

CITY OF TIFTON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Prepared by:
Tifton Finance Department

CITY OF TIFTON, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
Tifton, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Tifton, Georgia** (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tifton, Georgia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison information for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the City's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 19) and the Schedules of Required Supplementary Information (on pages 71 through 73) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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.

The combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tifton, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2015

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Tifton, Georgia we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2015. This discussion intends to 1) assist the reader in understanding significant financial issues; 2) provide an overview of the City's financial activities; 3) identify changes in the City's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues and concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statement section and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City of Tifton's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2015, by \$79.1 million (reported as net position). Of this amount, \$5.8 million (reported as unrestricted net position) is reported as a significant reduction from the prior year primarily due to the unfunded pension liability attributable to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- As of June 30, 2015, Tifton's governmental funds reported combined ending fund balance of \$15.8 million. Approximately 37% of this total amount \$5.8 million, is unassigned fund balance in the General Fund and may be used to meet the City's ongoing obligations to citizens and creditors.

Total net position is comprised of the following:

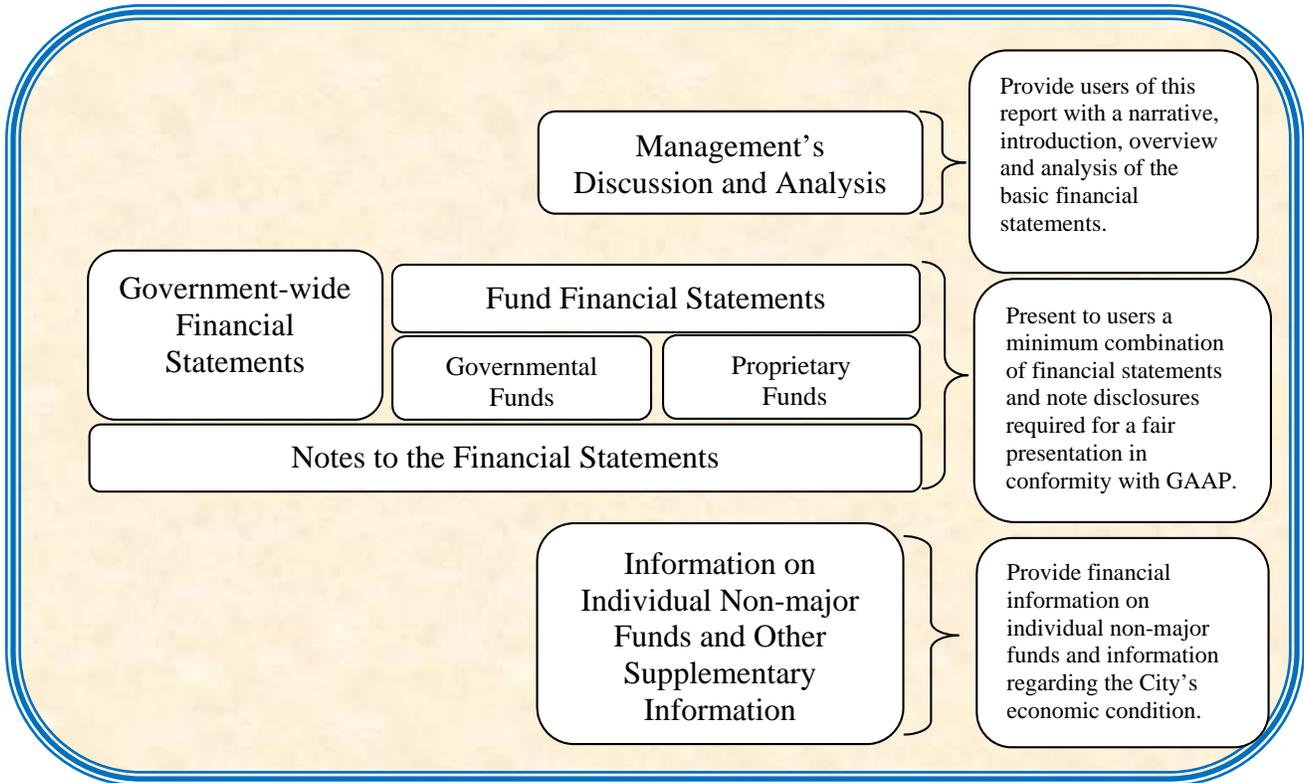
- Investment in capital assets, net of related debt, is \$64.2 million and includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items).
 - Net position of \$9.0 million is restricted by constraints imposed from outside the City such as laws and regulations or debt covenants.
 - Unrestricted net position decreased from \$17.1 million in fiscal year 2014 to \$5.8 million in fiscal year 2015.
- In the governmental activities, total assets in fiscal year 2015 increased by \$1.3 million. Long-term liabilities increased from \$7.4 million in 2014 to \$19.1 million in 2015 (Refer to Note 5).
 - Total revenues for governmental activities decreased from \$20.1 million in 2014 to \$17.9 million in 2015. Total revenues for business-type activities decreased from \$17.4 million in 2014 to \$16.5 million in 2015.
 - Total expenses for governmental activities decreased from \$15.1 million in 2014 to \$13.8 million in 2015, and total expenses for business-type activities decreased from \$17.3 million in 2014 to \$14.5 million in 2015.
 - The total cost of all City programs decreased by \$4.1 million.
 - The total assets of the City's component unit, Downtown Development Authority (DDA), were \$4.1 million, which exceeded its liabilities of \$1.1 million by \$3 million (net position).

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This Annual Financial Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and under the guiding principles of the Governmental Accounting Standards Board (GASB). To help facilitate the understanding of the organization of this report we are providing the following illustration:



The Management's Discussion and Analysis (MD&A) document is intended to serve as an introduction to the City of Tifton's basic financial statements. The basic financial statements consist of three components: 1) *government-wide financial statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. This report also contains required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The City's basic financial statements include two government-wide financial statements: the statement of net position and the statement of activities. These statements provide both long-term and short-term information about the City's overall financial status and use accounting methods similar to those used by private-sector companies. All governmental and business-type activities are combined to arrive at a total for the primary government.

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of net position presents information on all assets and liabilities of the City, with the difference between assets and liabilities reported as net position. This is the government-wide statement of net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City, as a whole, is improving or declining. Evaluation of the overall health of the City will extend to other nonfinancial factors, such as diversification of the taxpayer base or the condition of City infrastructure. This is in addition to the financial information provided in this report.

The statement of activities presents information on all revenues and expenses of the City and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions of the City. To assist in understanding the City's operations, expenses have been reported as governmental activities or business-type activities.

In the statement of net position and the statement of activities, the City is divided into three types of activities:

Governmental activities

Most of the City's basic services are reported here, including the council, municipal court, police, fire, public works, senior citizen center, nutrition program, environmental management, community development, and general administration. Property taxes, sales taxes, franchise fees, insurance premium taxes, excise and occupation taxes finance the majority of these activities.

Business-type activities

The City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City's water system, sewer system, solid waste and landfill, gas system, and theatre are reported here.

Component unit

The City includes the Downtown Development Authority (DDA), a separate legal entity, in its report. The DDA has one program: Main Street. Although legally separate, this component unit is important because the City has some degree of financial accountability. The employees on these programs are under the City's payroll with the same benefits as other City employees. The City is funding a portion of their budget from Hotel-Motel Tax revenues.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual sections of the government, reporting the City's operations in more detail than the government-wide financial statements. Major funds are reported separately, while all others are combined into a single, aggregated presentation. The fund statements provide detailed information about the most significant funds and not the City of Tifton as a whole. Some funds are required to be established by the City's charter. However, the Council establishes many other funds to help control and manage financial activities for particular purposes such as the Capital Projects Fund and Special Revenue Fund to show that it is meeting legal responsibilities for using grants and other money, such as grants from the state and Federal Government.

The City of Tifton's funds are divided into three categories: governmental, proprietary and fiduciary.

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds

Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds. The balances left at year-end are available for spending. Governmental funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship or differences between the governmental activities (reported in the balance sheet and the statement of revenues, expenditures, and changes in fund balances) and governmental funds are described in the reconciliation at the bottom of the fund financial statements.

Proprietary funds

When the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in the proprietary funds. Proprietary funds are reported using the *full accrual accounting method*. The City maintains two types of proprietary funds:

Enterprise fund

Enterprise fund statements are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City has five enterprise funds: Water, Sewer, Gas, Solid Waste Collection and Disposal, and Tift Theatre.

Internal service fund

The internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service fund to account for the financing of goods and services provided to the departments or funds of the City. The estimated cost of operating the internal service fund is charged to separate departments during the fiscal year and allocated at year-end based on the actual expenses of the different departments therein and is accounted for in the governmental activities of the government-wide financial statements.

Fiduciary fund

The City is the trustee, or fiduciary, for its employees' pension plan. These activities are excluded from the City's other financial statements as the City cannot use these assets to finance its operations and are recorded in the fiduciary fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the City. Additional information about the accounting practices of the City, investments of the City, capital assets, and long-term debt are some of the items included in the notes to the financial statements. The notes are essential to a full understanding of the government-wide and fund financial statements.

CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Required Supplementary Information

In addition to this MD&A, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information that further explains and supports the information in the financial statements. This section of the report includes the City's funding progress for other postemployment benefits.

Supplementary Information

Supplementary information includes combining financial statements for the City's nonmajor governmental funds, and a schedule of expenditures of Special Purpose Local Option Sales Tax proceeds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following schedule provides a summary of assets, liabilities, and net assets of the City for fiscal years 2015 and 2014:

City of Tifton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 20,269,781	\$ 20,644,989	\$ 19,158,962	\$ 17,345,579	\$ 39,428,743	\$ 37,990,568
Capital assets	35,102,565	33,414,954	34,902,351	35,617,272	70,004,916	69,032,226
Total assets	<u>55,372,346</u>	<u>54,059,943</u>	<u>54,061,313</u>	<u>52,962,851</u>	<u>109,433,659</u>	<u>107,022,794</u>
Deferred outflow s of resources	3,746,557	-	1,198,591	-	4,945,148	-
Other liabilities	1,679,422	1,598,462	3,979,867	1,825,035	5,659,289	3,423,497
Long-term liabilities outstanding	19,103,542	7,426,186	8,840,298	6,989,149	27,943,840	14,415,335
Total liabilities	<u>20,782,964</u>	<u>9,024,648</u>	<u>12,820,165</u>	<u>8,814,184</u>	<u>33,603,129</u>	<u>17,838,832</u>
Deferred inflow s of resources	1,604,969	1,056,798	118,413	-	1,723,382	1,056,798
Net position:						
Net investment in capital assets	32,995,210	29,173,184	31,249,040	31,641,190	64,244,250	60,814,374
Restricted	8,975,594	10,245,920	-	-	8,975,594	10,245,920
Unrestricted	(5,239,834)	4,559,393	11,072,286	12,507,477	5,832,452	17,066,870
Total net position	<u>\$ 36,730,970</u>	<u>\$ 43,978,497</u>	<u>\$ 42,321,326</u>	<u>\$ 44,148,667</u>	<u>\$ 79,052,296</u>	<u>\$ 88,127,164</u>

CITY OF TIFTON, GEORGIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's investments in capital assets, net of related debt, such as land, buildings, machinery infrastructures, and equipment as a percentage of net position represents 81 percent and 69 percent for fiscal year 2015 and 2014, respectively. These asset values are presented less any outstanding debt related to the acquisition and including accumulated depreciation of those assets. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to liquidate that liability and, therefore, other resources will be needed to repay any associated debt.

