



City of Tifton, Georgia

Annual Financial Report

**Fiscal Year Ended
June 30, 2007**

TABLE OF CONTENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Description	Page Number
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets - Government-Wide	17
Statement of Activities and Changes in Net Assets - Government-Wide	20
Combining Balance Sheet - Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	25
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets	27
Combining Statement of Net Assets - Proprietary Funds	29
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	32
Combining Statement of Cash Flows - Proprietary Funds	34
Statement of Fiduciary Net Assets - Pension Trust Fund	38
Statement of Changes in Fiduciary Net Assets - Pension Trust Fund	39
Notes to Financial Statements	40
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	63
Notes to Required Supplementary Information	64
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	65
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	66
General Fund:	
Balance Sheet	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	68

TABLE OF CONTENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Description	Page Number
Schedule of Revenues	69
Schedule of Expenditures:	
General Government	70
Tax Office	71
Municipal Court	72
Police Department	73
Fire Department	74
Public Works Complex	75
Street Department	76
Park and Cemetery	77
Financial	78
Senior Citizens Center	79
Nutrition Program	80
Traffic Control	81
Special Revenue Funds:	
Community Development Revolving Loan Fund:	
Balance Sheet	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance	83
Hotel/Motel Tax Fund:	
Balance Sheet	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance	85
Capital Projects Funds:	
Special Purpose Local Option Sales Tax Fund:	
Balance Sheet	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance	87
Grant Fund:	
Balance Sheet	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance	89
Proprietary Funds:	
Enterprise Funds:	
Water Revenue Fund:	
Schedule of Net Assets	90
Schedule of Revenues, Expenses, and Changes in Net Assets	92
Schedule of Cash Flows	93

TABLE OF CONTENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Description	Page Number
<hr/>	
Sewer Revenue Fund:	
Schedule of Net Assets	94
Schedule of Revenues, Expenses, and Changes in Net Assets	96
Schedule of Cash Flows	97
Gas Revenue Fund:	
Schedule of Net Assets	98
Schedule of Revenues, Expenses, and Changes in Net Assets	100
Schedule of Cash Flows	101
Solid Waste Collection and Disposal Revenue Fund:	
Schedule of Net Assets	102
Schedule of Revenues, Expenses, and Changes in Net Assets	104
Schedule of Cash Flows	105
Telecommunication Revenue Fund:	
Schedule of Net Assets	106
Schedule of Revenues, Expenses, and Changes in Net Assets	108
Schedule of Cash Flows	109
Service Fund:	
Schedule of Net Assets	110
Schedule of Revenues, Expenses, and Changes in Net Assets	111
Schedule of Cash Flows	115
Component Unit:	
Schedule of Net Assets	116
Schedule of Revenues, Expenses, and Changes in Net Assets	118
Schedule of Cash Flows	119
Schedule of Projects Constructed with Special Sales Tax Proceeds	120
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	122
Schedule of Findings and Responses	124

TABLE OF CONTENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Description	Page Number
Assessed and Estimated Actual Values of Taxable Property	125
Property Tax Rates	126
Principal Taxpayers	127
Debt Limitation	128

HERRING

CPA GROUP, P.C.

Certified Public Accountants & Consultants

GERALD N. HERRING, JR., C.P.A.
CHARLES W. POWELL, III, C.P.A.
DAVID L. DEARISO, C.P.A.
TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.
JOHN S. "SAM" SIMS, III, C.P.A.
JANE L. GRAY, C.P.A.

BRENDA T. MCALLISTER, C.P.A.
R. CHAD ALEXANDER, C.P.A.
BRANDON N. MONTGOMERY, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
THE GEORGIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
TIFTON, GEORGIA
SYLVESTER, GEORGIA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Tifton, Georgia

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, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tifton's management. Our responsibility is to express opinions on these financial statements based on our audit.

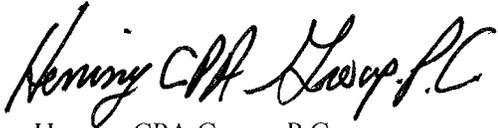
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tifton, Georgia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 12, 2007, on our consideration of the City of Tifton, Georgia's internal control structure and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 63 and 64 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tifton's basic financial statements. The combining and individual fund financial statements and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as required by the Official Code of Georgia Annotated Section 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as required by the Official Code of Georgia Annotated Section 48-8-121, have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Herring CPA Group, P.C.
Tifton, Georgia
December 12, 2007



130 East 1st Street
Post Office Box 229
Tifton, Georgia 31793

<http://www.tifton.net>

ELECTED OFFICIALS:

J. G. "JAMIE" CATER, JR.

MAYOR

W. JOE LEWIS

VICE-MAYOR

DISTRICT 4

MARIANNA KEESEE

DISTRICT 1

DAVE HETZEL

DISTRICT 2

ROOSEVELT RUSSELL

DISTRICT 3



**Finance
Department**

Carmina Turner
Finance Director

PH: 229-391-3896

FAX: 229-391-3989

E-mail: turnercg@tifton.net

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

Forward-Looking Statements

This discussion and analysis of the City of Tifton, Georgia's financial performance is prepared by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented herein in conjunction with the result of the City's financial statements.

FINANCIAL HIGHLIGHTS

1. The total Assets of the City were \$94.6 million, which exceeded its liabilities of \$24.5 million at the close of the most recent fiscal year by \$70.1 million.
2. The total assets of the City's component unit, DDA (Downtown Development Authority), were \$3.7 million, which exceeded its liabilities of \$1.6 million at the close of the most recent fiscal year by \$2.2 million.
3. During the year, the City had governmental program expenses that were \$12 million which is \$2.4 million less than \$14.4 million generated in tax and other revenues, before internal transfers.
4. The City's business-type activities had program expenses that were \$19.6 million, which is 612 thousand less than \$20.2 million generated from charges for services and other revenues, before internal transfers.
5. At the close of the fiscal year, the City of Tifton's Governmental Fund Balance was \$9.2 million as compared to \$7.4 million at June 30, 2006. Of this amount, \$4.8 million was available for spending at the City's discretion (Unreserved Fund Balance) as compared to \$2.7 million at June 30, 2006.
6. The General Fund, on a current financial resources basis, reported revenue in excess of expenditures and other financing resources of \$774,129 for the fiscal year ending June 30, 2007, compared to \$676,644 for the fiscal year ending June 30, 2006.
7. The total expense for government-wide activities totaled \$31.6 million for the current fiscal year as compared to \$34.8 million at June 30, 2006.
8. The City does not have General obligation bonds outstanding.
9. The Telecommunication Bond Series 1998 was defeased into Bond Series 2006 "A and "B".

CITY'S HIGHLIGHTS

The City of Tifton, in spite of the challenging economic times, was able to maximize the available resources to provide the highest level of service possible. Due to the City Council's and staff foresight and guidance, the City is operating in a fiscally responsible manner. Through the prudent use of the City funds, we expect to provide the citizens of, and visitors to, the City of Tifton, quality services that rival any other communities in Georgia.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities, on pages 17 & 20, respectively, provide information about the activities of the City of Tifton as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in pages, 24 through 39. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City's acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (Tables 1 & 2 on pages 6 & 8, respectively), report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting which is the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City of Tifton's net assets, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. However, the reader needs to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the Statement of Net Assets and Statement of Activities, the City's activities are divided into two types:

Governmental Activities - Most of the City's basic services are reported here, which include General Government, Public Safety, Public Works, Culture and Recreation, Health and Welfare, and Internal Service Fund.

Business-type Activities - Include the Water and Sewer Utility, Gas, Solid Waste/Landfill, and Telecommunications. These services charge fees to customers to help cover all or most of the costs of services it provides.

The Government-Wide Financial Statement includes not only the City of Tifton itself (known as the primary government), but also a legally separate **Downtown Development Authority**, for which the City of Tifton has some degree of financial accountability. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The Fund Financial Statements on pages 24 through 39, provide detailed information about the most significant funds, not the City of Tifton as a whole. Some funds are required to be established by the City's charter. However, the City of Tifton Council establishes many other funds to help control and manage financial activities for particular purposes such as the Capital Projects Fund and Special Revenue Fund to show that it is meeting legal responsibilities for using grants and other money, such as grants from the State and Federal Government. The City of Tifton's funds are divided into three categories: Governmental, Proprietary and Fiduciary.

Governmental Funds (shown on page 24 through 38) - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left at year-end are available for spending. These 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 Statement of Net Assets and the Statement of Activities) and governmental funds are described in the reconciliation at the bottom of the Fund Financial Statements on pages 25 and 27.

The City of Tifton adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance.

Proprietary Funds (shown on page 29 through 37) - 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 of Tifton maintains two types of Proprietary Funds.

1. 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 of Tifton has five (5) Enterprise Funds: Solid Waste Collection and Disposal Fund, Sewer Fund, Water Fund, Gas Fund, and Telecommunication Fund.

2. 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 other departments or funds of the City. The estimated cost of operating the Service Fund is charged to separate departments during the fiscal year and allocated at year-end based on the movement of inventory, shop charges, and space occupied in the maintenance warehouse complex and in the City Hall, and is accounted for in the governmental activities of the Government-wide Financial Statements.

Fiduciary Funds (shown on pages, 38 and 39) - The City is the trustee, or fiduciary, for its employees' pension plans. These activities are excluded from the City's other

financial statements as the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the financial statements can be found on pages 40-62 of this report.

The combining statements in connection with the non-major governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the combined net assets as of June 30, 2007 and 2006. For detailed information, see Statement of Net Assets on page 17.

Table 1.
Summary of Government - Wide Net Assets

CITY OF TIFTON'S NET ASSETS

	Governmental		Primary Government		Total	
	Activities		Business-Type			
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 12,102,598	\$ 10,671,593	\$ 14,076,854	\$ 9,972,000	\$ 26,179,452	\$ 20,643,593
Capital Assets	34,145,468	11,757,187	34,234,797	33,894,680	68,380,265	45,651,867
Total Assets	\$ 46,248,066	\$ 22,428,780	\$ 48,311,651	\$ 43,866,680	\$ 94,559,717	\$ 66,295,460
Current Liabilities	\$ 1,764,060	\$ 2,864,122	\$ 2,330,111	\$ 2,943,667	\$ 4,094,171	\$ 5,807,789
Long-Term Liabilities	2,159,950	2,375,375	18,234,248	13,787,272	20,394,198	16,162,647
Total Liabilities	\$ 3,924,010	\$ 5,239,497	\$ 20,564,359	\$ 16,730,939	\$ 24,488,369	\$ 21,970,436
Net Assets						
Invested in Capital Assets net of related debt	\$ 31,461,545	\$ 8,005,654	\$ 19,616,742	\$ 23,892,314	\$ 51,078,287	\$ 31,897,968
Restricted for:						
Capital Projects	3,383,381	2,204,989	-	-	3,383,381	2,204,989
Unrestricted	7,479,130	6,978,640	8,130,550	3,243,427	15,609,680	10,222,067
TOTAL NET ASSETS	\$ 42,324,056	\$ 17,189,283	\$ 27,747,292	\$ 27,135,741	\$ 70,071,348	\$ 44,325,024

Net Assets. The City of Tifton’s combined net assets increased 37% from \$44.3 million at June 30, 2006 to \$70.1 million at June 30, 2007 (See Table 1). A large portion of the increase was due to infrastructure valuation in the amount of \$22.7 million. Unrestricted net assets, the portion of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, totaled \$15.6 million at June 30, 2007. This does not mean that the City of Tifton has resources available beyond its long term commitments. Rather, it is the result of having currently available resources that are greater than current liabilities.

Net assets of the City of Tifton's governmental activities increased to \$42.3 million. However, much of those net assets either are restricted as to the purposes for which they can be used, or are invested in capital assets (buildings, roads, and such). In addition, the surplus in unrestricted governmental net assets was positively affected by several factors of the City's recent financial activity: revenues exceeded expenditures due to conservative revenue budgeting, freezing of some expenditures, and salary savings resulting from position vacancies throughout the year and the inclusion of the recent infrastructures valuation as a result of the GASB 34 compliance.

The Net Assets of business-type activities increased by 2.0% to \$27.7 million. These resources cannot be used to add to the net assets in governmental activities, it can only be used to finance the continuing operations of the enterprise funds.

Changes in Net Assets. The City's total revenues were decreased by 4.01% to \$34.7 million (See Table 2 on page 8). Approximately, 6.22% of the City's total revenue comes from the property taxes, with 22.2% of all revenue coming from some type of tax. Another 6.2% comes from fees charged for services, and the balance is from operating and capital grants and contributions, investment earnings and other miscellaneous revenue and transfers.

The total cost of all programs and services for the year ending June 30, 2007 is \$31.6 million. The City's expenses cover a range of service, with about 19.73% of the total expenses related to public safety. (See Table 2 on the following page).

Table 2
Comparison of Activities and Changes in Net Assets

FUNCTIONS/PROGRAMS	PRIMARY GOVERNMENT						TOTAL % CHANGE INC/(DEC)
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		
	2007	2006	2007	2006	2007	2006	
REVENUES							
Program Revenues:							
Charges for Services	\$ 3,031,119	\$ 2,511,801	\$ 19,527,132	\$ 24,156,605	\$ 22,558,251	\$ 26,668,406	-15.41%
Operating Grants and Contribution	96,050	172,023	-	-	96,050	172,023	-44.16%
Capital Grants and Contributions	0	-	0	-	0	0	0.00%
Total Program Revenues	\$ 3,127,169	\$ 2,683,824	\$ 19,527,132	\$ 24,156,605	\$ 22,654,301	\$ 26,840,429	-15.6%
General Revenues and Transfers:							
Property Taxes	\$ 2,158,445	\$ 2,075,699	\$ -	\$ -	\$ 2,158,445	\$ 2,075,699	3.99%
Sales Taxes	5,742,103	4,880,296	-	-	5,742,103	4,880,296	17.66%
Hotel Motel Taxes	716,641	684,185	-	-	716,641	684,185	4.74%
Alcoholic Beverage Taxes	464,535	436,196	-	-	464,535	436,196	6.50%
Insurance Premium Tax	789,142	754,257	-	-	789,142	754,257	4.63%
Franchise Fees	1,032,739	992,664	-	-	1,032,739	992,664	4.04%
Investment Earnings	296,418	169,775	670,536	393,808	966,954	563,583	71.57%
Miscellaneous Revenue	155,027	315,662	-	73,929	155,027	389,591	-60.21%
Transfers - Internal Activities	-22,415	3,187,793	22,415	-3,187,793	0	0	0.00%
Total General Revenues & Transfers	\$ 11,332,635	\$ 13,496,527	\$ 692,951	\$ (2,720,056)	\$ 12,025,586	\$ 10,776,471	11.6%
Total Revenues & Transfers	\$ 14,459,804	\$ 16,180,351	\$ 20,220,083	\$ 21,436,549	\$ 34,679,887	\$ 37,616,900	-4.01%
EXPENSES							
Governmental Activities:							
General Government	\$ 2,626,234	\$ 2,274,622	\$ -	\$ -	\$ 2,626,234	\$ 2,274,622	15.46%
Public Safety	6,237,579	5,819,676	-	-	6,237,579	5,819,676	7.18%
Public Works	2,480,638	2,006,877	-	-	2,480,638	2,006,877	23.61%
Culture and Recreation	507,722	446,200	-	-	507,722	446,200	13.79%
Health and Welfare	41,320	29,276	-	-	41,320	29,276	41.14%
Interest on Long-Term Debt	119,951	148,080	-	-	119,951	148,080	-19.00%
Total Governmental Activities	\$ 12,013,444	\$ 10,724,731	\$ -	\$ -	\$ 12,013,444	\$ 10,724,731	12.02%
Business-type Activities:							
Water	\$ -	\$ -	\$ 2,789,936	\$ 2,788,999	\$ 2,789,936	\$ 2,788,999	0.03%
Sewer	-	-	3,483,712	3,662,579	3,483,712	3,662,579	-4.88%
Gas	-	-	5,259,697	10,470,630	5,259,697	10,470,630	-49.77%
Solid Waste	-	-	4,033,726	3,571,936	4,033,726	3,571,936	12.93%
Telecommunications	-	-	4,041,461	3,578,023	4,041,461	3,578,023	12.95%
Total Business-Type Activities	-	-	19,608,532	24,072,167	19,608,532	24,072,167	-18.54%
Total Expenses	\$ 12,013,444	\$ 10,724,731	\$ 19,608,532	\$ 24,072,167	\$ 31,621,976	\$ 34,796,898	-9.12%
Change in Net Assets	\$ 2,446,360	\$ 5,455,620	\$ 611,551	\$ (2,635,618)	\$ 3,057,911	\$ 2,820,002	8.44%
Net Assets - Beginning of the Year	\$ 17,189,283	\$ 11,733,663	\$ 27,135,741	\$ 29,771,359	\$ 44,325,024	\$ 41,505,022	6.79%
Restatement for Infrastructure	22,688,413	\$ -	\$ -	\$ -	22,688,413	\$ -	0.00%
NET ASSETS - JUNE 30, 2007	\$ 42,324,056	\$ 17,189,283	\$ 27,747,292	\$ 27,135,741	\$ 70,071,348	\$ 44,325,024	58.09%

Governmental Activities – Revenue by Source

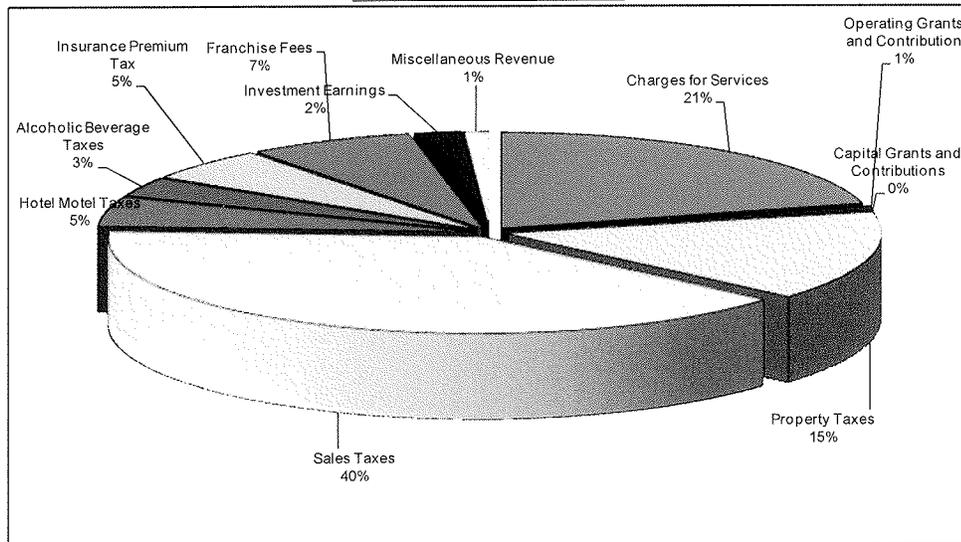
Revenues for the City of Tifton's governmental activities, excluding internal transfer, increased 10.3% to \$14.48 million, while total expenses increased 12.02% to \$12.0 million. Taxes such as Property taxes, sales tax, and franchise fees, Insurance Premium Tax, Bed Tax and Alcoholic Beverage Tax are the major revenue sources, contributing \$9.8 million of the City's revenues.

