



ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED

JUNE 30, 2008



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Tifton, Georgia

June 30, 2008

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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, 2008, 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.

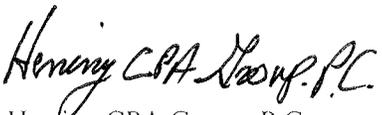
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2008, 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 30, 2008, 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 is important 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 inquires 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, the Schedule of Projects Constructed with Special Sales Tax Proceeds, as required by the Official Code of Georgia Annotated Section 48-8-121, and the statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Tifton, Georgia. The combining and individual fund financial statements, the Schedule of Projects Constructed with Special Sales Tax Proceeds, as required by the Official Code of Georgia Annotated Section 48-8-121, and the Schedule of Federal Awards 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. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and accordingly, we express no opinion on it.


Herring CPA Group, P.C.
Tifton, Georgia
March 26, 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

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
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Forward-Looking Statements

Within this section of the City of Tifton, Georgia's (the City) annual financial report, the City's management is pleased to provide narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

1. The total Assets of the City were \$96.4 million, which exceeded its liabilities of \$23.4 million at the close of the most recent fiscal year by \$73.0 million.
2. The total assets of the City's component unit, DDA (Downtown Development Authority), were \$3.9 million, which exceeded its liabilities of \$1.7 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 \$13.5 million which is \$3 million less than \$16.5 million generated in tax and other revenues, before internal transfers.
4. The City's business-type activities had program expenses that were \$20.6 million, which is 10 thousand more than \$20.5 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 \$11.6 million as compared to \$9.2 million at June 30, 2007. Of this amount, \$5.4 million was available for spending at the City's discretion (Unreserved Fund Balance) as compared to \$4.8 million at June 30, 2007.
6. The General Fund, on a current financial resources basis, reported revenue in excess of expenditures and other financing resources of \$153,486 for the fiscal year ending June 30, 2008, compared to \$774,129 for the fiscal year ending June 30, 2007.
7. The total expense for government-wide activities totaled \$34.1 million for the current fiscal year as compared to \$31.6 million at June 30, 2007.
8. The City does not have General obligation bonds outstanding.

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's 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 community in Georgia.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document is intended to serve as an introduction to the City of Tifton's basic financial statements. The basic financial statements include: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements.

Government-Wide Financial Statements

The City's basic financial statements include two government-wide financial statements. These statements provide long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of positions presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Evaluation of the overall health of the City would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the City infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities*, 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. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

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. Property Taxes, sales taxes, Insurance premium taxes and franchise fees finance the majority of these activities.

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

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. The Fund Financial Statements on pages 25 through 40 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 25 through 29) - 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 26 and 28.

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 30 through 38) - 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, 39 and 40) - 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 financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The Notes to the financial statements can be found on pages 41-65 of this report.

Required Supplementary Information

Budgetary comparison statements are included as required supplementary information. These statements and schedules demonstrate compliance with the City's adopted and final revised budget and can be found on pages 66-67. 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, 2008 and 2007. For detailed information, see Statement of Net Assets on page 18.

Table 1.
Summary of Government - Wide Net Assets

	<u>CITY OF TIFTON'S NET ASSETS</u>					
	Governmental		Primary Government		Total	
	Activities		Business-Type			
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 14,255,562	\$ 12,102,598	\$ 11,547,357	\$ 14,076,854	\$ 25,802,919	\$ 26,179,452
Capital Assets	34,329,680	34,145,468	36,249,220	34,234,797	70,578,900	68,380,265
Total Assets	\$ 48,585,242	\$ 46,248,066	\$ 47,796,577	\$ 48,311,651	\$ 96,381,819	\$ 94,559,717
Current Liabilities	\$ 1,610,587	\$ 1,764,060	\$ 2,151,429	\$ 2,330,111	\$ 3,762,016	\$ 4,094,171
Long-Term Liabilities	1,725,814	2,159,950	17,908,770	18,234,248	19,634,584	20,394,198
Total Liabilities	\$ 3,336,401	\$ 3,924,010	\$ 20,060,199	\$ 20,564,359	\$ 23,396,600	\$ 24,488,369
Net Assets						
Invested in Capital Assets net of related debt	\$ 32,153,822	\$ 31,461,545	\$ 21,477,258	\$ 19,616,742	\$ 53,631,080	\$ 51,078,287
Restricted for:						
Capital Projects	5,599,991	3,383,381	-	-	5,599,991	3,383,381
Unrestricted	7,495,028	7,479,130	6,259,120	8,130,550	13,754,148	15,609,680
TOTAL NET ASSETS	\$ 45,248,841	\$ 42,324,056	\$ 27,736,378	\$ 27,747,292	\$ 72,985,219	\$ 70,071,348

Net Assets. The City of Tifton's combined net assets increased 4% from \$70.1 million at June 30, 2007 to \$72.9 million at June 30, 2008 (See Table 1). 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 \$13.6 million at June 30, 2008. 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 \$45.2 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 decreased by \$10,914. 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 increased by 7% to \$37 million in FY2008. (See Table 2 on page 9). Key elements of this increase are as follows; Property tax is 6.03% of the total revenue, increased by \$75 thousand or 3.49%. Most of this increase is due to diligence of the staff in collecting taxes and sending out the bills timely. Sales Tax is 23.9% of the total revenue, increased by \$1.1 million. This is due to collections for SPLOST IV in FY2007 only reflects collection for seven (7) months as the starting year. Charges for services account for 62.5% of the total revenue, and the balance of 7.5% is from 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, 2008 was \$34.1 million as compared to \$31.6 million for the year ending June 30, 2007. The City's expenses cover a range of service, with about 19.80% 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		
	2008	2007	2008	2007	2008	2007	
REVENUES							
Program Revenues:							
Charges for Services	\$ 3,050,384	\$ 3,031,119	\$ 20,080,165	\$ 19,527,132	\$ 23,130,549	\$ 22,558,251	2.54%
Operating Grants and Contribution	308,570	96,050	-	-	308,570	\$ 96,050	221.26%
Capital Grants and Contributions	455,646	0	0	0	455,646	\$ -	#DIV/0!
Total Program Revenues	\$ 3,814,600	\$ 3,127,169	\$ 20,080,165	\$ 19,527,132	\$ 23,894,765	\$ 22,654,301	5.5%
General Revenues and Transfers:							
Property Taxes	\$ 2,233,683	\$ 2,158,445	\$ -	\$ -	2,233,683	\$ 2,158,445	3.49%
Sales Taxes	6,872,295	5,742,103	-	-	6,872,295	\$ 5,742,103	19.68%
Hotel Motel Taxes	695,493	716,641	-	-	695,493	\$ 716,641	-2.95%
Alcoholic Beverage Taxes	466,862	464,535	-	-	466,862	\$ 464,535	0.50%
Insurance Premium Tax	823,163	789,142	-	-	823,163	\$ 789,142	4.31%
Franchise Fees	1,108,148	1,032,739	-	-	1,108,148	\$ 1,032,739	7.30%
Investment Earnings	335,367	296,418	431,110	670,536	766,477	\$ 966,954	-20.73%
Miscellaneous Revenue	177,293	155,027	-	-	177,293	\$ 155,027	14.36%
Transfers - Internal Activities	-54,943	-22,415	54,943	22,415	0	\$ -	#DIV/0!
Total General Revenues & Transfers	\$ 12,657,361	\$ 11,332,635	\$ 486,053	\$ 692,951	\$ 13,143,414	\$ 12,025,586	9.3%
Total Revenues & Transfers	\$ 16,471,961	\$ 14,459,804	\$ 20,566,218	\$ 20,220,083	\$ 37,038,179	\$ 34,679,887	6.80%
EXPENSES							
Governmental Activities:							
General Government	\$ 3,117,671	\$ 2,626,234	\$ -	\$ -	3,117,671	\$ 2,626,234	18.71%
Public Safety	6,755,076	6,237,579	-	-	6,755,076	\$ 6,237,579	8.30%
Public Works	2,912,100	2,480,638	-	-	2,912,100	\$ 2,480,638	17.39%
Culture and Recreation	547,036	507,722	-	-	547,036	\$ 507,722	7.74%
Health and Welfare	142,994	41,320	-	-	142,994	\$ 41,320	246.06%
Interest on Long-Term Debt	72,299	119,951	-	-	72,299	\$ 119,951	-39.73%
Total Governmental Activities	\$ 13,547,176	\$ 12,013,444	\$ -	\$ -	\$ 13,547,176	\$ 12,013,444	12.77%
Business-type Activities:							
Water	\$ -	\$ -	\$ 2,861,267	\$ 2,789,936	2,861,267	\$ 2,789,936	2.56%
Sewer	-	-	3,430,752	3,483,712	3,430,752	\$ 3,483,712	-1.52%
Gas	-	-	5,444,229	5,259,697	5,444,229	\$ 5,259,697	3.51%
Solid Waste	-	-	4,305,101	4,033,726	4,305,101	\$ 4,033,726	6.73%
Telecommunications	-	-	4,535,783	4,041,461	4,535,783	\$ 4,041,461	12.23%
Total Business-Type Activities	-	-	20,577,132	19,608,532	20,577,132	\$ 19,608,532	4.94%
Total Expenses	\$ 13,547,176	\$ 12,013,444	\$ 20,577,132	\$ 19,608,532	\$ 34,124,308	\$ 31,621,976	7.91%
Change in Net Assets	\$ 2,924,785	\$ 2,446,360	\$ (10,914)	\$ 611,551	\$ 2,913,871	\$ 3,057,911	-4.71%
Net Assets - Beginning of the Year	\$ 42,324,056	\$ 17,189,283	\$ 27,747,292	\$ 27,135,741	\$ 70,071,348	\$ 44,325,024	58.09%
Restatement for Infrastructure		\$ 22,688,413	\$ -	\$ -		\$ 22,688,413	0.00%
NET ASSETS - END OF THE YEAR	\$ 45,248,841	\$ 42,324,056	\$ 27,736,378	\$ 27,747,292	\$ 72,985,219	\$ 70,071,348	4.16%

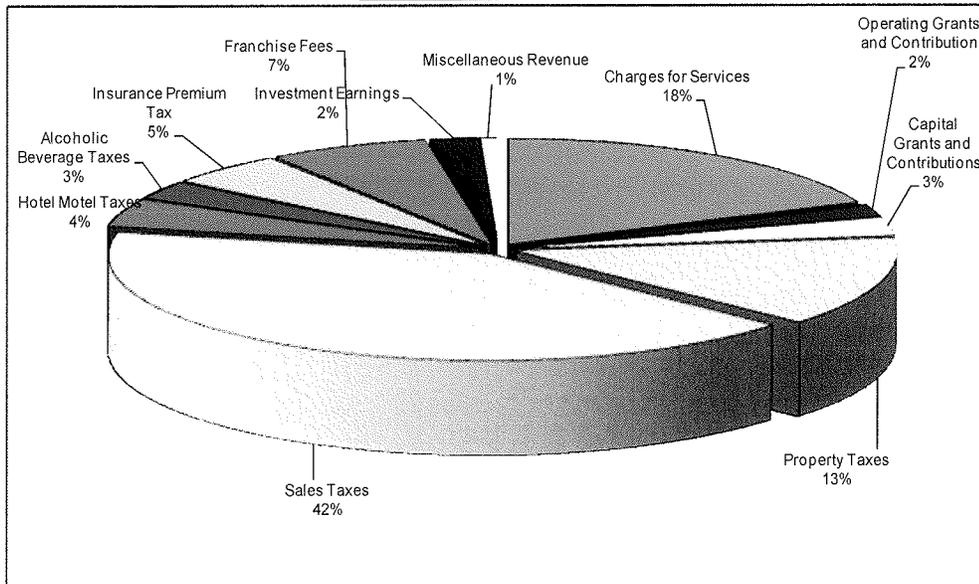
Governmental Activities - Revenue by Source

The City's governmental activities are heavily reliant on property and sales tax to support governmental operations. Revenues for the City of Tifton's governmental activities, including internal transfers, increased 12.22% to \$16.47 million, while total expenses increased 12.77% to \$13.55 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 27% or \$12.2 million of the City's governmental revenues. Revenues increased mainly on Sales tax by 16%, and Grants primarily, CDBG grant from the State, for improving curb and gutters in blighted areas.

Table 3
Governmental Activities - Revenue by Source

	<u>PRIMARY GOVERNMENT</u> <u>GOVERNMENTAL ACTIVITIES</u>		
	<u>2008</u>	<u>2007</u>	<u>DIFFERENCE</u>
REVENUES			
Functions / Program Revenues:			
Charges for Services	\$ 3,050,384	\$ 3,031,119	\$ 19,265
Operating Grants and Contribution	308,570	96,050	212,520
Capital Grants and Contributions	455,646	-	455,646
Property Taxes	2,233,683	2,158,445	75,238
Sales Taxes	6,872,295	5,742,103	1,130,192
Hotel Motel Taxes	695,493	716,641	(21,148)
Alcoholic Beverage Taxes	466,862	464,535	2,327
Insurance Premium Tax	823,163	789,142	34,021
Franchise Fees	1,108,148	1,032,739	75,409
Investment Earnings	335,367	296,418	38,949
Miscellaneous Revenue	122,350	132,612	(10,262)
Total Revenues	\$ 16,471,961	\$ 14,459,804	\$ 2,012,157

Pie chart for Table 3



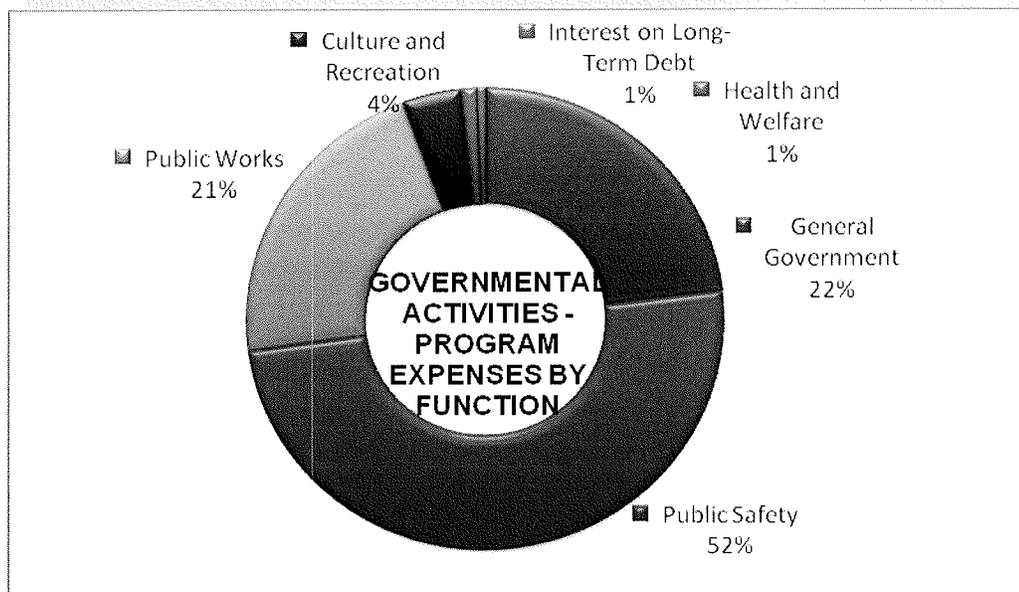
Governmental Activities – Program Expense by Function

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 \$13.5 million, a \$1.5 million increase from prior year ending June 30, 2007. However, the amount that taxpayers paid for these activities through City taxes was only \$2.2 million. Some of the cost was paid by:

- Those who benefited from the programs (charges for services) - \$3 million
- Taxes other than property taxes - \$9.7 million
- Grants and Contribution - \$764 thousand as compared to \$96 thousand in FY2007.