The City's unrestricted net position decreased \$11.2 million and restricted net position decreased \$1.3 million for fiscal year 2015. Unrestricted net position represents City resources that may be used to meet the City's ongoing obligations to citizens and creditors while restricted net position represents resources subject to external restrictions.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government, as a whole, as well as its separate governmental and business-type activities.

The schedule below provides a summary of the changes in net assets for fiscal years 2015 and 2014:

**CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Tifton's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 2,661,728	\$ 4,778,587	\$ 15,170,917	\$ 16,772,090	\$ 17,832,645	\$ 21,550,677
Operating grants and contributions	86,607	631,347	-	-	86,607	631,347
Capital grants and contributions	4,375,746	3,894,345	610,110	576,192	4,985,856	4,470,537
General revenues:						
Property taxes	3,520,010	3,623,902	-	-	3,520,010	3,623,902
Sales taxes	2,878,686	2,799,134	-	-	2,878,686	2,799,134
Insurance premium tax	881,618	843,398	-	-	881,618	843,398
Alcoholic beverage taxes	459,470	439,071	-	-	459,470	439,071
Hotel/motel taxes	949,700	858,690	-	-	949,700	858,690
Franchise taxes	1,255,316	1,204,380	-	-	1,255,316	1,204,380
Other taxes	765,726	760,135	-	-	765,726	760,135
Unrestricted investment earnings	95,499	257,593	134,865	60,001	230,364	317,594
Gain on sale of capital assets	-	-	614,479	-	614,479	-
Total revenues	17,930,106	20,090,582	16,530,371	17,408,283	34,460,477	37,498,865
Expenses:						
General government	910,803	1,706,016	-	-	910,803	1,706,016
Judicial	286,246	229,400	-	-	286,246	229,400
Public safety	7,313,427	7,832,503	-	-	7,313,427	7,832,503
Public works	3,691,498	3,679,625	-	-	3,691,498	3,679,625
Health and welfare	193,621	231,223	-	-	193,621	231,223
Culture and recreation	695,927	637,599	-	-	695,927	637,599
Housing and development	246,475	357,623	-	-	246,475	357,623
Interest on long-term debt	516,024	406,159	-	-	516,024	406,159
Water	-	-	2,440,266	3,093,570	2,440,266	3,093,570
Sewer	-	-	4,144,425	4,377,113	4,144,425	4,377,113
Gas	-	-	3,895,261	4,544,885	3,895,261	4,544,885
Solid Waste	-	-	3,817,926	5,152,550	3,817,926	5,152,550
Tift Theatre	-	-	159,058	118,901	159,058	118,901
Total expenses	13,854,021	15,080,148	14,456,936	17,287,019	28,310,957	32,367,167
Change in net position before transfers	4,076,085	5,010,434	2,073,435	121,264	6,149,520	5,131,698
Transfers	236,314	68,922	(236,314)	(68,922)	-	-
Change in net position	4,312,399	5,079,356	1,837,121	52,342	6,149,520	5,131,698
Net position, beginning	32,418,571	38,899,141	40,484,205	44,096,325	72,902,776	82,995,466
Net position, ending	\$ 36,730,970	\$ 43,978,497	\$ 42,321,326	\$ 44,148,667	\$ 79,052,296	\$ 88,127,164

The City's total revenues decreased by \$3.7 million in fiscal year 2015. Key elements of this decrease are as follows:

- Charges for services, which is 53 percent of total revenue, decreased mainly due to outsourcing Sanitation Collection, gas usage due to a warmer winter, and revenues related to the elimination of CityNet debt service activities.

CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The total cost of all programs and services for fiscal year 2015 was \$28.3 million compared to \$32.4 million for fiscal year 2014. This decrease is primarily due to the outsourcing of various operations. City-wide expenses cover a range of services with public safety comprising 26 percent of total expenses.

Governmental Activities

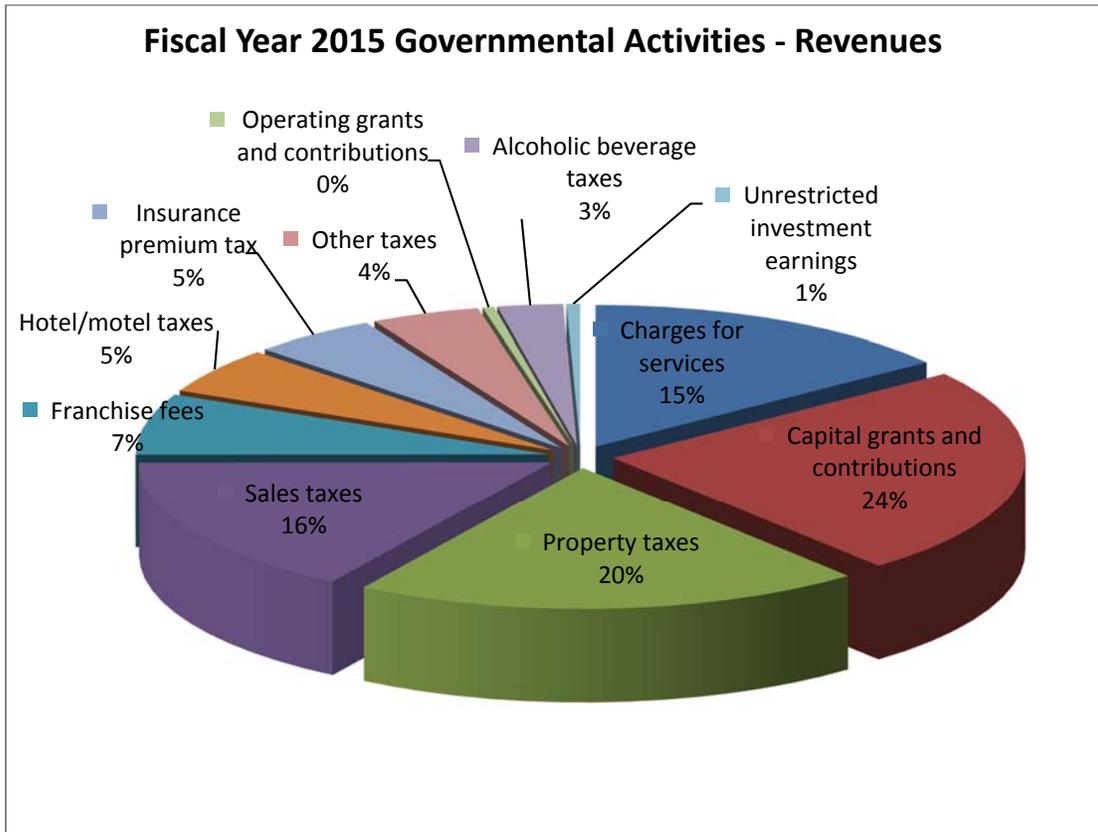
Total governmental activities revenues decreased \$2.2 million. This decrease is mainly attributable to a decrease in charges for services and operating grants and contributions. Charges for services decreased as a result of the elimination of reimbursements from the enterprise funds for CityNet debt service activities. Operating grants and contributions decreased due to the completion of a public safety FEMA grant. There was a slight decrease in Property taxes.

Charges for services and capital grants and contributions account for 68 percent of total governmental activities revenues. Property taxes and sales taxes account for another 10 percent and 9 percent, respectively.

The following charts depict revenues of the governmental activities for fiscal years 2015 and 2014, excluding transfers:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:			
Charges for services	\$ 2,661,728	\$ 4,778,587	\$ (2,116,859)
Capital grants and contributions	4,375,746	3,894,345	481,401
Property taxes	3,520,010	3,623,902	(103,892)
Sales taxes	2,878,686	2,799,134	79,552
Franchise taxes	1,255,316	1,204,380	50,936
Hotel/motel taxes	949,700	858,690	91,010
Insurance premium taxes	881,618	843,398	38,220
Other taxes	765,726	760,135	5,591
Operating grants and contributions	86,607	631,347	(544,740)
Alcoholic beverage taxes	459,470	439,071	20,399
Unrestricted investment earnings	95,499	257,593	(162,094)
Total governmental revenues	<u>\$ 17,930,106</u>	<u>20,090,582</u>	<u>(2,160,476)</u>

CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS



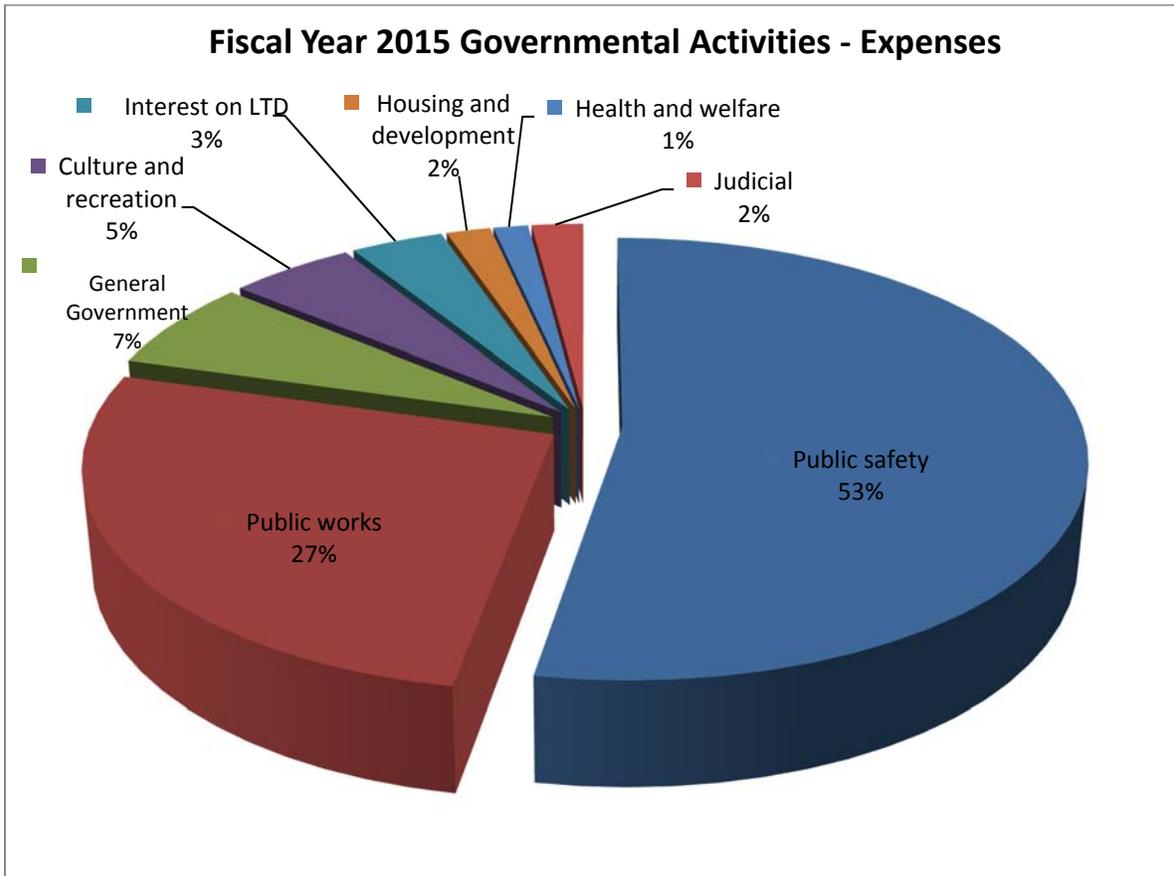
Total governmental activities expenditures decreased by \$1.2 million. This decrease is mainly attributable to the reporting of pension liability expense based on the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The most significant governmental expense for the City is providing public safety services such as fire, police, and environmental management. This comprises 53 percent of the total governmental expenses. Revenues collected from a variety of sources, such as fines and forfeitures, offset a portion of the public safety expenses. The next largest City cost is public works which is 27 percent of total governmental expenses.