Revenues increased due to increased revenue from property taxes, sales taxes and charges for services.

Table 3
Governmental Activities - Revenue by Source

	<u>PRIMARY GOVERNMENT</u>		
	<u>GOVERNMENTAL ACTIVITIES</u>		
FUNCTIONS/PROGRAMS	<u>2007</u>	<u>2006</u>	<u>DIFFERENCE</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 3,031,119	\$ 2,511,801	\$ 519,318
Operating Grants and Contribution	96,050	172,023	\$ (75,973)
Capital Grants and Contributions	0	0	\$ -
Property Taxes	2,158,445	2,075,699	\$ 82,746
Sales Taxes	5,742,103	4,880,296	\$ 861,807
Hotel Motel Taxes	716,641	684,185	\$ 32,456
Alcoholic Beverage Taxes	464,535	436,196	\$ 28,339
Insurance Premium Tax	789,142	754,257	\$ 34,885
Franchise Fees	1,032,739	992,664	\$ 40,075
Investment Earnings	296,418	169,775	\$ 126,643
Miscellaneous Revenue	155,027	315,662	\$ (160,635)
Total Revenues	\$ 14,482,219	\$ 12,992,558	\$ 1,489,661

Pie chart for Table 3



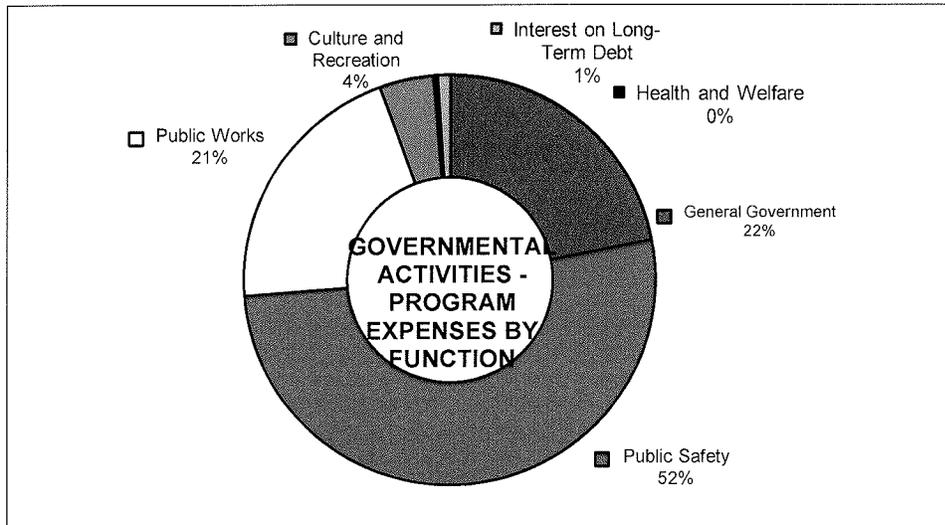
Governmental Activities - Program Expense by Function

The following table presents the cost of each of the City’s six largest programs- public safety, general government, public works, culture and recreation, and interest on long-term debt. The cost of governmental activities this year was \$12.0 million. However, the amount that taxpayers paid for these activities through city taxes was only \$2.2 million. Some of the cost was paid by:

- o Those who benefited from the programs (charges for services) - \$3 million
- o Taxes other than property taxes - \$9.2 million
- o Grants and Contribution - \$96 thousand as compared to \$172 thousand in FY2006.

Table 4.
GOVERNMENTAL ACTIVITIES PROGRAM EXPENSE BY FUNCTION

Governmental Activities:	TOTAL COST OF SERVICE		
	<u>2007</u>	<u>2006</u>	DIFFERENCE
General Government	\$ 2,626,234	\$ 2,274,622	351,612
Public Safety	6,237,579	5,819,676	417,903
Public Works	2,480,638	2,006,877	473,761
Culture and Recreation	507,722	446,200	61,522
Health and Welfare	41,320	29,276	12,044
Interest on Long-Term Debt	119,951	148,080	-28,129
Total Governmental Activities	\$ 12,013,444	\$ 10,724,731	1,288,713

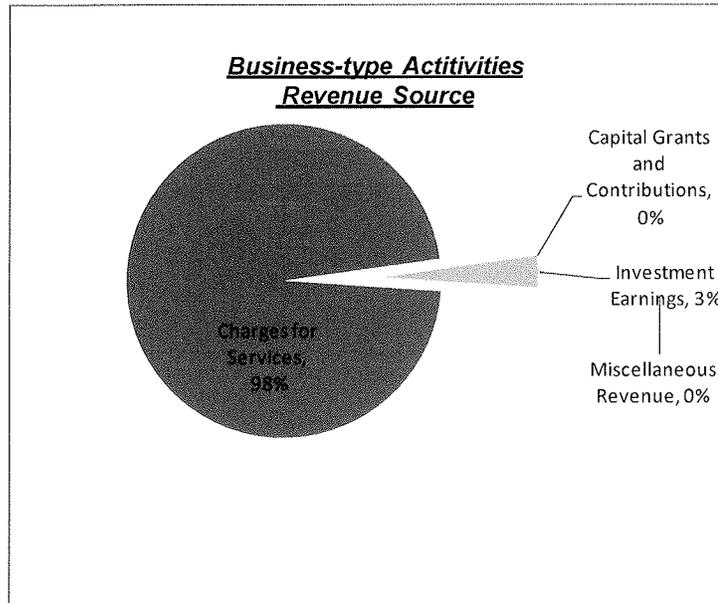


Business-type Activities

Operating revenues including transfers of the business-type activities decreased by \$4.4 million, from \$24.62 million to \$20.22 million during the year ended June 30, 2007. The decrease in the revenue is the result of the closing of an industrial plant, which was a major contributor to the gas revenue.

Table 5
BUSINESS-TYPE ACTIVITIES REVENUE SOURCE

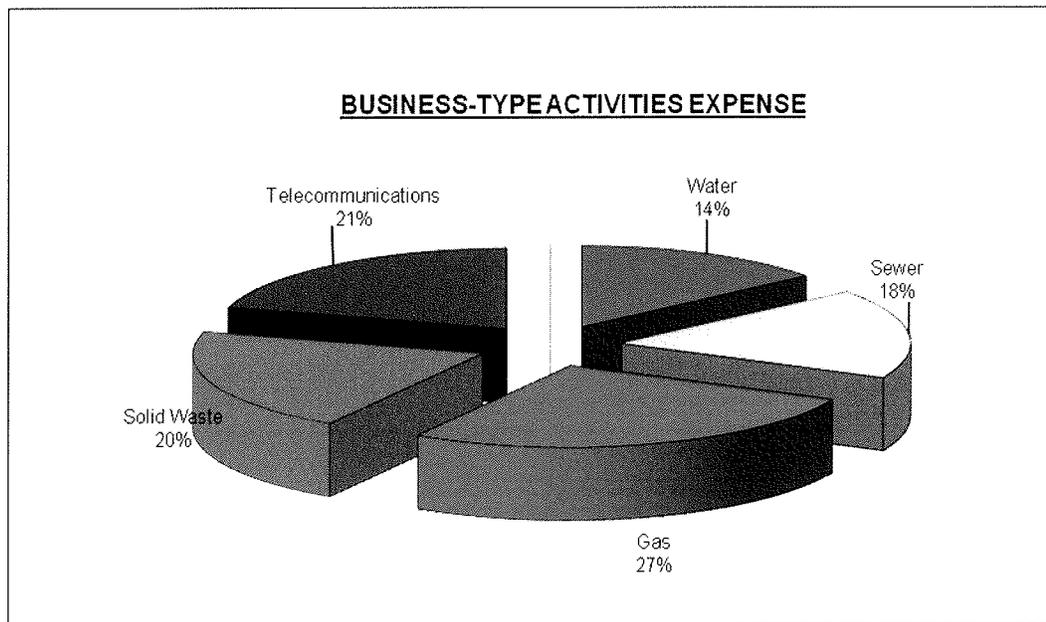
	<u>2007</u>	<u>2006</u>	<u>DIFFERENCE</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 19,527,132	\$ 24,156,605	\$ (4,629,473)
Capital Grants and Contributions	0	0	0
Investment Earnings	670,536	393,808	276,728
Miscellaneous Revenue	0	73,929	-73,929
Total Revenues	\$ 20,197,668	\$ 24,624,342	\$ (4,426,674)



The cost of all Proprietary (Business Type) activities this year decreased by \$4.7 million, from \$24.07 million to \$19.61 million for the year ending June 30, 2007. As shown in the Statement of Activities and Changes in Net assets on page 20, the amounts paid by the users of the system was \$19.53 million, \$671 thousand from investment earnings, and \$22 thousand from internal transfers.

Table 6
BUSINESS-TYPE ACTIVITIES EXPENSE

	<u>2007</u>	<u>2006</u>	DIFFERENCE
Business-type Activities:			
Water	\$ 2,789,936	\$ 2,788,999	\$ 937
Sewer	3,483,712	3,662,579	\$ (178,867)
Gas	5,259,697	10,470,630	\$ (5,210,933)
Solid Waste	4,033,726	3,571,936	\$ 461,790
Telecommunications	4,041,460	3,578,023	\$ 463,437
Total Business-Type Activities	\$ 19,608,531	\$ 24,072,167	\$ (4,463,636)



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, City of Tifton uses fund accounting to ensure and demonstrate compliance with the finance-related legal requirements.

Governmental Funds. The focus of the City of Tifton’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (presented in the balance sheet on page 24) reported a combined fund balance of \$9.22 million, as compared to \$7.45 million as of June 30, 2006, which was a \$1.77 million increase from prior year. Approximately \$4.8 million of the fund balance constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is reserved to indicate that it is not available for spending because it has already been committed for other items.

The General fund is the chief operating fund of the City of Tifton. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$4.8 million, while total fund balance reached \$5.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to the total fund expenditures. Unreserved fund balances represents 43% of total General Fund's expenditures, while total fund balance represents 48% of that same amount.

The fund balance of the City's General Fund, increased by \$774,129 during the current fiscal year. This was due mainly due to tighter controls on spending.

The SPLOST3 and SPLOST4 Capital Projects Fund accounts for the financial resources provided from one percent Special Purpose Local Option Sales Tax. These resources must be used for various building projects, sewer, water, and storm drainage and road improvements throughout the City. At the end of the 2007 fiscal year, the SPLOST Capital Projects Fund had a reserved fund balance of \$3.4 million, an increase of \$1.19 million from prior year. The increased in the fund balance is mainly due to the increased collections running just higher than expenditures each month, and increased investment rate.

Proprietary Funds

The City's proprietary fund statements, beginning on page 29 provide the same type of information found in the government-wide financial statements but in more detail. Total net assets were \$27.75 million at year-end, an increase of \$650 thousand from the prior year. Of the total net assets, \$19.6 million were invested in Capital Assets net of related debt, and \$8.1 million are unrestricted.

GENERAL FUND'S BUDGETARY HIGHLIGHTS

Over the year, the City of Tifton revised the City's budget in order to accommodate appropriations that were approved shortly after the beginning of the year, and to provide amendments that the Council made during the year to take into account various minor unexpected items occurring during the year. Although there was a difference in expenditures between the original budget and the final budget, the General Fund still shows an excess of revenue and other financing sources over expenditures of \$783,606 thousand.

Tables 7 & 8 highlight the changes from the original adopted to the final amended budget for fiscal year 2007. Significant changes are discussed below:

Revenue

In comparison to final with the estimated revenue, actual revenues were less than estimated. Budgeted revenues such as sales tax, insurance premium tax, franchise taxes, which are some of the major sources of revenues, were all down due to economic conditions and closing of some businesses in the City. Income on investments was more than anticipated due to increasing interest rates. Miscellaneous income is more than the budgeted due to increased revenue from surplus sales. The City is utilizing GovDeals in disposing off some surplus properties. The transfers were approved to meet the current cash flow of the General Fund in an affect to stabilize service levels. The general fund received a transfer in of \$600,000 from the gas fund and \$86,144 from the hotel/motel tax fund.

Table 7

SUMMARY OF GENERAL FUND BUDGET - ORIGINAL AND FINAL ESTIMATED REVENUE

(NON - GAAP BUDGETARY BASIS)

	<u>Budgeted</u>		<u>Change</u>	<u>Actual</u>		<u>Variance</u> <u>Over/(Under)</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Revenues</u>	<u>Revenues</u>	
Revenues:						
Taxes, Net	\$ 7,441,117	\$ 7,441,117	-	\$ 7,418,381	\$ (22,736)	
Licenses and Permits	761,282	761,282	-	793,497	32,215	
Intergovernmental	172,128	172,128	-	119,979	(52,149)	
Charges for Services	1,508,360	1,508,360	-	1,454,451	(53,909)	
Fines & forfeitures	785,681	785,681	-	781,014	(4,667)	
Miscellaneous Income	95,494	95,494	-	226,316	130,822	
Proceeds from Long-Term Debt	504,449	504,449	-	504,449	-	
Operating Transfers In	741,249	741,249		686,144	(55,105)	
Total Revenues	\$ 12,009,760	\$ 12,009,760	\$ -	\$ 11,984,231	\$ (25,529)	

Expenditures

The changes in the department's budgets are due to transfers between departments and resolutions for un-budgeted federal and state grants received and for amendments for unforeseen and unexpected expenditures.

Table 8**SUMMARY OF GENERAL FUND BUDGET - ORIGINAL AND FINAL APPROPRIATION**

(NON - GAAP BUDGETARY BASIS)

	Budget			Actual Expenditures	Variance Over/(Under) Final Budget
	Original	Final	Change		
Expenditures:					
General Government	\$ 2,182,232	\$ 2,086,232	\$ 96,000	\$ 1,697,005	\$ 389,227
Tax Office	121,134	121,134	0	105,634	\$ 15,500
Municipal Court	188,255	188,255	0	165,860	\$ 22,395
Police	3,729,259	3,729,259	0	3,548,960	\$ 180,299
Fire	2,307,592	2,307,592	0	2,187,266	\$ 120,326
Public Works	187,727	187,727	0	172,051	\$ 15,676
Street	1,805,655	1,875,655	(70,000)	1,874,915	\$ 740
Park and Cemetery	471,921	471,921	0	452,745	\$ 19,176
Financial Expense	416,536	432,536	(16,000)	431,785	\$ 751
Senior Citizens Center	106,889	106,719	170	106,238	\$ 481
Nutrition Program	55,085	55,255	(170)	40,821	\$ 14,434
Traffic Control	437,475	433,480	3,995	417,345	\$ 16,135
Total Expenditures	<u>\$ 12,009,760</u>	<u>\$ 11,995,765</u>	<u>\$ 13,995</u>	<u>\$ 11,200,625</u>	<u>\$ 795,140</u>

CAPITAL ASSET AND DEBT ADMINISTRATION**Capital Assets**

At the end of fiscal year 2007, the City of Tifton had invested \$119.5 million before depreciation, \$67.9 million, net of depreciation, in a broad range of capital assets for its governmental and business type activities. This investment in capital assets includes land, building, public utility systems, machinery and equipment, and park facilities.

The City has completed its inventory and analysis of its roads, highways, and bridges acquired prior to July 1, 2003, the implementation date of GASB 34, as capital assets of the City. As a result, the value of the City's assets as presented on the report does include these infrastructure items. More detailed information about the City of Tifton's capital assets is presented in Note 4 to the Basic Financial statements on page 49.

Debt Administration

The City's long-term debt consists of revenue bonds, long-term notes, capital leases and accrued vacation pay. As of the end of the year ended June 30, 2007, the City had \$17.6 million in bonds, notes and leases outstanding, an increase of \$2.5 million over last year. The City does not have general obligation debt.

More detailed information about the City's long-term liabilities is presented in the Notes to Financial Statements included in this annual financial report on pages 53 through 56.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET & RATES

The City of Tifton's elected and appointed officials considered many factors when setting the fiscal year 2008 budget, tax rates, grants and fees charged for business-type activities. One of these factors is the economy and increasing cost of personnel.

The City of Tifton places significant emphasis on the encouraging economic development, particularly on retail, service industries, and tourism. Some of the largest retail stores include Wal-Mart Stores, Inc., and Lowe's, Inc. and other food chains. Construction activity continues to increase, including increase of construction of several commercial establishments, annexation of new developments into the City limits, and expansion of medical facilities. These indicators were taken into consideration when adopting the General Fund budget for fiscal year 2008.

However, because of ever increasing demands for service, the City revenue stream has not kept pace with the cost of the services. This is particularly true for the City's General Fund through which most of the basic municipal services are provided, such as police, fire, and public works. These services, by and large, rely upon revenue derived from local option sales tax, property tax, and various other fees and permits. The General Fund is where we face the greatest difficulties. City Council, with staff recommendation, has enacted certain revenue enhancements in order to provide adequate personnel and to accommodate normal levels of services.

In 2008, the tax millage rate was kept at 6.759 mills for the General Fund.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report was designed to provide the City of Tifton's citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City's Finance Director at the City of Tifton, P.O. Box 229, Tifton Georgia, 31793-0229.

STATEMENT OF NET ASSETS

Government-Wide
Tifton, Georgia

June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Current Assets:				
Cash on Hand and in Banks	\$ 8,742,455	\$10,499,920	\$ 19,242,375	\$ 166,194
Restricted Cash	0	646,829	646,829	0
Receivables - Net	2,083,939	2,542,329	4,626,268	60,931
Internal Balances	(387,776)	387,776	0	0
Inventory at Cost	1,136,316	0	1,136,316	0
Prepaid Expenses	527,664	0	527,664	0
Total Current Assets	<u>12,102,598</u>	<u>14,076,854</u>	<u>26,179,452</u>	<u>227,125</u>
Non-Current Assets:				
Bond Cost - Net	0	257,242	257,242	0
Capital Assets - Nondepreciable	2,522,664	567,835	3,090,499	563,905
Capital Assets - Depreciable - Net	31,443,460	33,409,720	64,853,180	1,825,375
Notes Receivable	0	0	0	1,121,487
Due from Component Unit	179,344	0	179,344	0
Total Non-Current Assets	<u>34,145,468</u>	<u>34,234,797</u>	<u>68,380,265</u>	<u>3,510,767</u>
Total Assets	<u>46,248,066</u>	<u>48,311,651</u>	<u>94,559,717</u>	<u>3,737,892</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF NET ASSETS

	June 30, 2007		
	Primary Government		Component Unit
	Governmental Activities	Business-Type Activities	
	Total	Downtown Development Authority	
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	976,414	1,272,378	18,343
Accrued Expenses	106,135	89,424	4,302
Notes and Leases Payable	635,156	359,524	102,818
Customer Deposits	0	608,785	0
Deferred Revenue	46,355	0	2,811
Total Current Liabilities	<u>1,764,060</u>	<u>2,330,111</u>	<u>128,274</u>
Long-Term Liabilities:			
Accrued Vacation Pay	290,527	126,423	0
Revenue Bonds Payable	0	10,609,840	0
Long-Term Notes Payable	1,869,423	4,038,278	1,249,464
Due to Primary Government	0	0	179,344
Accrued Postclosure Cost	0	3,459,707	0
Total Long-Term Liabilities	<u>2,159,950</u>	<u>18,234,248</u>	<u>1,428,808</u>
Total Liabilities	<u>3,924,010</u>	<u>20,564,359</u>	<u>1,557,082</u>

(Continued on next page)

The accompanying notes are an integral part of these statements.