Table 4.
GOVERNMENTAL ACTIVITIES PROGRAM EXPENSE BY FUNCTION

Governmental Activities:	TOTAL COST OF SERVICE		
	2008	2007	DIFFERENCE
General Government	\$ 3,117,671	\$ 2,626,234	\$ 491,437
Public Safety	6,755,076	6,237,579	517,497
Public Works	2,912,100	2,480,638	431,462
Culture and Recreation	547,036	507,722	39,314
Health and Welfare	142,994	41,320	101,674
Interest on Long-Term Debt	72,299	119,951	-47,652
Total Governmental Activities	\$ \$ 13,547,176	\$ \$ 12,013,444	\$ 1,533,732

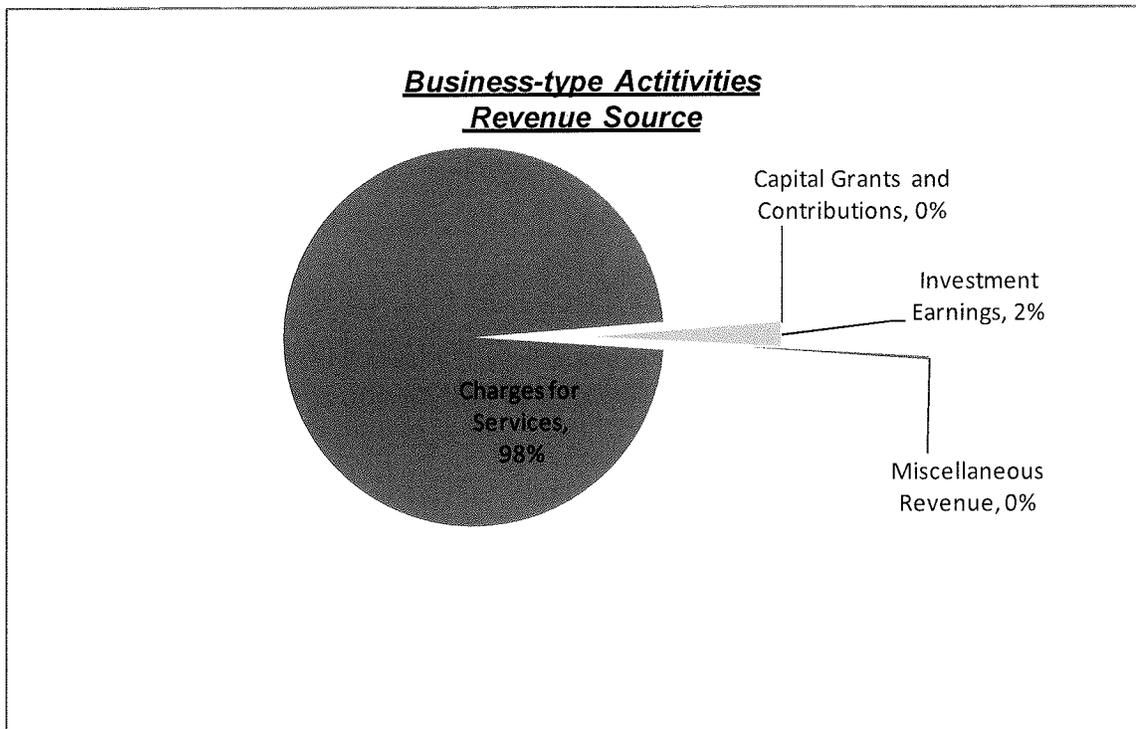


Business-type Activities

Operating revenues including transfers of the business-type activities increased by \$368.5 thousand, from \$20.21 million to \$20.57 million during the year ended June 30, 2008. The increases in the revenue due to a combination of, the increase in Water and Sewer rates and a reduced water restriction and consumers were able to use more water.

Table 5
BUSINESS-TYPE ACTIVITIES REVENUE SOURCE

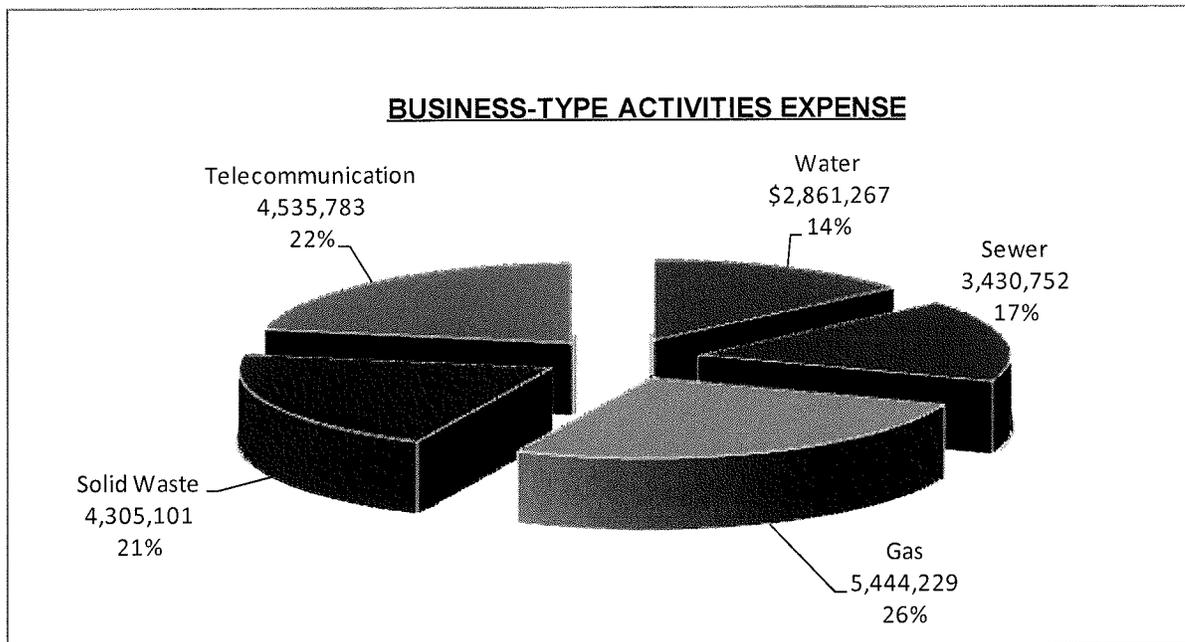
	2008	2007	DIFFERENCE
REVENUES			
Program Revenues:			
Charges for Services	\$ 20,080,165	\$ 19,527,132	\$ 553,033
Capital Grants and Contributions	0	0	0
Investment Earnings	431,110	670,536	-239,426
Miscellaneous Revenue	54,943	0	54,943
Total Revenues	\$ \$20,566,218	\$ \$20,197,668	\$ \$368,550



The cost of all Proprietary (Business Type) activities this year increased by \$969 thousand, from \$19.61 million to \$20.58 million for the year ending June 30, 2008. As shown in the Statement of Activities and Changes in Net assets on page 21, the amounts paid by the users of the system was \$20.08 million, \$431 thousand from investment earnings, and \$54.9 thousand from internal transfers.

Table 6
BUSINESS-TYPE ACTIVITIES EXPENSE

	2008	2007	DIFFERENCE
Business-type Activities:			
Water	\$ 2,861,267	\$ 2,789,936	\$ 71,331
Sewer	3,430,752	3,483,712	(52,960)
Gas	5,444,229	5,259,697	184,532
Solid Waste	4,305,101	4,033,726	271,375
Telecommunications	4,535,783	4,041,460	494,323
Total Business-Type Activities	\$ 20,577,132	\$ 19,608,531	\$ 968,601



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 25) reported a combined fund balance of \$11.6 million, as compared to \$9.22 million as of June 30, 2007, which was a \$2.4 million increase from prior year. Approximately \$5.4 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 \$4.89 million, while total fund balance reached \$5.5 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 42% 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 \$153,486 during the current fiscal year. This was 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 2008 fiscal year, the SPLOST Capital Projects Fund had a reserved fund balance of \$5.6 million, an increase of \$2.2 million from prior year. The increase in the fund balance is mainly due to the increased collections running just higher than expenditures each month, and an increase of percentage allocation allocated to the City due to the City being administrators of most of the larger joint City-County SPLOST projects. In addition, all major projects on the referendum are on the initial stage of planning and development.

Proprietary Funds

The City's proprietary fund statements, beginning on page 30 provide the same type of information found in the government-wide financial statements but in more detail. Total net assets were \$27.74 million at year-end, a decrease of \$10.9 thousand from the prior year. Of the total net assets, \$21.5 million were invested in Capital Assets net of related debt, and \$6.3 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 \$153,486 thousand.

Tables 7 & 8 highlight the changes from the original adopted budget to the final amended budget for fiscal year 2008. 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 closings of some businesses in the City. Licenses and Permits were down as anticipated due to postponement of the collection of licenses for Landlords. The initial collections were estimated to at least generate about \$35,000. Fines and forfeitures were down due to aggressive projection of two Red Light cameras installed on intersection of HWY 82 and Virginia Avenue and I-75 Exit 62 and intersection HWY 82, respectively. Miscellaneous income is more than the budgeted due to increased revenue from surplus sales. The City is utilizing GovDeals in disposing of some surplus properties. The transfer from the Gas Fund of \$600,000 was approved to meet the current cash flow needs of the General Fund in an effort to stabilize service levels. This transfer lowers down the millage rate by 1.8 mills.

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> Over/(Under) Final Budget
	<u>Original</u>	<u>Final</u>		<u>Revenues</u>	
Revenues:					
Taxes, Net	\$ 8,120,775	\$ 8,120,775	-	\$ 7,619,528	\$ (501,247)
Licenses and Permits	795,447	795,447	-	756,724	(38,723)
Intergovernmental	101,672	184,259	82,587	217,468	33,209
Charges for Services	1,438,434	1,438,434	-	1,442,404	3,970
Fines & forfeitures	933,500	933,500	-	848,919	(84,581)
Miscellaneous Income	152,350	154,910	2,560	228,732	73,822
Proceeds from Long-Term Debt	-	-	-	-	-
Operating Transfers In	600,000	600,000	-	600,000	-
Total Revenues	\$ 12,142,178	\$ 12,227,325	\$ 85,147	\$ 11,713,775	\$ (513,550)

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. The major changes between the Original budget and the Final Budget for Police and Street are due to Cash acquisition of equipment. The budgeted amounts were only for the interest payment for the year.

Table 8

SUMMARY OF GENERAL FUND BUDGET - ORIGINAL AND FINAL APPROPRIATION

(NON - GAAP BUDGETARY BASIS)

	<u>Budget</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Change</u>	<u>Expenditures</u>	<u>Over/(Under) Final Budget</u>
Expenditures:					
General Government	\$ 2,122,743	\$ 2,124,169	\$ (1,426)	\$ 2,027,717	\$ 96,452
Tax Office	122,893	122,893	0	111,214	\$ 11,679
Municipal Court	199,504	199,504	0	181,851	\$ 17,653
Police	3,540,305	3,666,135	(125,830)	3,577,043	\$ 89,092
Fire	2,559,867	2,559,867	0	2,287,740	\$ 272,127
Public Works	210,784	210,784	0	185,045	\$ 25,739
Street	1,690,552	1,860,655	(170,103)	1,799,759	\$ 60,896
Park and Cemetery	496,917	496,917	0	488,809	\$ 8,108
Financial Expense	617,740	617,740	0	392,406	\$ 225,334
Senior Citizens Center	115,798	112,848	2,950	103,495	\$ 9,353
Nutrition Program	54,768	57,718	(2,950)	40,566	\$ 17,152
Traffic Control	410,308	410,308	0	364,644	\$ 45,664
Total Expenditures	\$ 12,142,179	\$ 12,439,538	\$ (297,359)	\$ 11,560,289	\$ 879,249

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2008, the City of Tifton had invested \$125.7 million before depreciation, \$70.2 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 50.

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, 2008, the City had \$16.6 million in bonds, notes and leases outstanding, a decrease of \$954 thousand 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 55 through 58.

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 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 the increase in 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 2009.

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 2009, 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, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Current Assets:				
Cash on Hand and in Banks	\$10,894,551	\$ 9,066,295	\$19,960,846	\$ 355,644
Restricted Cash	0	51,173	51,173	0
Receivables - Net	1,986,578	2,373,719	4,360,297	150,541
Internal Balances	(56,170)	56,170	0	0
Inventory at Cost	948,850	0	948,850	0
Prepaid Expenses	481,753	0	481,753	0
Total Current Assets	<u>14,255,562</u>	<u>11,547,357</u>	<u>25,802,919</u>	<u>506,185</u>
Non-Current Assets:				
Bond Cost - Net	0	243,399	243,399	0
Capital Assets - Nondepreciable	2,796,377	567,835	3,364,212	282,751
Capital Assets - Depreciable - Net	31,353,959	35,437,986	66,791,945	1,800,442
Notes Receivable	0	0	0	1,348,451
Due from Component Unit	179,344	0	179,344	0
Total Non-Current Assets	<u>34,329,680</u>	<u>36,249,220</u>	<u>70,578,900</u>	<u>3,431,644</u>
Total Assets	<u>48,585,242</u>	<u>47,796,577</u>	<u>96,381,819</u>	<u>3,937,829</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF NET ASSETS

Government-Wide
Tifton, Georgia

June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	711,837	1,042,402	1,754,239	17,075
Accrued Expenses	142,082	105,148	247,230	4,225
Notes and Leases Payable	658,524	309,943	968,467	80,580
Customer Deposits	0	693,936	693,936	0
Deferred Revenue	98,144	0	98,144	0
Total Current Liabilities	<u>1,610,587</u>	<u>2,151,429</u>	<u>3,762,016</u>	<u>101,880</u>
Long-Term Liabilities:				
Accrued Vacation Pay	387,824	156,268	544,092	0
Revenue Bonds Payable	0	10,627,833	10,627,833	0
Long-Term Notes Payable	1,337,990	3,641,960	4,979,950	1,435,916
Due to Primary Government	0	0	0	179,344
Accrued Postclosure Cost	0	3,482,709	3,482,709	0
Total Long-Term Liabilities	<u>1,725,814</u>	<u>17,908,770</u>	<u>19,634,584</u>	<u>1,615,260</u>
Total Liabilities	<u>3,336,401</u>	<u>20,060,199</u>	<u>23,396,600</u>	<u>1,717,140</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, 2008

	Primary Government		Component Unit
	Governmental Activities	Business-Type Activities	
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$32,153,822	\$21,477,258	\$53,631,080
Restricted for:			
Capital Projects	5,599,991	0	0
Unrestricted	<u>7,495,028</u>	<u>6,259,120</u>	<u>13,754,148</u>
TOTAL NET ASSETS	<u>\$45,248,841</u>	<u>\$27,736,378</u>	<u>\$72,985,219</u>
			<u>\$1,716,285</u>
			<u>504,404</u>
			<u>\$2,220,689</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	\$ 3,117,671	\$ 963,799	\$ 277,074
Public Safety	6,755,076	1,996,571	28,381
Public Works	2,912,100	55,307	0
Culture and Recreation	547,036	0	0
Health and Welfare	142,994	34,707	3,115
Interest on Long-Term Debt	72,299	0	0
Total Governmental Activities	<u>13,547,176</u>	<u>3,050,384</u>	<u>308,570</u>
Business-Type Activities:			
Water	2,861,267	3,138,003	0
Sewer	3,430,752	3,264,784	0
Gas	5,444,229	5,603,284	0
Solid Waste	4,305,101	4,063,325	0
Telecommunications	4,535,783	4,010,769	0
Total Business-Type Activities	<u>20,577,132</u>	<u>20,080,165</u>	<u>0</u>
Total Primary Government	<u>\$ 34,124,308</u>	<u>\$23,130,549</u>	<u>\$ 308,570</u>
Component Unit:			
Downtown Development Authority	<u>\$ 509,979</u>	<u>\$ 196,133</u>	<u>\$ 209,546</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, 2008