The following charts depict expenses of the governmental activities for fiscal years 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Expenses:			
Public safety	\$ 7,313,427	\$ 7,832,503	\$ (519,076)
Public works	3,691,498	3,679,625	11,873
General government	910,803	1,706,016	(795,213)
Culture and recreation	695,927	637,599	58,328
Interest on long-term debt	516,024	406,159	109,865
Housing and development	246,475	357,623	(111,148)
Health and welfare	193,621	231,223	(37,602)
Judicial	286,246	229,400	56,846
Total governmental revenues	<u><u>\$ 13,854,021</u></u>	<u><u>15,080,148</u></u>	<u><u>(1,226,127)</u></u>

**CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**



Business-Type Activities

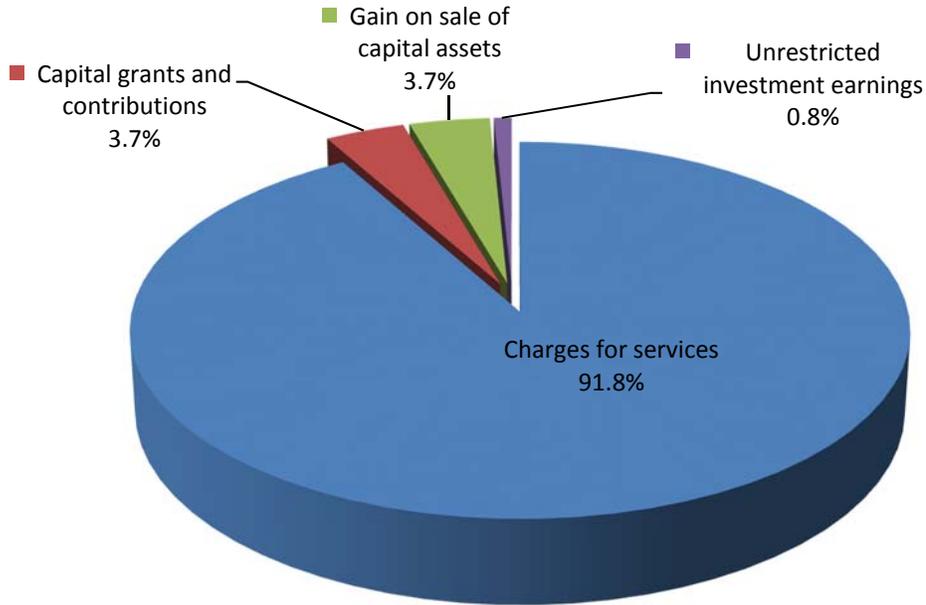
Operating revenues of the business-type activities decreased by \$878 thousand in 2015. Charges for services, which account for 91.8 percent of total business-type revenues, decreased \$1.6 million; however, that decrease was partially offset by an increase in sale of capital assets and investment earnings.

The following charts depict revenues of the business-type activities for fiscal years 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues:			
Charges for services	\$ 15,170,917	\$ 16,772,090	\$ (1,601,173)
Capital grants and contributions	610,110	576,192	33,918
Gain on sale of capital assets	614,479	-	614,479
Unrestricted investment earnings	134,865	60,001	74,864
Total business-type revenues	<u><u>\$ 16,530,371</u></u>	<u><u>17,408,283</u></u>	<u><u>(877,912)</u></u>

**CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fiscal Year 2015 Business-Type Activities - Revenues



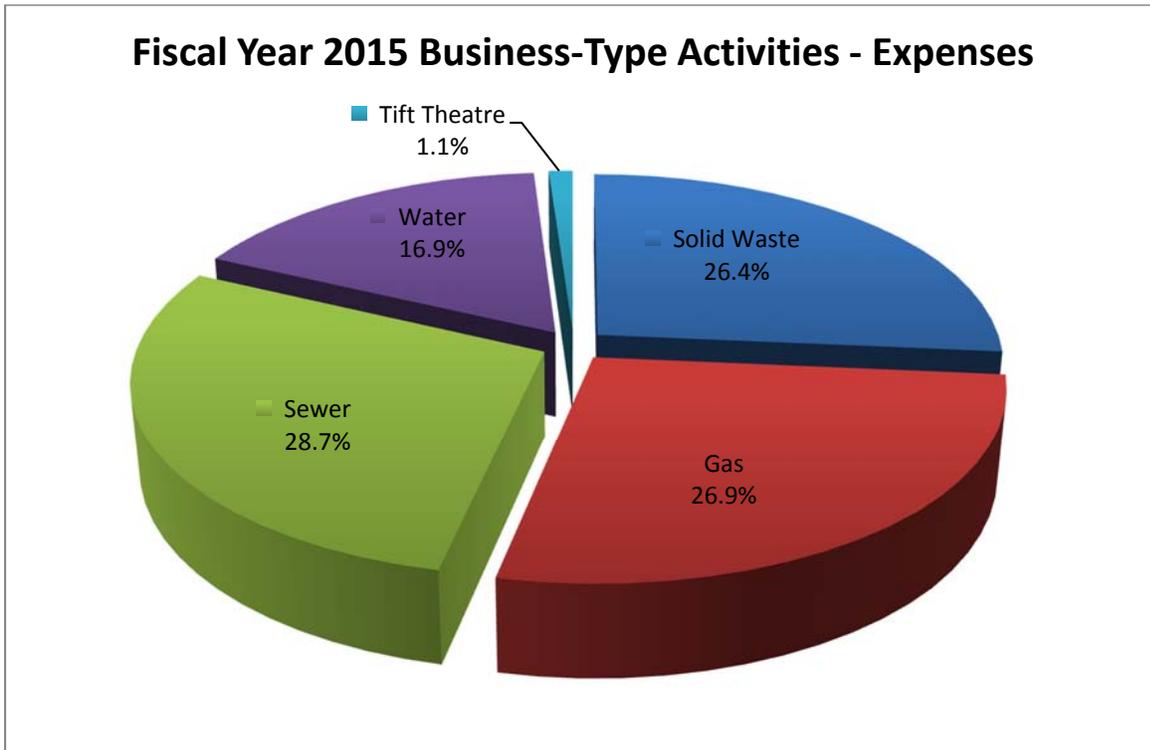
The cost of all business-type activities this fiscal year was \$14.5 million compared to \$17.3 million in the prior year. The \$14.5 million in expenses was covered by \$15.2 million in amounts paid by the users of the systems.

The following charts depict expenses of the business-type activities for fiscal years 2015 and 2014:

Business-Type Activities - Expenses

Expenses	2015	2014	Change
Solid Waste	\$ 3,817,926	\$ 5,152,550	\$ (1,334,624)
Gas	3,895,261	4,544,885	(649,624)
Sewer	4,144,425	4,377,113	(232,688)
Water	2,440,266	3,093,570	(653,304)
Tift Theatre	159,058	118,901	40,157
Total business-type expenses	\$ 14,456,936	17,287,019	(2,830,083)

**CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS**



FINANCIAL ANALYSIS OF THE FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. In assessing the City's financing requirements, unassigned fund balance is a particularly useful measure of net resources available for spending at the end of the year.

The City's combined fund balance for governmental funds was \$15.8 million in 2015 as compared to \$16.4 million in 2014. Approximately \$5.8 million of the fund balance is unassigned, which is available for spending at the City's discretion. Around \$1 million is classified as nonspendable and is reserved for prepaid expenses. The remainder of the fund balance is restricted and is not available for spending because restrictions have been placed on the amounts by external sources, such as creditors, grantors, and laws or regulations.

General Fund

The General Fund is the City's primary operating fund. It is used to account for financial resources that are not restricted by state or Federal laws or other externally imposed requirements. As of June 30, 2015, total assets were \$7.8 million and total liabilities were \$754 thousand. This net increase, when combined with deferred inflows of resources of \$173 thousand, resulted in an increase in fund balance to \$6.9 million as of June 30, 2015 from \$6.1 million as of June 30, 2014.

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund (Continued)

Operating revenues, increased by \$160 thousand, excluding prior year CityNet activities, due to a slight increase in property taxes, local option sales tax, and fines and forfeitures. Operating expenditures, excluding prior year CityNet activities (\$2.2 million) remain approximately consistent with the prior year.

SPLOST IV

The SPLOST IV (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the one percent local option sales tax. These resources must be used for various building projects and sewer, water, storm drainage, and road improvements throughout the City. At the end of fiscal year 2015, the SPLOST Fund had a restricted fund balance of \$1.5 million, a decrease of \$1.3 million from the prior year.

SPLOST V

The SPLOST V (Special Purpose Local Option Sales Tax) Fund accounts for financial resources provided from the one percent local option sales tax. These resources must be used for various building projects, Telecom debt reduction, and sewer, water, storm drainage, and road improvements throughout the City. At the end of fiscal year 2015, the SPLOST V Fund had a restricted fund balance of \$3.4 million, a decrease of \$612 thousand from the prior year.

Capital Projects Fund

The Capital Projects Fund accounts for the leasing of certain equipment through the lease pool agreement with the Georgia Municipal Association (GMA). As of June 30, 2015, the Capital Projects Fund had a restricted fund balance of \$3.4 million, a decrease of \$710 thousand from the prior year.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type column of the government-wide statements, but in greater detail.

As of June 30, 2015, the total net position was \$42.3 million, a decrease of \$1.8 million from the prior year. Of the total net position, \$34 million was invested in capital assets net of related debt and \$11 million was unrestricted. Operating revenues decreased \$1.6 million in fiscal year 2015, and operating expenses decreased \$2.9 million.

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

Water Revenue Fund

For fiscal year 2015, the water revenue fund reflects operating income of \$956 thousand compared to 2014 operating income of \$175 thousand. Operating expenses decreased \$653 thousand or 21 percent in 2015 due to outsourcing of certain contracted services, cost of utilities, and the pension expense attributable to the implementation of GASB Statement No. 68 (\$323 thousand credit).

Sewer Revenue Fund

The sewer revenue fund reflects an operating loss of \$322 thousand, compared to an operating loss of \$598 thousand in 2014. Operating expenses decreased \$240 thousand, which was due to the reduction in utilities and offset by the pension expenditure attributable to the implementation of GASB Statement No. 68 (\$49 thousand debit).

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gas Revenue Fund

The gas revenue fund experienced operating income of \$326 thousand in 2015 and operating income of \$155 thousand in 2014. This inconsistency in operating income is a result of varying climate conditions. Operating expenses decreased \$644 thousand, which was due to the reduction in cost of gas, utilities, and offset by the pension expenditure attributable to the implementation of GASB Statement No. 68 (\$101 thousand debit).

Solid Waste Collection and Disposal Fund

The solid waste collection and disposal fund had operating income of \$77 thousand in fiscal year 2015 compared to \$18 thousand in fiscal year 2014. Operating expenses decreased by \$1.4 million or 30 percent due to a contractual agreement to outsource Sanitation Collection services and by the pension expenditure attributable to the implementation of GASB Statement No. 68 (\$132 thousand credit).

Internal Service Fund

In fiscal year 2015, the internal service fund had operating income of \$146 thousand compared to operating loss of \$500 thousand in fiscal year 2014. The 2015 income is recognized due to the pension expenditure attributable to the implementation of GASB Statement No. 68 (\$500 thousand credit).