STATEMENT OF NET ASSETS

Government-Wide
Tifton, Georgia

June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$31,461,545	\$19,616,742	\$51,078,287	\$2,007,796
Restricted for:				
Capital Projects	3,383,381	0	3,383,381	0
Unrestricted	<u>7,479,130</u>	<u>8,130,550</u>	<u>15,609,680</u>	<u>173,014</u>
TOTAL NET ASSETS	<u>\$42,324,056</u>	<u>\$27,747,292</u>	<u>\$70,071,348</u>	<u>\$2,180,810</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Government-Wide
Tifton, Georgia

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	\$ 2,626,234	\$ 994,109	\$ 29,275
Public Safety	6,237,579	1,999,713	6,396
Public Works	2,480,638	35,140	0
Culture and Recreation	507,722	0	20,000
Health and Welfare	41,320	2,157	40,379
Interest on Long-Term Debt	<u>119,951</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	<u>12,013,444</u>	<u>3,031,119</u>	<u>96,050</u>
Business-Type Activities:			
Water	2,789,936	3,166,116	0
Sewer	3,483,712	3,202,297	0
Gas	5,259,697	5,657,818	0
Solid Waste	4,033,726	4,330,879	0
Telecommunications	<u>4,041,461</u>	<u>3,170,022</u>	<u>0</u>
Total Business-Type Activities	<u>19,608,532</u>	<u>19,527,132</u>	<u>0</u>
Total Primary Government	<u>\$ 31,621,976</u>	<u>\$22,558,251</u>	<u>\$ 96,050</u>
Component Unit:			
Downtown Development Authority	<u>\$ 414,373</u>	<u>\$ 264,206</u>	<u>\$ 203,950</u>
General Revenues:			
Property Taxes			
Sales Taxes			
Hotel Motel Taxes			
Alcoholic Beverage Taxes			
Insurance Premium Tax			
Franchise Fees			

(Continued on next page)

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended
June 30, 2007

Program Revenues		Net (Expenses) Revenues and Changes in Net Assets				Component Unit Downtown Development Authority
		Primary Government			Total	
Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total		
\$ 0	\$ 1,023,384	\$ (1,602,850)	\$ 0	\$ (1,602,850)	\$ 0	
0	2,006,109	(4,231,470)	0	(4,231,470)	0	
0	35,140	(2,445,498)	0	(2,445,498)	0	
0	20,000	(487,722)	0	(487,722)	0	
0	42,536	1,216	0	1,216	0	
0	0	(119,951)	0	(119,951)	0	
0	3,127,169	(8,886,275)	0	(8,886,275)	0	
0	3,166,116	0	376,180	376,180	0	
0	3,202,297	0	(281,415)	(281,415)	0	
0	5,657,818	0	398,121	398,121	0	
0	4,330,879	0	297,153	297,153	0	
0	3,170,022	0	(871,439)	(871,439)	0	
0	19,527,132	0	(81,400)	(81,400)	0	
<u>\$ 0</u>	<u>\$22,654,301</u>	<u>(8,886,275)</u>	<u>(81,400)</u>	<u>(8,967,675)</u>	<u>0</u>	
<u>\$ 40,000</u>	<u>\$ 508,156</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,783</u>	
		2,158,445	0	2,158,445	0	
		5,742,103	0	5,742,103	0	
		716,641	0	716,641	0	
		464,535	0	464,535	0	
		789,142	0	789,142	0	
		1,032,739	0	1,032,739	0	

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Government-Wide
Tifton, Georgia

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Investment Earnings			
Miscellaneous Revenue			
Transfers - Internal Activities			
Total General Revenues and Transfers			
Change in Net Assets			
Net Assets - July 1, 2006 (As Restated)			
NET ASSETS - JUNE 30, 2007			

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended
June 30, 2007

Program Revenues		Net (Expenses) Revenues and Changes in Net Assets			
		Primary Government			Component Unit
Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
		\$ 296,418	\$ 670,536	\$ 966,954	\$ 0
		155,027	0	155,027	0
		<u>(22,415)</u>	<u>22,415</u>	<u>0</u>	<u>0</u>
		<u>11,332,635</u>	<u>692,951</u>	<u>12,025,586</u>	<u>0</u>
		2,446,360	611,551	3,057,911	93,783
		<u>39,877,696</u>	<u>27,135,741</u>	<u>67,013,437</u>	<u>2,087,027</u>
		<u>\$42,324,056</u>	<u>\$ 27,747,292</u>	<u>\$ 70,071,348</u>	<u>\$ 2,180,810</u>

The accompanying notes are an integral part of these statements.

COMBINING BALANCE SHEET

Governmental Funds
Tifton, Georgia

June 30, 2007

	General Fund	Special Purpose Local Option Sales Tax	Other Governmental Funds	Total
<u>ASSETS</u>				
Assets:				
Cash on Hand and in Banks	\$4,518,887	\$2,664,322	\$ 258,143	\$ 7,441,352
Property Taxes Receivable	31,365	0	0	31,365
Accounts Receivable - Net	900,729	992,331	93,500	1,986,560
Internal Balances	749,726	(211,189)	(14,970)	523,567
Due from Component Unit	<u>0</u>	<u>0</u>	<u>179,344</u>	<u>179,344</u>
TOTAL ASSETS	<u>\$6,200,707</u>	<u>\$3,445,464</u>	<u>\$ 516,017</u>	<u>\$10,162,188</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 672,874	\$ 62,083	\$ 53,832	\$ 788,789
Accrued Expenses	80,826	0	0	80,826
Deferred Revenue	<u>70,691</u>	<u>0</u>	<u>0</u>	<u>70,691</u>
Total Liabilities	<u>824,391</u>	<u>62,083</u>	<u>53,832</u>	<u>940,306</u>
Fund Balance:				
Reserved for:				
Noncurrent Interfund Receivables	563,574	0	0	563,574
Capital Projects	0	3,383,381	0	3,383,381
Unreserved	4,812,742	0	0	4,812,742
Unreserved Reported in Nonmajor Special Revenue Fund	<u>0</u>	<u>0</u>	<u>462,185</u>	<u>462,185</u>
Total Fund Balance	<u>5,376,316</u>	<u>3,383,381</u>	<u>462,185</u>	<u>9,221,882</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$6,200,707</u>	<u>\$3,445,464</u>	<u>\$ 516,017</u>	<u>\$10,162,188</u>

The accompanying notes are an integral part of these statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET

TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

City of Tifton Tifton, Georgia	June 30, 2007
TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 9,221,882
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the Governmental Funds Balance Sheet.	
Cost of Capital Assets	40,834,991
Accumulated Depreciation	(8,614,489)
Deferred revenues for delinquent property taxes deferred in the Governmental Funds because they will not be received within sixty days of the Consolidated Government's year end.	24,336
An internal service fund is used by management to charge the costs of various administrative activities, inventory and purchasing, and maintenance shop, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Government-Wide Statement of Net Assets.	3,189,423
Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet, but are recorded in the Government-Wide Statement of Net Assets.	
Notes and Leases Payable	(2,100,996)
Compensated Absences	(229,456)
Accrued Interest	<u>(1,635)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$42,324,056</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Governmental Funds Year Ended
 Tifton, Georgia June 30, 2007

	General Fund	Special Purpose Local Option Sales Tax	Other Governmental Funds	Total
Revenues:				
Taxes - Net	\$ 7,418,381	\$ 2,816,076	\$ 716,641	\$10,951,098
Licenses and Permits	793,497	0	0	793,497
Intergovernmental Revenues	119,979	0	44,654	164,633
Charges for Services	1,454,451	0	2,157	1,456,608
Fines and Forfeitures	781,014	0	0	781,014
Miscellaneous	<u>226,316</u>	<u>111,592</u>	<u>21,926</u>	<u>359,834</u>
Total Revenues	<u>10,793,638</u>	<u>2,927,668</u>	<u>785,378</u>	<u>14,506,684</u>
Expenditures:				
Current:				
General Government	1,908,878	0	705,197	2,614,075
Public Safety	6,324,110	0	0	6,324,110
Public Works	2,050,928	74,092	0	2,125,020
Culture and Recreation	453,580	0	38,500	492,080
Health and Welfare	40,821	0	0	40,821
Debt Service:				
Principal	391,969	945,688	101,706	1,439,363
Interest	39,816	17,378	62,757	119,951
Capital Outlay	<u>0</u>	<u>57,889</u>	<u>0</u>	<u>57,889</u>
Total Expenditures	<u>11,210,102</u>	<u>1,095,047</u>	<u>908,160</u>	<u>13,213,309</u>
Excess of Revenues Over (Under) Expenditures	(416,464)	1,832,621	(122,782)	1,293,375
Other Financing Sources (Uses):				
Proceeds from Long-Term Debt	504,449	0	0	504,449
Transfers In	686,144	0	31,814	717,958
Transfers Out	<u>0</u>	<u>(654,229)</u>	<u>(86,144)</u>	<u>(740,373)</u>
Net Change in Fund Balance	774,129	1,178,392	(177,112)	1,775,409
Fund Balance - July 1, 2006	<u>4,602,187</u>	<u>2,204,989</u>	<u>639,297</u>	<u>7,446,473</u>
FUND BALANCE - JUNE 30, 2007	<u>\$ 5,376,316</u>	<u>\$ 3,383,381</u>	<u>\$ 462,185</u>	<u>\$ 9,221,882</u>

The accompanying notes are an integral part of these statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

City of Tifton Tifton, Georgia	Year Ended June 30, 2007
-----------------------------------	-----------------------------

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$1,775,409
--	-------------

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	950,810
--	---------

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, this amount of depreciation expense is not reported as an expenditure in Governmental Funds.	(1,194,532)
--	-------------

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues, and are deferred in the Governmental Funds. Deferred tax revenues decreased by this amount this year.	(24,465)
---	----------

Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds. This year vacation leave paid exceeded vacation leave earned by this amount.	2,580
--	-------

Loan proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. This is the amount of loan proceeds received this year by the Governmental Funds.	(504,449)
---	-----------

Repayment of principal on long-term debt is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets. This is the amount of principal paid on long-term debt this year by the Governmental Funds.	1,439,363
---	-----------

(Continued on next page)

The accompanying notes are an integral part of these statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

City of Tifton Tifton, Georgia	Year Ended June 30, 2007
-----------------------------------	-----------------------------

Interest on long-term debt in the Government-Wide Statement of Activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Government-Wide Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due. This year interest paid exceeded the interest accrued by this amount.

\$ 1,644

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$2,446,360

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET ASSETS

Proprietary Funds
Tifton, Georgia

June 30, 2007

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
<u>ASSETS</u>							
Current Assets:							
Cash	\$ 577,585	\$ 562,128	\$2,801,676	\$ 6,491,636	\$ 66,895	\$10,499,920	\$ 1,301,103
Accounts Receivable - Net	445,212	705,590	483,633	528,553	379,341	2,542,329	66,014
Due from Other Funds	312,479	52,372	1,592,511	179,375	0	2,136,737	975,044
Prepaid Expense	0	0	0	0	0	0	527,664
Restricted Assets:							
Cash	0	0	0	0	646,829	646,829	0
Inventory	0	0	0	0	0	0	1,136,316
<u>Total Current Assets</u>	<u>1,335,276</u>	<u>1,320,090</u>	<u>4,877,820</u>	<u>7,199,564</u>	<u>1,093,065</u>	<u>15,825,815</u>	<u>4,006,141</u>
Non-Current Assets:							
Capital Assets not Being Depreciated	65,660	389,873	102,302	0	10,000	567,835	50,445
Capital Assets Being Depreciated - Net	7,269,328	14,900,059	1,782,405	3,320,501	6,137,427	33,409,720	1,695,177
Advances to Other Funds	0	0	1,597,217	0	0	1,597,217	0
Bond Cost	0	0	0	0	257,242	257,242	0
<u>Total Non-Current Assets</u>	<u>7,334,988</u>	<u>15,289,932</u>	<u>3,481,924</u>	<u>3,320,501</u>	<u>6,404,669</u>	<u>35,832,014</u>	<u>1,745,622</u>
<u>Total Assets</u>	<u>8,670,264</u>	<u>16,610,022</u>	<u>8,359,744</u>	<u>10,520,065</u>	<u>7,497,734</u>	<u>51,657,829</u>	<u>5,751,763</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET ASSETS

Proprietary Funds
Tifton, Georgia

June 30, 2007

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
Accounts Payable	202,014	258,712	344,078	276,088	191,486	1,272,378	187,628
Due to Other Funds	180,589	152,082	23,530	145,465	683,721	1,185,387	1,886,387
Notes Payable	44,244	286,776	0	0	28,504	359,524	125,039
Accrued Expenses	10,010	44,335	4,958	16,901	13,220	89,424	23,674
Customer Deposits	278,577	202,322	114,846	13,040	0	608,785	0
Payable from Restricted Assets:							
Accrued Interest	0	0	0	0	0	0	0
Revenue Bonds Payable	0	0	0	0	0	0	0
Total Current Liabilities	715,434	944,227	487,412	451,494	916,931	3,515,498	2,222,728
Long-Term Liabilities:							
Notes Payable	76,531	3,876,237	0	0	85,510	4,038,278	278,541
Advances Due Other Funds	0	0	0	0	2,160,791	2,160,791	0
Accrued Vacation Pay	23,085	27,899	18,150	35,158	22,131	126,423	61,071
Accrued Postclosure Cost	0	0	0	3,459,707	0	3,459,707	0
Revenue Bonds Payable	0	0	0	0	10,609,840	10,609,840	0
Total Long-Term Liabilities	99,616	3,904,136	18,150	3,494,865	12,878,272	20,395,039	339,612
Total Liabilities	815,050	4,848,363	505,562	3,946,359	13,795,203	23,910,537	2,562,340

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET ASSETS

Proprietary Funds
Tifton, Georgia

June 30, 2007

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
Invested in Capital Assets, Net of Related Debt	\$7,214,213	\$11,126,919	\$1,884,707	\$3,320,501	\$ (3,929,598)	\$19,616,742	\$ 1,342,042
Unrestricted	641,001	634,740	5,969,475	3,253,205	(2,367,871)	8,130,550	1,847,381
TOTAL NET ASSETS	<u>\$7,855,214</u>	<u>\$11,761,659</u>	<u>\$7,854,182</u>	<u>\$6,573,706</u>	<u>\$ (6,297,469)</u>	<u>\$27,747,292</u>	<u>\$ 3,189,423</u>

NET ASSETS

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS

Proprietary Funds
Tifton, Georgia

	Water Revenue	Sewer Revenue
Operating Revenues:		
Charges for Services	\$ 3,166,116	\$ 3,202,297
Operating Expenses:		
Personnel Services	781,073	810,013
Public Utility Services	238,253	204,180
Repairs and Maintenance	480,062	622,009
Supplies and Purchases	188,668	133,109
Insurance	73,770	82,032
Warehouse and Inventory Control	43,683	26,949
Administrative and Clerical	604,531	522,687
Professional Services	10,733	11,402
Depreciation	348,481	855,162
Miscellaneous	5,718	7,515
Total Operating Expenses	2,774,972	3,275,058
Operating Income (Loss)	391,144	(72,761)
Non-Operating Revenues (Expenses):		
Interest Income	62,715	54,545
Revenue Bond Expense	0	0
Interest Expense	(14,964)	(208,654)
Net Non-Operating Revenues (Expenses)	47,751	(154,109)
Net Income (Loss) Before Transfers	438,895	(226,870)
Transfers In (Out)	164,039	279,001
Change in Net Assets	602,934	52,131
Net Assets - July 1, 2006	7,252,280	11,709,528
NET ASSETS - JUNE 30, 2007	\$ 7,855,214	\$11,761,659

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS

Year Ended
June 30, 2007

Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
<u>\$ 5,657,818</u>	<u>\$4,330,879</u>	<u>\$ 3,170,022</u>	<u>\$19,527,132</u>	<u>\$ 3,124,961</u>
324,463	1,341,430	653,323	3,910,302	2,100,669
12,000	28,956	115,804	599,193	97,312
83,780	709,004	144,091	2,038,946	177,253
4,221,271	291,603	1,761,562	6,596,213	337,739
17,751	126,874	75,910	376,337	78,988
13,046	154,779	18,975	257,432	0
440,841	439,885	47,584	2,055,528	0
6,872	14,018	29,146	72,171	81,626
125,955	908,312	640,096	2,878,006	213,150
8,726	11,281	335	33,575	16,903
<u>5,254,705</u>	<u>4,026,142</u>	<u>3,486,826</u>	<u>18,817,703</u>	<u>3,103,640</u>
<u>403,113</u>	<u>304,737</u>	<u>(316,804)</u>	<u>709,429</u>	<u>21,321</u>
142,059	323,123	88,094	670,536	0
0	0	(454,872)	(454,872)	0
(4,992)	(7,584)	(99,763)	(335,957)	(21,321)
<u>137,067</u>	<u>315,539</u>	<u>(466,541)</u>	<u>(120,293)</u>	<u>(21,321)</u>
540,180	620,276	(783,345)	589,136	0
(600,000)	179,375	0	22,415	0
(59,820)	799,651	(783,345)	611,551	0
<u>7,914,002</u>	<u>5,774,055</u>	<u>(5,514,124)</u>	<u>27,135,741</u>	<u>3,189,423</u>
<u>\$ 7,854,182</u>	<u>\$6,573,706</u>	<u>\$(6,297,469)</u>	<u>\$27,747,292</u>	<u>\$ 3,189,423</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Proprietary Funds
Tifton, Georgia

	Water Revenue	Sewer Revenue
Cash Flows from Operating Activities:		
Cash Receipts from Customers	\$ 3,205,314	\$ 2,876,251
Cash Receipts from Interfund Services	0	0
Cash Payments for Personnel Services	(785,114)	(811,111)
Cash Payments for Other Operating Expenses	(892,760)	(916,194)
Cash Payments for Interfund Services	(648,214)	(549,636)
Cash Received from (Paid to) Other Funds, Net	<u>(550,765)</u>	<u>(488,358)</u>
Net Cash Provided (Used) by Operating Activities	<u>328,461</u>	<u>110,952</u>
Cash Flows from Noncapital Financing Activities:		
Net Advances to/from Other Funds	0	0
Paid on Advances from Other Funds	0	0
Transfers Out	<u>(191,122)</u>	<u>0</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(191,122)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	(810,307)	(361,078)
Principal Paid on Revenue Bonds	0	0
Interest Paid on Revenue Bonds	0	0
Issuance of Revenue Bonds	0	0
Bond Issuance Cost	0	0
Proceeds from Long-Term Debt	0	26,628
Principal Paid on Long-Term Debt	(53,244)	(283,987)
Interest Paid on Debt	(14,964)	(210,303)
Transfers In	<u>355,161</u>	<u>279,001</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(523,354)</u>	<u>(549,739)</u>
Cash Flows from Investing Activities:		
Interest Received	<u>62,715</u>	<u>54,545</u>

(Continued on next page)