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	\$ 1,240,873	\$ (1,876,798)	\$ 0	\$ (1,876,798)	\$ 0	
0	2,024,952	(4,730,124)	0	(4,730,124)	0	
455,646	510,953	(2,401,147)	0	(2,401,147)	0	
0	0	(547,036)	0	(547,036)	0	
0	37,822	(105,172)	0	(105,172)	0	
0	0	(72,299)	0	(72,299)	0	
<u>455,646</u>	<u>3,814,600</u>	<u>(9,732,576)</u>	<u>0</u>	<u>(9,732,576)</u>	<u>0</u>	
0	3,138,003	0	276,736	276,736	0	
0	3,264,784	0	(165,968)	(165,968)	0	
0	5,603,284	0	159,055	159,055	0	
0	4,063,325	0	(241,776)	(241,776)	0	
0	4,010,769	0	(525,014)	(525,014)	0	
<u>0</u>	<u>20,080,165</u>	<u>0</u>	<u>(496,967)</u>	<u>(496,967)</u>	<u>0</u>	
<u>\$ 455,646</u>	<u>\$ 23,894,765</u>	<u>(9,732,576)</u>	<u>(496,967)</u>	<u>(10,229,543)</u>	<u>0</u>	
<u>\$ 0</u>	<u>\$ 405,679</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(104,300)</u>	
		2,233,683	0	2,233,683	0	
		6,872,295	0	6,872,295	298,572	
		695,493	0	695,493	0	
		466,862	0	466,862	0	
		823,163	0	823,163	0	
		1,108,148	0	1,108,148	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
Loss on Sale of Capital Assets			
Investment Earnings			
Miscellaneous Revenue			
Transfers - Internal Activities			
Total General Revenues and Transfers			
Change in Net Assets			
Net Assets - July 1, 2007 (As Restated)			
NET ASSETS - JUNE 30, 2008			

The accompanying notes are an integral part of these statements.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended
June 30, 2008

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
		\$ 0	\$ 0	\$ 0	\$ (231,228)
		335,367	431,110	766,477	0
		177,293	0	177,293	0
		<u>(54,943)</u>	<u>54,943</u>	<u>0</u>	<u>0</u>
		<u>12,657,361</u>	<u>486,053</u>	<u>13,143,414</u>	<u>67,344</u>
		2,924,785	(10,914)	2,913,871	(36,956)
		<u>42,324,056</u>	<u>27,747,292</u>	<u>70,071,348</u>	<u>2,257,645</u>
		<u>\$45,248,841</u>	<u>\$ 27,736,378</u>	<u>\$72,985,219</u>	<u>\$2,220,689</u>

The accompanying notes are an integral part of these statements.

COMBINING BALANCE SHEET

Governmental Funds
Tifton, Georgia

June 30, 2008

	General Fund	Special Purpose Local Option Sales Tax	Other Governmental Funds	Total
<u>ASSETS</u>				
Cash on Hand and in Banks	\$4,275,461	\$4,933,673	\$ 313,468	\$ 9,522,602
Property Taxes Receivable	55,870	0	0	55,870
Accounts Receivable - Net	856,802	959,340	83,191	1,899,333
Internal Balances	1,010,801	(219,129)	(15,500)	776,172
Due from Component Unit	<u>0</u>	<u>0</u>	<u>179,344</u>	<u>179,344</u>
 TOTAL ASSETS	 <u>\$6,198,934</u>	 <u>\$5,673,884</u>	 <u>\$ 560,503</u>	 <u>\$12,433,321</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 414,688	\$ 73,893	\$ 55,239	\$ 543,820
Accrued Expenses	102,459	0	0	102,459
Deferred Revenue	<u>151,984</u>	<u>0</u>	<u>0</u>	<u>151,984</u>
 Total Liabilities	 <u>669,131</u>	 <u>73,893</u>	 <u>55,239</u>	 <u>798,263</u>
Fund Balance:				
Reserved for:				
Noncurrent Interfund Receivables	639,505	0	0	639,505
Capital Projects	0	5,599,991	0	5,599,991
Unreserved	4,890,298	0	0	4,890,298
Unreserved Reported in Nonmajor				
Special Revenue Fund	<u>0</u>	<u>0</u>	<u>505,264</u>	<u>505,264</u>
 Total Fund Balance	 <u>5,529,803</u>	 <u>5,599,991</u>	 <u>505,264</u>	 <u>11,635,058</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$6,198,934</u>	 <u>\$5,673,884</u>	 <u>\$ 560,503</u>	 <u>\$12,433,321</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, 2008

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$11,635,058

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	42,331,018
Accumulated Depreciation	(9,932,250)

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. 53,840

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	(1,722,293)
Compensated Absences	(304,474)
Accrued Interest	<u>(1,481)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$45,248,841

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

Governmental Funds
Tifton, Georgia

Year Ended
June 30, 2008

	General Fund	Special Purpose Local Option Sales Tax	Other Governmental Funds	Total
Revenues:				
Taxes - Net	\$ 7,619,528	\$ 3,855,119	\$ 695,493	\$12,170,140
Licenses and Permits	756,724	0	0	756,724
Intergovernmental Revenues	217,468	0	656,920	874,388
Charges for Services	1,442,404	0	2,337	1,444,741
Fines and Forfeitures	848,919	0	0	848,919
Miscellaneous	228,732	162,277	11,479	402,488
Total Revenues	<u>11,113,775</u>	<u>4,017,396</u>	<u>1,366,229</u>	<u>16,497,400</u>
Expenditures:				
Current:				
General Government	2,242,426	278,476	568,042	3,088,944
Public Safety	6,411,278	179,323	0	6,590,601
Public Works	1,984,804	510,105	734,451	3,229,360
Culture and Recreation	488,809	0	37,500	526,309
Health and Welfare	40,566	0	102,500	143,066
Debt Service:				
Principal	368,417	50,000	116,152	534,569
Interest	23,989	0	48,310	72,299
Total Expenditures	<u>11,560,289</u>	<u>1,017,904</u>	<u>1,606,955</u>	<u>14,185,148</u>
Excess of Revenues Over (Under) Expenditures	(446,514)	2,999,492	(240,726)	2,312,252
Other Financing Sources (Uses):				
Proceeds from Long-Term Debt	0	0	155,866	155,866
Transfers In	600,000	0	127,939	727,939
Transfers Out	0	(782,882)	0	(782,882)
Net Change in Fund Balance	153,486	2,216,610	43,079	2,413,175
Fund Balance - July 1, 2007	<u>5,376,317</u>	<u>3,383,381</u>	<u>462,185</u>	<u>9,221,883</u>
FUND BALANCE - JUNE 30, 2008	<u>\$ 5,529,803</u>	<u>\$ 5,599,991</u>	<u>\$ 505,264</u>	<u>\$11,635,058</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	Year Ended
Tifton, Georgia	June 30, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$2,413,175
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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.	1,496,027
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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.	(1,317,761)
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Because some property taxes will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues, and are deferred in the Governmental Funds. Deferred tax revenues increased by this amount this year.	29,504
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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 earned exceeded vacation leave paid by this amount.	(75,018)
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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.	(155,866)
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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.	534,569
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(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, 2008

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.

\$ 155

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 2,924,785

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET ASSETS

Proprietary Funds
Tifton, Georgia

June 30, 2008

	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	\$ 631,745	\$ 736,598	\$2,330,495	\$ 5,306,116	\$ 61,341	\$ 9,066,295	\$ 1,371,949
Accounts Receivable - Net	490,478	438,716	549,154	501,432	393,939	2,373,719	31,375
Due from Other Funds	245,818	65,966	1,569,376	0	0	1,881,160	1,037,145
Prepaid Expense	0	0	0	0	0	0	481,753
Restricted Assets:							
Cash	0	0	0	0	51,173	51,173	0
Inventory	0	0	0	0	0	0	948,851
<u>Total Current Assets</u>	<u>1,368,041</u>	<u>1,241,280</u>	<u>4,449,025</u>	<u>5,807,548</u>	<u>506,453</u>	<u>13,372,347</u>	<u>3,871,073</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	7,168,372	14,787,309	1,990,762	5,044,930	6,446,613	35,437,986	1,701,123
Advances to Other Funds	0	0	1,597,217	0	0	1,597,217	0
Bond Cost	0	0	0	0	243,399	243,399	0
<u>Total Non-Current Assets</u>	<u>7,234,032</u>	<u>15,177,182</u>	<u>3,690,281</u>	<u>5,044,930</u>	<u>6,700,012</u>	<u>37,846,437</u>	<u>1,751,568</u>
<u>Total Assets</u>	<u>8,602,073</u>	<u>16,418,462</u>	<u>8,139,306</u>	<u>10,852,478</u>	<u>7,206,465</u>	<u>51,218,784</u>	<u>5,622,641</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET ASSETS

Proprietary Funds
Tifton, Georgia

June 30, 2008

	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
<u>Current Liabilities:</u>							
<u>Payable from Current Assets:</u>							
Accounts Payable	26,896	134,944	416,353	195,421	268,788	1,042,402	168,017
Due to Other Funds	54,840	164,979	47,232	177,311	741,123	1,185,485	1,869,487
Notes Payable	0	281,439	0	0	28,504	309,943	99,870
Accrued Expenses	14,618	47,095	6,711	23,704	13,020	105,148	38,143
Customer Deposits	304,295	221,372	126,339	41,930	0	693,936	0
<u>Payable from Restricted Assets:</u>							
Accrued Interest	0	0	0	0	0	0	0
Revenue Bonds Payable	0	0	0	0	0	0	0
<u>Total Current Liabilities</u>	<u>400,649</u>	<u>849,829</u>	<u>596,635</u>	<u>438,366</u>	<u>1,051,435</u>	<u>3,336,914</u>	<u>2,175,517</u>
<u>Long-Term Liabilities:</u>							
Notes Payable	0	3,584,955	0	0	57,005	3,641,960	174,351
Advances Due Other Funds	0	0	0	0	2,236,722	2,236,722	0
Accrued Vacation Pay	32,948	28,880	19,131	49,649	25,660	156,268	83,350
Accrued Postclosure Cost	0	0	0	3,482,709	0	3,482,709	0
Revenue Bonds Payable	0	0	0	0	10,627,833	10,627,833	0
<u>Total Long-Term Liabilities</u>	<u>32,948</u>	<u>3,613,835</u>	<u>19,131</u>	<u>3,532,358</u>	<u>12,947,220</u>	<u>20,145,492</u>	<u>257,701</u>
<u>Total Liabilities</u>	<u>433,597</u>	<u>4,463,664</u>	<u>615,766</u>	<u>3,970,724</u>	<u>13,998,655</u>	<u>23,482,406</u>	<u>2,433,218</u>

(Continued on next page)

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF NET ASSETS

Proprietary Funds
Tifton, Georgia

June 30, 2008

	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	\$7,234,032	\$11,310,788	\$2,093,064	\$ 5,044,930	\$(4,205,556)	\$21,477,258	\$ 1,477,347
Unrestricted	<u>934,444</u>	<u>644,010</u>	<u>5,430,476</u>	<u>1,836,824</u>	<u>(2,586,634)</u>	<u>6,259,120</u>	<u>1,712,076</u>
TOTAL NET ASSETS	<u>\$8,168,476</u>	<u>\$11,954,798</u>	<u>\$7,523,540</u>	<u>\$ 6,881,754</u>	<u>\$(6,792,190)</u>	<u>\$27,736,378</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	<u>\$ 3,138,003</u>	<u>\$ 3,264,784</u>
Operating Expenses:		
Personnel Services	873,237	894,569
Public Utility Services	245,366	239,890
Repairs and Maintenance	548,476	521,505
Supplies and Purchases	219,146	149,943
Insurance	68,334	82,898
Warehouse and Inventory Control	57,467	102,654
Administrative and Clerical	453,991	369,675
Professional Services	23,346	56,684
Depreciation	366,056	810,523
Miscellaneous	<u>5,687</u>	<u>8,412</u>
Total Operating Expenses	<u>2,861,106</u>	<u>3,236,753</u>
Operating Income (Loss)	<u>276,897</u>	<u>28,031</u>
Non-Operating Revenues (Expenses):		
Interest Income	24,906	30,408
Revenue Bond Expense	0	0
Interest Expense	<u>(161)</u>	<u>(193,999)</u>
Net Non-Operating Revenues (Expenses)	<u>24,745</u>	<u>(163,591)</u>
Net Income (Loss) Before Transfers	301,642	(135,560)
Transfers In (Out)	<u>11,620</u>	<u>328,699</u>
Change in Net Assets	313,262	193,139
Net Assets - July 1, 2007	<u>7,855,214</u>	<u>11,761,659</u>
NET ASSETS - JUNE 30, 2008	<u>\$ 8,168,476</u>	<u>\$11,954,798</u>

The accompanying notes are an integral part of these statements.

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

Year Ended
June 30, 2008

Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
<u>\$ 5,603,284</u>	<u>\$4,063,325</u>	<u>\$ 4,010,769</u>	<u>\$20,080,165</u>	<u>\$ 3,113,913</u>
384,183	1,414,575	833,593	4,400,157	2,183,377
12,789	25,430	188,782	712,257	93,796
75,780	425,776	109,634	1,681,171	180,931
4,411,283	900,190	1,847,971	7,528,533	240,861
17,684	144,268	79,963	393,147	53,497
50,755	126,197	29,331	366,404	0
369,775	369,675	151,849	1,714,965	0
7,231	25,474	28,542	141,277	67,763
108,064	858,534	712,529	2,855,706	212,801
6,685	14,982	37,947	73,713	69,769
<u>5,444,229</u>	<u>4,305,101</u>	<u>4,020,141</u>	<u>19,867,330</u>	<u>3,102,795</u>
<u>159,055</u>	<u>(241,776)</u>	<u>(9,372)</u>	<u>212,835</u>	<u>11,118</u>
110,303	235,200	30,293	431,110	0
0	0	(512,043)	(512,043)	0
<u>0</u>	<u>0</u>	<u>(3,599)</u>	<u>(197,759)</u>	<u>(11,118)</u>
<u>110,303</u>	<u>235,200</u>	<u>(485,349)</u>	<u>(278,692)</u>	<u>(11,118)</u>
269,358	(6,576)	(494,721)	(65,857)	0
<u>(600,000)</u>	<u>314,624</u>	<u>0</u>	<u>54,943</u>	<u>0</u>
(330,642)	308,048	(494,721)	(10,914)	0
<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>
<u>\$ 7,523,540</u>	<u>\$6,881,754</u>	<u>\$(6,792,190)</u>	<u>\$27,736,378</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	\$ 3,118,455	\$ 3,550,708
Cash Receipts from Interfund Services	0	0
Cash Payments for Personnel Services	(858,766)	(888,928)
Cash Payments for Other Operating Expenses	(1,285,473)	(1,183,100)
Cash Payments for Interfund Services	(470,550)	(490,144)
Cash Received from (Paid to) Other Funds, Net	<u>(99,996)</u>	<u>17,118</u>
Net Cash Provided (Used) by Operating Activities	<u>403,670</u>	<u>1,005,654</u>
Cash Flows from Noncapital Financing Activities:		
Net Advances to/from Other Funds	0	0
Paid on Advances from Other Funds	0	0
Transfers In (Out)	<u>(58,000)</u>	<u>58,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(58,000)</u>	<u>58,000</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	(265,100)	(697,773)
Interest Paid on Revenue Bonds	0	0
Bond Cost	0	0
Proceeds from Long-Term Debt	0	0
Principal Paid on Long-Term Debt	(120,775)	(296,619)
Interest Paid on Debt	(161)	(195,899)
Transfers In	<u>69,620</u>	<u>270,699</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(316,416)</u>	<u>(919,592)</u>
Cash Flows from Investing Activities:		
Interest Received	<u>24,906</u>	<u>30,408</u>
Net Increase (Decrease) in Cash and Restricted Cash	\$ 54,160	\$ 174,470
Cash and Restricted Cash - July 1, 2007	<u>577,585</u>	<u>562,128</u>
CASH AND RESTRICTED CASH - JUNE 30, 2008	<u>\$ 631,745</u>	<u>\$ 736,598</u>