Tift Theatre Fund

In fiscal year 2015, the Tift Theatre fund had an operating loss of \$105 thousand compared to \$20 thousand in fiscal year 2014 due to lower income and higher expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget to actual statement is presented in the basic financial statements. The original and final approved revenue budgets for fiscal year 2015 were \$12.6 million and \$13.0 million, respectively. General Fund revenues were \$506 thousand less than the final budget amounts. There was a decrease in the amount of property tax collected as well as charges for services.

The original and final approved expenditure budgets for fiscal year 2015 were \$12.6 million and \$13.0 million, respectively. Actual expenditures were \$573 thousand less than the final budget amounts.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the City had \$70 million, net of accumulated depreciation, invested in a variety of capital assets, as reflected in the following schedule. The net increase (additions, deletions, and depreciation/amortization) of \$973 thousand from the end of 2014 is primarily due to the fiscal year 2015 additions to accumulated depreciation offset by additions to construction in progress, buildings and improvements, and the distribution system and deletions from sale of sanitation equipment.

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

CITY OF TIFTON, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,522,664	\$ 2,522,664	\$ 582,835	\$ 582,835	\$ 3,105,499	\$ 3,105,499
Construction in progress	1,640,492	2,153,563	578,342	388,997	2,218,834	2,542,560
Buildings and improvements	7,422,573	4,982,412	406,227	438,136	7,828,800	5,420,548
Distribution system	-	-	30,389,574	31,410,394	30,389,574	31,410,394
Landfill	-	-	1,303,918	1,494,591	1,303,918	1,494,591
Machinery and equipment	2,080,310	2,095,669	1,641,455	1,302,319	3,721,765	3,397,988
Infrastructure	21,436,526	21,660,646	-	-	21,436,526	21,660,646
Total	\$ 35,102,565	\$ 33,414,954	\$ 34,902,351	\$ 35,617,272	\$ 70,004,916	\$ 69,032,226

Long-Term Debt

The State of Georgia limits the amount of general obligation that a unit of government can issue to 10 percent of the total assessed value of the taxable property within the City's boundaries. The legal debt margin for the City is \$38 million based on the City's 2015 gross digest. However, the City has no general obligation bond.

- The City's long-term debt consists of notes payable, certificates of participation, pension obligations, accrued vacation pay, and closure/postclosure costs. At June 30, 2015 and 2014, the City had \$31 million and \$34 million in debt outstanding, respectively. The increase is primarily due to the reporting of the unfunded pension liability attributable to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

More detailed information about the City's long-term debt is presented in Note 5 in the notes to the financial statements.

Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ 533,692	\$ 2,771,039	\$ 1,078,311	\$ 3,976,082	\$ 1,612,003	\$ 6,747,121
Bonds payable	-	-	2,575,000	-	2,575,000	-
Certificates of participation	4,444,000	4,444,000	-	-	4,444,000	4,444,000
Compensated absences	393,576	392,806	22,564	61,184	416,140	453,990
Net pension liability	13,878,831	14,163,817	4,440,082	4,497,256	18,318,913	18,661,073
Landfill postclosure	-	-	3,431,598	3,349,259	3,431,598	3,349,259
Total	\$ 19,250,099	\$ 21,771,662	\$ 11,547,555	\$ 11,883,781	\$ 30,797,654	\$ 33,655,443

CITY OF TIFTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's unemployment rate in 2015 was 5.7 percent compared to 8.2 percent in 2014. In contrast, both the statewide and national annual averages were 5.6 percent and 5.0 percent, respectively.

- The tax digest for 2015 slightly increased due to new commercial development and renovations
- The fiscal year 2016 budget totals \$40.9 million for all funds, a \$2 million decrease from the fiscal year 2015 final budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Tifton's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Tifton Finance Department, P.O. Box 229, Tifton, Georgia 31793-0229 or visit our website at www.tifton.net.

CITY OF TIFTON, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Cash and cash equivalents	\$ 12,286,256	\$ 11,761,660	\$ 24,047,916	\$ 886,729
Investments	2,985,454	5,294,511	8,279,965	462,607
Taxes receivable	800,117	-	800,117	-
Accounts receivable, net of allowances	352,830	1,653,818	2,006,648	46,994
Interest receivable	-	-	-	2,097
Notes receivable	-	765,271	765,271	856,734
Due from other governments	511,593	-	511,593	-
Due from component units	179,344	-	179,344	-
Internal balances	316,298	(316,298)	-	-
Inventories	69,710	-	69,710	-
Prepaid expenses	1,533,343	-	1,533,343	-
Fair value of interest rate swap agreement	1,234,836	-	1,234,836	-
Capital assets:				
Nondepreciable	4,163,156	1,161,177	5,324,333	273,083
Depreciable, net	30,939,409	33,741,174	64,680,583	1,555,893
Total assets	<u>55,372,346</u>	<u>54,061,313</u>	<u>109,433,659</u>	<u>4,084,137</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension experience differences	213,824	68,408	282,232	670
Pension assumption changes	2,541,701	813,135	3,354,836	7,970
Pension investment return	991,032	317,048	1,308,080	3,107
Total deferred outflows of resources	<u>3,746,557</u>	<u>1,198,591</u>	<u>4,945,148</u>	<u>11,747</u>
LIABILITIES				
Accounts payable	1,170,403	324,944	1,495,347	47,892
Retainage payable	115,117	-	115,117	-
Accrued liabilities	246,655	15,306	261,961	1,660
Accrued interest	690	13,587	14,277	-
Due to primary government	-	-	-	179,344
Customer deposits payable	-	918,773	918,773	-
Net pension liability	13,878,831	4,440,082	18,318,913	43,518
Notes payable due within one year	129,619	131,129	260,748	93,532
Notes payable due in more than one year	404,073	947,182	1,351,255	689,095
Revenue bonds payable due in more than one year	-	2,575,000	2,575,000	-
Certificates of participation due in more than one year	4,444,000	-	4,444,000	-
Compensated absences due within one year	16,938	1,128	18,066	-
Compensated absences due in more than one year	376,638	21,436	398,074	-
Landfill closure/postclosure care costs due in more than one year	-	3,431,598	3,431,598	-
Total liabilities	<u>20,782,964</u>	<u>12,820,165</u>	<u>33,603,129</u>	<u>1,055,041</u>
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging derivatives	1,234,836	-	1,234,836	-
Pension investment return	370,133	118,413	488,546	1,160
Total deferred inflows of resources	<u>1,604,969</u>	<u>118,413</u>	<u>1,723,382</u>	<u>1,160</u>
NET POSITION				
Net investment in capital assets	32,995,210	31,249,040	64,244,250	1,046,349
Restricted for tourism	437,446	-	437,446	-
Restricted for capital outlay	8,302,688	-	8,302,688	-
Restricted for public safety	31,494	-	31,494	-
Restricted for housing and development	203,966	-	203,966	-
Unrestricted	(5,239,834)	11,072,286	5,832,452	1,993,334
Total net position	<u>\$ 36,730,970</u>	<u>\$ 42,321,326</u>	<u>\$ 79,052,296</u>	<u>\$ 3,039,683</u>

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

CITY OF TIFTON, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Downtown Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 910,803	\$ 319,026	\$ 65,174	\$ -	\$ (526,603)	\$ -	\$ (526,603)	\$ -
Judicial	286,246	3,812	-	-	(282,434)	-	(282,434)	-
Public safety	7,313,427	2,131,140	21,359	1,743,039	(3,417,889)	-	(3,417,889)	-
Public works	3,691,498	33,654	-	2,181,891	(1,475,953)	-	(1,475,953)	-
Health and welfare	193,621	73,791	-	-	(119,830)	-	(119,830)	-
Culture and recreation	695,927	7,500	-	450,816	(237,611)	-	(237,611)	-
Housing and development	246,475	92,805	74	-	(153,596)	-	(153,596)	-
Interest on long-term debt	516,024	-	-	-	(516,024)	-	(516,024)	-
Total governmental activities	<u>13,854,021</u>	<u>2,661,728</u>	<u>86,607</u>	<u>4,375,746</u>	<u>(6,729,940)</u>	<u>-</u>	<u>(6,729,940)</u>	<u>-</u>
Business-type activities:								
Water	2,440,266	3,396,066	-	228,717	-	1,184,517	1,184,517	-
Sewer	4,144,425	3,675,771	-	381,393	-	(87,261)	(87,261)	-
Gas	3,895,261	4,197,251	-	-	-	301,990	301,990	-
Solid waste collection and disposal	3,817,926	3,847,483	-	-	-	29,557	29,557	-
Tift Theatre	159,058	54,346	-	-	-	(104,712)	(104,712)	-
Total business-type activities	<u>14,456,936</u>	<u>15,170,917</u>	<u>-</u>	<u>610,110</u>	<u>-</u>	<u>1,324,091</u>	<u>1,324,091</u>	<u>-</u>
Total primary government	<u>\$ 28,310,957</u>	<u>\$ 17,832,645</u>	<u>\$ 86,607</u>	<u>\$ 4,985,856</u>	<u>(6,729,940)</u>	<u>1,324,091</u>	<u>(5,405,849)</u>	<u>-</u>
Component unit:								
Tifton Downtown Development Authority	\$ 359,792	\$ 16,276	\$ 125,390	\$ 284,578	-	-	-	66,452
Total component unit	<u>\$ 359,792</u>	<u>\$ 16,276</u>	<u>\$ 125,390</u>	<u>\$ 284,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,452</u>
General revenues:								
Property taxes					3,520,010	-	3,520,010	-
Sales taxes					2,878,686	-	2,878,686	-
Insurance premium tax					881,618	-	881,618	-
Alcoholic beverage taxes					459,470	-	459,470	-
Hotel/motel taxes					949,700	-	949,700	-
Franchise taxes					1,255,316	-	1,255,316	-
Other taxes					765,726	-	765,726	-
Unrestricted investment earnings					95,499	134,865	230,364	37,492
Gain on sale of capital assets					-	614,479	614,479	-
Transfers					236,314	(236,314)	-	-
Total general revenues and transfers					<u>11,042,339</u>	<u>513,030</u>	<u>11,555,369</u>	<u>37,492</u>
Change in net position					4,312,399	1,837,121	6,149,520	103,944
Net position, beginning of year, as restated					32,418,571	40,484,205	72,902,776	2,935,739
Net position, end of year					<u>\$ 36,730,970</u>	<u>\$ 42,321,326</u>	<u>\$ 79,052,296</u>	<u>\$ 3,039,683</u>

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

CITY OF TIFTON, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

ASSETS	General Fund	SPLOST Fund	SPLOST V Fund	Capital Projects Fund
Cash and cash equivalents	\$ 5,953,608	\$ 1,805,036	\$ 3,062,145	\$ 411,046
Investments	-	-	-	2,985,454
Taxes receivable, net	119,777	-	575,675	-
Accounts receivable, net	195,892	-	-	-
Due from other governments	418,324	85,776	-	-
Due from other funds	-	-	-	-
Due from component unit	-	-	-	-
Advances to other funds	30,500	-	-	-
Prepaid expenditures	1,069,000	-	-	-
Total assets	\$ 7,787,101	\$ 1,890,812	\$ 3,637,820	\$ 3,396,500
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 371,465	\$ 222,421	\$ 226,750	\$ -
Retainage payable	-	79,527	35,590	-
Accrued liabilities	193,367	-	-	-
Due to other funds	187,790	-	-	-
Advance from other funds	1,449	-	-	500
Total liabilities	754,071	301,948	262,340	500
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	173,382	-	-	-
Unavailable revenue - grants	-	57,656	-	-
Total deferred inflows of resources	173,382	57,656	-	-
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	1,069,000	-	-	-
Advances to other funds	30,500	-	-	-
Restricted for:				
Capital outlay	-	1,531,208	3,375,480	3,396,000
Public safety	-	-	-	-
Tourism	-	-	-	-
Housing and development	-	-	-	-
Unassigned	5,760,148	-	-	-
Total fund balances	6,859,648	1,531,208	3,375,480	3,396,000
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,787,101	\$ 1,890,812	\$ 3,637,820	\$ 3,396,500

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of capital assets
Accumulated depreciation

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. These deferred outflows of resources consist of pension related experience differences, assumption changes, and differences between projected and actual earnings on plan investments.