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Year Ended
June 30, 2007

Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
\$ 5,845,381	\$4,287,607	\$3,123,647	\$19,338,200	\$ 17,698
0	0	0	0	3,451,454
(322,005)	(1,145,853)	(647,247)	(3,711,330)	(2,079,557)
(4,435,804)	(1,231,096)	(2,056,005)	(9,531,859)	(1,488,468)
(453,887)	(594,664)	(66,559)	(2,312,960)	0
<u>(242,805)</u>	<u>(200,038)</u>	<u>(165,465)</u>	<u>(1,647,431)</u>	<u>0</u>
<u>390,880</u>	<u>1,115,956</u>	<u>188,371</u>	<u>2,134,620</u>	<u>(98,873)</u>
743,700	0	0	743,700	0
(65,598)	0	(2,043,701)	(2,109,299)	1,080,737
<u>(600,000)</u>	<u>0</u>	<u>0</u>	<u>(791,122)</u>	<u>0</u>
<u>78,102</u>	<u>0</u>	<u>(2,043,701)</u>	<u>(2,156,721)</u>	<u>1,080,737</u>
(40,700)	(524,428)	(1,278,197)	(3,014,710)	(156,740)
0	0	(5,994,629)	(5,994,629)	0
0	0	(494,120)	(494,120)	0
0	0	10,723,599	10,723,599	0
0	0	(267,624)	(267,624)	0
0	0	0	26,628	(132,699)
(42,627)	(251,104)	(639,747)	(1,270,709)	(21,321)
(4,992)	(7,584)	(99,763)	(337,606)	0
<u>0</u>	<u>179,375</u>	<u>0</u>	<u>813,537</u>	<u>0</u>
<u>(88,319)</u>	<u>(603,741)</u>	<u>1,949,519</u>	<u>184,366</u>	<u>(310,760)</u>
<u>142,059</u>	<u>323,123</u>	<u>88,094</u>	<u>670,536</u>	<u>0</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Proprietary Funds
Tifton, Georgia

	Water Revenue	Sewer Revenue
Net Increase (Decrease) in Cash and Restricted Cash	\$ (323,300)	\$ (384,242)
Cash and Restricted Cash - July 1, 2006	<u>900,885</u>	<u>946,370</u>
CASH AND RESTRICTED CASH - JUNE 30, 2007	<u>\$ 577,585</u>	<u>\$ 562,128</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 391,144	\$ (72,761)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	348,481	855,162
Changes in Assets and Liabilities:		
Receivables, Net	18,384	(344,702)
Prepaid Expense	0	0
Inventory	0	0
Accounts Payable	104,444	144,053
Customer Deposits	20,814	18,656
Accrued Expenses	(4,041)	(1,098)
Due to/from Other Funds	<u>(550,765)</u>	<u>(488,358)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 328,461</u>	<u>\$ 110,952</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Year Ended
June 30, 2007

Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
\$ 522,722	\$ 835,338	\$ 182,283	\$ 832,801	\$ 671,104
<u>2,278,954</u>	<u>5,656,298</u>	<u>531,441</u>	<u>10,313,948</u>	<u>629,999</u>
<u>\$ 2,801,676</u>	<u>\$6,491,636</u>	<u>\$ 713,724</u>	<u>\$11,146,749</u>	<u>\$1,301,103</u>
\$ 403,113	\$ 304,737	\$ (316,804)	\$ 709,429	\$ 21,321
125,955	908,312	640,096	2,878,006	213,150
169,982	(56,312)	(46,375)	(259,023)	(66,014)
0	0	0	0	(157,946)
0	0	0	0	(171,362)
(85,404)	143,690	70,843	377,626	(322,989)
17,581	13,040	0	70,091	0
2,458	2,527	6,076	5,922	(25,238)
<u>(242,805)</u>	<u>(200,038)</u>	<u>(165,465)</u>	<u>(1,647,431)</u>	<u>410,205</u>
<u>\$ 390,880</u>	<u>\$1,115,956</u>	<u>\$ 188,371</u>	<u>\$ 2,134,620</u>	<u>\$ (98,873)</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF FIDUCIARY NET ASSETS

Pension Trust Fund
Tifton, Georgia

June 30, 2007

ASSETS

Cash and Cash Equivalents	\$ 1,908,492
Investments, at Fair Market Value:	
Domestic Common Stocks	5,204,957
U S Government Obligations	2,173,426
Municipal Obligations	95,764
Domestic Corporate Bonds	<u>2,372,821</u>
 TOTAL ASSETS	 <u>\$11,755,460</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ <u>0</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u>\$11,755,460</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

Pension Trust Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Additions:	
Contributions	\$ 1,109,268
Investment Income:	
Interest and Dividends	488,535
Net Appreciation in Fair Market Value of Investments	358,893
Administrative Expense	<u>(9,412)</u>
 Total Additions	 1,947,284
 Deductions:	
Retiree Benefits	<u>1,243,984</u>
 Net Increase	 703,300
 Net Assets Held in Trust for Pension Benefits - July 1, 2006	 <u>11,052,160</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - JUNE 30, 2007	 <u>\$11,755,460</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tifton, county seat of Tift County, was incorporated by an act of the Georgia Legislature on August 14, 1920. The City is governed by a council-mayor form of government. The following services are provided to the citizens of Tifton and Tift County; public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and community development, and general administrative services.

The financial statements of the City of Tifton have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989. Listed below is a summary of the more significant policies:

A. REPORTING ENTITY

The financial statements of the reporting entity include those of the City of Tifton, Georgia (the primary government) and its component unit. An entity is a component unit of the City of Tifton, Georgia, if the City is financially accountable for the entity or the exclusion of such entity would cause the City's financial statements to be misleading or incomplete. Financial accountability exist if the City appoints a voting majority of the entity's governing body and either the City can impose its will on the entity or the potential exists for the entity to provide specific financial benefits or impose specific financial burdens on the City. Below is a brief description of the component unit of the City of Tifton, Georgia.

The Downtown Development Authority operates the Tift Theatre and the Mainstreet programs. Its governing board is appointed by the City and the City has assumed financial responsibility for its operations. The Downtown Development Authority's financial data is discretely presented in these financial statements. The Downtown Development Authority does not issue stand alone financial statements.

The Tifton Housing Authority is considered a related organization of the City. The City appoints its governing board but is not able to impose its will on the board nor is the board accountable financially to the City.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements, which are the statement of net assets and the statement of activities and changes in net assets, report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially responsible.

The statement of activities and changes in net assets demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. 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.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The City's government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements.

These statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as infrastructure assets purchased since July 1, 2003, and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues are reported in three categories: (1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, (2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and (3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. 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.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue, and charges for services. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. Fines are not susceptible to accrual because generally they are not measurable until received in cash. The City considers taxes as available in the period for which they were levied if they are collected within 60 days after year end. A 60 day availability period is also used for revenue recognition for all other governmental fund revenues.

The City reports the general fund and the special purpose local option sales tax fund as its major governmental funds.

The general fund is the principal fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund.

The special purpose local option sales tax fund is used to account for projects supported by the special purpose local option sales tax including construction of roads, sidewalks, water and sewer system improvements, landfill development, fire fighting equipment, and construction of municipal buildings. This fund is a capital projects type fund.

Additionally, the City reports the following fund types:

Special Revenue Funds: These funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City's non-major special revenue funds are the community development revolving loan fund, which uses rents collected and interest income to make housing loans to low income individuals, and the hotel/motel tax fund, which uses hotel/motel tax funds for promotion of the city for tourism and contributes to other local programs.

Capital Projects Funds: These funds are used to account for financial resources for the acquisition or construction of major capital facilities and improvements other than those financed by proprietary funds. These projects are financed through budget appropriations, loan proceeds, sales tax proceeds, and capital leases. The City's non-major capital projects fund is the grant fund, which accounts for grant proceeds used to construct water, street, and drainage improvements in low and moderate income neighborhoods and other general government capital projects.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net assets, statement of revenues, expenses, and changes in net assets, and a statement of cash flows. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Enterprise Funds: Enterprise fund operations are financed and accounted for in a manner similar to a private business - where the intent of the governing body is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The following funds are accounted for as enterprise funds and all are considered major funds.

Water Revenue Fund - to account for the City's water services.

Sewer Revenue Fund - to account for the City's collection and treatment of waste water.

Gas Revenue Fund - to account for the City's natural gas services.

Solid Waste Collection and Disposal Revenue Fund - to account for the City's collection and disposal of solid waste.

Telecommunications Revenue Fund - to account for the City's cable television, high speed data transmission, and internet services.

Internal Service Fund: This fund is used to account for the financing of goods or services provided to the other departments or funds of the City. The estimated costs of operating the service fund are charged to the separate departments and funds during the year. At the end of the year, a cost allocation for the services provided is computed based on the movement of inventory, shop charges, and space occupied in the maintenance warehouse complex and the city hall. Any differences in the estimated costs charged during the year and the computed, allocated costs at the end of the year are accounted for as an interfund receivable or payable of the quasi-external classification. These costs are recorded as administrative and clerical expense and warehouse and inventory control expense.

Fiduciary Fund Financial Statements

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for another entity or person. The pension trust fund is the City's only trust fund and accounts for the retirement benefits for City employees.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

D. BUDGETS AND BUDGETARY ACCOUNTING

The City's established budgetary process is as follows:

- a. In February the department heads are furnished with a worksheet to submit their proposed budget for the upcoming fiscal year to the director of budgets and finance.
- b. The budgets are reviewed and compiled by the director of budgets and finance and submitted to the mayor and city council.
- c. Budget hearings are held with the mayor and city council, the city manager, and the director of budgets and finance for final review and revisions.
- d. A public hearing is then held for the proposed budget with adoption of the budget around the first of June.
- e. Formal budgetary integration is the management tool used as a control device during the year for the general and proprietary funds.

During the year, as the need arises, the director of budgets and finance is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures/expenses must be approved by the mayor and city council.

All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting involves the reserving of applicable appropriations for purchase orders, contracts, and other commitments for the expenditure of resources. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The City budgets the capital projects funds on a project basis with the term of the project being longer than the City's fiscal year. The City budgets its special revenue funds on a basis consistent with generally accepted accounting principles.

E. INVENTORIES

All the inventories of the City are recorded in the service fund at average cost. Perpetual inventory records are maintained by the inventory control department on a cost basis and the cost of each inventory item is billed to the requisitioning fund.

F. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

G. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City's policy has set the capitalization threshold for reporting capital assets as follows: equipment-\$5,000; public utility extensions-\$20,000; land and buildings-\$100,000; roads, bridges, and drainage system-\$250,000. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation is computed over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Distribution Systems	45-50 years
Telecommunication System	10-15 years
Buildings and Improvements	20-50 years
Machinery and Equipment	5-10 years
Infrastructure Assets	30-50 years

H. ACCOUNTS RECEIVABLE - UNBILLED REVENUE

Unbilled service revenues of the water, sewer, gas, solid waste collection and disposal, and telecommunication revenue funds are accrued at the end of the year by prorating actual subsequent billings.

I. COMPENSATED ABSENCES

It is the policy of the City to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

J. LONG-TERM OBLIGATIONS

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as bond cost and amortized over the term of the related debt.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

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 the issue is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

K. DEFERRED REVENUE

Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

L. CASH AND CASH EQUIVALENTS

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent with original maturities of three months or less. Additionally, each fund’s equity in the City’s investment pool is considered to be a cash equivalent since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

M. PROPERTY TAX

The City Council establishes the tax millage rate annually. The property tax calendar for the fiscal year ended June 30, 2007, is as follows:

	<u>2006 Levy</u>
Lien Date	1/01/06
Levy Date	10/6/06
Due Date	12/6/06
Delinquent Date	12/7/06
Collection Dates	10/6/06-12/6/06

N. FUND BALANCE RESERVES

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, the long-term portion of the interfund receivable, and for capital projects as prescribed by the special purpose local option sales tax ordinance.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as needed.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

O. ESTIMATES

The preparation of the financial statements in conformity with generally accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

It is the investment policy of the City of Tifton, with the exception of the pension trust fund, to invest all of its cash in checking accounts, certificates of deposit, and with Georgia Fund 1. These accounts are reported at cost which equals market value. The pension trust fund invests in cash, publicly traded stocks, and both governmental and corporate debt instruments. These investments are valued at market and are based on quoted market prices.

Georgia Fund 1., created by OCGA 36-83-8 and managed by the Office of Treasury and Fiscal Services, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, it operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. 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 (\$1.00 per share value). Net 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 \$1.00 per share.

The following is a summary of the City's deposits and investments.

	Governmental Activities	Business-Type Activities	Pension Trust Fund
Cash and Investments	\$8,742,455	\$10,499,920	\$11,755,460
Restricted Assets	<u>0</u>	<u>646,829</u>	<u>0</u>
Total	<u>\$8,742,455</u>	<u>\$11,146,749</u>	<u>\$11,755,460</u>

The breakdown between deposits and investments for the City is as follows:

Primary Government:	
Cash on Hand	\$ 3,498
Bank Deposits (checking accounts, savings accounts, and certificates of deposits)	549,484
Georgia Fund 1	<u>19,336,222</u>
Total Primary Government	<u>\$19,889,204</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Pension Trust Fund:

Bank Deposits (checking account)	\$ 99,088
Pooled Money Markets Funds	1,809,404
U.S. Government Treasury and Agency Securities	2,173,426
Municipal Bonds	95,764
Domestic Corporate Bonds	2,372,821
Domestic Common Stocks	<u>5,204,957</u>

Total Pension Trust Fund	<u>\$11,755,460</u>
--------------------------	---------------------

Credit Risk:

The City limits the credit risk of the primary government by investing the majority of its cash with Georgia Fund 1 and bank deposits, which are covered by federal depository insurance.

The City's pension trust limits its credit risk to the extent possible by investing in quality domestic common stocks, U. S. Government Treasury and Agency Securities with a Standard and Poors AAA rating and in domestic corporate bonds with a Standard and Poors rating of BBB or better.

Interest Rate Risk:

The investments of the primary government are invested in highly liquid investments with maturities of three months or less and, as such, are limited to the risk of interest rate fluctuations. The pension trust funds, bank deposits, and pooled money market funds have daily maturities. The domestic common stocks are publicly traded stocks and are subject to the daily fluctuations of the market. The weighted average maturity of the City deposits and investments is as follows:

	<u>Maturity Dates</u>	<u>Fair Market Value</u>
Georgia Fund 1	28 days or less	\$19,336,222
U. S. Government Treasury and Agency Securities	1 year or less	241,126
	1 to 5 years	1,291,440
	6 years	640,860
	9 years	95,764
Municipal Bonds	1 year or less	251,913
Domestic Corporate Bonds	1 to 5 years	1,541,950
	6 years	578,958

3. RECEIVABLES

Receivables at June 30, 2007, of the primary government, consist of the following:

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Service</u>	<u>Total</u>
Property Taxes	\$ 31,365	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,365
Accounts	<u>928,812</u>	<u>1,010,301</u>	<u>75,530</u>	<u>4,528,986</u>	<u>66,014</u>	<u>6,609,643</u>
Gross Receivables	960,177	1,010,301	75,530	4,528,986	66,014	6,641,008
Less Allowance for Uncollectables	<u>(28,083)</u>	<u>0</u>	<u>0</u>	<u>(1,986,657)</u>	<u>0</u>	<u>(2,014,740)</u>
Net Receivables	<u>\$932,094</u>	<u>\$1,010,301</u>	<u>\$75,530</u>	<u>\$2,542,329</u>	<u>\$66,014</u>	<u>\$4,626,268</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

The receivables at June 30, 2007, for the Downtown Development Authority consist of \$1,182,418 in notes and accounts receivable and all are considered collectable.

4. CAPITAL ASSETS

The following schedule represents the changes in the capital assets of the City for the year ending June 30, 2007.

	Balance July 1, 2006	<u>Additions</u>	<u>Transfers/ Deletions</u>	Balance June 30, 2007
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 2,522,664	\$ 0	\$ 0	\$ 2,522,664
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets not being Depreciated	<u>2,522,664</u>	<u>0</u>	<u>0</u>	<u>2,522,664</u>
Capital Assets being Depreciated:				
Buildings and Improvements	7,271,295	0	0	7,271,295
Machinery and Equipment	7,561,051	1,107,550	(13,187)	8,655,414
Infrastructure	<u>26,683,645</u>	<u>0</u>	<u>0</u>	<u>26,683,645</u>
Total Capital Assets being Depreciated	<u>41,515,991</u>	<u>1,107,550</u>	<u>(13,187)</u>	<u>42,610,354</u>
Less Accumulated Depreciation :				
Buildings and Improvements	(1,510,815)	(144,852)	0	(1,655,667)
Machinery and Equipment	(4,680,615)	(564,634)	13,187	(5,232,062)
Infrastructure	<u>(3,580,969)</u>	<u>(698,196)</u>	<u>0</u>	<u>(4,279,165)</u>
Total Accumulated Depreciation	<u>(9,772,399)</u>	<u>(1,407,682)</u>	<u>13,187</u>	<u>(11,166,894)</u>
Net Capital Assets being Depreciated	<u>31,743,592</u>	<u>(300,132)</u>	<u>0</u>	<u>31,443,460</u>
Total Capital Assets, Net	<u>\$34,266,256</u>	<u>\$ (300,132)</u>	<u>\$ 0</u>	<u>\$33,966,124</u>

The beginning balance of infrastructure assets and related accumulated depreciation has been increased by \$26,235,794 and \$3,547,381, respectively, to record the City's infrastructure assets and accumulated depreciation acquired since June 30, 1980, and prior to July 1, 2003, as required by GASB statement 34.

Depreciation expense of the general fund was charged to governmental functions as follows:

General Government	\$ 15,243
Public Safety	364,949
Public Works	798,492
Culture and Recreation	<u>15,848</u>
Total	<u>\$1,194,532</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

Total depreciation of the service fund, in the amount of \$213,150, is charged to the various governmental functions and business-type activities.