(Continued on next page)

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Year Ended
June 30, 2008

Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
\$ 5,549,256	\$ 4,119,336	\$3,996,171	\$20,333,926	\$ 16,700
0	0	0	0	3,052,851
(381,449)	(1,393,281)	(830,264)	(4,352,688)	(2,146,629)
(4,459,177)	(1,593,785)	(2,215,537)	(10,737,072)	(492,852)
(510,378)	(481,144)	(123,778)	(2,075,994)	0
<u>136,685</u>	<u>196,493</u>	<u>0</u>	<u>250,300</u>	<u>0</u>
<u>334,937</u>	<u>847,619</u>	<u>826,592</u>	<u>3,418,472</u>	<u>430,070</u>
0	0	75,931	75,931	0
0	0	0	0	0
<u>(600,000)</u>	<u>0</u>	<u>0</u>	<u>(600,000)</u>	<u>0</u>
<u>(600,000)</u>	<u>0</u>	<u>75,931</u>	<u>(524,069)</u>	<u>0</u>
(316,421)	(2,582,963)	(1,021,715)	(4,883,972)	(218,747)
0	0	(478,810)	(478,810)	0
0	0	(1,397)	(1,397)	0
0	0	0	0	0
0	0	(28,505)	(445,899)	(129,359)
0	0	(3,599)	(199,659)	(11,118)
<u>0</u>	<u>314,624</u>	<u>0</u>	<u>654,943</u>	<u>0</u>
<u>(316,421)</u>	<u>(2,268,339)</u>	<u>(1,534,026)</u>	<u>(5,354,794)</u>	<u>(359,224)</u>
<u>110,303</u>	<u>235,200</u>	<u>30,293</u>	<u>431,110</u>	<u>0</u>
\$ (471,181)	\$ (1,185,520)	\$ (601,210)	\$ (2,029,281)	\$ 70,846
<u>2,801,676</u>	<u>6,491,636</u>	<u>713,724</u>	<u>11,146,749</u>	<u>1,301,103</u>
<u>\$ 2,330,495</u>	<u>\$ 5,306,116</u>	<u>\$ 112,514</u>	<u>\$ 9,117,468</u>	<u>\$1,371,949</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Proprietary Funds
Tifton, Georgia

	Water Revenue	Sewer Revenue
<hr/>		
Reconciliation of Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 276,897	\$ 28,031
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	366,056	810,523
Changes in Assets and Liabilities:		
Receivables, Net	(45,266)	266,874
Prepaid Expense	0	0
Inventory	0	0
Accounts Payable	(175,118)	(123,768)
Customer Deposits	25,718	19,050
Accrued Expenses	14,471	5,641
Due to/from Other Funds	<u>(59,088)</u>	<u>(697)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 403,670</u>	 <u>\$ 1,005,654</u>

The accompanying notes are an integral part of these statements.

COMBINING STATEMENT OF CASH FLOWS

Year Ended
June 30, 2008

Gas Revenue	Solid Waste Collection and Disposal Revenue	Telecom- munication Revenue	Total	Governmental Activities Service Fund
\$ 159,055	\$ (241,776)	\$ (9,372)	\$ 212,835	\$ 11,118
108,064	858,534	712,529	2,855,706	212,801
(65,521)	27,121	(14,598)	168,610	34,639
0	0	0	0	45,911
0	0	0	0	187,465
72,275	(80,667)	77,302	(229,976)	(19,611)
11,493	28,890	0	85,151	0
2,734	44,296	3,329	70,471	36,748
<u>46,837</u>	<u>211,221</u>	<u>57,402</u>	<u>255,675</u>	<u>(79,001)</u>
<u>\$ 334,937</u>	<u>\$ 847,619</u>	<u>\$ 826,592</u>	<u>\$ 3,418,472</u>	<u>\$ 430,070</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF FIDUCIARY NET ASSETS

Pension Trust Fund
Tifton, Georgia

June 30, 2008

ASSETS

Cash and Cash Equivalents	\$ 1,160,171
Investments, at Fair Market Value:	
Domestic Common Stocks	6,143,481
Treasury and Agency Securities	1,241,173
Municipal Obligations	1,672,989
Domestic Corporate Bonds	<u>1,796,390</u>
 TOTAL ASSETS	 <u>\$12,014,204</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ <u>0</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 <u>\$12,014,204</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, 2008
<hr/>	
Additions:	
Contributions-Employer	\$ 1,368,906
Investment Income:	
Interest and Dividends	564,020
Net Depreciation in Fair Market Value of Investments	(256,519)
Administrative Expense	<u>(129,594)</u>
 Total Additions	 1,546,813
 Deductions:	
Retiree Benefits	<u>1,288,069</u>
 Net Increase	 258,744
 Net Assets Held in Trust for Pension Benefits - July 1, 2007	 <u>11,755,460</u>
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - JUNE 30, 2008	 <u>\$12,014,204</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

I. 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, 2008

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

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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 presents 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

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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

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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 of Tifton does not employ encumbrance accounting.

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, 2008, are recorded as prepaid items.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
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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

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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, 2008, is as follows:

	<u>2007 Levy</u>
Lien Date	1/01/07
Levy Date	10/9/07
Due Date	12/20/07
Delinquent Date	12/21/07
Collection Dates	10/9/07-12/20/07

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
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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	\$10,894,551	\$9,066,295	\$12,014,204
Restricted Assets	<u>0</u>	<u>51,173</u>	<u>0</u>
Total	<u>\$10,894,551</u>	<u>\$9,117,468</u>	<u>\$12,014,204</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)	724,516
Georgia Fund 1	<u>19,284,005</u>
Total Primary Government	<u>\$20,012,019</u>

NOTES TO FINANCIAL STATEMENTS

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Pension Trust Fund:

Bank Deposits (checking account)	\$ 162,567
Pooled Money Markets Funds	997,604
U.S. Government Treasury and Agency Securities	1,241,173
Municipal Bonds	1,672,989
Domestic Corporate Bonds	1,796,390
Domestic Common Stocks	<u>6,143,481</u>

Total Pension Trust Fund	<u>\$12,014,204</u>
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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	\$19,284,005
U. S. Government Treasury and Agency Securities	1 year or less	573,737
	1 to 5 years	439,272
	9 years	228,164
Municipal Bonds	1 to 5 years	200,126
	6 to 10 years	722,600
	11 to 15 years	750,263
Domestic Corporate Bonds	1 year or less	1,077,358
	1 to 5 years	719,032

NOTES TO FINANCIAL STATEMENTS

City of Tifton
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3. RECEIVABLES

Receivables at June 30, 2008, 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	\$ 55,870	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,870
Accounts	<u>859,690</u>	<u>977,840</u>	<u>64,691</u>	<u>4,352,210</u>	<u>31,375</u>	<u>6,285,806</u>
Gross Receivables	915,560	977,840	64,691	4,352,210	31,375	6,341,676
Less Allowance for Uncollectables	<u>(2,888)</u>	<u>0</u>	<u>0</u>	<u>(1,978,491)</u>	<u>0</u>	<u>(1,981,379)</u>
Net Receivables	<u>\$912,672</u>	<u>\$977,840</u>	<u>\$64,691</u>	<u>\$2,373,719</u>	<u>\$31,375</u>	<u>\$4,360,297</u>

The receivables at June 30, 2008, for the Downtown Development Authority consist of \$1,498,992 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, 2008.

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2008</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 2,522,664	\$ 0	\$ 0	\$ 2,522,664
Construction in Process	<u>0</u>	<u>273,713</u>	<u>0</u>	<u>273,713</u>
Total Capital Assets not being Depreciated	<u>2,522,664</u>	<u>273,713</u>	<u>0</u>	<u>2,796,377</u>
Capital Assets being Depreciated:				
Buildings and Improvements	7,271,295	176,898	0	7,448,193
Machinery and Equipment	8,655,414	557,639	(86,767)	9,126,286
Infrastructure	<u>26,683,645</u>	<u>706,524</u>	<u>0</u>	<u>27,390,169</u>
Total Capital Assets being Depreciated	<u>42,610,354</u>	<u>1,441,061</u>	<u>(86,767)</u>	<u>43,964,648</u>

NOTES TO FINANCIAL STATEMENTS

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	Balance July <u>1, 2007</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance June <u>30, 2008</u>
Less Accumulated Depreciation :				
Buildings and Improvements	(1,655,667)	(155,697)	0	(1,811,364)
Machinery and Equipment	(5,232,062)	(648,097)	86,767	(5,793,392)
Infrastructure	<u>(4,279,165)</u>	<u>(726,768)</u>	<u>0</u>	<u>(5,005,933)</u>
Total Accumulated Depreciation	<u>(11,166,894)</u>	<u>(1,530,562)</u>	<u>86,767</u>	<u>(12,610,689)</u>
Net Capital Assets being Depreciated	<u>31,443,460</u>	<u>(89,501)</u>	<u>0</u>	<u>31,353,959</u>
Total Capital Assets, Net	<u>\$33,966,124</u>	<u>\$ 184,212</u>	<u>\$ 0</u>	<u>\$34,150,336</u>

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

General Government	\$ 29,344
Public Safety	434,780
Public Works	835,940
Culture and Recreation	<u>17,697</u>
 Total	 <u>\$1,317,761</u>

Total depreciation of the service fund, in the amount of \$212,801, is charged to the various governmental functions and business-type activities.

	Balance July <u>1, 2007</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Balance June <u>30, 2008</u>
Business Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 567,835	\$ 0	\$ 0	\$ 567,835
Capital Assets being Depreciated:				
Landfill	4,717,006	2,042,981	0	6,759,987
Buildings and Improvements	1,262,332	0	0	1,262,332
Distribution System	58,151,970	2,084,045	0	60,236,015
Machinery and Equipment	<u>9,677,936</u>	<u>756,946</u>	<u>(314,015)</u>	<u>10,120,867</u>
Total Capital Assets being Depreciated	<u>73,809,244</u>	<u>4,883,972</u>	<u>(314,015)</u>	<u>78,379,201</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
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June 30, 2008

	<u>Balance</u> <u>July</u> <u>1, 2007</u>	<u>Additions</u>	<u>Transfers/</u> <u>Deletions</u>	<u>Balance</u> <u>June</u> <u>30, 2008</u>
Less Accumulated Depreciation:				
Landfill	(3,541,779)	(368,064)	0	(3,909,843)
Buildings and Improvements	(393,909)	(52,680)	0	(446,589)
Distribution System	(29,705,156)	(1,715,918)	0	(31,421,074)
Machinery and Equipment	<u>(6,758,680)</u>	<u>(719,044)</u>	<u>314,015</u>	<u>(7,163,709)</u>
Total Accumulated Depreciation	<u>(40,399,524)</u>	<u>(2,855,706)</u>	<u>314,015</u>	<u>(42,941,215)</u>
Net Capital Assets being Depreciated	<u>33,409,720</u>	<u>2,028,266</u>	<u>0</u>	<u>35,437,986</u>
Total Capital Assets, Net	<u>\$33,977,555</u>	<u>\$ 2,028,266</u>	<u>\$ 0</u>	<u>\$ 36,005,821</u>
Component Unit:				
Capital Assets not being Depreciated:				
Land	\$ 300,583	\$ 0	\$ (50,000)	\$ 250,583
Construction in Process	<u>263,322</u>	<u>0</u>	<u>(231,154)</u>	<u>32,168</u>
Total Assets not being Depreciated	<u>563,905</u>	<u>0</u>	<u>(281,154)</u>	<u>282,751</u>
Capital Assets being Depreciated:				
Buildings and Improvements	2,207,535	0	0	2,207,535
Furniture and Fixtures	<u>0</u>	<u>20,090</u>	<u>0</u>	<u>20,090</u>
Total Capital Assets being Depreciated	<u>2,207,535</u>	<u>20,090</u>	<u>0</u>	<u>2,227,625</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(382,160)	(44,150)	0	(426,310)
Furniture and Fixtures	<u>0</u>	<u>(873)</u>	<u>0</u>	<u>(873)</u>
Total Accumulated Depreciated	<u>(382,160)</u>	<u>(45,023)</u>	<u>0</u>	<u>(427,183)</u>
Net Capital Assets being Depreciated	<u>1,825,375</u>	<u>(24,933)</u>	<u>0</u>	<u>1,800,442</u>
Total Capital Assets, Net	<u>\$2,389,280</u>	<u>\$ (24,933)</u>	<u>\$ (281,154)</u>	<u>\$ 2,083,193</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
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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 \$639,505; gas revenue fund due from \$1,597,217, telecommunication revenue fund due to \$2,236,722. Total individual interfund balances at June 30, 2008, were as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund:		
Special Purpose Local Option Sales Tax Fund	\$ 50,000	\$ 0
Grant Fund	175,252	0
Water Revenue Fund	17,219	0
Sewer Revenue Fund	17,118	0
Solid Waste Collection and Disposal Revenue Fund	17,118	0
Gas Revenue Fund	32,144	0
Telecommunication Revenue Fund	639,505	0
Internal Service Fund	<u>123,327</u>	<u>60,882</u>
Total General Fund	<u>1,071,683</u>	<u>60,882</u>
Special Purpose Local Option Sales Tax Fund:		
General Fund	0	50,000
Grant Fund	0	159,752
Service Fund	<u>0</u>	<u>9,377</u>
Total Special Purpose Local Option Sales Tax Fund	<u>0</u>	<u>219,129</u>
Grant Fund:		
Special Purpose Local Option Sales Tax Fund	159,752	0
General Fund	<u>0</u>	<u>175,252</u>
Total Grant Fund	<u>159,752</u>	<u>175,252</u>
Proprietary Funds:		
Enterprise Funds:		
Water Revenue Fund:		
General Fund	0	17,219
Sewer Revenue Fund	135,000	0
Internal Service Fund	<u>110,818</u>	<u>37,621</u>
Total Water Revenue Fund	<u>245,818</u>	<u>54,840</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
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	<u>Due From</u>	<u>Due To</u>
Sewer Revenue Fund:		
General Fund	0	17,118
Water Revenue Fund	0	135,000
Internal Service Fund	<u>65,966</u>	<u>12,861</u>
Total Sewer Revenue Fund	<u>65,966</u>	<u>164,979</u>
Gas Revenue Fund:		
General Fund	0	32,144
Telecommunication Revenue Fund	1,597,217	0
Internal Service Fund	<u>1,569,376</u>	<u>15,088</u>
Total Gas Revenue Fund	<u>3,166,593</u>	<u>47,232</u>
Solid Waste Collection and Disposal Revenue Fund:		
General Fund	0	17,118
Service Fund	<u>0</u>	<u>160,193</u>
Total Solid Waste Collection and Disposal Revenue Fund	<u>0</u>	<u>177,311</u>
Telecommunication Revenue Fund:		
General Fund	0	639,505
Gas Revenue Fund	0	1,597,217
Service Fund	<u>0</u>	<u>741,123</u>
Total Telecommunication Revenue Fund	<u>0</u>	<u>2,977,845</u>
Internal Service Fund:		
General Fund	60,882	123,327
Special Purpose Local Option Sales Tax	9,377	0
Water Revenue Fund	37,621	110,818
Sewer Revenue Fund	12,861	65,966
Gas Revenue Fund	15,088	1,569,376
Solid Waste Collection and Disposal Revenue Fund	160,193	0
Telecommunication Revenue Fund	<u>741,123</u>	<u>0</u>
Total Internal Service Fund	<u>1,037,145</u>	<u>1,869,487</u>
Total Primary Government	<u>\$5,746,957</u>	<u>\$5,746,957</u>
Component Unit:		
Downtown Development Authority:		
Community Development Revolving Loan Fund	\$ 0	\$ 179,344
Community Development Revolving Loan Fund:		
Downtown Development Authority	<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
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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, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental Activities:					
Notes Payable	\$ 1,122,636	\$ 155,866	\$ 167,676	\$ 1,110,826	\$290,611
Capital Leases	1,381,943	0	496,255	885,688	367,913
Compensated Absences	<u>290,527</u>	<u>387,824</u>	<u>290,527</u>	<u>387,824</u>	<u>0</u>
Total Governmental Activities	<u>\$ 2,795,106</u>	<u>\$ 543,690</u>	<u>\$ 954,458</u>	<u>\$ 2,384,338</u>	<u>\$658,524</u>
Business-Type Activities:					
Revenue Bonds	10,720,000	0	0	10,720,000	0
Notes Payable	4,000,655	0	215,485	3,785,170	226,057
Capital Leases	397,147	0	230,414	166,733	83,886
Compensated Absences	126,423	156,268	126,423	156,268	0
Landfill Postclosure	<u>3,459,707</u>	<u>23,002</u>	<u>0</u>	<u>3,482,709</u>	<u>0</u>
Total Business-Type Activities	<u>\$18,703,932</u>	<u>\$ 179,270</u>	<u>\$ 572,322</u>	<u>\$18,310,880</u>	<u>\$309,943</u>

The revenue bonds are shown on the Statement of Net Assets at a carrying value of \$10,627,833. This carrying value is the result of adding the unamortized bond premium of \$3,274 and subtracting the unamortized loss on defeased bonds of \$95,441.