Internal service funds are used by management to charge the costs of certain administrative functions to individual funds.

Assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Certain liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

Notes payable
Certificates of participation
Compensated absences
Accrued interest
Net pension obligation

Deferred inflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

These deferred inflows of resources consist of pension related differences between projected and actual earnings on plan investments.

Net position of governmental activities

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

Nonmajor Governmental Funds		Total Governmental Funds	
\$	449,564	\$	11,681,399
	-		2,985,454
	104,665		800,117
	155,908		351,800
	7,493		511,593
	7,249		7,249
	179,344		179,344
	-		30,500
	-		1,069,000
<u>\$</u>	<u>904,223</u>	<u>\$</u>	<u>17,616,456</u>

\$	195,848	\$	1,016,484
	-		115,117
	-		193,367
	-		187,790
	30,000		31,949
<u>\$</u>	<u>225,848</u>	<u>\$</u>	<u>1,544,707</u>

	-		173,382
	5,469		63,125
<u>\$</u>	<u>5,469</u>	<u>\$</u>	<u>236,507</u>

	-		1,069,000
	-		30,500
	-		8,302,688
	31,494		31,494
	437,446		437,446
	203,966		203,966
	-		5,760,148
<u>\$</u>	<u>672,906</u>	<u>\$</u>	<u>15,835,242</u>

\$ 904,223

50,413,771
(18,777,376)
236,507

3,069,427

2,879,575

(533,692)
(4,444,000)
(274,105)
(690)
(11,370,451)

(303,238)

\$ 36,730,970

CITY OF TIFTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>SPLOST Fund</u>	<u>SPLOST V Fund</u>	<u>Capital Projects Fund</u>
REVENUES				
Taxes	\$ 6,876,991	\$ -	\$ -	\$ -
Sales taxes	2,878,686	-	-	-
Charges for services	1,580,422	-	-	-
Licenses and permits	250,955	-	-	-
Intergovernmental	65,174	25,620	3,836,659	-
Fines and forfeitures	743,579	-	-	-
Interest revenue	6,927	3,349	1,646	85,671
Other revenues	79,232	-	-	-
Total revenues	<u>12,481,966</u>	<u>28,969</u>	<u>3,838,305</u>	<u>85,671</u>
EXPENDITURES				
Current:				
General government	1,063,495	-	-	-
Judicial	306,162	-	-	-
Public safety	7,241,136	-	-	-
Public works	2,338,106	-	-	-
Health and welfare	192,003	-	-	-
Culture and recreation	138,715	-	-	-
Housing and development	254,192	-	-	-
Capital outlay	-	1,333,284	1,033,618	930,942
Debt service:				
Principal	-	-	2,142,222	-
Interest	343	-	50,688	472,502
Total expenditures	<u>11,534,152</u>	<u>1,333,284</u>	<u>3,226,528</u>	<u>1,403,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>947,814</u>	<u>(1,304,315)</u>	<u>611,777</u>	<u>(1,317,773)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,528	-	-	607,800
Transfers out	(219,089)	-	-	-
Total other financing sources (uses)	<u>(203,561)</u>	<u>-</u>	<u>-</u>	<u>607,800</u>
Net change in fund balances	744,253	(1,304,315)	611,777	(709,973)
Fund balances, beginning of year	<u>6,115,395</u>	<u>2,835,523</u>	<u>2,763,703</u>	<u>4,105,973</u>
Fund balances, end of year	<u>\$ 6,859,648</u>	<u>\$ 1,531,208</u>	<u>\$ 3,375,480</u>	<u>\$ 3,396,000</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 949,700	\$ 7,826,691
-	2,878,686
-	1,580,422
-	250,955
467,624	4,395,077
40	743,619
2,414	100,007
7,500	86,732
<u>1,427,278</u>	<u>17,862,189</u>
-	1,063,495
-	306,162
29,276	7,270,412
74	2,338,180
-	192,003
996,019	1,134,734
70	254,262
-	3,297,844
126,397	2,268,619
15,332	538,865
<u>1,167,168</u>	<u>18,664,576</u>
<u>260,110</u>	<u>(802,387)</u>
7,289	630,617
(135,214)	(354,303)
<u>(127,925)</u>	<u>276,314</u>
132,185	(526,073)
<u>540,721</u>	<u>16,361,315</u>
<u>\$ 672,906</u>	<u>\$ 15,835,242</u>

CITY OF TIFTON, GEORGIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(526,073)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Total capital outlay		2,375,817
Total depreciation		(1,367,950)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		67,430
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Internal service funds are used by management to charge the costs of certain functions to individual funds. The net revenue of certain activities in the internal service funds is reported with governmental activities.		915,077
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal repayments		2,237,347
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The adjustments for these items are as follows:

Compensated absences		33,153
Net pension liability and related deferred inflows and outflows of resources		554,757
Accrued interest on debt		22,841

	\$	<u>4,312,399</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF TIFTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 3,686,731	\$ 3,699,350	\$ 3,490,882	\$ (208,468)
Sales taxes	2,760,000	2,960,000	2,878,686	(81,314)
Franchise taxes	1,235,000	1,235,000	1,255,316	20,316
Other taxes	2,038,500	2,087,200	2,106,814	19,614
Penalties and interest - delinquent taxes	25,000	25,000	23,979	(1,021)
Licenses and permits	255,800	271,700	250,955	(20,745)
Intergovernmental	35,000	35,000	65,174	30,174
Charges for services	1,639,146	1,811,638	1,580,422	(231,216)
Fines and forfeitures	683,100	685,100	743,579	58,479
Interest revenue	4,000	6,000	6,927	927
Other revenues	194,800	173,363	79,232	(94,131)
Total revenues	<u>12,557,077</u>	<u>12,989,351</u>	<u>12,481,966</u>	<u>(507,385)</u>
EXPENDITURES:				
Current:				
General government:				
City Council	77,148	76,709	75,780	929
General administration	948,965	1,011,102	987,715	23,387
Total general government	<u>1,026,113</u>	<u>1,087,811</u>	<u>1,063,495</u>	<u>24,316</u>
Municipal court	<u>247,800</u>	<u>321,659</u>	<u>306,162</u>	<u>15,497</u>
Public safety:				
Police	4,606,208	4,509,367	4,144,994	364,373
Fire	2,990,392	3,242,857	3,096,142	146,715
Total public safety	<u>7,596,600</u>	<u>7,752,224</u>	<u>7,241,136</u>	<u>511,088</u>
Public works:				
Highways and streets	2,367,932	2,332,927	2,193,096	139,831
Cemetery	257,255	272,337	145,010	127,327
Total public works	<u>2,625,187</u>	<u>2,605,264</u>	<u>2,338,106</u>	<u>267,158</u>
Health and welfare:				
Senior citizens center	138,124	154,678	135,950	18,728
Nutrition program	65,378	66,941	56,053	10,888
Total health and welfare	<u>203,502</u>	<u>221,619</u>	<u>192,003</u>	<u>29,616</u>
Culture and recreation:				
Library	<u>138,715</u>	<u>138,715</u>	<u>138,715</u>	<u>-</u>
Housing and development:				
Code enforcement	<u>266,160</u>	<u>284,059</u>	<u>254,192</u>	<u>29,867</u>
Debt service:				
Principal	199,000	199,000	-	199,000
Interest	4,000	4,000	343	3,657
Total debt service	<u>203,000</u>	<u>203,000</u>	<u>343</u>	<u>202,657</u>
Total expenditures	<u>12,307,077</u>	<u>12,614,351</u>	<u>11,534,152</u>	<u>1,080,199</u>
Excess of revenues over expenditures	<u>250,000</u>	<u>375,000</u>	<u>947,814</u>	<u>572,814</u>

(Continued)

CITY OF TIFTON, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 15,528	\$ 15,528
Transfers out	(250,000)	(375,000)	(219,089)	155,911
Total other financing sources (uses)	<u>(250,000)</u>	<u>(375,000)</u>	<u>(203,561)</u>	<u>171,439</u>
Net change in fund balances	-	-	744,253	744,253
Fund balances, beginning of year	<u>6,115,395</u>	<u>6,115,395</u>	<u>6,115,395</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,115,395</u>	<u>\$ 6,115,395</u>	<u>\$ 6,859,648</u>	<u>\$ 744,253</u>

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

CITY OF TIFTON, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Major Proprietary Funds				Nonmajor Proprietary Fund	Totals	Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund	Tift Theatre Fund		Internal Service Fund
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 2,963,987	\$ 1,360,857	\$ 2,363,496	\$ 4,851,429	\$ 221,891	\$ 11,761,660	\$ 604,857
Investments	-	-	-	5,294,511	-	5,294,511	-
Accounts receivable, net of allowances	424,983	605,156	301,125	322,554	-	1,653,818	1,030
Current portion - notes receivable	-	-	83,390	-	-	83,390	-
Due from other funds	-	-	-	-	-	-	496,839
Inventories	-	-	-	-	-	-	69,710
Prepaid expenses	-	-	-	-	-	-	464,343
Total current assets	<u>3,388,970</u>	<u>1,966,013</u>	<u>2,748,011</u>	<u>10,468,494</u>	<u>221,891</u>	<u>18,793,379</u>	<u>1,636,779</u>
NONCURRENT ASSETS							
Advances to other funds	-	-	-	-	-	-	1,449
Notes receivable, net of current portion	-	-	681,881	-	-	681,881	-
Capital assets:							
Nondepreciable	294,377	536,259	102,335	159,283	68,923	1,161,177	50,445
Depreciable, net of accumulated depreciation	10,267,491	16,996,182	3,553,322	2,690,267	233,912	33,741,174	3,415,725
Total noncurrent assets	<u>10,561,868</u>	<u>17,532,441</u>	<u>4,337,538</u>	<u>2,849,550</u>	<u>302,835</u>	<u>35,584,232</u>	<u>3,467,619</u>
Total assets	<u>13,950,838</u>	<u>19,498,454</u>	<u>7,085,549</u>	<u>13,318,044</u>	<u>524,726</u>	<u>54,377,611</u>	<u>5,104,398</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension experience differences	15,510	15,554	16,074	21,250	20	68,408	38,645
Pension assumption changes	184,357	184,881	191,071	252,594	232	813,135	459,372
Pension investment return	71,882	72,087	74,500	98,489	90	317,048	179,113
Total deferred outflows of resources	<u>271,749</u>	<u>272,522</u>	<u>281,645</u>	<u>372,333</u>	<u>342</u>	<u>1,198,591</u>	<u>677,130</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable	26,711	38,229	114,780	133,510	11,714	324,944	153,919
Accrued liabilities	-	-	-	13,077	2,229	15,306	53,288
Accrued interest	-	-	13,587	-	-	13,587	-
Current portion - compensated absences	-	-	-	1,060	68	1,128	5,974
Current portion - notes payable	-	-	131,129	-	-	131,129	-
Customer deposits payable	380,639	293,051	184,991	60,092	-	918,773	-
Due to other funds	79,512	80,946	82,258	73,320	262	316,298	-
Total current liabilities	<u>486,862</u>	<u>412,226</u>	<u>526,745</u>	<u>281,059</u>	<u>14,273</u>	<u>1,721,165</u>	<u>213,181</u>
NONCURRENT LIABILITIES							
Compensated absences, net of current portion	-	-	-	20,136	1,300	21,436	113,497
Notes payable, net of current portion	-	-	947,182	-	-	947,182	-
Revenue bonds payable, net of current portion	-	2,575,000	-	-	-	2,575,000	-
Landfill closure/postclosure care costs	-	-	-	3,431,598	-	3,431,598	-
Net pension liability	1,006,675	1,009,532	1,043,332	1,379,277	1,266	4,440,082	2,508,380
Total noncurrent liabilities	<u>1,006,675</u>	<u>3,584,532</u>	<u>1,990,514</u>	<u>4,831,011</u>	<u>2,566</u>	<u>11,415,298</u>	<u>2,621,877</u>
Total liabilities	<u>1,493,537</u>	<u>3,996,758</u>	<u>2,517,259</u>	<u>5,112,070</u>	<u>16,839</u>	<u>13,136,463</u>	<u>2,835,058</u>
DEFERRED INFLOWS OF RESOURCES							
Pension investment return	26,847	26,924	27,824	36,784	34	118,413	66,895
Total deferred inflows of resources	<u>26,847</u>	<u>26,924</u>	<u>27,824</u>	<u>36,784</u>	<u>34</u>	<u>118,413</u>	<u>66,895</u>
NET POSITION							
Net investment in capital assets	10,561,868	14,957,441	2,577,346	2,849,550	302,835	31,249,040	3,466,170
Unrestricted	2,140,335	789,853	2,244,765	5,691,973	205,360	11,072,286	(586,595)
Total net position	<u>\$ 12,702,203</u>	<u>\$ 15,747,294</u>	<u>\$ 4,822,111</u>	<u>\$ 8,541,523</u>	<u>\$ 508,195</u>	<u>\$ 42,321,326</u>	<u>\$ 2,879,575</u>