	Balance July 1, 2006	<u>Additions</u>	<u>Transfers/ Deletions</u>	Balance June 30, 2007
Business Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 567,835	\$ 0	\$ 0	\$ 567,835
Capital Assets being Depreciated:				
Landfill	4,661,779	55,227	0	4,717,006
Buildings and Improvements	1,262,332	0	0	1,262,332
Distribution System	55,909,484	2,242,486	0	58,151,970
Machinery and Equipment	<u>9,007,081</u>	<u>716,997</u>	<u>(46,142)</u>	<u>9,677,936</u>
Total Capital Assets being Depreciated	<u>70,840,676</u>	<u>3,014,710</u>	<u>(46,142)</u>	<u>73,809,244</u>
Less Accumulated Depreciation:				
Landfill	(3,182,380)	(359,399)	0	(3,541,779)
Buildings and Improvements	(362,078)	(31,831)	0	(393,909)
Distribution System	(28,045,044)	(1,660,112)	0	(29,705,156)
Machinery and Equipment	<u>(5,979,654)</u>	<u>(825,168)</u>	<u>46,142</u>	<u>(6,758,680)</u>
Total Accumulated Depreciation	<u>(37,569,156)</u>	<u>(2,876,510)</u>	<u>46,142</u>	<u>(40,399,524)</u>
Net Capital Assets being Depreciated	<u>33,271,520</u>	<u>138,200</u>	<u>0</u>	<u>33,409,720</u>
Total Capital Assets, Net	<u>\$33,839,355</u>	<u>\$ 138,200</u>	<u>\$ 0</u>	<u>\$ 33,977,555</u>
Component Unit:				
Capital Assets not being Depreciated:				
Land	\$ 300,583	\$ 0	\$ 0	\$ 300,583
Construction in Process	<u>231,154</u>	<u>32,168</u>	<u>0</u>	<u>263,322</u>
Total Assets not being Depreciated	<u>531,737</u>	<u>32,168</u>	<u>0</u>	<u>563,905</u>
Capital Assets being Depreciated:				
Buildings and Improvements	2,011,615	195,920	0	2,207,535
Less Accumulated Depreciation	<u>(339,969)</u>	<u>(42,191)</u>	<u>0</u>	<u>(382,160)</u>
Net Capital Assets being Depreciated	<u>1,671,646</u>	<u>153,729</u>	<u>0</u>	<u>1,825,375</u>
Total Capital Assets, Net	<u>\$2,203,383</u>	<u>\$ 185,897</u>	<u>\$ 0</u>	<u>\$ 2,389,280</u>

The component units beginning balance of land, buildings and improvements, and related accumulated depreciation have been increased by \$150,000, \$725,000 and \$110,083, respectively. This adjustment is to record buildings and land contributed to the Downtown Development Authority in prior years and not recorded on the books.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

5. INTERNAL BALANCES

During the year various transactions occurred between the different funds of the City, which give rise to interfund receivable and payable balances. These transactions include charges for services, the purchase of goods and services, short-term cash advances and long-term loans for the purchase of capital assets. During the course of the year, these balances will be paid with the exception of the long-term loans. The long-term portion of the internal balances is as follows: general fund due from \$563,574; gas revenue fund due from \$1,597,217, telecommunication revenue fund due to \$2,160,791. Total individual interfund balances at June 30, 2007, were as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund:		
Grant Fund	\$ 46,784	\$ 0
Water Revenue Fund	0	475
Gas Revenue Fund	13,149	0
Telecommunication Revenue Fund	563,574	0
Internal Service Fund	<u>182,190</u>	<u>55,496</u>
Total General Fund	<u>805,697</u>	<u>55,971</u>
Special Purpose Local Option Sales Tax Fund:		
Grant Fund	0	31,814
Solid Waste Collection and Disposal Fund	<u>0</u>	<u>179,375</u>
Total Special Purpose Local Option Sales Tax Fund	<u>0</u>	<u>211,189</u>
Grant Fund:		
Special Purpose Local Option Sales Tax Fund	31,814	0
General Fund	<u>0</u>	<u>46,784</u>
Total Grant Fund	<u>31,814</u>	<u>46,784</u>
Proprietary Funds:		
Enterprise Funds:		
Water Revenue Fund:		
General Fund	475	0
Sewer Revenue Fund	135,000	0
Gas Revenue Fund	0	117,690
Internal Service Fund	<u>177,004</u>	<u>62,899</u>
Total Water Revenue Fund	<u>312,479</u>	<u>180,589</u>
Sewer Revenue Fund:		
Water Revenue Fund	0	135,000
Internal Service Fund	<u>52,372</u>	<u>17,082</u>
Total Sewer Revenue Fund	<u>52,372</u>	<u>152,082</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

	<u>Due From</u>	<u>Due To</u>
Gas Revenue Fund:		
General Fund	\$ 0	\$ 13,149
Water Revenue Fund	117,690	0
Telecommunication Revenue Fund	1,597,217	0
Internal Service Fund	<u>1,474,821</u>	<u>10,381</u>
Total Gas Revenue Fund	<u>3,189,728</u>	<u>23,530</u>
Solid Waste Collection and Disposal Revenue Fund:		
Special Purpose Local Option Sales Tax	179,375	0
Service Fund	<u>0</u>	<u>145,465</u>
Total Solid Waste Collection and Disposal Revenue Fund	<u>179,375</u>	<u>145,465</u>
Telecommunication Revenue Fund:		
General Fund	0	563,574
Gas Revenue Fund	0	1,597,217
Service Fund	<u>0</u>	<u>683,721</u>
Total Telecommunication Revenue Fund	<u>0</u>	<u>2,844,512</u>
Internal Service Fund:		
General Fund	55,496	182,190
Water Revenue Fund	62,899	177,004
Sewer Revenue Fund	17,082	52,372
Gas Revenue Fund	10,381	1,474,821
Solid Waste Collection and Disposal Revenue Fund	145,465	0
Telecommunication Revenue Fund	<u>683,721</u>	<u>0</u>
Total Internal Service Fund	<u>975,044</u>	<u>1,886,387</u>
Total Primary Government	<u>\$5,546,509</u>	<u>\$5,546,509</u>
Component Unit:		
Downtown Development Authority:		
Community Development Revolving Loan Fund	\$ 0	\$ 179,344
General Fund:		
Community Development Revolving Loan Fund	<u>179,344</u>	<u>0</u>
Total Component Unit	<u>\$ 179,344</u>	<u>\$ 179,344</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

6. LONG-TERM DEBT

A. CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in long-term debt of the City, including obligations under capital leases, for the year ended June 30, 2007:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due in</u> <u>One Year</u>
Governmental Activities:					
Notes Payable	\$2,228,806	\$ 0	\$1,106,170	\$ 1,122,636	\$139,684
Capital Leases	1,343,383	504,449	465,889	1,381,943	495,472
Compensated Absences	<u>310,114</u>	<u>290,527</u>	<u>310,114</u>	<u>290,527</u>	<u>0</u>
Total Governmental Activities	<u>\$3,882,303</u>	<u>\$ 794,976</u>	<u>\$1,882,173</u>	<u>\$ 2,795,106</u>	<u>\$635,156</u>
Business-Type Activities:					
Revenue Bonds	\$5,945,000	\$10,720,000	\$5,945,000	\$10,720,000	\$ 0
Notes Payable	4,555,892	0	555,237	4,000,655	215,484
Capital Leases	1,085,990	26,628	715,471	397,147	144,040
Compensated Absences	125,091	126,423	125,091	126,423	0
Landfill Postclosure	<u>3,459,707</u>	<u>0</u>	<u>0</u>	<u>3,459,707</u>	<u>0</u>
Total Business-Type Activities	<u>\$15,171,680</u>	<u>\$10,873,051</u>	<u>\$7,340,799</u>	<u>\$18,703,932</u>	<u>\$359,524</u>

The long-term debt of the service fund is included in the governmental activities section above. For governmental activities, compensated absences are liquidated by the general and service funds.

B. REVENUE BONDS

The City has issued \$8,470,000 in Series 2006A revenue bonds and \$2,230,000 in Series 2006B revenue bonds, through the Tift County Development Authority dated September 25, 2006. The proceeds of the bonds were used to retire debt previously issued to construct and equip a cable television information network, and to provide funds for further expansion of the network. The interest rate on the Series 2006A revenue bonds ranges from 4.0% to 4.25% and the interest rate on the Series 2006B revenue bonds is 5.36%. The bonds were issued at a premium of \$3,599, which is being amortized over the life of the bonds. These bonds are being accounted for in the telecommunication revenue fund. The City is in compliance with all significant limitations and restrictions.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

C. NOTES PAYABLE

The following is a listing of the notes payable of the City of Tifton, Georgia, at June 30, 2007.

Governmental Activities:

Ameris Bank dated February 20, 2004, for \$1,440,639 to be used for improvements to the local airport and lighting on Interstate 75. Loan is to be repaid in 130 monthly installments of \$13,705 including interest at 66.6% of the prime rate, which equates to 5.5% at June 30, 2007. Collateral-Unsecured. Balance-\$1,071,112.

Bank of America, NA dated September 26, 2005, for \$150,000 to be used for the construction of a new fire station. The loan is to be repaid in 60 monthly installments of \$2,740 including interest at 3.67% and beginning July 26, 2006. Collateral-Unsecured. Balance \$51,524.

Business-Type Activities:

Georgia Environmental Facilities Authority dated April 1, 2002, for \$1,216,338 to be used for sewer system improvements. Loan is to be repaid in 56 quarterly installments of \$29,065 including interest at 4.43% beginning May 1, 2002. Collateral-Unsecured. Balance-\$839,490.

Georgia Environmental Facilities Authority dated May 1, 2004, for \$3,351,507 to be used for sewer system improvements. Loan is to be repaid in 69 quarterly installments of \$73,050 including interest at 5.05% beginning February 1, 2006. Collateral-Unsecured. Balance-\$3,161,165.

D. ANNUAL DEBT SERVICE REQUIREMENTS

The schedule on the following page represents the annual requirements to amortize the revenue bonds outstanding as of June 30, 2007.

TELECOMMUNICATION REVENUE BONDS

SERIES 2006A

Year Ending June 30	Principal Due 1/1	Interest Due		Total Requirements
		7/1	1/1	
2008	\$ 0	\$ 0	\$ 179,641	\$ 179,641
2009	0	179,641	179,641	359,282
2010	0	179,641	179,641	359,282
2011	45,000	179,641	179,641	404,282
2012	50,000	178,741	178,741	407,482
2013-2017	1,150,000	867,078	867,078	2,884,156
2018-2022	3,675,000	610,741	610,741	4,896,482
2023-2026	<u>3,570,000</u>	<u>193,278</u>	<u>193,278</u>	<u>3,956,556</u>
Total	<u>\$8,490,000</u>	<u>\$2,388,761</u>	<u>\$2,568,402</u>	<u>\$13,447,163</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

SERIES 2006B

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u> <u>Due 1/1</u>	<u>Interest Due</u> <u>7/1</u> <u>1/1</u>		<u>Total</u> <u>Requirements</u>
2008	\$ 0	\$ 0	\$ 59,764	\$ 59,764
2009	0	59,764	59,764	119,528
2010	270,000	59,764	59,764	389,528
2011	280,000	52,528	52,528	385,056
2012	300,000	45,024	45,024	390,048
2013	<u>1,380,000</u>	<u>95,140</u>	<u>95,140</u>	<u>1,570,280</u>
Total	<u>\$2,230,000</u>	<u>\$312,220</u>	<u>\$371,984</u>	<u>\$2,914,204</u>

The schedules below represent the annual requirements to amortize all notes payable outstanding as of June 30, 2007.

GOVERNMENTAL ACTIVITIES

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 139,684	\$ 57,658	\$ 197,342
2009	134,436	50,292	184,728
2010	120,806	43,656	164,462
2011	127,620	36,842	164,462
2012	134,778	29,684	164,462
2013-2016	<u>465,312</u>	<u>41,530</u>	<u>506,842</u>
Total	<u>\$1,122,636</u>	<u>\$259,662</u>	<u>\$1,382,298</u>

BUSINESS-TYPE ACTIVITIES

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 215,484	\$ 192,973	\$ 408,457
2009	226,058	182,399	408,457
2010	237,152	171,305	408,457
2011	248,794	159,663	408,457
2012	261,009	147,448	408,457
2013-2017	1,361,830	535,137	1,896,967
2018-2022	1,236,599	224,399	1,460,998
2023	<u>213,729</u>	<u>5,420</u>	<u>219,149</u>
Total	<u>\$4,000,655</u>	<u>\$1,618,744</u>	<u>\$5,619,399</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

7. DEFEASED DEBT

On September 25, 2006, the City, through proceeds obtained through the issuance of its Series 2006A revenue bonds, advance refunded its Tift County Development Authority revenue bonds dated July 1, 1998. The advance refunding met the requirements of an in-substance debt defeasance and the bonds were removed from the City's financial statements.

As a result of the advance refunding, the City reduced its debt service requirements on the refunded bonds by \$192,754, resulting in an economic loss of \$113,620, which is being amortized over the life of the refunded bonds.

8. CAPITAL LEASE

The City has entered into a lease agreement as lessee with the Georgia Municipal Association to finance the acquisition of equipment for various funds of the City. The City has available \$4,444,000 under the lease agreement for the purchase of equipment. During the year ended June 30, 2007, the City used \$531,077 in lease proceeds. Gross amount of assets recorded under capital leases is \$3,111,540. The future minimum lease payments under the capital lease consist of the following at June 30, 2007:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2008	\$ 561,114	\$162,904
2009	469,361	131,934
2010	410,312	60,468
2011	74,077	54,306
2012	<u>0</u>	<u>29,858</u>
Total Minimum Lease Payments	1,514,864	439,470
Less Amounts Representing Interest	<u>(132,921)</u>	<u>(42,323)</u>
Present Value of Net Minimum Lease Payments	<u>\$1,381,943</u>	<u>\$397,147</u>

9. PENSION PLAN

A. PLAN DESCRIPTION

The City of Tifton has a defined benefit retirement plan covering all employees who have one year of service as a city employee and/or three years of service as an elected or appointed member of the governing authority. The plan is titled City of Tifton Employees Pension Trust. The plan is administered for the City by The City of Tifton Retirement Plan Board of Trustees and is a single employer PERS. The plan is established and maintained in accordance with ordinance 97-02 as adopted by the City's governing authority. The plan also meets the funding requirements of Section 47-20-10 of The Official Code of Georgia, annotated. The plan's financial statement is included in this report as a pension trust fund. The plan does not issue stand alone financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

The normal retirement age for plan participants is age 65, though earlier or later retirement is permitted. The retirement benefit for city employees is 2% of the five highest years average earnings times years of credited service. The retirement benefit for members of the governing authority is \$60 times years of credited service. The retirement benefit for those retiring before normal retirement age is reduced by 2.5% for each year that early retirement precedes normal retirement. City employees are 100% vested after ten years of service. Elected or appointed officials are 100% vested after three years of service.

B. CONTRIBUTIONS

Contributions to the plan are made annually by the employer and are established by City ordinance. Employee contributions are not allowed. Contributions to the plan are made in accordance with an actuarial evaluation performed as of July 1, 2005 (the most recent actuarial valuation). Under the aggregate funding method, the minimum required contribution is equal to the plans normal cost. The following is a schedule of employer contributions.

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2005	\$ 756,387	100%	\$ 756,387	100%
2006	1,208,963	99%	1,208,963	99%
2007	2,236,445	98%	2,236,723	98%

C. ACCOUNTING POLICIES AND ACTUARIAL ASSUMPTIONS

Actuarial Cost Method (1)	Level Percentage of Compensation	Aggregate Method
Asset Valuation Method		Market Value
Inflation Rate		3%
Investment Rate of Return		7.75%
Projected Salary Increases		4.0%
Postretirement Increases		None

(1) the method does not identify or amortize unfunded actuarial liabilities.

D. SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Annual Covered Payroll</u>
7/1/05	\$10,574,057	\$10,574,057	\$ 0	100%	\$7,037,220	0%
1/1/04	10,137,574	13,560,936	0	100%	6,114,470	0%
1/1/02	8,578,391	12,432,451	0	100%	5,166,229	0%
1/1/00	8,133,000	12,850,000	0	100%	4,353,000	0%
1/1/98	7,431,700	9,454,000	0	79%	4,368,000	0%
1/1/97	4,930,000	4,930,000	0	100%	3,852,556	0%

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

E. ADDITIONAL INFORMATION

1. Plan Membership:	
Actively Employed	234
Retirees and Beneficiaries	102
Terminated/Vested Employees	<u>30</u>
Total	<u>366</u>
2. Development Of Annual Required Contribution (ARC)	
Employer Normal Cost	\$ 2,236,004
40-year amortization of UAAL:	
PV of future benefits	29,103,121
PV of future employer normal costs	(18,529,064)
PV of future employee contributions	0
Actuarial accrued liability (AAL)	10,574,057
Actuarial value of assets	10,574,057
Unfunded AAL (UAAL)	0
40-year amort of UAAL	0
40-year amortization of NPO	441
ARC	<u>\$2,236,445</u>
3. Annual Pension Cost and Net Pension Obligation (NPO)	
ARC	\$2,236,445
Interest on NPO	719
Adjustment to ARC	<u>(441)</u>
Annual Pension Cost	2,236,723
Contributions made (w/interest to EOY)	<u>(2,196,273)</u>
Increase (decrease) in NPO	40,450
NPO-July 1,2006	<u>9,274</u>
NPO-June 30, 2007	<u>\$ 49,724</u>

10. DEFERRED COMPENSATION PLAN

The City of Tifton offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

11. CONTINGENT LIABILITIES

A. FILED AND THREATENED LITIGATION

The City of Tifton is subject to various claims and legal disputes which arise in the normal course of its operation. In the opinion of management and legal counsel, the outcome of any of these items would not have a material effect on the City's financial condition.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

B. FEDERAL AND STATE ASSISTED GRANT PROGRAMS

Federal Department of Housing and Urban Development, Federal Emergency Management Agency, State Department of Transportation, and State Department of Administrative Service are among the federal and state assisted grant programs participated in by the City of Tifton. The revenues and disbursements from these grants have been included in this report. A review of the City's compliance with the grant requirements from the cognizant agency is possible in the future. Any amount of expenditures which might be disallowed would not be material to the City.

12. DEFICIT BALANCES

The telecommunication revenue fund showed a deficit net asset balance of \$6,297,469. This deficit is attributable to depreciation of fixed assets and low revenues in the first years of operation. When an adjustment is made to the financial position for these items, the financial picture is much more favorable. It is anticipated that future profits will eliminate this deficit balance.

13. INTERNAL TRANSFERS

Internal transfers for the year ended June 30, 2007, were as follows:

	<u>Transfer In</u>		<u>Transfer Out</u>	
Governmental Funds:				
General Fund:				
Gas Revenue Fund	\$ 600,000	(a)	\$ 0	
Hotel/Motel Tax Fund	<u>86,144</u>	(b)	<u>0</u>	
Total General Fund	<u>686,144</u>		<u>0</u>	
Special Revenue Funds:				
Hotel/Motel Tax Fund:				
General Fund	<u>0</u>		<u>86,144</u>	(b)
Capital Projects Fund:				
Special Purpose Local Option Sales Tax Fund:				
Water Revenue Fund	0		355,161	(c)
Sewer Revenue Fund	0		87,879	(d)
Solid Waste Collection and Disposal Fund	0		179,375	(e)
Grant Fund	<u>0</u>		<u>31,814</u>	(f)
Total Special Purpose Local Option Sales Tax Fund	<u>0</u>		<u>654,229</u>	
Grant Fund:				
Special Purpose Local Option Sales Tax Fund	<u>31,814</u>	(f)	<u>0</u>	

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

	<u>Transfer In</u>	<u>Transfer Out</u>
Proprietary Funds:		
Water Revenue Fund:		
Sewer Revenue Fund	\$ 0	\$ 191,122 (g)
Special Purpose Local Option Sales Tax Fund	<u>355,161 (c)</u>	<u>0</u>
Total Water Revenue Fund	<u>355,161</u>	<u>191,122</u>
Sewer Revenue Fund:		
Water Revenue Fund	191,122 (g)	0
Special Purpose Local Option Sales Tax Fund	<u>87,879 (d)</u>	<u>0</u>
Total Sewer Revenue Fund	<u>279,001</u>	<u>0</u>
Gas Revenue Fund:		
General Fund	<u>0</u>	<u>600,000 (a)</u>
Solid Waste Collection and Disposal Fund:		
Special Purpose Local Option Sales Tax Fund	<u>179,375 (e)</u>	<u>0</u>
TOTAL ALL FUNDS	<u>\$1,531,495</u>	<u>\$1,531,495</u>

- (a) To transfer funds for various general government expenditures
- (b) To transfer funds for various general government expenditures
- (c) To transfer funds for system extensions
- (d) To transfer funds for system extensions
- (e) To transfer funds for capital asset purchases
- (f) To transfer funds for matching grant expenditures
- (g) To transfer funds for operating expenditures

14. **LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City has accrued a \$3,459,707 liability for landfill closure and postclosure care cost at June 30, 2007. This represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of an old landfill site and 79% of the estimated capacity of a new landfill site. This new site is estimated to have a remaining life of 3 years. During the year, the City expended \$27,180 in monitoring the old landfill site.