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, 2008

C. NOTES PAYABLE

The following is a listing of the notes payable of the City of Tifton, Georgia, at June 30, 2008.

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 3.3% at June 30, 2008. Collateral-Unsecured. Balance-\$954,960.

Ameris Bank dated June 19, 2008, for \$400,000 to be used for street improvement. The loan is to be repaid on June 19, 2009, plus interest at 6.66% of the prime rate, which equates to 3.3% at June 30, 2008. Collateral-Unsecured. Balance \$155,866.

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-\$759,098.

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-\$3,026,072.

D. ANNUAL DEBT SERVICE REQUIREMENTS

The schedule below and on the following page represents the annual requirements to amortize the revenue bonds outstanding as of June 30, 2008.

TELECOMMUNICATION REVENUE BONDS

SERIES 2006A

Year Ending <u>June 30</u>	Principal <u>Due 1/1</u>	Interest Due		Total <u>Requirements</u>
		<u>7/1</u>	<u>1/1</u>	
2009	\$ 0	\$ 0	\$ 179,641	\$ 179,641
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>\$2,209,120</u>	<u>\$2,388,761</u>	<u>\$13,087,881</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

SERIES 2006B

<u>Year Ending June 30</u>	<u>Principal Due 1/1</u>	<u>Interest Due</u>		<u>Total Requirements</u>
		<u>7/1</u>	<u>1/1</u>	
2009	0	0	59,764	59,764
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
2013-2016	<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>\$252,456</u>	<u>\$312,220</u>	<u>\$2,794,676</u>

The schedules below represent the annual requirements to amortize all notes payable outstanding as of June 30, 2008.

GOVERNMENTAL ACTIVITIES

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 290,611	\$ 34,859	\$ 325,470
2010	139,258	25,202	164,460
2011	143,966	20,494	164,460
2012	148,812	15,648	164,460
2013	153,883	10,577	164,460
2014-2015	<u>234,296</u>	<u>6,062</u>	<u>240,358</u>
Total	<u>\$1,110,826</u>	<u>\$112,842</u>	<u>\$1,223,668</u>

BUSINESS-TYPE ACTIVITIES

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	273,825	134,632	408,457
2014-2018	1,311,144	469,565	1,780,709
2019-2023	<u>1,227,188</u>	<u>160,758</u>	<u>1,387,946</u>
Total	<u>\$3,785,170</u>	<u>\$1,425,770</u>	<u>\$5,210,940</u>

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.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

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, 2008, the City used \$0 in lease proceeds. Gross amount of assets recorded under capital leases is \$2,094,420 for governmental type activities and \$616,387 for business-type activities. The future minimum lease payments under the capital lease consist of the following at June 30, 2008:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2009	\$409,983	\$ 91,805
2010	349,671	47,629
2011	156,157	35,689
2012	<u>47,816</u>	<u>5,578</u>
Total Minimum Lease Payments	963,627	180,701
Less Amounts Representing Interest	<u>(77,939)</u>	<u>(13,968)</u>
Present Value of Net Minimum Lease Payments	<u>\$885,688</u>	<u>\$166,733</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.

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.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

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, 2007 (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%
2008	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>
7/1/07	\$12,934,096	\$12,934,096	\$ 0	100%	\$7,535,451	0%
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	7,431,700	0	100%	4,368,000	0%

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

E. ADDITIONAL INFORMATION

1. Plan Membership:	
Actively Employed	270
Retirees and Beneficiaries	115
Terminated/Vested Employees	<u>24</u>
Total	<u>409</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, 2008	<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.

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

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.

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 \$6,792,190. 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, 2008, were as follows:

	<u>Transfer In</u>		<u>Transfer Out</u>
Governmental Funds:			
General Fund:			
Gas Revenue Fund	\$ 600,000	(a)	\$ 0
Capital Projects Fund:			
Special Purpose Local Option Sales Tax Fund:			
Water Revenue Fund	0		69,620 (b)
Sewer Revenue Fund	0		270,699 (c)
Solid Waste Collection and Disposal Fund	0		314,624 (d)
Grant Fund	<u>0</u>		<u>127,939 (e)</u>
Total Special Purpose Local Option Sales Tax Fund	<u>0</u>		<u>782,882</u>
Grant Fund:			
Special Purpose Local Option Sales Tax Fund	<u>127,939</u>	(e)	<u>0</u>

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

	<u>Transfer In</u>	<u>Transfer Out</u>
Proprietary Funds:		
Water Revenue Fund:		
Sewer Revenue Fund	0	58,000 (f)
Special Purpose Local Option Sales Tax Fund	<u>69,620 (b)</u>	<u>0</u>
Total Water Revenue Fund	<u>69,620</u>	<u>58,000</u>
Sewer Revenue Fund:		
Water Revenue Fund	58,000 (f)	0
Special Purpose Local Option Sales Tax Fund	<u>270,699 (c)</u>	<u>0</u>
Total Sewer Revenue Fund	<u>328,699</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>314,624 (d)</u>	<u>0</u>
TOTAL ALL FUNDS	<u>\$1,440,882</u>	<u>\$1,440,882</u>

- (a) To transfer funds for various general government expenditures
- (b) To transfer funds for system extensions
- (c) To transfer funds for system extensions
- (d) To transfer funds for capital asset purchases
- (e) To transfer funds for matching grant expenditures
- (f) 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 \$3,482,709 liability for landfill closure and postclosure care cost at June 30, 2008. This represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of an old landfill site and 73% of the estimated capacity of a new landfill site. This new site is estimated to have a remaining life of 1.5 years. During the year, the City expended \$29,741 in monitoring the old landfill site.

The City will recognize the remaining estimated cost of closure and postclosure care of \$471,377 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 2008. 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, 2008

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.

Tift County and the City of Tifton have also 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 \$25,700 to the RDC for the year ended June 30, 2008. 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, 2008

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, 2008, were \$695,493. Of this amount, \$294,655 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. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. DESCRIPTION OF BENEFITS

In addition to the pension benefits described in Note 9 to the financial statements, the City of Tifton provides postemployment 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 93 retirees meet those eligibility requirements. The City contributes 100% of the cost of the plan. The City also offers continued health insurance benefits to two grandfathered retirees through age 65. The retirees are required to reimburse the City for the total cost of the benefit.

B. ANNUAL REQUIRED CONTRIBUTIONS

	<u>June 30, 2008</u>
Normal Cost	\$22,000
Amortization of UAAL	38,000
Amortization Of Net OPEB Obligation	0
Total ARC	<u>\$60,000</u>

C. SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>ARC</u>	<u>% Contributed</u>	<u>Annual OPEB Cost</u>	<u>% Contributed</u>
2008	\$60,000	25%	\$60,000	25%

NOTES TO FINANCIAL STATEMENTS

City of Tifton
Tifton, Georgia

June 30, 2008

D. SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As % of Covered Payroll</u>
July 1, 2008	\$0	\$409,000	\$409,000	0.0%	\$7,535,000	5.4%

E. ACTUARIAL METHODS AND ASSUMPTIONS

Valuation Date	July 1, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	15-year Open Period; Level-Dollar Payment
Investment Return	4.50% per annum (includes inflation at 3.00% per annum)
Healthcare Cost Trend Rates(s)	
Select Rates	<u>Medical</u> 8.00% for 2007/08 Graded to 5.50% for 2012/13
Ultimate Rate	5.00% per annum

19. RESTATEMENT OF NET ASSETS

The beginning net assets of the Downtown Development Authority component unit have been increased by \$76,835 representing the accounts receivable for special purpose local option sales tax proceeds at June 30, 2007.

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

General Fund Tifton, Georgia				Year Ended June 30, 2008
	<u>Budget</u>			Variance Over (Under)
	Original	Final	Actual	
Revenues:				
Taxes - Net	\$ 8,120,775	\$8,120,775	\$7,619,528	\$ (501,247)
Licenses and Permits	795,447	795,447	756,724	(38,723)
Intergovernmental Revenues	101,672	184,259	217,468	33,209
Charges for Services	1,438,434	1,438,434	1,442,404	3,970
Fines and Forfeitures	933,500	933,500	848,919	(84,581)
Miscellaneous	<u>152,350</u>	<u>154,910</u>	<u>228,732</u>	<u>73,822</u>
 Total Revenues	 <u>11,542,178</u>	 <u>11,627,325</u>	 <u>11,113,775</u>	 <u>(513,550)</u>
Expenditures:				
General Government	2,979,173	2,977,650	2,634,832	342,818
Public Safety	6,709,984	6,835,814	6,411,278	424,536
Public Works	1,901,336	2,071,439	1,984,804	86,635
Culture and Recreation	496,917	496,917	488,809	8,108
Health and Welfare	<u>54,768</u>	<u>57,718</u>	<u>40,566</u>	<u>17,152</u>
 Total Expenditures	 <u>12,142,178</u>	 <u>12,439,538</u>	 <u>11,560,289</u>	 <u>879,249</u>
Excess of Revenues Over (Under) Expenditures	(600,000)	(812,213)	(446,514)	365,699
Other Financing Sources (Uses):				
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Net Change in Fund Balance	0	(212,213)	153,486	365,699
Budget Fund Balance - July 1, 2007	<u>5,376,317</u>	<u>5,376,317</u>	<u>5,376,317</u>	<u>0</u>
 BUDGET FUND BALANCE - JUNE 30, 2008	 <u>\$ 5,376,317</u>	 <u>\$5,164,104</u>	 <u>\$5,529,803</u>	 <u>\$ 365,699</u>

The accompanying notes are an integral part of these statements.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

City of Tifton
Tifton, Georgia

June 30, 2008

1. BUDGETARY BASIS

The City of Tifton adopts its budget on the modified accrual basis of accounting and is in compliance with generally accepted accounting principles.

COMBINING BALANCE SHEET

Non-Major Governmental Funds
Tifton, Georgia

June 30, 2008

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>		
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund		Grant Fund		Total
<u>ASSETS</u>						
Cash	\$ 9,855	\$ 303,613		\$ 0		\$ 313,468
Accounts Receivable	0	64,691		18,500		83,191
Due from Other Funds	0	0		159,752		159,752
Advances to Component Unit	<u>179,344</u>	<u>0</u>		<u>0</u>		<u>179,344</u>
TOTAL ASSETS	<u>\$ 189,199</u>	<u>\$ 368,304</u>		<u>\$ 178,252</u>		<u>\$ 735,755</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts Payable	\$ 0	\$ 52,239		\$ 3,000		\$ 55,239
Due to Other Funds	<u>0</u>	<u>0</u>		<u>175,252</u>		<u>175,252</u>
Total Liabilities	0	52,239		178,252		230,491
Fund Balance:						
Unreserved	<u>189,199</u>	<u>316,065</u>		<u>0</u>		<u>505,264</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 189,199</u>	<u>\$ 368,304</u>		<u>\$ 178,252</u>		<u>\$ 735,755</u>

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

Non-Major Governmental Funds Tifton, Georgia	Special Revenue Funds				Capital Projects Fund	Year Ended June 30, 2008
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Grant Fund	Total	
Revenues:						
Taxes	\$ 0	\$ 695,493	\$ 0	\$ 0	\$ 695,493	
Grant Proceeds	0	3,316	653,604	653,604	656,920	
Interest	39	11,440	0	0	11,479	
Rent	<u>2,337</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,337</u>	
Total Revenues	<u>2,376</u>	<u>710,249</u>	<u>653,604</u>	<u>653,604</u>	<u>1,366,229</u>	
Expenditures:						
General Government	0	467,584	100,458	100,458	568,042	
Public Works	0	155,866	578,585	578,585	734,451	
Culture and Recreation	0	37,500	0	0	37,500	
Health and Welfare	0	0	102,500	102,500	102,500	
Debt Service:						
Principal	0	116,152	0	0	116,152	
Interest	<u>0</u>	<u>48,310</u>	<u>0</u>	<u>0</u>	<u>48,310</u>	
Total Expenditures	<u>2,376</u>	<u>825,412</u>	<u>781,543</u>	<u>781,543</u>	<u>1,606,955</u>	
Excess of Revenues Over (Under) Expenditures	0	(115,163)	(127,939)	(127,939)	(240,726)	
Other Financing Sources (Uses):						
Proceeds from Long-Term Debt	0	155,866	0	0	155,866	
Transfers In	<u>0</u>	<u>0</u>	<u>127,939</u>	<u>127,939</u>	<u>127,939</u>	
Net Change in Fund Balance	2,376	40,703	0	0	43,079	
Fund Balance - July 1, 2007	<u>186,823</u>	<u>275,362</u>	<u>0</u>	<u>0</u>	<u>462,185</u>	
FUND BALANCE - JUNE 30, 2008	<u>\$ 189,199</u>	<u>\$ 316,065</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 505,264</u>	

BALANCE SHEET

General Fund
Tifton, Georgia

June 30, 2008

ASSETS

Cash on Hand and in Banks		\$4,275,461
Property Taxes Receivable		55,870
Accounts Receivable	\$ 859,690	
Less Allowance for Uncollectible Accounts	<u>(2,888)</u>	856,802
Due from Other Funds		432,178
Advances to Other Funds		<u>639,505</u>
 TOTAL ASSETS		 <u>\$6,259,816</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable		\$ 414,688
Accrued Expenses		102,459
Due to Other Funds		60,882
Deferred Revenue		<u>151,984</u>
 Total Liabilities		 <u>730,013</u>
 Fund Balance:		
Reserved For:		
Noncurrent Interfund Receivables		639,505
Unreserved		<u>4,890,298</u>
 Total Fund Balance		 <u>5,529,803</u>
 TOTAL LIABILITIES AND FUND BALANCE		 <u>\$6,259,816</u>