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

CITY OF TIFTON, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Proprietary Funds				Nonmajor Proprietary Fund	Totals	Governmental Activities
	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund	Solid Waste Collection and Disposal Fund	Tift Theatre Fund		Internal Service Fund
OPERATING REVENUES							
Charges for services	\$ 3,249,533	\$ 3,572,826	\$ 3,942,880	\$ 3,740,957	\$ 51,593	\$ 14,557,789	\$ 2,596,067
Penalties and fines	139,712	85,974	63,767	94,526	-	383,979	-
Miscellaneous	6,821	16,971	190,604	12,000	2,753	229,149	-
Total operating revenues	<u>3,396,066</u>	<u>3,675,771</u>	<u>4,197,251</u>	<u>3,847,483</u>	<u>54,346</u>	<u>15,170,917</u>	<u>2,596,067</u>
OPERATING EXPENSES							
Personnel services	-	169,973	324,546	780,065	64,622	1,339,206	1,197,424
Cost of gas sold	-	-	2,380,614	-	-	2,380,614	-
Contract services	1,042,840	1,879,540	415,250	561,250	-	3,898,880	281,454
Utilities	331,055	248,527	20,498	17,724	20,156	637,960	100,246
Equipment repairs and maintenance	15,302	3,180	6,556	310,469	2,959	338,466	234,036
System repairs and maintenance	4,351	109,754	7,656	-	-	121,761	-
Landfill expenses	-	-	-	540,220	-	540,220	-
Supplies	26,625	-	3,079	35,802	10,701	76,207	76,808
Insurance	60,085	88,315	39,843	83,497	3,026	274,766	209,926
Gas, oil, and grease	31,899	21,849	3,153	227,166	-	284,067	939
Professional services	9,366	20,342	9,013	73,513	36,559	148,793	66,726
Depreciation	555,615	911,553	123,742	549,356	6,630	2,146,896	128,406
Postage	20,918	13,724	5,025	18,848	-	58,515	-
Marketing	-	-	12,229	-	14,405	26,634	-
Administrative and clerical	279,211	483,334	517,560	512,899	-	1,793,004	-
Miscellaneous	62,999	47,570	2,050	59,381	-	172,000	153,662
Total operating expenses	<u>2,440,266</u>	<u>3,997,661</u>	<u>3,870,814</u>	<u>3,770,190</u>	<u>159,058</u>	<u>14,237,989</u>	<u>2,449,627</u>
Operating income (loss)	<u>955,800</u>	<u>(321,890)</u>	<u>326,437</u>	<u>77,293</u>	<u>(104,712)</u>	<u>932,928</u>	<u>146,440</u>
NON-OPERATING INCOME (EXPENSES)							
Interest income	1,567	1,489	23,754	108,055	-	134,865	487
Unrealized gain/(loss)	-	-	-	(47,736)	-	(47,736)	-
Interest expense	-	(146,764)	(24,447)	-	-	(171,211)	-
Gain on sale of capital assets	-	-	-	614,479	-	614,479	-
Total non-operating income (expenses)	<u>1,567</u>	<u>(145,275)</u>	<u>(693)</u>	<u>674,798</u>	<u>-</u>	<u>530,397</u>	<u>487</u>
Income (loss) before contributions and transfers	<u>957,367</u>	<u>(467,165)</u>	<u>325,744</u>	<u>752,091</u>	<u>(104,712)</u>	<u>1,463,325</u>	<u>146,927</u>
CAPITAL CONTRIBUTIONS	<u>228,717</u>	<u>381,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,110</u>	<u>808,150</u>
TRANSFERS							
Transfers in	-	-	-	-	119,686	119,686	-
Transfers out	(89,000)	(89,000)	(89,000)	(89,000)	-	(356,000)	(40,000)
Total transfers	<u>(89,000)</u>	<u>(89,000)</u>	<u>(89,000)</u>	<u>(89,000)</u>	<u>119,686</u>	<u>(236,314)</u>	<u>(40,000)</u>
Change in net position	<u>1,097,084</u>	<u>(174,772)</u>	<u>236,744</u>	<u>663,091</u>	<u>14,974</u>	<u>1,837,121</u>	<u>915,077</u>
NET POSITION, beginning of year, as restated	<u>11,605,119</u>	<u>15,922,066</u>	<u>4,585,367</u>	<u>7,878,432</u>	<u>493,221</u>	<u>40,484,205</u>	<u>1,964,498</u>
NET POSITION, end of year	<u>\$ 12,702,203</u>	<u>\$ 15,747,294</u>	<u>\$ 4,822,111</u>	<u>\$ 8,541,523</u>	<u>\$ 508,195</u>	<u>\$ 42,321,326</u>	<u>\$ 2,879,575</u>

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

CITY OF TIFTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Major Proprietary Funds</u>				<u>Nonmajor Proprietary Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Gas Revenue Fund</u>	<u>Solid Waste Collection and Disposal Fund</u>	<u>Tift Theatre Fund</u>		<u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 3,715,525	\$ 3,579,126	\$ 4,240,941	\$ 4,026,276	\$ 62,926	\$ 15,624,794	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	2,650,039
Payments to suppliers	(1,901,212)	(2,915,772)	(3,463,057)	(2,372,718)	(88,568)	(10,741,327)	(961,540)
Payments to employees	(322,983)	(120,816)	(247,266)	(952,516)	(63,045)	(1,706,626)	(1,665,306)
Net cash provided by (used in) operating activities	<u>1,491,330</u>	<u>542,538</u>	<u>530,618</u>	<u>701,042</u>	<u>(88,687)</u>	<u>3,176,841</u>	<u>23,193</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in/(out)	(89,000)	(89,000)	(89,000)	(89,000)	119,686	(236,314)	(40,000)
Net cash provided by (used in) noncapital financing activities	<u>(89,000)</u>	<u>(89,000)</u>	<u>(89,000)</u>	<u>(89,000)</u>	<u>119,686</u>	<u>(236,314)</u>	<u>(40,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(87,837)	-	(21,904)	(915,601)	(17,044)	(1,042,386)	-
Proceeds from the sale of capital assets	-	-	-	835,000	-	835,000	-
Proceeds from the issuance of revenue bonds	-	2,735,000	-	-	-	2,735,000	-
Principal paid on notes payable	-	(2,769,414)	(128,357)	-	-	(2,897,771)	-
Principal paid on revenue bonds payable	-	(160,000)	-	-	-	(160,000)	-
Interest paid	-	(165,993)	(26,064)	-	-	(192,057)	-
Net cash used in capital and related financing activities	<u>(87,837)</u>	<u>(360,407)</u>	<u>(176,325)</u>	<u>(80,601)</u>	<u>(17,044)</u>	<u>(722,214)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of certificate of deposit	-	-	-	(1,781,191)	-	(1,781,191)	-
Principal received on notes receivable	-	-	191,575	-	-	191,575	-
Interest received	1,567	1,489	23,754	108,055	-	134,865	487
Net cash provided by (used in) investing activities	<u>1,567</u>	<u>1,489</u>	<u>215,329</u>	<u>(1,673,136)</u>	<u>-</u>	<u>(1,454,751)</u>	<u>487</u>
Increase (decrease) in cash and cash equivalents	1,316,060	94,620	480,622	(1,141,695)	13,955	763,562	(16,320)
Cash and cash equivalents:							
Beginning of year	<u>1,647,927</u>	<u>1,266,237</u>	<u>1,882,874</u>	<u>5,993,124</u>	<u>207,936</u>	<u>10,998,098</u>	<u>621,177</u>
End of year	<u>\$ 2,963,987</u>	<u>\$ 1,360,857</u>	<u>\$ 2,363,496</u>	<u>\$ 4,851,429</u>	<u>221,891</u>	<u>\$ 11,761,660</u>	<u>\$ 604,857</u>

(Continued)

CITY OF TIFTON, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Major Proprietary Funds</u>				<u>Nonmajor Proprietary Fund</u>	<u>Totals</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water Revenue Fund</u>	<u>Sewer Revenue Fund</u>	<u>Gas Revenue Fund</u>	<u>Solid Waste Collection and Disposal Fund</u>	<u>Tift Theatre Fund</u>		<u>Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 955,800	\$ (321,890)	\$ 326,437	\$ 77,293	(104,712)	\$ 932,928	\$ 146,440
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	555,615	911,553	123,742	549,356	6,630	2,146,896	128,406
Changes in assets and liabilities:							
Decrease in accounts receivable	187,718	9,073	22,817	311,025	1,685	532,318	12,479
Decrease in inventories	-	-	-	-	-	-	24,040
Decrease in prepaid items	-	-	-	-	-	-	163,533
Decrease in due from other funds	126,550	-	27	-	6,633	133,210	41,493
Increase in deferred outflows of resources	(47,084)	(47,220)	(48,800)	(64,513)	(342)	(207,959)	(117,324)
Increase (decrease) in accounts payable	(16,561)	363	(40,531)	(14,288)	(762)	(71,779)	(25,318)
Increase (decrease) in accrued liabilities	-	-	(23,519)	(39,962)	619	(62,862)	34,883
Increase (decrease) in customer deposits	2,956	1,858	2,150	(45,146)	-	(38,182)	-
Increase in landfill closure/postclosure care costs	-	-	-	82,339	-	82,339	-
Increase (decrease) in due to other funds	2,235	(107,576)	18,696	(87,086)	262	(173,469)	-
Increase (decrease) in net pension liability	(266,950)	105,351	158,874	(55,715)	1,266	(57,174)	(363,140)
Increase (decrease) in deferred inflows of resources	(8,949)	(8,974)	(9,275)	(12,261)	34	(39,425)	(22,299)
Net cash provided by (used in) operating activities	<u>\$ 1,491,330</u>	<u>\$ 542,538</u>	<u>\$ 530,618</u>	<u>\$ 701,042</u>	<u>(88,687)</u>	<u>\$ 3,176,841</u>	<u>\$ 23,193</u>
Noncash capital and related financing activities:							
Contributions of capital assets from SPLOST Fund	\$ 228,717	\$ 381,393	\$ -	\$ -	\$ -	\$ 610,110	\$ 808,150
Unrealized loss on investments	-	-	-	(47,736)	-	(47,736)	-
Net noncash capital and related financing activities	<u>\$ 228,717</u>	<u>\$ 381,393</u>	<u>\$ -</u>	<u>\$ (47,736)</u>	<u>\$ -</u>	<u>\$ 562,374</u>	<u>\$ 808,150</u>