The City will recognize the remaining estimated cost of closure and postclosure care of \$419,336 as the remaining estimated capacity of the new landfill is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. Actual costs could vary due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts 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 Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program 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 pools, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the 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 investigation, 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 pools.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgement, and all expenses incurred for investigation, negotiation, or defense.

16. JOINT VENTURES

Tift County and the City of Tifton, Georgia, 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. The financial statements for this operation are included as a part of this report.

Effective August 1, 2005, the City of Tifton and Tift County entered into an agreement combining the water and sewer operations of both entities. The City of Tifton will manage and operate 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.

The City of Tifton, in conjunction with cities and counties in the ten county South Georgia area are members of the South Georgia Regional Development Center (RDC). Membership in an RDC is automatic for each municipality and county in the state. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RDCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The City paid annual dues in the amount of \$24,708 to the RDC for the year ended June 30, 2007. The RDC Board membership includes the chief elected official of each county and the chief elected official of each municipality. The

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2007

county board members and municipal board members from the same county elect one member of the board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the nonpublic board member from a county. Financial information on the RDC may be obtained by writing RDC, P.O. Box 1223, Valdosta, Georgia 31603.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDCs as “public agencies and instrumentalities of their members.” Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources. (O.C.G.A. 50-8-39.1)

17. HOTEL/MOTEL TAX

The City imposes a 5% hotel/motel tax on lodging facilities within the city. Revenues collected during the fiscal year ended June 30, 2007, were \$716,641. Of this amount, 40%, or \$286,656 was paid to the Tifton-Tift County Tourism Association for the promotion of tourism. The hotel/motel tax funds were expended by the City in accordance with O.C.G.A. 48-13-51.

18. POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 9 to the financial statements, the City of Tifton provides postretirement group term life insurance benefits in accordance with statutes established by the City of Tifton City Council. The benefits are available to all employees who retire from the City of Tifton after attaining age fifty-five and meet the eligibility requirements to receive benefits under the City’s retirement plan. Currently 86 retirees meet those eligibility requirements. During the fiscal year ended June 30, 2007, expenditures for the plan were \$14,868. The City contributes 100% of the cost of the plan, and funds the plan on a pay as you go basis.

The City also offers continued health insurance benefits to its retirees through age 65. The retirees are required to reimburse the City for the total cost of the benefit resulting in no cost to the City.

19. RESTATEMENT OF NET ASSETS

The beginning net assets of the general fund have been increased by \$22,688,413 representing the addition of the City’s infrastructure assets acquired from June 30, 1980, through July 1, 2003, net of depreciation, as required by GASB Statement 34. Also, the beginning net assets of the Downtown Development Authority component unit have been increased by \$764,917 representing land and buildings, net of depreciation, contributed to the Authority in prior years and not recorded in the accounting records of the Authority.

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(NON - GAAP BUDGETARY BASIS)

General Fund Tifton, Georgia				Year Ended June 30, 2007
	<u>Budget</u>			Variance Over (Under)
	Original	Final	Actual	
<u>Revenues:</u>				
Taxes - Net	\$ 7,441,117	\$ 7,441,117	\$ 7,418,381	\$ (22,736)
Licenses and Permits	761,282	761,282	793,497	32,215
Intergovernmental Revenues	172,128	172,128	119,979	(52,149)
Charges for Services	1,508,360	1,508,360	1,454,451	(53,909)
Fines and Forfeitures	785,681	785,681	781,014	(4,667)
Miscellaneous	95,494	95,494	226,316	130,822
 Total Revenues	 <u>10,764,062</u>	 <u>10,764,062</u>	 <u>10,793,638</u>	 <u>29,576</u>
<u>Expenditures:</u>				
General Government	2,826,791	2,746,621	2,340,662	405,959
Public Safety	6,662,581	6,658,586	6,319,431	339,155
Public Works	1,993,382	2,063,382	2,046,966	16,416
Culture and Recreation	471,921	471,921	452,745	19,176
Health and Welfare	55,085	55,255	40,821	14,434
 Total Expenditures	 <u>12,009,760</u>	 <u>11,995,765</u>	 <u>11,200,625</u>	 <u>795,140</u>
 Excess of Revenues Over (Under) Expenditures	 (1,245,698)	 (1,231,703)	 (406,987)	 824,716
<u>Other Financing Sources (Uses):</u>				
Proceeds from Long-Term Debt	504,449	504,449	504,449	0
Transfers In	741,249	741,249	686,144	(55,105)
 Net Change in Fund Balance	 0	 13,995	 783,606	 769,611
 Budget Fund Balance - July 1, 2006	 <u>4,592,711</u>	 <u>4,592,711</u>	 <u>4,592,711</u>	 <u>0</u>
 BUDGET FUND BALANCE - JUNE 30, 2007	 <u>\$ 4,592,711</u>	 <u>\$ 4,606,706</u>	 <u>\$ 5,376,317</u>	 <u>\$ 769,611</u>

The accompanying notes are an integral part of these statements.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

City of Tifton
Tifton, Georgia

June 30, 2007

1. BUDGETARY BASIS

The City of Tifton adopts its budget on the basis of generally accepted accounting principles plus encumbrances. Encumbrance accounting involves the reserving of applicable appropriations for purchase orders, contracts, and other commitments for the expenditure of resources. Encumbrances are reported in the year the commitment for the expenditure is made. These items are reported for generally accepted accounting principles in the year the items are received.

2. RECONCILIATION OF BUDGET BASIS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS

Fund Balance GAAP Basis	\$5,376,317
Encumbrances Outstanding at June 30, 2007	<u>0</u>
Fund Balance Budget Basis	<u>\$5,376,317</u>

COMBINING BALANCE SHEET

Non-Major Governmental Funds
Tifton, Georgia

June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>		Total
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund		Grant Fund		
<u>ASSETS</u>						
Cash	\$ 7,479	\$ 250,664		\$ 0		\$ 258,143
Accounts Receivable	0	75,530		17,970		93,500
Due from Other Funds	0	0		31,814		31,814
Advances to Component Unit	179,344	0		0		179,344
TOTAL ASSETS	<u>\$186,823</u>	<u>\$ 326,194</u>		<u>\$ 49,784</u>		<u>\$ 562,801</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts Payable	\$ 0	\$ 50,832		\$ 3,000		\$ 53,832
Due to Other Funds	0	0		46,784		46,784
Total Liabilities	0	50,832		49,784		100,616
Fund Balance:						
Unreserved	<u>186,823</u>	<u>275,362</u>		<u>0</u>		<u>462,185</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$186,823</u>	<u>\$ 326,194</u>		<u>\$ 49,784</u>		<u>\$ 562,801</u>

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Non-Major Governmental Funds
Tifton, Georgia

Year Ended
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>		Total
	<u>Community Development Revolving Loan Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Grant Fund</u>	<u>Grant Fund</u>		
Revenues:						
Taxes	\$ 0	\$ 716,641	\$ 0	\$ 0	\$ 716,641	
Grant Proceeds	0	4,275	40,379	40,379	44,654	
Interest	49	21,877	0	0	21,926	
Rent	<u>2,157</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,157</u>	
Total Revenues	<u>2,206</u>	<u>742,793</u>	<u>40,379</u>	<u>40,379</u>	<u>785,378</u>	
Expenditures:						
General Government	0	633,004	72,193	72,193	705,197	
Culture and Recreation	0	38,500	0	0	38,500	
Debt Service:						
Principal	0	101,706	0	0	101,706	
Interest	<u>0</u>	<u>62,757</u>	<u>0</u>	<u>0</u>	<u>62,757</u>	
Total Expenditures	<u>0</u>	<u>835,967</u>	<u>72,193</u>	<u>72,193</u>	<u>908,160</u>	
Excess of Revenues Over (Under) Expenditures	2,206	(93,174)	(31,814)	(31,814)	(122,782)	
Other Financing Sources (Uses):						
Transfers In	0	0	31,814	31,814	31,814	
Transfers Out	<u>0</u>	<u>(86,144)</u>	<u>0</u>	<u>0</u>	<u>(86,144)</u>	
Net Change in Fund Balance	2,206	(179,318)	0	0	(177,112)	
Fund Balance - July 1, 2006	<u>184,617</u>	<u>454,680</u>	<u>0</u>	<u>0</u>	<u>639,297</u>	
FUND BALANCE - JUNE 30, 2007	<u>\$ 186,823</u>	<u>\$ 275,362</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 462,185</u>	

BALANCE SHEET

General Fund
Tifton, Georgia

June 30, 2007

ASSETS

Cash on Hand and in Banks		\$4,518,887
Property Taxes Receivable		31,365
Accounts Receivable	\$ 928,812	
Less Allowance for Uncollectible Accounts	<u>(28,083)</u>	900,729
Due from Other Funds		242,126
Advances to Other Funds		<u>563,574</u>
 TOTAL ASSETS		 <u>\$6,256,681</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	\$ 672,876
Accrued Expenses	80,826
Due to Other Funds	55,971
Deferred Revenue	<u>70,691</u>

Total Liabilities 880,364

Fund Balance:

Reserved For:	
Noncurrent Interfund Receivables	563,574
Unreserved	<u>4,812,743</u>

Total Fund Balance 5,376,317

TOTAL LIABILITIES AND FUND BALANCE \$6,256,681

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON - GAAP BUDGETARY BASIS)

General Fund Tifton, Georgia	<u>Budget</u>			Year Ended June 30, 2007
	Original	Final	Actual	Variance Over (Under)
Revenues:				
Net Advalorem Taxes	\$ 2,054,077	\$2,054,077	\$ 1,949,400	\$ (104,677)
General Government Revenues	8,649,542	8,649,542	8,681,338	31,796
Interest Income	60,443	60,443	162,900	102,457
Total Revenues	<u>10,764,062</u>	<u>10,764,062</u>	<u>10,793,638</u>	<u>29,576</u>
Expenditures:				
General Government	2,182,232	2,086,232	1,697,005	389,227
Tax Office	121,134	121,134	105,634	15,500
Municipal Court	188,255	188,255	165,860	22,395
Police	3,729,259	3,729,259	3,548,960	180,299
Fire	2,307,592	2,307,592	2,187,266	120,326
Public Works Complex	187,727	187,727	172,051	15,676
Street	1,805,655	1,875,655	1,874,915	740
Park and Cemetery	471,921	471,921	452,745	19,176
Financial	416,536	432,536	431,785	751
Senior Citizens Center	106,889	106,719	106,238	481
Nutrition Program	55,085	55,255	40,821	14,434
Traffic Control	437,475	433,480	417,345	16,135
Total Expenditures	<u>12,009,760</u>	<u>11,995,765</u>	<u>11,200,625</u>	<u>795,140</u>
Excess of Revenues Over (Under) Expenditures	(1,245,698)	(1,231,703)	(406,987)	824,716
Other Financing Sources (Uses):				
Proceeds from Long-Term Debt	504,449	504,449	504,449	0
Transfers In	741,249	741,249	686,144	(55,105)
Net Change in Fund Balance	0	13,995	783,606	769,611
Budget Fund Balance - July 1, 2006	4,592,711	4,592,711	4,592,711	0
BUDGET FUND BALANCE - JUNE 30, 2007	<u>\$ 4,592,711</u>	<u>\$4,606,706</u>	<u>\$ 5,376,317</u>	<u>\$ 769,611</u>

SCHEDULE OF REVENUES

General Fund Tifton, Georgia	Year Ended June 30, 2007
Sales Tax	\$ 2,926,027
Net Advalorem Tax	1,949,400
Advalorem Tax on Vehicles	222,262
Intangible Tax	23,028
Insurance Premium Tax	789,142
Franchise Tax	1,032,739
Licenses	736,691
Alcoholic Beverage Tax	464,535
Mobile Home Tax	11,248
Interest and Penalties	36,829
Permits and Fees	56,806
Fines, Bond Forfeitures, and Cost	781,014
Interest Income	162,900
Sale of Cemetery Lots	66,750
Fire Protection - Tift County	1,218,699
Miscellaneous Charges for Services	169,002
Intergovernmental	119,979
Sale of Capital Assets	12,115
Miscellaneous	<u>14,472</u>
 TOTAL REVENUES	 <u>\$10,793,638</u>

SCHEDULE OF EXPENDITURES - GENERAL GOVERNMENT

General Fund Tifton, Georgia	Year Ended June 30, 2007
Street Lights	\$ 180,148
Traffic Lights	15,670
Insurance	2,344
Code Enforcement	189,374
Canine Control	154,962
E-911	499,462
Dues and Subscriptions	30,063
Emergency Management	66,664
Supplies	5,270
Mosquito Control	20,690
Professional Services	119,364
Ruth's Cottage	20,000
Literacy Volunteers of America	21,177
American Red Cross	11,000
ABAC	21,631
Prisoners Per Diem	264,261
Warehouse and Inventory Control	181
Administrative and Clerical	63,929
Other	<u>10,815</u>
 TOTAL	 <u>\$1,697,005</u>

SCHEDULE OF EXPENDITURES - TAX OFFICE

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 84,657
Utilities	1,313
Repairs and Maintenance	3,710
Supplies	2,388
Insurance	666
Professional Services	5,810
Postage	3,058
Warehouse and Inventory Control	181
Administrative and Clerical	3,487
Other	<u>364</u>
 TOTAL	 <u>\$ 105,634</u>

SCHEDULE OF EXPENDITURES - MUNICIPAL COURT

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 118,401
Recorders Court Judge	31,745
Utilities	964
Repairs and Maintenance	1,172
Supplies	5,560
Professional Fees	595
Insurance	748
Travel and Training	1,358
Warehouse and Inventory Control	181
Administrative and Clerical	5,096
Other	<u>40</u>
 TOTAL	 <u>\$ 165,860</u>

SCHEDULE OF EXPENDITURES - POLICE DEPARTMENT

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$2,529,814
Utilities	39,604
Repairs and Maintenance	99,582
Supplies	104,446
Insurance	137,317
Gas, Oil, and Grease	84,412
Capital Outlay	323,544
Travel and Training	12,668
Professional Services	52,242
Prisoners Medical	13,010
Uniforms	27,672
Warehouse and Inventory Control	8,610
Administrative and Clerical	104,189
Other	<u>11,850</u>
 TOTAL	 <u>\$3,548,960</u>

SCHEDULE OF EXPENDITURES - FIRE DEPARTMENT

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$1,630,301
Utilities	81,459
Repairs and Maintenance	70,731
Supplies	183,974
Insurance	92,292
Gas, Oil, and Grease	24,329
Capital Outlay	10,481
Travel and Training	3,398
Professional Services	2,880
Warehouse and Inventory Control	8,610
Administrative and Clerical	71,014
Other	<u>7,797</u>
 TOTAL	 <u>\$2,187,266</u>

SCHEDULE OF EXPENDITURES - PUBLIC WORKS COMPLEX

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 147,926
Utilities	1,415
Supplies	3,832
Travel and Training	3,379
Professional Services	650
Insurance	4,147
Warehouse and Inventory Control	4,115
Administrative and Clerical	5,729
Other	<u>858</u>
 TOTAL	 <u>\$ 172,051</u>

SCHEDULE OF EXPENDITURES - STREET DEPARTMENT

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 790,088
Equipment Repairs and Maintenance	175,205
Street Repairs and Maintenance	135,383
Supplies	91,578
Professional Services	400
Insurance	63,758
Gas, Oil, and Grease	54,671
Landfill Charges	22,988
Capital Outlay	441,419
Warehouse and Inventory Control	47,664
Administrative and Clerical	49,163
Other	<u>2,598</u>
 TOTAL	 <u>\$1,874,915</u>

SCHEDULE OF EXPENDITURES - PARK AND CEMETERY

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 281,734
Utilities	15,751
Repairs and Maintenance	58,624
Supplies	50,434
Insurance	20,478
Gas, Oil, and Grease	7,962
Warehouse and Inventory Control	2,710
Administrative and Clerical	14,523
Other	<u>529</u>
 TOTAL	 <u>\$ 452,745</u>

SCHEDULE OF EXPENDITURES - FINANCIAL

General Fund Tifton, Georgia	Year Ended June 30, 2007
Principal	\$ 391,969
Interest	<u>39,816</u>
TOTAL	<u>\$ 431,785</u>

SCHEDULE OF EXPENDITURES - SENIOR CITIZENS CENTER

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 61,504
Utilities	8,474
Repairs and Maintenance	14,122
Supplies	14,312
Insurance	3,767
Warehouse and Inventory Control	181
Administrative and Clerical	3,298
Other	<u>580</u>
 TOTAL	 <u>\$106,238</u>

SCHEDULE OF EXPENDITURES - NUTRITION PROGRAM

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 25,605
Meal Delivery	9,071
Utilities	4,330
Insurance	191
Supplies	1,233
Warehouse and Inventory Control	181
Other	<u>210</u>
 TOTAL	 <u>\$ 40,821</u>

SCHEDULE OF EXPENDITURES - TRAFFIC CONTROL

General Fund Tifton, Georgia	Year Ended June 30, 2007
Personnel Services	\$ 127,836
Utilities	1,804
Repairs and Maintenance	11,648
Supplies	39,633
Traffic Signs and Lights	24,521
Insurance	11,227
Gas, Oil, and Grease	4,798
Capital Outlay	117,477
Warehouse and Inventory Control	65,274
Administrative and Clerical	12,657
Other	<u>470</u>
 TOTAL	 <u>\$ 417,345</u>

BALANCE SHEET

Community Development Revolving Loan Fund
Tifton, Georgia

June 30, 2007

ASSETS

Cash	\$ 7,479
Advances to Component Unit	<u>179,344</u>
 TOTAL ASSETS	 <u>\$186,823</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ 0
 Fund Balance:	
Unreserved	<u>186,823</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$186,823</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Community Development Revolving Loan Fund Tifton, Georgia	Year Ended June 30, 2007
Revenues:	
Rent	\$ 2,157
Interest	<u>49</u>
Total Revenues	2,206
Expenditures	<u>0</u>
Net Change in Fund Balance	2,206
Fund Balance - July 1, 2006	<u>184,617</u>
FUND BALANCE - JUNE 30, 2007	<u>\$ 186,823</u>

BALANCE SHEET

Hotel/Motel Tax Fund
Tifton, Georgia

June 30, 2007

ASSETS

Cash	\$ 250,664
Accounts Receivable	<u>75,530</u>
 TOTAL ASSETS	 <u>\$ 326,194</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 50,832
 Fund Balance:	
Unreserved	<u>275,362</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 326,194</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Hotel/Motel Tax Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/> <hr/>	
Revenues:	
Taxes	\$ 716,641
Interest	21,877
Grant Proceeds	<u>4,275</u>
Total Revenues	<u>742,793</u>
Expenditures:	
General Government	633,004
Culture and Recreation	38,500
Debt Service:	
Principal	101,706
Interest	<u>62,757</u>
Total Expenditures	<u>835,967</u>
Excess of Expenditures Over Revenues	(93,174)
Other Financing (Uses):	
Transfers Out	<u>(86,144)</u>
Net Change in Fund Balance	(179,318)
Fund Balance - July 1, 2006	<u>454,680</u>
FUND BALANCE - JUNE 30, 2007	<u>\$ 275,362</u>