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

General Fund Tifton, Georgia	Budget			Year Ended June 30, 2008
	Original	Final	Actual	Variance Over (Under)
Revenues:				
Net Advalorem Taxes	\$ 2,071,000	\$2,071,000	\$ 1,936,836	\$ (134,164)
General Government Revenues	9,381,178	9,466,325	9,015,328	(450,997)
Interest Income	90,000	90,000	161,611	71,611
Total Revenues	<u>11,542,178</u>	<u>11,627,325</u>	<u>11,113,775</u>	<u>(513,550)</u>
Expenditures:				
General Government	2,122,742	2,124,169	2,027,717	96,452
Tax Office	122,893	122,893	111,214	11,679
Municipal Court	199,504	199,504	181,851	17,653
Police	3,540,305	3,666,135	3,577,043	89,092
Fire	2,559,867	2,559,867	2,287,740	272,127
Public Works Complex	210,784	210,784	185,045	25,739
Street	1,690,552	1,860,655	1,799,759	60,896
Park and Cemetery	496,917	496,917	488,809	8,108
Financial	617,740	617,740	392,406	225,334
Senior Citizens Center	115,798	112,848	103,495	9,353
Nutrition Program	54,768	57,718	40,566	17,152
Traffic Control	410,308	410,308	364,644	45,664
Total Expenditures	<u>12,142,178</u>	<u>12,439,538</u>	<u>11,560,289</u>	<u>879,249</u>
Excess of Revenues Over (Under) Expenditures	(600,000)	(812,213)	(446,514)	365,699
Other Financing Sources (Uses):				
Transfers In	600,000	600,000	600,000	0
Net Change in Fund Balance	0	(212,213)	153,486	365,699
Budget Fund Balance - July 1, 2007	<u>5,376,317</u>	<u>5,376,317</u>	<u>5,376,317</u>	<u>0</u>
BUDGET FUND BALANCE - JUNE 30, 2008	<u>\$ 5,376,317</u>	<u>\$5,164,104</u>	<u>\$ 5,529,803</u>	<u>\$ 365,699</u>

SCHEDULE OF REVENUES

General Fund Tifton, Georgia	Year Ended June 30, 2008
Sales Tax	\$ 3,017,176
Net Advalorem Tax	1,936,836
Advalorem Tax on Vehicles	225,083
Intangible Tax	30,653
Insurance Premium Tax	823,163
Franchise Tax	1,108,148
Licenses and Permits	756,724
Alcoholic Beverage Tax	466,862
Mobile Home Tax	11,607
Interest and Penalties	20,012
Fines, Bond Forfeitures, and Cost	848,919
Interest Income	161,611
Sale of Cemetery Lots	78,750
Fire Protection - Tift County	1,147,652
Miscellaneous Charges for Services	216,002
Intergovernmental	217,468
Sale of Capital Assets	12,824
Miscellaneous	<u>34,285</u>
 TOTAL REVENUES	 <u>\$11,113,775</u>

SCHEDULE OF EXPENDITURES - GENERAL GOVERNMENT

General Fund Tifton, Georgia	Year Ended June 30, 2008
Street Lights	\$ 178,507
Traffic Lights	18,477
Insurance	2,390
Code Enforcement	228,391
Canine Control	145,599
E-911	458,105
Dues and Subscriptions	31,199
Emergency Management	49,858
Supplies	36,083
Landfill Charges	43,308
Mosquito Control	30,662
Professional Services	185,606
Ruth's Cottage	22,500
Public Library	152,000
Literacy Volunteers of America	17,000
American Red Cross	11,000
Industrial Development	40,000
Prisoners Per Diem	300,580
Warehouse and Inventory Control	234
Administrative and Clerical	69,307
Other	<u>6,911</u>
 TOTAL	 <u>\$2,027,717</u>

SCHEDULE OF EXPENDITURES - TAX OFFICE

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 82,652
Utilities	702
Repairs and Maintenance	5,903
Supplies	2,862
Insurance	669
Professional Services	10,250
Postage	3,482
Warehouse and Inventory Control	234
Administrative and Clerical	4,009
Other	<u>451</u>
 TOTAL	 <u>\$ 111,214</u>

SCHEDULE OF EXPENDITURES - MUNICIPAL COURT

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 134,002
Recorders Court Judge	32,485
Utilities	790
Repairs and Maintenance	94
Supplies	4,093
Professional Fees	1,025
Insurance	801
Travel and Training	1,568
Warehouse and Inventory Control	234
Administrative and Clerical	6,519
Other	<u>240</u>
 TOTAL	 <u>\$ 181,851</u>

SCHEDULE OF EXPENDITURES - POLICE DEPARTMENT

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$2,698,938
Utilities	44,845
Repairs and Maintenance	83,809
Supplies	123,141
Insurance	142,167
Gas, Oil, and Grease	149,671
Capital Outlay	147,643
Travel and Training	11,361
Professional Services	9,259
Prisoners Medical	8,470
Uniforms	28,673
Warehouse and Inventory Control	11,091
Administrative and Clerical	115,649
Other	<u>2,326</u>
 TOTAL	 <u>\$3,577,043</u>

SCHEDULE OF EXPENDITURES - FIRE DEPARTMENT

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$1,779,128
Utilities	78,393
Repairs and Maintenance	88,783
Supplies	87,584
Insurance	97,521
Gas, Oil, and Grease	46,694
Travel and Training	7,184
Professional Services	1,030
Warehouse and Inventory Control	11,091
Administrative and Clerical	83,618
Other	<u>6,714</u>
TOTAL	<u>\$2,287,740</u>

SCHEDULE OF EXPENDITURES - PUBLIC WORKS COMPLEX

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 159,292
Utilities	1,203
Supplies	5,857
Travel and Training	728
Gas, Oil, and Grease	1,234
Insurance	4,236
Warehouse and Inventory Control	5,299
Administrative and Clerical	6,893
Other	<u>303</u>
 TOTAL	 <u>\$ 185,045</u>

SCHEDULE OF EXPENDITURES - STREET DEPARTMENT

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 861,157
Equipment Repairs and Maintenance	174,049
Street Repairs and Maintenance	157,086
Supplies	90,571
Professional Services	3,650
Insurance	63,640
Gas, Oil, and Grease	105,067
Landfill Charges	34,901
Capital Outlay	188,824
Warehouse and Inventory Control	61,402
Administrative and Clerical	55,221
Other	<u>4,191</u>
 TOTAL	 <u>\$1,799,759</u>

SCHEDULE OF EXPENDITURES - PARK AND CEMETERY

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 313,479
Utilities	19,357
Repairs and Maintenance	46,358
Supplies	51,349
Insurance	17,502
Gas, Oil, and Grease	19,195
Warehouse and Inventory Control	3,491
Administrative and Clerical	16,222
Other	<u>1,856</u>
 TOTAL	 <u>\$ 488,809</u>

SCHEDULE OF EXPENDITURES - FINANCIAL

General Fund Tifton, Georgia	Year Ended June 30, 2008
Principal	\$ 368,417
Interest	<u>23,989</u>
TOTAL	<u>\$ 392,406</u>

SCHEDULE OF EXPENDITURES - SENIOR CITIZENS CENTER

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 64,236
Utilities	7,714
Repairs and Maintenance	11,065
Supplies	11,689
Insurance	2,938
Warehouse and Inventory Control	234
Administrative and Clerical	3,784
Other	<u>1,835</u>
 TOTAL	 <u>\$103,495</u>

SCHEDULE OF EXPENDITURES - NUTRITION PROGRAM

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$27,269
Meal Delivery	6,977
Utilities	4,281
Insurance	208
Supplies	1,475
Warehouse and Inventory Control	234
Other	<u>122</u>
TOTAL	<u>\$40,566</u>

SCHEDULE OF EXPENDITURES - TRAFFIC CONTROL

General Fund Tifton, Georgia	Year Ended June 30, 2008
Personnel Services	\$ 133,283
Utilities	1,634
Repairs and Maintenance	24,868
Supplies	32,454
Traffic Signs and Lights	58,375
Insurance	11,953
Gas, Oil, and Grease	2,501
Warehouse and Inventory Control	85,651
Administrative and Clerical	13,412
Other	<u>513</u>
 TOTAL	 <u>\$ 364,644</u>

BALANCE SHEET

Community Development Revolving Loan Fund
Tifton, Georgia

June 30, 2008

ASSETS

Cash	\$ 9,855
Advances to Component Unit	<u>179,344</u>
TOTAL ASSETS	<u>\$189,199</u>

LIABILITIES AND FUND BALANCE

Liabilities	\$ 0
Fund Balance:	
Unreserved	<u>189,199</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$189,199</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Community Development Revolving Loan Fund Tifton, Georgia	Year Ended June 30, 2008
Revenues:	
Rent	\$ 2,337
Interest	<u>39</u>
Total Revenues	2,376
Expenditures	<u>0</u>
Net Change in Fund Balance	2,376
Fund Balance - July 1, 2007	<u>186,823</u>
FUND BALANCE - JUNE 30, 2008	<u>\$ 189,199</u>

BALANCE SHEET

Hotel/Motel Tax Fund
Tifton, Georgia

June 30, 2008

ASSETS

Cash	\$ 303,613
Accounts Receivable	<u>64,691</u>
 TOTAL ASSETS	 <u>\$ 368,304</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 52,239
 Fund Balance:	
Unreserved	<u>316,065</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 368,304</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Hotel/Motel Tax Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/> <hr/>	
Revenues:	
Taxes	\$ 695,493
Interest	11,440
Grant Proceeds	<u>3,316</u>
Total Revenues	<u>710,249</u>
Expenditures:	
General Government	467,584
Public Works	155,866
Culture and Recreation	37,500
Debt Service:	
Principal	116,152
Interest	<u>48,310</u>
Total Expenditures	<u>825,412</u>
Excess of Expenditures Over Revenues	(115,163)
Other Financing (Uses):	
Proceeds from Long-Term Debt	<u>155,866</u>
Net Change in Fund Balance	40,703
Fund Balance - July 1, 2007	<u>275,362</u>
FUND BALANCE - JUNE 30, 2008	<u>\$ 316,065</u>

BALANCE SHEET

Special Purpose Local Option Sales Tax Fund
Tifton, Georgia

June 30, 2008

ASSETS

Cash	\$4,933,673
Accounts Receivable	<u>959,340</u>
 TOTAL ASSETS	 <u>\$5,893,013</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 73,893
Due to Other Funds	<u>219,129</u>
 Total Liabilities	 293,022
 Fund Balance	 <u>5,599,991</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$5,893,013</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Special Purpose Local Option Sales Tax Fund Tifton, Georgia	Year Ended June 30, 2008
Revenues:	
Sales Tax	\$3,855,119
Interest	<u>162,277</u>
Total Revenues	<u>4,017,396</u>
Expenditures:	
General Government	278,476
Public Safety	179,323
Public Works	510,105
Debt Service:	
Principal	<u>50,000</u>
Total Expenditures	<u>1,017,904</u>
Excess of Revenues Over Expenditures	2,999,492
Other Financing Sources (Uses):	
Transfers Out	<u>(782,882)</u>
Excess of Revenues Over Expenditures and Other Financing Uses	2,216,610
Fund Balance - July 1, 2007	<u>3,383,381</u>
FUND BALANCE - JUNE 30, 2008	<u>\$5,599,991</u>

BALANCE SHEET

Grant Fund
Tifton, Georgia

June 30, 2008

ASSETS

Accounts Receivable	\$ 18,500
Due from Other Funds	<u>159,752</u>
 TOTAL ASSETS	 <u>\$178,252</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	\$ 3,000
Due to Other Funds	<u>175,252</u>
 Total Liabilities	 178,252
 Fund Balance	 <u>0</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$178,252</u>

SCHEDULE OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

Grant Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/>	
Revenues:	
Grant Proceeds	<u>\$653,604</u>
Expenditures:	
General Government	100,458
Public Works	578,585
Health and Welfare	<u>102,500</u>
Total Expenditures	<u>781,543</u>
Excess of Expenditures Over Revenues	(127,939)
Other Financing Sources:	
Transfers In	<u>127,939</u>
Net Change in Fund Balance	0
Fund Balance - July 1, 2007	<u>0</u>
FUND BALANCE - JUNE 30, 2008	<u>\$ 0</u>

SCHEDULE OF NET ASSETS

Water Revenue Fund
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:

Cash		\$ 631,745
Accounts Receivable	\$ 830,951	
Less Allowance for Uncollectible Accounts	<u>(340,473)</u>	490,478
Due from Other Funds		<u>245,818</u>

Total Current Assets 1,368,041

Capital Assets:

Land		65,660
Buildings	60,486	
Less Accumulated Depreciation	<u>(58,027)</u>	2,459
Machinery and Equipment	1,657,714	
Less Accumulated Depreciation	<u>(1,283,392)</u>	374,322
Distribution System	12,575,803	
Less Accumulated Depreciation	<u>(5,784,212)</u>	<u>6,791,591</u>

Net Capital Assets 7,234,032

Total Assets 8,602,073

LIABILITIES

Current Liabilities:

Accounts Payable		26,896
Accrued Expenses		14,618
Due to Other Funds		54,840
Customer Deposits		<u>304,295</u>

Total Current Liabilities 400,649

Long-Term Liabilities:

Accrued Vacation		<u>32,948</u>
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Total Liabilities 433,597

NET ASSETS

Invested in Capital Assets, Net of Related Debt		\$7,234,032
Unrestricted		<u>934,444</u>

TOTAL NET ASSETS \$8,168,476

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Water Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/> <hr/>	
Operating Revenues:	
Water Sales	\$2,764,176
Water Penalties and Fines	138,781
Water Meters	135,359
Water Extensions	78,699
Miscellaneous	<u>20,988</u>
Total Operating Revenues	<u>3,138,003</u>
Operating Expenses:	
Personnel Services	873,237
Utilities	245,366
Equipment Repairs and Maintenance	100,548
System Repairs and Maintenance	447,928
Supplies	47,841
Insurance	68,334
Gas, Oil, and Grease	71,134
Professional Services	23,346
Chemicals	75,575
Depreciation	366,056
Warehouse and Inventory Control	57,467
Administrative and Clerical	453,991
Postage	24,596
Miscellaneous	<u>5,687</u>
Total Operating Expenses	<u>2,861,106</u>
Operating Income	276,897
Non-Operating Revenues (Expenses):	
Interest Income	24,906
Interest Expense	<u>(161)</u>
Income before Transfers	301,642
Transfers In	69,620
Transfers Out	<u>(58,000)</u>
Change in Net Assets	313,262
Net Assets - July 1, 2007	<u>7,855,214</u>
NET ASSETS - JUNE 30, 2008	<u>\$8,168,476</u>

SCHEDULE OF CASH FLOWS

Water Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/> <hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$3,118,455
Cash Payments for Personnel Services	(858,766)
Cash Payments for Other Operating Expenses	(1,285,473)
Cash Payments for Interfund Services	(470,550)
Cash Payments to Other Funds, Net	<u>(99,996)</u>
Net Cash Provided by Operating Activities	<u>403,670</u>
Cash Flows from Noncapital Financing Activities:	
Transfers Out	<u>(58,000)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(265,100)
Principal Paid on Long-Term Debt	(120,775)
Interest Paid on Debt	(161)
Transfers In	<u>69,620</u>
Net Cash Used by Capital and Related Financing Activities	<u>(316,416)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>24,906</u>
Net Increase in Cash	54,160
Cash - July 1, 2007	<u>577,585</u>
CASH - JUNE 30, 2008	<u>\$ 631,745</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 276,897
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	366,056
Change in Assets and Liabilities:	
Receivables, Net	(45,266)
Accounts Payable	(175,118)
Customer Deposits	25,718
Accrued Expenses	14,471
Due to/from Other Funds	<u>(59,088)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 403,670</u>