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

CITY OF TIFTON, GEORGIA

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
JUNE 30, 2015**

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 4,614,991
Investments at fair value:	
Treasury and agency securities	2,137,192
Domestic common stocks	8,005,035
Municipal obligations	1,964,048
Domestic corporate bonds	2,754,182
Asset backed securities	1,267,810
Foreign corporate bonds	176,062
Accounts receivable	7,218
Total assets	<u>20,926,538</u>
LIABILITIES	
Accounts payable	31,970
Total liabilities	<u>31,970</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 20,894,568</u>

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

CITY OF TIFTON, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer	\$ 2,770,560
Employee	37,730
	<u>2,808,290</u>
Investment income:	
Interest and dividends	461,239
	<u>461,239</u>
Total additions	<u>3,269,529</u>
Deductions	
Administrative expenses	177,347
Retiree benefits	2,201,840
Net depreciation in fair value of investments	615,532
	<u>2,994,719</u>
Total deductions	<u>2,994,719</u>
Net increase	274,810
Net position held in trust for benefits:	
Beginning of year	<u>20,619,758</u>
End of year	<u>\$ 20,894,568</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF TIFTON, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tifton, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City of Tifton is the county seat of Tift County and was incorporated on August 14, 1920 under the provisions of an act of the General Assembly of Georgia and is governed by an elected Mayor and four-member Council. The City Manager is the head of the administrative branch of government. As such, he is responsible for the day-to-day operations of city government. The City provides the following services and operations as authorized by its charter: public safety (police and fire); public works; health and welfare; housing and development; and public utilities (water, sewer, gas, and solid waste). As required by accounting principles generally accepted in the United States of America, these financial statements include the accounts of all City operations and all activities of the City.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

In conformity with accounting principles generally accepted in the United States of America, as set forth in the Statement of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39 and 61, the component unit's financial statements are discretely presented in the government-wide financial statements.

Discretely Presented Component Unit

The City of Tifton Downtown Development Authority - The City of Tifton Downtown Development Authority (the "Downtown Development Authority") operates the Mainstreet programs. The governing board of the Downtown Development Authority is appointed by the Mayor and City Council and the City has assumed financial responsibility for its operations. The Downtown Development Authority is audited along with the primary government financial statements in accordance with Governmental Accounting Standards Board Statements No. 14 and 39. However, separate financial statements are not prepared.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Special Purpose Local Option Sales Tax (SPLOST) Fund** is a capital projects fund 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, firefighting equipment, and construction of City buildings.

The **Special Purpose Local Option Sales Tax V Fund** is a capital projects fund used to account for projects supported by the special purpose local option sales tax, including general obligation debt, senior center improvements, roads, sidewalks, water and sewer system improvements, technology equipment and upgrades, firefighting equipment and facility upgrades.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

The **Water Revenue Fund** accounts for the provision of water services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The **Sewer Revenue Fund** accounts for the provision of sewer services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The **Gas Revenue Fund** accounts for the provisions of natural gas services to the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

The **Solid Waste Collection and Disposal Fund** accounts for the provision of garbage and trash pickup and disposal for the residents of the City and Tift County. All activities necessary to provide such services are accounted for in this fund.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Capital Projects Funds** account for revenue sources that are to be used for the acquisition and construction of major capital facilities.

The **Internal Service Fund** is used to account for the rental of motor vehicles and equipment to other departments and related costs of the City, on a cost reimbursement basis.

The **Enterprise Fund** is used to account for the activity of the Tift Theatre.

The **Pension Trust Fund** is a fiduciary fund used to account for the assets held by the City in a trustee capacity for retirement benefits for City employees.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer, gas and solid waste functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services provided. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In February, the department heads are furnished with a worksheet to submit their proposed budget for the upcoming fiscal year to the Finance Director.
2. The budgets are reviewed and compiled by the Finance Director and submitted to the Mayor and City Council.
3. Budget hearings are held with the Mayor and City Council, the City Manager, and the Finance Director for final review and revisions.
4. A public hearing is then held for the proposed budget with adoption of the budget around the first of June.
5. Formal budgetary integration is the management tool used as a control device during the year for governmental and proprietary funds.

During the year, as the need arises, the Finance Director is authorized to transfer budget amounts within departments; however, any revisions that alter the total expenditures/expenses must be approved by the Mayor and City Council.

All annual appropriations lapse at fiscal year-end.

The City adopts annual budgets for its General Fund and special revenue funds, and adopts budgets for its capital project funds on a project basis, with the term of the project being longer than the City's fiscal year. All budgets are prepared on a basis consistent with generally accepted accounting principles.

E. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventory and Prepaid Items

Inventories are valued at average cost, which approximates market, using the first-in, first-out (FIFO) method. The City accounts for inventory on the purchase basis. Prepaid expenditures/expenses are accounted for using the consumption method. A prepaid item is recognized when a cash expenditure is made for goods or services that were purchased for consumption, but not consumed as of June 30.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as advances. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as follows: equipment with an initial cost of more than \$10,000; public utility extensions of \$20,000 or more; land and buildings of \$100,000 or more; and roads, bridges and drainage systems of \$250,000 or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2015, no amounts of interest were capitalized.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	20-50
Distribution Systems	10-50
Landfill	20

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Compensated Absences

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits because these benefits are paid upon the illness of an employee and the amount of such payments cannot be reasonably estimated. Accumulated unpaid vacation costs are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Deferred Outflows/Inflows of Resources

GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, have established accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources (Continued)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any items that qualified for reporting in this category for the year ended June 30, 2015 with the exception of the pension items discussed below.

In addition to liabilities, the statement of net position and the balance sheet for governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to the pension related items discussed below, the City has two types of items that qualify for reporting in this category. One type arises only under a modified accrual basis of accounting. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant revenue not received within 60 days after year-end. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. An *effective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

The City also has deferred inflows and outflows related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City Council has not formally designated an individual to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Net Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance, described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

Total deposits and investments of the primary government as of June 30, 2015, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	\$ 24,047,916
Investments	8,279,965
Amounts as presented on the fiduciary statement of net position:	
Cash and cash equivalents - Pension Trust Fund	4,614,991
Investments - Pension Trust Fund	16,304,329
Total	<u>\$ 53,247,201</u>
Cash deposited with financial institutions	\$ 28,662,907
Cash deposited with Georgia Fund 1	1
Certificate of deposit	502,181
Investments in the Municipal Competitive Trust	2,985,454
Investments in U.S. government securities	4,375,606
Investments in municipal bonds	3,319,913
Investments in domestic corporate bonds	2,754,182
Investments in foreign corporate bonds	176,062
Investments in asset backed securities	2,465,860
Investments in equities	8,005,035
Total	<u>\$ 53,247,201</u>

Total deposits and investments of the Downtown Development Authority (component unit) as of June 30, 2015, are summarized as follows:

Amounts as presented on the entity-wide statement of net position:	
Cash and cash equivalents	\$ 886,729
Investments	462,607
Total	<u>\$ 1,349,336</u>
Cash deposited with financial institutions	\$ 886,729
Certificates of deposit (maturity less than one year)	462,607
Total	<u>\$ 1,349,336</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2015, the City had the following investments:

Investment	Rating	Fair Value	Investment Maturities (in Years)						
			Less than 1	1 - 5	6 - 10	11 - 15	16 - 20	> 20	
Georgia Fund 1	AAAf	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit		502,181	-	251,203	250,978	-	-	-	-
Common stock		8,005,035	-	-	-	-	-	-	-
U.S. Government securities	AA+	1,944,044	-	970,223	973,821	-	-	-	-
U.S. Government securities	Aaa	2,431,562	-	1,435,739	995,823	-	-	-	-
Municipal bonds	A	326,097	-	326,097	-	-	-	-	-
Municipal bonds	AA-	872,975	-	323,517	262,658	286,800	-	-	-
Municipal bonds	Aa1	120,740	-	120,740	-	-	-	-	-
Municipal bonds	Aa3	220,242	-	-	220,242	-	-	-	-
Municipal bonds	AA	525,817	-	418,942	106,875	-	-	-	-
Municipal bonds	AA+	989,609	-	166,731	551,644	271,234	-	-	-
Municipal bonds	AAA	264,433	-	-	-	264,433	-	-	-
Corporate bonds	A-	425,520	-	425,520	-	-	-	-	-
Corporate bonds	A	492,040	-	222,432	269,608	-	-	-	-
Corporate bonds	A+	721,628	-	531,228	190,400	-	-	-	-
Corporate bonds	AA+	382,440	-	163,868	218,572	-	-	-	-
Corporate bonds	AA-	232,804	-	232,804	-	-	-	-	-
Corporate bonds	BBB+	499,750	-	499,750	-	-	-	-	-
Foreign corporate bonds	A-	176,062	176,062	-	-	-	-	-	-
Mortgage backed securities	NR	1,964,090	-	-	-	273,549	393,047	1,297,494	-
Mortgage backed securities	AA+	501,770	-	-	-	-	501,770	-	-
Guaranteed investment contract	AA-	2,985,454	-	-	-	2,985,454	-	-	-
Total		\$ 24,584,294	\$ 176,063	\$ 6,088,794	\$ 4,040,621	\$ 4,081,470	\$ 894,817	\$ 1,297,494	\$ -

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

State statutes authorize the City to invest in obligations of the U.S. Government and agencies of corporations of the U.S. Government; obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loans which have deposits insured by the FDIC or FSLIC; prime bankers' acceptances; repurchase agreements; and the Local Government Investment Pool of the State of Georgia ("Georgia Fund 1"). The investment in the Georgia Fund 1 represents the City's portion of a pooled investment account operated by the Office of the State Treasurer. The pool consists of U.S. treasury obligations, securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities, banker's acceptances, overnight and term repurchase agreements with highly rated counterparties, and collateralized bank accounts. The investment in Georgia Fund 1 is valued at fair market value.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to those with maturity of no more than one (1) year, unless matched to a specific requirement.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the City did not have any deposits which were uninsured and under collateralized as defined by GASB pronouncements and the State of Georgia.