BALANCE SHEET

Special Purpose Local Option Sales Tax Fund
Tifton, Georgia

June 30, 2007

ASSETS

Cash	\$2,664,322
Accounts Receivable	<u>992,331</u>
TOTAL ASSETS	<u>\$3,656,653</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 62,083
Due to Other Funds	<u>211,189</u>
Total Liabilities	273,272
Fund Balance	<u>3,383,381</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$3,656,653</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Special Purpose Local Option Sales Tax Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/> <hr/>	
Revenues:	
Sales Tax	\$2,816,076
Interest	<u>111,592</u>
Total Revenues	<u>2,927,668</u>
Expenditures:	
Public Works	74,092
Capital Outlay	57,889
Debt Service:	
Principal	945,688
Interest	<u>17,378</u>
Total Expenditures	<u>1,095,047</u>
Excess of Revenues Over Expenditures	1,832,621
Other Financing Sources (Uses):	
Transfers Out	<u>(654,229)</u>
Excess of Revenues Over Expenditures and Other Financing Uses	1,178,392
Fund Balance - July 1, 2006	<u>2,204,989</u>
FUND BALANCE - JUNE 30, 2007	<u>\$3,383,381</u>

BALANCE SHEET

Grant Fund
Tifton, Georgia

June 30, 2007

ASSETS

Accounts Receivable	\$ 17,970
Due from Other Funds	<u>31,814</u>
 TOTAL ASSETS	 <u>\$ 49,784</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	\$ 3,000
Due to Other Funds	<u>46,784</u>
 Total Liabilities	 49,784
 Fund Balance	 <u>0</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 49,784</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Grant Fund Tifton, Georgia	Year Ended June 30, 2007
Revenues:	
Grant Proceeds	<u>\$ 40,379</u>
Expenditures:	
Administration	14,000
Professional Fees	<u>58,193</u>
Total Expenditures	<u>72,193</u>
Excess of Expenditures Over Revenues	(31,814)
Other Financing Sources:	
Transfers In	<u>31,814</u>
Net Change in Fund Balance	0
Fund Balance - July 1, 2006	<u>0</u>
FUND BALANCE - JUNE 30, 2007	<u>\$ 0</u>

SCHEDULE OF NET ASSETS

Water Revenue Fund
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash		\$ 577,585
Accounts Receivable	\$ 774,505	
Less Allowance for Uncollectible Accounts	<u>(329,293)</u>	445,212
Due from Other Funds		<u>312,479</u>

Total Current Assets 1,335,276

Capital Assets:

Land		65,660
Buildings	60,486	
Less Accumulated Depreciation	<u>(57,155)</u>	3,331
Machinery and Equipment	1,604,904	
Less Accumulated Depreciation	<u>(1,199,849)</u>	405,055
Distribution System	12,363,513	
Less Accumulated Depreciation	<u>(5,502,571)</u>	<u>6,860,942</u>

Net Capital Assets 7,334,988

Total Assets 8,670,264

LIABILITIES

Current Liabilities:

Accounts Payable		202,014
Accrued Expenses		10,010
Due to Other Funds		180,589
Note Payable		44,244
Customer Deposits		<u>278,577</u>

Total Current Liabilities 715,434

Long-Term Liabilities:

Accrued Vacation		23,085
Note Payable		<u>76,531</u>

Total Long-Term Liabilities 99,616

Total Liabilities 815,050

(Continued on next page)

SCHEDULE OF NET ASSETS

Water Revenue Fund
Tifton, Georgia

June 30, 2007

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$7,214,213
Unrestricted	<u>641,001</u>
 TOTAL NET ASSETS	 <u>\$7,855,214</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Water Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
Operating Revenues:	
Water Sales	\$2,812,548
Water Penalties and Fines	134,713
Water Meters	166,498
Water Extensions	36,578
Miscellaneous	<u>15,779</u>
Total Operating Revenues	<u>3,166,116</u>
Operating Expenses:	
Personnel Services	781,073
Utilities	238,253
Equipment Repairs and Maintenance	90,716
System Repairs and Maintenance	353,236
Supplies	99,783
Insurance	73,770
Gas, Oil, and Grease	36,110
Professional Services	10,733
Chemicals	70,739
Depreciation	348,481
Warehouse and Inventory Control	43,683
Administrative and Clerical	604,531
Postage	18,146
Miscellaneous	<u>5,718</u>
Total Operating Expenses	<u>2,774,972</u>
Operating Income	391,144
Non-Operating Revenues (Expenses):	
Interest Income	62,715
Interest Expense	<u>(14,964)</u>
Income before Transfers	438,895
Transfers In	355,161
Transfers Out	<u>(191,122)</u>
Change in Net Assets	602,934
Net Assets - July 1, 2006	<u>7,252,280</u>
NET ASSETS - JUNE 30, 2007	<u>\$7,855,214</u>

SCHEDULE OF CASH FLOWS

Water Revenue Fund Tifton, Geor.	Year Ended June 30, 2007
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$3,205,314
Cash Payments for Personnel Services	(785,114)
Cash Payments for Other Operating Expenses	(892,760)
Cash Payments for Interfund Services	(648,214)
Cash Payments to Other Funds, Net	<u>(550,765)</u>
Net Cash Provided by Operating Activities	<u>328,461</u>
Cash Flows from Noncapital Financing Activities:	
Transfers Out	<u>(191,122)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(810,307)
Principal Paid on Long-Term Debt	(53,244)
Interest Paid on Debt	(14,964)
Transfers In	<u>355,161</u>
Net Cash Used by Capital and Related Financing Activities	<u>(523,354)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>62,715</u>
Net Decrease in Cash	(323,300)
Cash - July 1, 2006	<u>900,885</u>
CASH - JUNE 30, 2007	<u>\$ 577,585</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 391,144
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	348,481
Change in Assets and Liabilities:	
Receivables, Net	18,384
Accounts Payable	104,444
Customer Deposits	20,814
Accrued Expenses	(4,041)
Due to/from Other Funds	<u>(550,765)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 328,461</u>

SCHEDULE OF NET ASSETS

Sewer Revenue Fund
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash		\$ 562,128
Accounts Receivable	\$ 1,046,140	
Less Allowance for Uncollectible Accounts	<u>(340,550)</u>	705,590
Due from Other Funds		<u>52,372</u>

Total Current Assets 1,320,090

Capital Assets:

Land		389,873
Buildings	47,546	
Less Accumulated Depreciation	<u>(38,811)</u>	8,735
Machinery and Equipment	1,917,750	
Less Accumulated Depreciation	<u>(1,624,639)</u>	293,111
Distribution System	30,773,376	
Less Accumulated Depreciation	<u>(16,175,163)</u>	<u>14,598,213</u>

Net Capital Assets 15,289,932

Total Assets 16,610,022

LIABILITIES

Current Liabilities:

Accounts Payable		258,712
Accrued Expenses		44,335
Due to Other Funds		152,082
Note Payable		286,776
Customer Deposits		<u>202,322</u>

Total Current Liabilities 944,227

Long-Term Liabilities:

Note Payable		3,876,237
Accrued Vacation		<u>27,899</u>

Total Long-Term Liabilities 3,904,136

Total Liabilities 4,848,363

(Continued on next page)

SCHEDULE OF NET ASSETS

Sewer Revenue Fund
Tifton, Georgia

June 30, 2007

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$11,126,919
Unrestricted	<u>634,740</u>
 TOTAL NET ASSETS	 <u>\$11,761,659</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Sewer Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
Operating Revenues:	
Sewer Sales	\$ 2,838,835
Sewer Penalties	42,630
Sewer Extensions	296,829
Lab Fees	8,940
Miscellaneous	<u>15,063</u>
Total Operating Revenues	<u>3,202,297</u>
Operating Expenses:	
Personnel Services	810,013
Utilities	204,180
Equipment Repairs and Maintenance	69,207
System Repairs and Maintenance	524,674
Supplies	73,510
Insurance	82,032
Lab	43,509
Gas, Oil, and Grease	28,128
Professional Services	11,402
Depreciation	855,162
Postage	16,090
Warehouse and Inventory Control	26,949
Administrative and Clerical	522,687
Miscellaneous	<u>7,515</u>
Total Operating Expenses	<u>3,275,058</u>
Operating Loss	(72,761)
Non-Operating Revenues (Expenses):	
Interest Income	54,545
Interest Expense	<u>(208,654)</u>
Loss before Transfers	(226,870)
Transfers In	<u>279,001</u>
Change in Net Assets	52,131
Net Assets - July 1, 2006	<u>11,709,528</u>
NET ASSETS - JUNE 30, 2007	<u>\$11,761,659</u>

SCHEDULE OF CASH FLOWS

Sewer Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$2,876,251
Cash Payments for Personnel Services	(811,111)
Cash Payments for Other Operating Expenses	(916,194)
Cash Payments for Interfund Services	(549,636)
Cash Payments to Other Funds, Net	<u>(488,358)</u>
Net Cash Provided by Operating Activities	<u>110,952</u>
Cash Flows from Noncapital Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(361,078)
Transfers from Other Funds	279,001
Interest Paid on Debt	(210,303)
Principal Paid on Long-Term Debt	(283,987)
Proceeds from Long-Term Debt	<u>26,628</u>
Net Cash Used by Capital and Related Financing Activities	<u>(549,739)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>54,545</u>
Net Decrease in Cash	(384,242)
Cash - July 1, 2006	<u>946,370</u>
CASH - JUNE 30, 2007	<u>\$ 562,128</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ (72,761)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	855,162
Change in Assets and Liabilities:	
Receivables, Net	(344,702)
Accounts Payable	144,053
Customer Deposits	18,656
Accrued Expenses	(1,098)
Due from Other Funds	<u>(488,358)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 110,952</u>

SCHEDULE OF NET ASSETS

Gas Revenue Fund
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash		\$2,801,676
Accounts Receivable	\$ 738,126	
Less Allowance for Uncollectible Accounts	<u>(254,493)</u>	483,633
Due from Other Funds		<u>1,592,511</u>

Total Current Assets 4,877,820

Capital Assets:

Land		102,302
Buildings	226,006	
Less Accumulated Depreciation	<u>(116,406)</u>	109,600
Machinery and Equipment	717,732	
Less Accumulated Depreciation	<u>(668,736)</u>	48,996
Distribution System	3,743,206	
Less Accumulated Depreciation	<u>(2,119,397)</u>	<u>1,623,809</u>

Net Capital Assets 1,884,707

Other Assets:

Advances to Other Funds		<u>1,597,217</u>
-------------------------	--	------------------

Total Assets 8,359,744

LIABILITIES

Current Liabilities:

Accounts Payable		344,078
Accrued Expenses		4,958
Due to Other Funds		23,530
Customer Deposits		<u>114,846</u>

Total Current Liabilities 487,412

Long-Term Liabilities:

Accrued Vacation		<u>18,150</u>
------------------	--	---------------

Total Liabilities 505,562

(Continued on next page)

SCHEDULE OF NET ASSETS

Gas Revenue Fund
Tifton, Georgia

June 30, 2007

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 1,884,707
Unrestricted	<u>5,969,475</u>
 TOTAL NET ASSETS	 <u>\$7,854,182</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Gas Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
Operating Revenues:	
Gas Sales	\$ 5,625,563
Gas Penalties and Fines	19,982
Miscellaneous	<u>12,273</u>
Total Operating Revenues	<u>5,657,818</u>
Operating Expenses:	
Cost of Gas Sold	4,123,283
Personnel Services	324,463
Utilities	12,000
Equipment Repairs and Maintenance	27,926
System Repairs and Maintenance	41,719
Supplies	25,820
Insurance	17,751
Gas, Oil, and Grease	14,135
Professional Services	6,872
Depreciation	125,955
Postage	6,983
Marketing	65,185
Warehouse and Inventory Control	13,046
Administrative and Clerical	440,841
Miscellaneous	<u>8,726</u>
Total Operating Expenses	<u>5,254,705</u>
Operating Income	403,113
Non-Operating Revenues (Expenses):	
Interest Income	142,059
Interest Expense	<u>(4,992)</u>
Income before Transfers	540,180
Transfers Out	<u>(600,000)</u>
Change in Net Assets	(59,820)
Net Assets - July 1, 2006	<u>7,914,002</u>
NET ASSETS - JUNE 30, 2007	<u>\$ 7,854,182</u>

SCHEDULE OF CASH FLOWS

Gas Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 5,845,381
Cash Payments for Personnel Services	(322,005)
Cash Payments for Other Operating Expenses	(4,435,804)
Cash Payments for Interfund Services	(453,887)
Cash Payments to Other Funds, Net	<u>(242,805)</u>
Net Cash Provided by Operating Activities	<u>390,880</u>
Cash Flows from Noncapital Financing Activities:	
Cash Payments on Advances from Other Funds	(65,598)
Transfers Out	(600,000)
Cash Receipts on Advances to Other Funds	<u>743,700</u>
Net Cash Provided by Noncapital Financing Activities	<u>78,102</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(40,700)
Principal Paid on Long-Term Debt	(42,627)
Interest Paid on Debt	<u>(4,992)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(88,319)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>142,059</u>
Net Increase In Cash	522,722
Cash - July 1, 2006	<u>2,278,954</u>
CASH - JUNE 30, 2007	<u>\$ 2,801,676</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 403,113
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	125,955
Changes in Assets and Liabilities:	
Receivables, Net	169,982
Accounts Payable	(85,404)
Customer Deposits	17,581
Accrued Expenses	2,458
Due from Other Funds	<u>(242,805)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 390,880</u>

SCHEDULE OF NET ASSETS

Solid Waste Collection and Disposal Revenue Fund
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash		\$6,491,636
Accounts Receivable	\$ 1,037,866	
Less Allowance for Uncollectible Accounts	<u>(509,313)</u>	528,553
Due from Other Funds		<u>179,375</u>

Total Current Assets 7,199,564

Capital Assets:

Landfill	4,717,006	
Less Accumulated Depreciation	<u>(3,541,779)</u>	1,175,227
Buildings	149,778	
Less Accumulated Depreciation	<u>(51,148)</u>	98,630
Equipment	5,108,296	
Less Accumulated Depreciation	<u>(3,061,652)</u>	<u>2,046,644</u>

Net Capital Assets 3,320,501

Total Assets 10,520,065

LIABILITIES

Current Liabilities:

Accounts Payable		276,088
Accrued Expenses		16,901
Due to Other Funds		145,465
Customer Deposits		<u>13,040</u>

Total Current Liabilities 451,494

Long-Term Liabilities:

Accrued Vacation		35,158
Accrued Postclosure Cost		<u>3,459,707</u>

Total Long-Term Liabilities 3,494,865

Total Liabilities 3,946,359

(Continued on next page)

SCHEDULE OF NET ASSETS

Solid Waste Collection and Disposal Revenue Fund
Tifton, Georgia

June 30, 2007

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$3,320,501
Unrestricted	<u>3,253,205</u>
 TOTAL NET ASSETS	 <u>\$6,573,706</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Solid Waste Collection and Disposal Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Operating Revenues:	
Charges	\$ 4,209,009
Penalties and Fines	58,831
Miscellaneous	<u>63,039</u>
 Total Operating Revenues	 <u>4,330,879</u>
 Operating Expenses:	
Personnel Services	1,148,380
Public Utilities	28,956
Repairs and Maintenance	465,469
Supplies	281,757
Insurance	126,874
Gas, Oil, and Grease	212,074
Professional Services	14,018
Contract Services	193,050
Depreciation	908,312
Postage	9,846
State Superfund	31,461
Warehouse and Inventory Control	154,779
Administrative and Clerical	439,885
Miscellaneous	<u>11,281</u>
 Total Operating Expenses	 <u>4,026,142</u>
 Operating Income	 304,737
 Non-Operating Revenues (Expenses):	
Interest Income	323,123
Interest Expense	<u>(7,584)</u>
 Income before Transfers	 620,276
 Transfer In	 <u>179,375</u>
 Change in Net Assets	 799,651
 Net Assets - July 1, 2006	 <u>5,774,055</u>
 NET ASSETS - JUNE 30, 2007	 <u>\$ 6,573,706</u>

SCHEDULE OF CASH FLOWS

Solid Waste Collection and Disposal Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$4,287,607
Cash Payments for Personnel Services	(1,145,853)
Cash Payments for Other Operating Expenses	(1,231,096)
Cash Payments for Interfund Services	(594,664)
Cash Payments to Other Funds, Net	<u>(200,038)</u>
Net Cash Provided by Operating Activities	<u>1,115,956</u>
Cash Flows from Noncapital Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(524,428)
Principal Paid on Long-Term Debt	(251,104)
Interest Paid on Debt	(7,584)
Transfers In	<u>179,375</u>
Net Cash Used by Capital and Related Financing Activities	<u>(603,741)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>323,123</u>
Net Increase In Cash	835,338
Cash - July 1, 2006	<u>5,656,298</u>
CASH - JUNE 30, 2007	<u>\$6,491,636</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 304,737
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	908,312
Changes in Assets and Liabilities:	
Receivables, Net	(56,312)
Accounts Payable	143,690
Customer Deposits	13,040
Accrued Expenses	2,527
Due to Other Funds	<u>(200,038)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$1,115,956</u>

SCHEDULE OF NET ASSETS

Telecommunication Revenue Fund
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash		\$ 66,895
Accounts Receivable	\$ 932,349	
Less Allowance for Uncollectable Accounts	<u>(553,008)</u>	379,341

Restricted Assets:

Cash		<u>646,829</u>
------	--	----------------

Total Current Assets		<u>1,093,065</u>
----------------------	--	------------------

Capital Assets:

Land		10,000
Buildings	778,516	
Less Accumulated Depreciation	<u>(130,389)</u>	648,127
Machinery and Equipment	329,254	
Less Accumulated Depreciation	<u>(203,804)</u>	125,450
Distribution System	11,271,875	
Less Accumulated Depreciation	<u>(5,908,025)</u>	<u>5,363,850</u>

Net Capital Assets		<u>6,147,427</u>
--------------------	--	------------------

Other Assets:

Bond Cost		<u>257,242</u>
-----------	--	----------------

Total Assets		<u>7,497,734</u>
--------------	--	------------------

LIABILITIES

Current Liabilities:

Payable from Current Assets:

Accounts Payable		191,486
Accrued Expenses		13,220
Due to Other Funds		683,721
Note Payable		<u>28,504</u>

Total Current Liabilities		<u>916,931</u>
---------------------------	--	----------------

(Continued on next page)

SCHEDULE OF NET ASSETS

Telecommunication Revenue Fund
Tifton, Georgia

June 30, 2007

Long-Term Liabilities:

Bonds Payable	\$ 10,609,840
Note Payable	85,510
Accrued Vacation	22,131
Advances Due Other Funds	<u>2,160,791</u>

Total Long-Term Liabilities 12,878,272

Total Liabilities 13,795,203

NET ASSETS

Invested in Capital Assets, Net of Related Debt and Restrictions (3,929,598)
Unrestricted (2,367,871)