SCHEDULE OF NET ASSETS

Sewer Revenue Fund
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:

Cash		\$ 736,598
Accounts Receivable	\$ 787,807	
Less Allowance for Uncollectible Accounts	<u>(349,091)</u>	438,716
Due from Other Funds		<u>65,966</u>

Total Current Assets 1,241,280

Capital Assets:

Land		389,873
Buildings	47,546	
Less Accumulated Depreciation	<u>(39,022)</u>	8,524
Machinery and Equipment	2,015,356	
Less Accumulated Depreciation	<u>(1,723,382)</u>	291,974
Distribution System	31,373,543	
Less Accumulated Depreciation	<u>(16,886,732)</u>	<u>14,486,811</u>

Net Capital Assets 15,177,182

Total Assets 16,418,462

LIABILITIES

Current Liabilities:

Accounts Payable		134,944
Accrued Expenses		47,095
Due to Other Funds		164,979
Note Payable		281,439
Customer Deposits		<u>221,372</u>

Total Current Liabilities 849,829

Long-Term Liabilities:

Note Payable		3,584,955
Accrued Vacation		<u>28,880</u>

Total Long-Term Liabilities 3,613,835

Total Liabilities 4,463,664

(Continued on next page)

SCHEDULE OF NET ASSETS

Sewer Revenue Fund
Tifton, Georgia

June 30, 2008

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 11,310,788
Unrestricted	<u>644,010</u>
 TOTAL NET ASSETS	 <u>\$ 11,954,798</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Sewer Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
Operating Revenues:	
Sewer Sales	\$ 2,840,264
Sewer Penalties	43,378
Sewer Extensions	357,936
Lab Fees	12,170
Miscellaneous	<u>11,036</u>
Total Operating Revenues	<u>3,264,784</u>
Operating Expenses:	
Personnel Services	894,569
Utilities	239,890
Equipment Repairs and Maintenance	88,274
System Repairs and Maintenance	433,231
Supplies	83,500
Insurance	82,898
Gas, Oil, and Grease	45,419
Professional Services	56,684
Depreciation	810,523
Postage	21,024
Warehouse and Inventory Control	102,654
Administrative and Clerical	369,675
Miscellaneous	<u>8,412</u>
Total Operating Expenses	<u>3,236,753</u>
Operating Income	28,031
Non-Operating Revenues (Expenses):	
Interest Income	30,408
Interest Expense	<u>(193,999)</u>
Loss before Transfers	(135,560)
Transfers In	<u>328,699</u>
Change in Net Assets	193,139
Net Assets - July 1, 2007	<u>11,761,659</u>
NET ASSETS - JUNE 30, 2008	<u>\$11,954,798</u>

SCHEDULE OF CASH FLOWS

Sewer Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$3,550,708
Cash Payments for Personnel Services	(888,928)
Cash Payments for Other Operating Expenses	(1,183,100)
Cash Payments for Interfund Services	(490,144)
Cash Payments from Other Funds, Net	<u>17,118</u>
Net Cash Provided by Operating Activities	<u>1,005,654</u>
Cash Flows from Noncapital Financing Activities:	
Transfer In	<u>58,000</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(697,773)
Transfers from Other Funds	270,699
Interest Paid on Debt	(195,899)
Principal Paid on Long-Term Debt	<u>(296,619)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(919,592)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>30,408</u>
Net Increase in Cash	174,470
Cash - July 1, 2007	<u>562,128</u>
CASH - JUNE 30, 2008	<u>\$ 736,598</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 28,031
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	810,523
Change in Assets and Liabilities:	
Receivables, Net	266,874
Accounts Payable	(123,768)
Customer Deposits	19,050
Accrued Expenses	5,641
Due from Other Funds	<u>(697)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,005,654</u>

SCHEDULE OF NET ASSETS

Gas Revenue Fund
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:

Cash		\$2,330,495
Accounts Receivable	\$ 809,376	
Less Allowance for Uncollectible Accounts	<u>(260,222)</u>	549,154
Due from Other Funds		<u>1,569,376</u>

Total Current Assets 4,449,025

Capital Assets:

Land		102,302
Buildings	226,006	
Less Accumulated Depreciation	<u>(141,056)</u>	84,950
Machinery and Equipment	708,116	
Less Accumulated Depreciation	<u>(683,907)</u>	24,209
Distribution System	4,059,626	
Less Accumulated Depreciation	<u>(2,178,023)</u>	<u>1,881,603</u>

Net Capital Assets 2,093,064

Other Assets:

Advances from Other Funds		<u>1,597,217</u>
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Total Assets 8,139,306

LIABILITIES

Current Liabilities:

Accounts Payable		416,353
Accrued Expenses		6,711
Due to Other Funds		47,232
Customer Deposits		<u>126,339</u>

Total Current Liabilities 596,635

Long-Term Liabilities:

Accrued Vacation		<u>19,131</u>
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Total Liabilities 615,766

(Continued on next page)

SCHEDULE OF NET ASSETS

Gas Revenue Fund
Tifton, Georgia

June 30, 2008

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$2,093,064
Unrestricted	<u>5,430,476</u>
 TOTAL NET ASSETS	 <u>\$7,523,540</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Gas Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/> <hr/>	
Operating Revenues:	
Gas Sales	\$ 5,580,561
Gas Penalties and Fines	19,649
Miscellaneous	<u>3,074</u>
Total Operating Revenues	<u>5,603,284</u>
Operating Expenses:	
Cost of Gas Sold	4,323,532
Personnel Services	384,183
Utilities	12,789
Equipment Repairs and Maintenance	33,992
System Repairs and Maintenance	41,788
Supplies	24,260
Insurance	17,684
Gas, Oil, and Grease	23,050
Professional Services	7,231
Depreciation	108,064
Postage	9,282
Marketing	31,159
Warehouse and Inventory Control	50,755
Administrative and Clerical	369,775
Miscellaneous	<u>6,685</u>
Total Operating Expenses	<u>5,444,229</u>
Operating Income	159,055
Non-Operating Revenues (Expenses):	
Interest Income	<u>110,303</u>
Income before Transfers	269,358
Transfers Out	<u>(600,000)</u>
Change in Net Assets	(330,642)
Net Assets - July 1, 2007	<u>7,854,182</u>
NET ASSETS - JUNE 30, 2008	<u>\$ 7,523,540</u>

SCHEDULE OF CASH FLOWS

Gas Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 5,549,256
Cash Payments for Personnel Services	(381,449)
Cash Payments for Other Operating Expenses	(4,459,177)
Cash Payments for Interfund Services	(510,378)
Cash Payments to Other Funds, Net	<u>136,685</u>
Net Cash Provided by Operating Activities	334,937
Cash Flows from Noncapital Financing Activities:	
Transfers Out	(600,000)
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	<u>(316,421)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>110,303</u>
Net Decrease In Cash	(471,181)
Cash - July 1, 2007	<u>2,801,676</u>
CASH - JUNE 30, 2008	<u>\$ 2,330,495</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 159,055
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	108,064
Changes in Assets and Liabilities:	
Receivables, Net	(65,521)
Accounts Payable	72,275
Customer Deposits	11,493
Accrued Expenses	2,734
Due from Other Funds	<u>46,837</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 334,937</u>

SCHEDULE OF NET ASSETS

Solid Waste Collection and Disposal Revenue Fund
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:

Cash		\$5,306,116
Accounts Receivable	\$ 959,772	
Less Allowance for Uncollectible Accounts	<u>(458,340)</u>	<u>501,432</u>

Total Current Assets 5,807,548

Capital Assets:

Landfill	6,759,987	
Less Accumulated Depreciation	<u>(3,909,843)</u>	2,850,144
Buildings	149,778	
Less Accumulated Depreciation	<u>(61,132)</u>	88,646
Equipment	5,343,880	
Less Accumulated Depreciation	<u>(3,237,740)</u>	<u>2,106,140</u>

Net Capital Assets 5,044,930

Total Assets 10,852,478

LIABILITIES

Current Liabilities:

Accounts Payable		195,421
Accrued Expenses		23,704
Due to Other Funds		177,311
Customer Deposits		<u>41,930</u>

Total Current Liabilities 438,366

Long-Term Liabilities:

Accrued Vacation		49,649
Accrued Postclosure Cost		<u>3,482,709</u>

Total Long-Term Liabilities 3,532,358

Total Liabilities 3,970,724

(Continued on next page)

SCHEDULE OF NET ASSETS

Solid Waste Collection and Disposal Revenue Fund
Tifton, Georgia

June 30, 2008

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 5,044,930
Unrestricted	<u>1,836,824</u>
 TOTAL NET ASSETS	 <u>\$ 6,881,754</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Solid Waste Collection and Disposal Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
Operating Revenues:	
Charges	\$ 3,959,742
Penalties and Fines	59,381
Miscellaneous	<u>44,202</u>
Total Operating Revenues	<u>4,063,325</u>
Operating Expenses:	
Personnel Services	1,414,575
Public Utilities	25,430
Repairs and Maintenance	425,776
Supplies	268,504
Insurance	144,268
Gas, Oil, and Grease	387,912
Professional Services	25,474
Contract Services	143,802
Postclosure Cost	52,742
Depreciation	858,534
Postage	13,037
State Superfund	34,193
Warehouse and Inventory Control	126,197
Administrative and Clerical	369,675
Miscellaneous	<u>14,982</u>
Total Operating Expenses	<u>4,305,101</u>
Operating Loss	(241,776)
Non-Operating Revenues (Expenses):	
Interest Income	<u>235,200</u>
Loss before Transfers	(6,576)
Transfer In	<u>314,624</u>
Change in Net Assets	308,048
Net Assets - July 1, 2007	<u>6,573,706</u>
NET ASSETS - JUNE 30, 2008	<u>\$ 6,881,754</u>

SCHEDULE OF CASH FLOWS

Solid Waste Collection and Disposal Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/> <hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$4,119,336
Cash Payments for Personnel Services	(1,393,281)
Cash Payments for Other Operating Expenses	(1,593,785)
Cash Payments for Interfund Services	(481,144)
Cash Payments to Other Funds, Net	<u>196,493</u>
Net Cash Provided by Operating Activities	<u>847,619</u>
Cash Flows from Noncapital Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(2,582,963)
Transfers In	<u>314,624</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,268,339)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>235,200</u>
Net Decrease In Cash	(1,185,520)
Cash - July 1, 2007	<u>6,491,636</u>
CASH - JUNE 30, 2008	<u><u>\$ 5,306,116</u></u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating Loss	\$ (241,776)
Adjustments to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	858,534
Changes in Assets and Liabilities:	
Receivables, Net	27,121
Accounts Payable	(80,667)
Customer Deposits	28,890
Accrued Expenses	44,296
Due to Other Funds	<u>211,221</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,115,956</u></u>

SCHEDULE OF NET ASSETS

Telecommunication Revenue Fund
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:

Cash		\$ 61,341
Accounts Receivable	\$ 964,304	
Less Allowance for Uncollectable Accounts	<u>(570,365)</u>	393,939

Restricted Assets:

Cash		<u>51,173</u>
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Total Current Assets		<u>506,453</u>
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Capital Assets:

Land		10,000
Buildings	778,516	
Less Accumulated Depreciation	<u>(147,352)</u>	631,164
Machinery and Equipment	395,801	
Less Accumulated Depreciation	<u>(235,288)</u>	160,513
Distribution System	12,227,043	
Less Accumulated Depreciation	<u>(6,572,107)</u>	<u>5,654,936</u>

Net Capital Assets		<u>6,456,613</u>
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Other Assets:

Bond Cost		<u>243,399</u>
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Total Assets		<u>7,206,465</u>
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LIABILITIES

Current Liabilities:

Payable from Current Assets:

Accounts Payable		268,788
Accrued Expenses		13,020
Due to Other Funds		741,123
Note Payable		<u>28,504</u>

Total Current Liabilities		<u>1,051,435</u>
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SCHEDULE OF NET ASSETS

Telecommunication Revenue Fund
Tifton, Georgia

June 30, 2008

Long-Term Liabilities:	
Bonds Payable	\$ 10,627,833
Note Payable	57,005
Accrued Vacation	25,660
Advances Due Other Funds	<u>2,236,722</u>
 Total Long-Term Liabilities	 <u>12,947,220</u>
 Total Liabilities	 <u>13,998,655</u>
	 <u>NET ASSETS</u>
Invested in Capital Assets, Net of Related Debt and Restrictions	(4,205,556)
Unrestricted	<u>(2,586,634)</u>
 TOTAL NET ASSETS	 <u>\$ (6,792,190)</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Telecommunication Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
Operating Revenues:	
Sales	\$ 3,959,739
Penalties and Fees	25,889
Miscellaneous	<u>25,141</u>
Total Operating Revenues	<u>4,010,769</u>
Operating Expenses:	
Program Costs and Fees	1,684,007
Personnel Services	833,593
Utilities	188,782
Repairs and Maintenance	109,634
Supplies	124,095
Insurance	79,963
Gas, Oil, and Grease	39,869
Professional Services	28,542
Depreciation	712,529
Marketing	30,698
Warehouse and Inventory Control	29,331
Administrative and Clerical	151,849
Miscellaneous	<u>7,249</u>
Total Operating Expenses	<u>4,020,141</u>
Operating Loss	(9,372)
Non-Operating Revenues (Expenses):	
Interest Income	30,293
Interest Expense	(3,599)
Revenue Bond Expense	<u>(512,043)</u>
Change in Net Assets	(494,721)
Net Assets - July 1, 2007	<u>(6,297,469)</u>
NET ASSETS - JUNE 30, 2008	<u>\$ (6,792,190)</u>

SCHEDULE OF CASH FLOWS

Telecommunication Revenue Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$3,996,171
Cash Payments for Personnel Services	(830,264)
Cash Payments for Other Operating Expenses	(2,215,537)
Cash Payments for Interfund Services	<u>(123,778)</u>
Net Cash Provided by Operating Activities	<u>826,592</u>
Cash Flows from Noncapital Financing Activities:	
Advances from Other Funds	<u>75,931</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(1,021,715)
Interest Paid on Revenue Bonds	(478,810)
Bond Cost	(1,397)
Principal Paid on Long-Term Debt	(28,505)
Interest Paid on Long-Term Debt	<u>(3,599)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,534,026)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>30,293</u>
Net Decrease In Cash and Restricted Cash	(601,210)
Cash and Restricted Cash - July 1, 2007	<u>713,724</u>
CASH AND RESTRICTED CASH - JUNE 30, 2008	<u>\$ 112,514</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating Loss	\$ (9,372)
Adjustments to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	712,529
Changes in Assets and Liabilities:	
Receivables, Net	(14,598)
Accounts Payable	77,302
Accrued Expenses	3,329
Due to Other Funds	<u>57,402</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 826,592</u>

SCHEDULE OF NET ASSETS

Service Fund
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:

Cash		\$1,371,949
Accounts Receivable		31,375
Inventory		948,851
Due from Other Funds		1,037,145
Prepaid Expenses		<u>481,753</u>
Total Current Assets		<u>3,871,073</u>

Capital Assets:

Land		50,445
Buildings	\$2,157,578	
Less Accumulated Depreciation	<u>(1,095,636)</u>	1,061,942
Machinery and Equipment	2,282,519	
Less Accumulated Depreciation	<u>(1,643,338)</u>	<u>639,181</u>
Net Capital Assets		<u>1,751,568</u>

Total Assets 5,622,641

LIABILITIES

Current Liabilities:

