to decrease by $415,036.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to ensure investment balances were properly reconciled and recorded.

Recommendation: We recommend the City carefully review all investment accounts to ensure transactions are reported in accordance with generally accepted accounting principles.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

2020-008 – General Accounting Matters/Close-Out Procedures

Criteria: Internal control is a process designed to provide reasonable assurance about the achievement of an entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is also a process of safeguarding assets against unauthorized acquisition, use, or disposition, and includes controls related to financial reporting and operations objectives. 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). Further, a fundamental principle in accounting and financial reporting is the notion of timely recognition and recording of financial and non-financial transactions and activities.

Condition: During our audit, we noted an inordinate amount of accounting, reporting and reconciling was not properly performed and reviewed during the fiscal year which required a significant effort to close the City’s 2020 fiscal year.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2020-008 – General Accounting Matters/Close-Out Procedures (Continued)

Significant adjustments were determined and required to be recorded in the months that followed June 30, 2020. Further, and throughout the course of the audit process, we noted there was an overall lack of proper and adequate accounting on a timely basis. We noted deficiencies in timeliness, completeness, and accuracy. Specifically, we noted a lack of timely and accurate financial and non-financial information needed:

- to prepare their bank reconciliations in a timely manner for all accounts;
- to properly maintain the accounts payable on a periodic basis throughout the year;
- to accurately maintain and record the City's capital assets;
- to properly maintain general ledgers, subsidiary ledgers, and related reconciliations;

We believe it important to note that we observed a genuine interest by the City's accounting personnel in their desire to learn and assume greater responsibilities for the City's accounting and financial reporting and noticed great improvement subsequent to the current year's audit.

Context: We addressed the matter with the City to determine the appropriate actions are taken so as to properly complete general accounting matters/close-out procedures at June 30, 2020.

Effects: The ultimate effect of the above condition is the potential for errors and irregularities to occur and not be detected and corrected in a timely manner.

Cause: There was a lack of appropriate controls implemented at the City during the fiscal year to properly maintain financial and non-financial information and to properly close out the year end.

Recommendation: We recommend the City consider a variety of options to addressing the above condition. In no particular order, the City needs to look at the respective staffing of the accounting function, and determine if an adequate number of qualified people are currently available to address the condition. The City also needs to consider and evaluate its strengths and weaknesses relative to the accounting function, and take measures to address the concerns noted above with a goal of providing timely recording, reconciling and reporting of City operations and financial and non-financial activities.

Views of Responsible Officials and Planned Corrective Action: We concur. We will continue to review and improve policies and procedures in an effort to eliminate error and identify deficiencies from both operational and financial perspectives.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

CITY OF TIFTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.