TOTAL NET ASSETS \$ (6,297,469)

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Telecommunication Revenue Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/> <hr/>	
Operating Revenues:	
Sales	\$ 3,123,361
Penalties and Fees	28,490
Miscellaneous	<u>18,171</u>
Total Operating Revenues	<u>3,170,022</u>
Operating Expenses:	
Program Costs and Fees	1,484,272
Personnel Services	653,323
Utilities	115,804
Repairs and Maintenance	121,914
Supplies	259,700
Insurance	75,910
Gas, Oil, and Grease	22,177
Professional Services	29,146
Depreciation	640,096
Marketing	16,499
Postage	1,091
Warehouse and Inventory Control	18,975
Administrative and Clerical	47,584
Miscellaneous	<u>335</u>
Total Operating Expenses	<u>3,486,826</u>
Operating Loss	(316,804)
Non-Operating Revenues (Expenses):	
Interest Income	88,094
Interest Expense	(99,763)
Revenue Bond Expense	<u>(454,872)</u>
Change in Net Assets	(783,345)
Net Assets - July 1, 2006	<u>(5,514,124)</u>
NET ASSETS - JUNE 30, 2007	<u><u>\$(6,297,469)</u></u>

SCHEDULE OF CASH FLOWS

Telecommunication Revenue Fund
Tifton, Georgia

Year Ended
June 30, 2007

<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$3,123,647
Cash Payments for Personnel Services	(647,247)
Cash Payments for Other Operating Expenses	(2,056,005)
Cash Payments for Interfund Services	(66,559)
Cash Payments from Other Funds, Net	<u>(165,465)</u>
Net Cash Provided by Operating Activities	<u>188,371</u>
Cash Flows from Noncapital Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(1,278,197)
Payment on Advances from Other Funds	(2,043,701)
Retirement of Revenue Bonds	(5,994,629)
Interest Paid on Revenue Bonds	(494,120)
Issuance of Revenue Bonds	10,723,599
Bond Issuance Cost	(267,624)
Principal Paid on Long-Term Debt	(639,747)
Interest Paid on Long-Term Debt	<u>(99,763)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(94,182)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>88,094</u>
Net Increase In Cash and Restricted Cash	182,283
Cash and Restricted Cash - July 1, 2006	<u>531,441</u>
CASH AND RESTRICTED CASH - JUNE 30, 2007	<u>\$ 713,724</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating Loss	\$ (316,804)
Adjustments to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	640,096
Changes in Assets and Liabilities:	
Receivables, Net	(46,375)
Accounts Payable	70,843
Accrued Expenses	6,076
Due to Other Funds	<u>(165,465)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 188,371</u>

SCHEDULE OF NET ASSETS

Service Fund
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash		\$1,301,103
Accounts Receivable		66,014
Inventory		1,136,316
Due from Other Funds		975,044
Prepaid Expenses		<u>527,664</u>

Total Current Assets 4,006,141

Capital Assets:

Land		50,445
Buildings	\$1,980,680	
Less Accumulated Depreciation	<u>(1,045,750)</u>	934,930
Machinery and Equipment	2,271,351	
Less Accumulated Depreciation	<u>(1,511,104)</u>	<u>760,247</u>

Net Capital Assets 1,745,622

Total Assets 5,751,763

LIABILITIES

Current Liabilities:

Accounts Payable		187,628
Accrued Expenses		23,674
Due to Other Funds		1,886,387
Note Payable		<u>125,039</u>

Total Current Liabilities 2,222,728

Long-Term Liabilities:

Accrued Vacation		61,071
Note Payable		<u>278,541</u>

Total Long-Term Liabilities 339,612

Total Liabilities 2,562,340

NET ASSETS

Invested in Capital Assets, Net of Related Debt		1,342,042
Unrestricted		<u>1,847,381</u>

TOTAL NET ASSETS \$3,189,423

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Operating Revenues:	
Charges for Services and Facilities	\$ 3,124,961
Operating Expenses:	
City Council:	
Personnel Services	45,849
Insurance	3,706
Council Retreat	837
Travel	14,205
City Government Week	5,284
Training	8,780
General Supplies	7,855
Miscellaneous	3,753
Total	<u>90,269</u>
Administrative:	
Personnel Services	430,364
Insurance	16,326
Professional Services	18,538
Depreciation	58,594
Postage	4,345
Travel and Training	2,409
Public Utility Services	27,447
General Supplies	44,001
Repairs and Maintenance	29,266
Miscellaneous	1,197
Total	<u>632,487</u>
Human Resources:	
Personnel Services	114,262
Insurance	3,296
Reception and Awards	10,575
Public Utility Services	1,538
Depreciation	323
Travel and Training	3,563
Professional Services	41,833
General Supplies	4,390
Miscellaneous	2,227
Total	<u>182,007</u>

(Continued on next page)

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Marketing:	
Personnel Services	\$ 75,822
Insurance	2,588
Public Utility Services	1,206
Depreciation	6,038
Repairs and Maintenance	511
General Supplies	19,286
Advertising	30,318
Marketing Programs	12,181
Miscellaneous	89
Total	<u>148,039</u>
Management:	
Personnel Services	300,671
Insurance	4,510
Depreciation	3,057
Public Utility Services	4,388
Repairs and Maintenance	2,498
Professional Services	20,500
Travel	9,889
Training	5,844
General Supplies	13,374
Miscellaneous	1,680
Total	<u>366,411</u>
Customer Service:	
Personnel Services	140,022
Insurance	2,627
Public Utility Services	497
Repairs and Maintenance	145
Depreciation	13,146
General Supplies	4,993
Miscellaneous	1,880
Total	<u>163,310</u>

(Continued on next page)

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Purchasing:	
Personnel Services	\$ 83,007
General Supplies	2,718
Miscellaneous	146
Total	<u>85,871</u>
Management Information Systems:	
Personnel Services	173,276
Public Utility Services	11,279
Insurance	2,116
Repairs and Maintenance	66,895
Depreciation	69,803
Rent	3,318
General Supplies	40,100
Miscellaneous	123
Total	<u>366,910</u>
Engineering:	
Personnel Services	57,569
Insurance	5,186
Public Utility Services	1,044
Depreciation	9,029
Professional Fees	755
Repairs and Maintenance	607
General Supplies	3,350
Miscellaneous	1,139
Total	<u>78,679</u>
Inventory Control:	
Personnel Services	116,356
Insurance	9,043
Public Utility Services	595
Repairs and Maintenance	745
Depreciation	6,510
General Supplies	37,926
Miscellaneous	360
Total	<u>171,535</u>

(Continued on next page)

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/> <hr/>	
Utilities Complex:	
Personnel Services	\$ 248,999
Insurance	6,920
Depreciation	6,079
Repairs and Maintenance	35,392
Public Utility Services	12,145
General Supplies	26,516
Travel	823
Miscellaneous	355
Total	<u>337,229</u>
Harrison-Walker Complex:	
Personnel Services	20,491
Insurance	14,786
Public Utility Services	21,247
Depreciation	29,543
Repairs and Maintenance	36,857
General Supplies	14,878
Miscellaneous	111
Total	<u>137,913</u>
Shop:	
Personnel Services	247,631
Insurance	7,884
Depreciation	11,028
Public Utility Services	15,926
Repairs and Maintenance	4,337
General Supplies	55,649
Miscellaneous	525
Total	<u>342,980</u>
Total Operating Expenses	<u>3,103,640</u>
Operating Income	21,321
Non-Operating Expenses:	
Interest Expense	<u>(21,321)</u>
Change in Net Assets	0
Net Assets - July 1, 2006	<u>3,189,423</u>
NET ASSETS - JUNE 30, 2007	<u>\$ 3,189,423</u>

SCHEDULE OF CASH FLOWS

Service Fund Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 17,698
Cash Receipts from Interfund Services Provided	3,451,454
Cash Payments for Personnel Services	(2,079,557)
Cash Payments for Other Operating Expenses	<u>(1,488,468)</u>
Net Cash Used by Operating Activities	<u>(98,873)</u>
Cash Flows from Noncapital Financing Activities:	
Receipts on Short Term Advance to Other Funds	<u>1,080,737</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(156,740)
Principal Paid on Long-Term Debt	(132,699)
Interest Paid on Debt	<u>(21,321)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(310,760)</u>
Net Increase In Cash	671,104
Cash - July 1, 2006	<u>629,999</u>
CASH - JUNE 30, 2007	<u>\$ 1,301,103</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 21,321
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	213,150
Change in Assets and Liabilities:	
Receivables, Net	(66,014)
Inventory	(171,362)
Prepaid Expense	(157,946)
Accounts Payable	(322,989)
Accrued Expenses	(25,238)
Due to/from Other Funds	<u>410,205</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (98,873)</u>

SCHEDULE OF NET ASSETS

Downtown Development Authority
Tifton, Georgia

June 30, 2007

ASSETS

Current Assets:

Cash	\$ 166,194
Accounts Receivable	5,772
Notes Receivable	<u>55,159</u>

Total Current Assets 227,125

Capital Assets:

Land	300,583
Construction in Process	263,322
Buildings	\$ 2,207,535
Less Accumulated Depreciation	<u>(382,160)</u> <u>1,825,375</u>

Net Capital Assets 2,389,280

Other Assets:

Notes Receivable 1,121,487

Total Assets 3,737,892

LIABILITIES

Current Liabilities:

Accounts Payable	18,343
Accrued Expenses	4,302
Deferred Revenue	2,811
Notes Payable	<u>102,818</u>

Total Current Liabilities 128,274

Long-Term Liabilities:

Notes Payable	1,249,464
Due to Primary Government	<u>179,344</u>

Total Long-Term Liabilities 1,428,808

Total Liabilities 1,557,082

(Continued to next page)

SCHEDULE OF NET ASSETS

Downtown Development Authority
Tifton, Georgia

June 30, 2007

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 2,007,796
Unrestricted	<u>173,014</u>
 TOTAL NET ASSETS	 <u>\$ 2,180,810</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Downtown Development Authority Tifton, Georgia	Year Ended June 30, 2007
<hr/>	
Operating Revenues:	
Charges for Services	\$ 192,736
Intergovernmental	243,950
Interest	<u>71,470</u>
 Total Operating Revenues	 <u>508,156</u>
 Operating Expenses:	
Personnel Services	104,446
Utilities	35,594
Insurance	11,236
Repairs and Maintenance	19,089
Interest	66,841
Production Cost	37,685
Supplies	27,219
Depreciation	42,191
Professional Fees	65,442
Miscellaneous	<u>4,630</u>
 Total Operating Expenses	 <u>414,373</u>
 Change in Net Assets	 93,783
 Net Assets - July 1, 2006 (As Restated)	 <u>2,087,027</u>
 NET ASSETS - JUNE 30, 2007	 <u>\$2,180,810</u>

SCHEDULE OF CASH FLOWS

Downtown Development Authority Tifton, Georgia	Year Ended June 30, 2007
---	-----------------------------

Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 262,730
Cash Receipts from Other Governments	243,950
Cash Payments for Personnel Services	(104,446)
Cash Payments for Other Operating Expenses	<u>(265,080)</u>
Net Cash Provided by Operating Activities	<u>137,154</u>
Cash Flows from Noncapital Financing Activities:	
Loaned on Notes Receivable	(109,000)
Received on Notes Receivable	49,415
Principal Paid on Long-Term Debt	(52,740)
Proceeds from Long-Term Debt	<u>109,000</u>
Net Cash Used by Noncapital Financing Activities	<u>(3,325)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(228,088)
Proceeds from Long-Term Debt	234,140
Principal Paid on Long-Term Debt	<u>(32,000)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(25,948)</u>
Cash Flows from Investing Activities	
	<u>0</u>
Net Increase in Cash	107,881
Cash - July 1, 2006	<u>58,313</u>
CASH - JUNE 30, 2007	<u>\$ 166,194</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Change in Net Assets	\$ 93,783
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	42,191
Change in Assets and Liabilities:	
Receivables, Net	(1,476)
Accounts Payable	18,343
Accrued Expenses	1,623
Due to Primary Government	<u>(17,310)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 137,154</u>

SCHEDULE OF PROJECTS CONSTRUCTED WITH

SPECIAL SALES TAX PROCEEDS

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2007

Project	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage Completion
<u>1996 REFERENDUM</u>					
Sewer System Improvements	\$ 2,600,000	\$ 2,029,364	\$ 46,906	\$ 2,076,270	80%
Street Improvements	2,100,000	1,984,333	0	1,984,333	94%
Water System Improvements	1,000,000	1,000,000	0	1,000,000	100%
Landfill Development	750,000	750,000	0	750,000	100%
Drainage Basins	<u>400,000</u>	<u>400,000</u>	<u>4,763</u>	<u>404,763</u>	100%
TOTAL	<u>\$ 6,850,000</u>	<u>\$ 6,163,697</u>	<u>\$ 51,669</u>	<u>\$ 6,215,366</u>	
<u>2001 REFERENDUM</u>					
Street and Sidewalk Improvements	\$ 1,000,000	\$ 479,456	\$ 16,917	\$ 496,373	50%
New Fire Station	650,000	0	0	0	0%
New Fire Trucks	500,000	409,292	98,693	507,985	100%
Sewer System Improvements	1,000,000	554,204	40,972	595,176	60%
Water System Improvements	1,000,000	532,546	355,161	887,707	89%
Drainage Improvements	590,000	253,268	52,412	305,680	52%
Police Department Building	3,021,000	2,505,339	627,138	3,132,477	100%
Visitor Information Center	300,000	300,000	147,562	447,562	100%
Public Parking	<u>679,000</u>	<u>347,491</u>	<u>147,562</u>	<u>495,053</u>	73%
TOTAL	<u>\$ 8,740,000</u>	<u>\$ 5,381,596</u>	<u>\$ 1,486,417</u>	<u>\$ 6,868,013</u>	

(Continued on next page)

SCHEDULE OF PROJECTS CONSTRUCTED WITH

SPECIAL SALES TAX PROCEEDS

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2007

Project	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage Completion
<u>2006 REFERENDUM</u>					
Street and Sidewalk Improvements	\$ 2,670,000	\$ 0	\$ 31,814	\$ 31,814	1%
New Fire Station and Equipment	2,660,000	0	0	0	0%
Police Equipment	414,000	0	0	0	0%
Sewer System Improvements	6,831,000	0	0	0	0%
Water System Improvements	5,200,000	0	0	0	0%
Drainage Improvements	2,500,000	0	0	0	0%
Senior Center Improvements	750,000	0	0	0	0%
City Hall Renovations	1,000,000	0	0	0	0%
Recycling Facility Improvements	450,000	0	0	0	0%
Landfill/Sanitation Equipment	650,000	0	179,375	179,375	28%
Park and Cemetery Improvements	200,000	0	0	0	0%
Maintenance Warehouse Improvements	650,000	0	0	0	0%
M. I. S. Improvements	<u>1,850,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	0%
TOTAL	<u>\$25,825,000</u>	<u>\$ 0</u>	<u>\$ 211,189</u>	<u>\$ 211,189</u>	

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

The Honorable Mayor and City Council
Tifton, Georgia

We have audited 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, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 12, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Tifton, Georgia's internal control over financial reporting as a basis for designing our auditing procedures 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 of Tifton, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Tifton, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Tifton, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Tifton, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Tifton, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses, numbers 07-1 and 07-2, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Tifton, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of Tifton, Georgia, in a separate letter dated December 28, 2007.

The City of Tifton, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City of Tifton, Georgia's responses and, accordingly, we express no opinions on them.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Herring CPA Group, P.C.
Tifton, Georgia
December 12, 2007

SCHEDULE OF FINDINGS AND RESPONSES

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2007

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City of Tifton, Georgia.
2. Two reportable conditions are reported in the "Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards".
3. No instances of noncompliance, material to the general purpose financial statements of the City of Tifton, Georgia, were disclosed during the audit.
4. The City of Tifton, Georgia was not required to undergo a single audit for the fiscal year ending June 30, 2007.

FINDINGS-FINANCIAL STATEMENTS AUDIT

07-1 Segregation of Duties (Repeat)

Some departments of the City of Tifton, Georgia, do not employ sufficient personnel to provide for the adequate segregation of duties.

Criteria-Weakness in internal control.

Effect-Improper segregation of duties can allow for the misappropriation of funds.

Recommendation-Additional personnel should be hired and any conflicting duties segregated.

Management's Response-Management agrees with the finding, however, it is not economically feasible to hire additional personnel. The City is currently reviewing these departments to reassign personnel and their duties where feasible. Also, the financial records of these departments are reviewed periodically by City personnel.

07-2 Reconciliation of Inventory Subsidiary Ledger to the General Ledger

Monthly subsidiary inventory ledgers are not being reconciled to the monthly general ledger.

Criteria-Weakness in internal control

Effect-Failure to reconcile detail inventory records to the general ledger can result in undetected misappropriation of inventory assets.

Recommendation-Subsidiary ledgers for inventory should be reconciled to the monthly general ledger.

Management Response-Management agrees with the finding and is currently studying its option with regards to inventory and will implement policies for this monthly reconciliation.

ASSESSED AND ESTIMATED ACTUAL VALUES OF

TAXABLE PROPERTY

City of Tifton
Tifton, Georgia

June 30, 2007

Year	Assessed Value of Taxable Property	Estimated Actual Value of Taxable Property
2006	\$ 313,001,279	\$ 782,503,198
2005	296,575,064	741,437,660
2004	287,231,815	718,079,537
2003	287,239,764	718,099,410
2002	246,585,341	616,463,352
2001	220,995,804	552,489,510
2000	211,485,815	528,714,537
1999	204,294,753	510,736,882
1998	198,125,802	495,314,505
1997	184,277,321	460,693,302

PROPERTY TAX RATES

City of Tifton
Tifton, Georgia

June 30, 2007

Year	City of Tifton	Tift County	School Board
2006	6.76	10.39	14.46
2005	7.00	10.71	14.96
2004	4.45	10.71	11.96
2003	4.45	9.43	11.96
2002	4.45	11.26	13.74
2001	4.50	11.31	13.74
2000	4.50	9.54	13.75
1999	4.50	8.97	13.75
1998	5.00	8.97	11.75
1997	5.00	9.87	11.75

PRINCIPAL TAXPAYERS

City of Tifton
Tifton, Georgia

June 30, 2007

1.	Wal-Mart Stores, Inc.	\$ 55,629
2.	Lowes Home Center, Inc.	35,531
3.	Georgia Power Company	29,234
4.	Affinity Health Group	28,005
5.	BellSouth	26,185
6.	Tifton Mall, Inc.	20,807
7.	KR Tifton, Inc.	20,102
9.	Peter Garvey	12,813
8.	Tifton Inn, LLC	12,372
10.	Stafford 75, LLC	9,631

DEBT LIMITATION

City of Tifton
Tifton, Georgia

June 30, 2007

The City of Tifton's present constitutional limit on direct obligation debt is an amount equivalent to 10% of the net assessed valuation of taxable property for debt service purposes. The computation of the unused legal debt margin is presented below:

Net Assessed Valuation of Taxable Property for Debt Service - June 30, 2007	<u>\$313,001,279</u>
10% of Taxable Value	\$ 31,300,127
General Obligation Bonded Debt - June 30, 2007	<u>0</u>
Legal Debt Margin	<u>\$ 31,300,127</u>