Accounts Payable		168,017
Accrued Expenses		38,143
Due to Other Funds		1,869,487
Note Payable		<u>99,870</u>
Total Current Liabilities		<u>2,175,517</u>

Long-Term Liabilities:

Accrued Vacation		83,350
Note Payable		<u>174,351</u>
Total Long-Term Liabilities		<u>257,701</u>

Total Liabilities 2,433,218

NET ASSETS

Invested in Capital Assets, Net of Related Debt		1,477,347
Unrestricted		<u>1,712,076</u>
TOTAL NET ASSETS		<u>\$3,189,423</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Tifton, Georgia	Year Ended June 30, 2008
Operating Revenues:	
Charges for Services and Facilities	<u>\$ 3,113,913</u>
Operating Expenses:	
City Council:	
Personnel Services	49,453
Insurance	1,603
Professional Services	1,060
Travel	16,427
City Government Week	6,905
Training	9,100
General Supplies	7,403
Miscellaneous	<u>7,014</u>
Total	<u>98,965</u>
Administrative:	
Personnel Services	476,443
Insurance	10,338
Professional Services	13,624
Depreciation	58,550
Postage	3,002
Travel and Training	5,734
Public Utility Services	27,234
General Supplies	42,931
Repairs and Maintenance	34,348
Miscellaneous	<u>4,054</u>
Total	<u>676,258</u>
Human Resources:	
Personnel Services	127,457
Insurance	1,714
Reception and Awards	18,915
Public Utility Services	707
Depreciation	214
Travel and Training	2,854
Professional Services	51,897
General Supplies	5,445
Miscellaneous	<u>143</u>
Total	<u>209,346</u>

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SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund	Year Ended
Tifton, Georgia	June 30, 2008

Cashiers:

Personnel Services	\$ 88,219
Insurance	404
Repairs and Maintenance	498
General Supplies	3,101
Miscellaneous	317
Total	<u>92,539</u>

Management:

Personnel Services	357,787
Insurance	2,938
Depreciation	9,408
Public Utility Services	6,421
Repairs and Maintenance	6,529
Election Expense	13,109
Travel	9,439
Training	6,235
General Supplies	11,290
Miscellaneous	946
Total	<u>424,102</u>

Customer Service:

Personnel Services	202,246
Insurance	1,792
Public Utility Services	851
Repairs and Maintenance	148
Depreciation	3,195
General Supplies	4,918
Miscellaneous	466
Total	<u>213,616</u>

Management Information Systems:

Personnel Services	191,437
Public Utility Services	8,748
Insurance	739
Repairs and Maintenance	80,692
Depreciation	79,762
Rent	3,318
General Supplies	55,171
Miscellaneous	1,001
Total	<u>420,868</u>

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SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Year Ended
Tifton, Georgia June 30, 2008

Engineering:

Personnel Services	\$ 69,154
Insurance	2,968
Public Utility Services	1,203
Depreciation	7,793
Professional Fees	1,182
Repairs and Maintenance	3,568
General Supplies	5,127
Miscellaneous	992

91,987

Inventory Control:

Personnel Services	128,541
Insurance	3,847
Public Utility Services	436
Repairs and Maintenance	687
Depreciation	6,062
General Supplies	5,856
Miscellaneous	313

145,742

Utilities Complex:

Personnel Services	216,504
Insurance	8,456
Depreciation	1,568
Repairs and Maintenance	9,148
Public Utility Services	10,871
General Supplies	23,065
Miscellaneous	223

269,835

Harrison-Walker Complex:

Personnel Services	22,251
Insurance	10,928
Public Utility Services	19,939
Depreciation	35,396
Repairs and Maintenance	38,762
General Supplies	16,785
Miscellaneous	10

144,071

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SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Service Fund Tifton, Georgia	Year Ended June 30, 2008
Shop:	
Personnel Services	\$ 253,885
Insurance	7,770
Depreciation	10,853
Public Utility Services	17,386
Repairs and Maintenance	6,551
General Supplies	17,838
Miscellaneous	<u>1,183</u>
Total	<u>315,466</u>
Total Operating Expenses	<u>3,102,795</u>
Operating Income	11,118
Non-Operating Expenses:	
Interest Expense	<u>(11,118)</u>
Change in Net Assets	0
Net Assets - July 1, 2007	<u>3,189,423</u>
NET ASSETS - JUNE 30, 2008	<u>\$ 3,189,423</u>

SCHEDULE OF CASH FLOWS

Service Fund Tifton, Georgia	Year Ended June 30, 2008
<hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 16,700
Cash Receipts from Interfund Services Provided	3,052,851
Cash Payments for Personnel Services	(2,146,629)
Cash Payments for Other Operating Expenses	<u>(492,852)</u>
Net Cash Provided by Operating Activities	<u>430,070</u>
Cash Flows from Noncapital Financing Activities	<u>0</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of Capital Assets	(218,747)
Principal Paid on Long-Term Debt	(129,359)
Interest Paid on Debt	<u>(11,118)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(359,224)</u>
Net Increase In Cash	70,846
Cash - July 1, 2007	<u>1,301,103</u>
CASH - JUNE 30, 2008	<u>\$1,371,949</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 11,118
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	212,801
Change in Assets and Liabilities:	
Receivables, Net	34,639
Inventory	187,465
Prepaid Expense	45,911
Accounts Payable	(19,611)
Accrued Expenses	36,748
Due to/from Other Funds	<u>(79,001)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 430,070</u>

SCHEDULE OF NET ASSETS

Downtown Development Authority
Tifton, Georgia

June 30, 2008

ASSETS

Current Assets:	
Cash	\$ 355,644
Accounts Receivable	77,641
Notes Receivable	<u>72,900</u>
Total Current Assets	<u>506,185</u>
Capital Assets:	
Land	250,583
Construction in Process	32,168
Buildings	\$2,207,535
Less Accumulated Depreciation	<u>(426,310)</u> 1,781,225
Furniture and Fixtures	20,090
Less Accumulated Depreciation	<u>(873)</u> 19,217
Net Capital Assets	<u>2,083,193</u>
Other Assets:	
Notes Receivable	<u>1,348,451</u>
Total Assets	<u>3,937,829</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	17,075
Accrued Expenses	4,225
Notes Payable	<u>80,580</u>
Total Current Liabilities	<u>101,880</u>
Long-Term Liabilities:	
Notes Payable	1,435,916
Due to Primary Government	<u>179,344</u>
Total Long-Term Liabilities	<u>1,615,260</u>
Total Liabilities	<u>1,717,140</u>

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SCHEDULE OF NET ASSETS

Downtown Development Authority
Tifton, Georgia

June 30, 2008

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 1,716,285
Unrestricted	<u>504,404</u>
TOTAL NET ASSETS	<u>\$ 2,220,689</u>

SCHEDULE OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

Downtown Development Authority
Tifton, Georgia

Year Ended
June 30, 2008

Operating Revenues:	
Charges for Services	\$ 116,890
Intergovernmental	209,546
Special Purpose Local Option Sales Tax	298,572
Interest	<u>79,243</u>
 Total Operating Revenues	 <u>704,251</u>
 Operating Expenses:	
Personnel Services	136,193
Utilities	40,636
Insurance	5,605
Repairs and Maintenance	46,506
Interest	74,501
Production Program Cost	42,800
Supplies	14,168
Depreciation	45,023
Professional Fees	95,076
Advertising	6,526
Miscellaneous	<u>2,945</u>
 Total Operating Expenses	 <u>509,979</u>
 Operating Income	 194,272
 Non-Operating Expenses:	
Loss on Sale of Capital Assets	<u>(231,228)</u>
 Change in Net Assets	 (36,956)
 Net Assets - July 1, 2007 (As Restated)	 <u>2,257,645</u>
 NET ASSETS - JUNE 30, 2008	 <u>\$2,220,689</u>

SCHEDULE OF CASH FLOWS

Downtown Development Authority Tifton, Georgia	Year Ended June 30, 2008
<hr/> <hr/>	
Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 195,748
Cash Receipts from Other Governments	510,658
Cash Payments for Personnel Services	(125,629)
Cash Payments for Other Operating Expenses	<u>(340,672)</u>
Net Cash Provided by Operating Activities	<u>240,105</u>
Cash Flows from Noncapital Financing Activities:	
Loaned on Notes Receivable	(321,307)
Received on Notes Receivable	76,603
Principal Paid on Long-Term Debt	(67,518)
Proceeds from Long-Term Debt	<u>246,307</u>
Net Cash Used by Noncapital Financing Activities	<u>(65,915)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(20,090)
Proceeds from Sale of Capital Assets	49,926
Principal Paid on Long-Term Debt	<u>(14,576)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>15,260</u>
Cash Flows from Investing Activities	<u>0</u>
Net Increase in Cash	189,450
Cash - July 1, 2007	<u>166,194</u>
CASH - JUNE 30, 2008	<u>\$ 355,644</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income	\$ 194,272
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	45,023
Change in Assets and Liabilities:	
Receivables, Net	4,966
Accounts Payable	(1,268)
Accrued Expenses	(77)
Deferred Revenue	<u>(2,811)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 240,105</u>

SCHEDULE OF PROJECTS CONSTRUCTED WITH

SPECIAL SALES TAX PROCEEDS

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2008

Project	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage Completion
<u>1996 REFERENDUM</u>					
Sewer System Improvements	\$ 2,600,000	\$ 2,076,270	\$ 140,791	\$ 2,217,061	100%
Street Improvements	2,100,000	1,984,333	72,417	2,056,750	100%
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>404,763</u>	<u>0</u>	<u>404,763</u>	100%
TOTAL	<u>\$ 6,850,000</u>	<u>\$ 6,215,366</u>	<u>\$ 213,208</u>	<u>\$ 6,428,574</u>	
<u>2001 REFERENDUM</u>					
Street and Sidewalk Improvements	\$ 1,000,000	\$ 496,373	\$ 134,336	\$ 630,709	63%
New Fire Station	650,000	0	0	0	0%
New Fire Trucks	500,000	507,985	0	507,985	100%
Sewer System Improvements	1,000,000	595,176	41,266	636,442	64%
Water System Improvements	1,000,000	887,707	35,605	923,312	92%
Drainage Improvements	590,000	305,680	129,353	435,033	74%
Police Department Building	3,021,000	3,132,477	0	3,132,477	100%
Visitor Information Center	300,000	447,562	0	447,562	100%
Public Parking	<u>679,000</u>	<u>495,053</u>	<u>0</u>	<u>495,053</u>	73%
TOTAL	<u>\$ 8,740,000</u>	<u>\$ 6,868,013</u>	<u>\$ 340,560</u>	<u>\$ 7,208,573</u>	

(Continued on next page)

SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2008

Project	Original Estimated Cost	Prior Years	Current Year	Total	Estimated Percentage Completion
<u>2006 REFERENDUM</u>					
Street and Sidewalk Improvements	\$ 2,670,000	\$ 31,814	\$ 215,803	\$ 247,617	9%
New Fire Station and Equipment	2,660,000	0	0	0	0%
Police Equipment	414,000	0	179,323	179,323	43%
Sewer System Improvements	6,831,000	0	45,202	45,202	1%
Water System Improvements	5,200,000	0	34,015	34,015	1%
Drainage Improvements	2,500,000	0	134,260	134,260	5%
Senior Center Improvements	750,000	0	0	0	0%
City Hall Renovations	1,000,000	0	48,913	48,913	5%
Recycling Facility Improvements	450,000	0	135,245	135,245	30%
Landfill/Sanitation Equipment	650,000	179,375	179,379	358,754	55%
Park and Cemetery Improvements	200,000	0	0	0	0%
Maintenance Warehouse Improvements	650,000	0	216,553	216,553	33%
M. I. S. Improvements	<u>1,850,000</u>	<u>0</u>	<u>18,279</u>	<u>18,279</u>	1%
TOTAL	<u>\$25,825,000</u>	<u>\$ 211,189</u>	<u>\$1,206,972</u>	<u>\$1,418,161</u>	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2008

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Grantor's Number	Federal Expenditures
U. S. Department of Justice:			
Edward Byne Memorial Justice Assistance Grant	16.738	2005-DJ-BX-1544	\$ 8,154
Edward Byne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-0543	19,077
Total U. S. Department of Justice			<u>27,231</u>
U. S. Environmental Protection Agency:			
Brownsfield Assessment and Cleanup	66.818	BF-96458506-0	83,926
U. S. Department of Housing and Urban Development:			
Pass-Through Georgia Department of Community Affairs:			
CDBG Small Cities Program	14.228	05P-X-137-2-3086	455,646
Community Home Investment Program	14.239	07M-X-137-2-2952	114,031
Total U. S. Department of Housing and Urban Development			<u>569,677</u>
Total Expenditures of Federal Awards			<u>\$ 680,834</u>

This schedule of expenditures of federal awards includes the federal grant activity of the City of Tifton, Georgia, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used, in the preparation of the basic financial statements.

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, 2008, and have issued our report thereon dated March 26, 2009. 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 deficiency described in the accompanying schedule of findings and responses, to be a significant deficiency 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 the significant deficiency described above is not 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 March 26, 2009.

The City of Tifton, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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
March 26, 2009

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and City Council
Tifton, Georgia

Compliance

We have audited the compliance of the City of Tifton, Georgia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the major federal program for the year ended June 30, 2008. The City of Tifton, Georgia's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirement of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Tifton, Georgia's management. Our responsibility is to express an opinion on the City of Tifton, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City of Tifton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Tifton, Georgia's compliance with those requirements.

In our opinion, the City of Tifton, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City of Tifton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Tifton, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Tifton, Georgia's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control .

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Tifton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Tifton, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the city council, others within the entity, and 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

March 26, 2009

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Tifton
Tifton, Georgia

Year Ended
June 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the City Tifton, Georgia.
2. One significant deficiency was disclosed during the audit of the general purpose financial statements and is reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards". This significant deficiency is not considered a material weakness.
3. No instances of noncompliance, material to general purpose financial statements of the City of Tifton, Georgia, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the "Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133".
5. The auditor's report on compliance for the major federal award program for the City of Tifton, Georgia, expresses an unqualified opinion on all major programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The program tested as a major program was: The Department of Housing and Urban Development CDBG Small Cities Program CFDA No. 14.228.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Tifton, Georgia, was not determined to be a low-risk auditee.

FINDINGS-FINANCIAL STATEMENTS AUDIT

08-1 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.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

None

ASSESSED AND ESTIMATED ACTUAL VALUES OF

TAXABLE PROPERTY

City of Tifton
Tifton, Georgia

June 30, 2008

Year	Assessed Value of Taxable Property	Estimated Actual Value of Taxable Property
2007	\$ 322,136,925	\$ 805,342,312
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

PROPERTY TAX RATES

City of Tifton
Tifton, Georgia

June 30, 2008

Year	City of Tifton	Tift County	School Board
2007	6.76	10.39	14.46
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

PRINCIPAL TAXPAYERS

City of Tifton
Tifton, Georgia

June 30, 2008

1.	Wal-Mart Stores, Inc.	\$ 55,030
2.	Lowes Home Center, Inc.	35,143
3.	Georgia Power Company	28,529
4.	Affinity Health Group	27,638
5.	BellSouth	20,881
6.	Tifton Mall, Inc.	20,018
7.	RCG Tifton, Inc.	17,303
9.	Peter Garvey	13,477
8.	Tifton Inn, LLC	12,372
10.	Stafford 75, LLC	9,631

DEBT LIMITATION

City of Tifton
Tifton, Georgia

June 30, 2008

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, 2008	<u>\$322,136,925</u>
10% of Taxable Value	\$ 32,213,692
General Obligation Bonded Debt - June 30, 2008	<u>0</u>
Legal Debt Margin	<u>\$ 32,213,692</u>