Custodial Credit Risk – Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, the City was not exposed to custodial credit risk for its investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	General	SPLOST	SPLOST V	Nonmajor Governmental
Receivables:				
Taxes	\$ 119,777	\$ -	\$ -	\$ 104,665
Accounts	287,999	-	-	155,908
Intergovernmental	418,324	85,776	575,675	7,493
Gross receivables	826,100	85,776	575,675	268,066
Less: allowance for uncollectibles	(92,107)	-	-	-
Net total receivables	\$ 733,993	\$ 85,776	\$ 575,675	\$ 268,066
	Water Revenue	Sewer Revenue	Gas Revenue	Solid Waste Coll. and Disp.
Receivables:				
Accounts	\$ 616,674	\$ 839,714	\$ 492,533	\$ 788,835
Notes	-	-	765,271	-
Interest	-	-	-	28,204
Gross receivables	616,674	839,714	1,257,804	817,039
Less: allowance for uncollectibles	(191,691)	(234,558)	(191,408)	(494,485)
Net total receivables	\$ 424,983	\$ 605,156	\$ 1,066,396	\$ 322,554
	Internal Service			
Receivables:				
Accounts	\$ -			
Interest	1,030			
Gross receivables	1,030			
Less: allowance for uncollectibles	-			
Net total receivables	\$ 1,030			

Property taxes were levied on behalf of the City by Tift County on July 14, 2014, (Levy Date) based upon property values assessed as of January 1. The billings were mailed August 11, 2014 and were payable on or before November 15, 2014, for the calendar year 2014 tax. If unpaid by November 15, 2014, the bill becomes delinquent and penalties and interest may be assessed by the City. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the fiscal year ended June 30, 2015 and expected to be collected by August 31, 2015, are recognized as revenues for the year ended June 30, 2015. Net receivables estimated to be collectible subsequent to August 31, 2015 are recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. RECEIVABLES (CONTINUED)

Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. The tax rate levied during calendar year 2014 for the City's operations was 9.759 mills (mill equals \$1 per thousand dollars of assessed value).

At June 30, 2015, the Downtown Development Authority (component unit) has notes receivable totaling \$856,734 from a number of entities associated with certain conduit debt financing arrangements of the Downtown Development Authority. These amounts are offset by notes payable of \$782,627 with the difference in the two amounts caused by the timing of payments received. Terms of the notes receivable are similar to the terms of the respective and offsetting notes payable.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,522,664	\$ -	\$ -	\$ -	\$ 2,522,664
Construction in progress	2,153,563	3,186,802	-	(3,699,873)	1,640,492
Total capital assets, not being depreciated	<u>4,676,227</u>	<u>3,186,802</u>	<u>-</u>	<u>(3,699,873)</u>	<u>4,163,156</u>
Capital assets, being depreciated:					
Buildings and improvements	7,714,477	46,981	-	2,560,238	10,321,696
Machinery and equipment	11,100,660	560,290	-	-	11,660,950
Infrastructure	31,075,389	-	-	529,525	31,604,914
Total capital assets, being depreciated	<u>49,890,526</u>	<u>607,271</u>	<u>-</u>	<u>3,089,763</u>	<u>53,587,560</u>
Less accumulated depreciation for:					
Buildings and improvements	(2,732,065)	(167,058)	-	-	(2,899,123)
Machinery and equipment	(9,004,991)	(575,649)	-	-	(9,580,640)
Infrastructure	(9,414,743)	(753,645)	-	-	(10,168,388)
Total accumulated depreciation	<u>(21,151,799)</u>	<u>(1,496,352)</u>	<u>-</u>	<u>-</u>	<u>(22,648,151)</u>
Total capital assets, being depreciated, net	<u>28,738,727</u>	<u>(889,081)</u>	<u>-</u>	<u>3,089,763</u>	<u>30,939,409</u>
Governmental activities capital assets, net	<u>\$ 33,414,954</u>	<u>\$ 2,297,721</u>	<u>\$ -</u>	<u>\$ (610,110)</u>	<u>\$ 35,102,565</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for them are included as part of the above totals for governmental activities. At year-end, internal service fund capital assets with a net book value of \$3,466,170 are included in the above amounts, including additions of \$808,150.

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

Governmental activities:		
General government	\$	20,910
Public safety		481,553
Public works		864,004
Culture and recreation		1,479
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		128,406
Total depreciation expense - governmental activities	\$	1,496,352

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 582,835	\$ -	\$ -	\$ -	\$ 582,835
Construction in progress	388,997	657,104	-	(467,759)	578,342
Total capital assets, not being depreciated	971,832	657,104	-	(467,759)	1,161,177
Capital assets, being depreciated:					
Landfill	6,816,760	-	-	-	6,816,760
Buildings and improvements	958,269	-	-	-	958,269
Distribution system	63,374,770	21,870	-	448,495	63,845,135
Machinery and equipment	11,775,319	973,522	(1,212,030)	19,264	11,556,075
Total capital assets, being depreciated	82,925,118	995,392	(1,212,030)	467,759	83,176,239
Less accumulated depreciation for:					
Landfill	(5,322,169)	(190,673)	-	-	(5,512,842)
Buildings and improvements	(520,133)	(31,909)	-	-	(552,042)
Distribution system	(31,964,376)	(1,491,185)	-	-	(33,455,561)
Machinery and equipment	(10,473,000)	(433,129)	991,509	-	(9,914,620)
Total accumulated depreciation	(48,279,678)	(2,146,896)	991,509	-	(49,435,065)
Total capital assets, being depreciated, net	34,645,440	(1,151,504)	(220,521)	467,759	33,741,174
Business-type activities capital assets, net	\$ 35,617,272	\$ (494,400)	\$ (220,521)	\$ -	\$ 34,902,351

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

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

Business-type activities:	
Water	\$ 555,615
Sewer	911,553
Gas	123,742
Solid waste collection and disposal	549,356
Tift Theatre	6,630
Total depreciation expense - business-type activities	\$ 2,146,896

Capital asset activity for the Downtown Development Authority for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Downtown Development Authority:					
Capital assets, not being depreciated:					
Land	\$ 273,083	\$ -	\$ -	\$ -	\$ 273,083
Total capital assets, not being depreciated	273,083	-	-	-	273,083
Capital assets, being depreciated:					
Buildings and improvements	1,941,621	109,530	-	-	2,051,151
Furniture and equipment	-	4,034	-	-	4,034
Total capital assets, being depreciated	1,941,621	113,564	-	-	2,055,185
Less accumulated depreciation for:					
Buildings and improvements	(447,011)	(52,147)	-	-	(499,158)
Furniture and equipment	-	(134)	-	-	(134)
Total accumulated depreciation	(447,011)	(52,281)	-	-	(499,292)
Total capital assets, being depreciated, net	1,494,610	61,283	-	-	1,555,893
Downtown Development Authority capital assets, net	\$ 1,767,693	\$ 61,283	\$ -	\$ -	\$ 1,828,976

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT

Notes Payable

The following is a listing of the notes payable of the City of Tifton, Georgia at June 30, 2015:

Governmental Activities

Note payable dated December 15, 2009 in the original amount of \$1,135,651, to be used for improvements to streets, the local airport, and lighting on Interstate 75. The loan is to be repaid in 120 monthly installments of \$11,811, including interest at 2.51%. The City refinanced the note during the year ending June 30, 2013 with the only modification being the reduction of the interest rate. The outstanding balance at June 30, 2015 is \$533,692.

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

Fiscal Year Payable	Total	Principal	Interest
2016	\$ 141,729	\$ 129,619	\$ 12,110
2017	141,730	132,988	8,742
2018	141,730	136,412	5,318
2019	136,478	134,673	1,805
	\$ 561,667	\$ 533,692	\$ 27,975

Business-Type Activities

Note payable with a local financial institution dated September 12, 2012, in the original amount of \$893,785 to be used for gas line extensions. The loan is to be repaid in annual installments of \$100,867 including interest at 2.16% beginning December 12, 2013. The outstanding balance at June 30, 2015 is \$733,832.

Note payable with a local financial institution dated September 14, 2012, in the original amount of \$431,520 to be used for gas line extensions. The loan is to be repaid in annual installments of \$53,554 including interest at 2.16% beginning December 14, 2013. The outstanding balance at June 30, 2015 is \$344,479.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 154,421	\$ 131,129	\$ 23,292
2017	154,421	133,962	20,459
2018	154,422	136,856	17,566
2019	154,421	139,812	14,609
2020	154,422	142,832	11,590
2021 - 2023	409,710	393,720	15,990
	<u>\$ 1,181,817</u>	<u>\$ 1,078,311</u>	<u>\$ 103,506</u>

From time to time the Downtown Development Authority (component unit) incurs notes payable to provide financial assistance to private sector entities or other third parties for the acquisition and construction of commercial facilities. The notes are secured by the property financed and are payable solely from payment received on the notes receivable and lease agreements. Upon repayment of the notes payable, ownership of the acquired facilities transfers to the private sector entity served by the notes payable. The outstanding balance of these notes payable totaled \$782,627 at June 30, 2015.

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 129,623	\$ 93,532	\$ 36,091
2017	129,623	98,311	31,312
2018	125,549	99,247	26,302
2019	118,268	75,694	42,574
2020	97,727	79,422	18,305
2021 - 2025	369,187	336,421	32,766
	<u>\$ 969,977</u>	<u>\$ 782,627</u>	<u>\$ 187,350</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Business-Type Activities

On December 29, 2014, the City issued \$2,735,000 in Series 2014 Sewer Refunding Revenue Bonds for refinancing two outstanding loans payable to the Georgia Environmental Finance Authority (GEFA). The Series 2014 Sewer Refunding Revenue Bonds mature on July 1, 2024 and pay interest at 2.26% on January 1 and July 1 each year. Interest and principal payments begin July 1, 2015. The principal amount outstanding at June 30, 2015 was \$2,575,000. Total interest costs incurred during the year ended June 30, 2015 were \$31,249.

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 29,235	\$ -	\$ 29,235
2017	355,064	300,000	55,064
2018	353,195	305,000	48,195
2019	351,213	310,000	41,213
2020	349,117	315,000	34,117
2021 - 2025	1,408,863	1,345,000	63,863
	<u>\$ 2,846,687</u>	<u>\$ 2,575,000</u>	<u>\$ 271,687</u>

Certificates of Participation

The City leases certain equipment through a lease pool agreement with the Georgia Municipal Association (GMA). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by GMA. GMA passed the net proceeds through to the participating municipalities with the City's participation totaling \$4,444,000. The lease pool agreement with GMA provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation.

The principal of \$4,444,000 is due in a lump-sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from GMA. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation. The GMA lease program expires June 2028.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Certificates of Participation (Continued)

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (i) a semi-annual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semi-annual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2015, the floating rate being paid by the City is 0.38%, and the market value of this agreement is \$1,234,836, an increase of \$178,038 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2015 based on the derivative contract. This market value is reported as an asset in the statement of net position. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year-end) is deferred and reported as a deferred inflow in the statement of net position.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Certificates of Participation (Continued)

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

<u>Fiscal Year Payable</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 211,090	\$ -	\$ 211,090
2017	211,090	-	211,090
2018	211,090	-	211,090
2019	211,090	-	211,090
2020	211,090	-	211,090
2021 - 2025	1,055,450	-	1,055,450
2026 - 2028	5,077,270	4,444,000	633,270
	<u>\$ 7,188,170</u>	<u>\$ 4,444,000</u>	<u>\$ 2,744,170</u>

Closure/Postclosure Care Costs

State and federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, requires the City to report a liability for the estimated costs of closing and maintaining each landfill site.

Omega/Eldorado Road MSW Landfill Phase 1

The City stopped accepting waste at this landfill site in April 1997, upon reaching full capacity. The City estimated the costs of closing and maintaining this site, based on landfill capacity used to date. The estimated postclosure care costs, recorded in the Solid Waste Collection and Disposal Fund statement of net position is \$687,967.

Omega/Eldorado Road MSW Landfill Phase 3

The City began operations at this site in July 2008. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, which is expected to occur in 2019, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and postclosure care liability at June 30, 2015 of \$2,743,631 is reported in the Solid Waste Collection and Disposal Fund and represents the cumulative amount reported to date based on the use of approximately 84% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$522,596 as the remaining estimated capacity is filled.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (CONTINUED)

Closure/Postclosure Care Costs (Continued)

These amounts are based on what it would cost to perform all closure and postclosure care in 2015, adjusted annually for inflation. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Should any problems occur during the closure and postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

Changes in Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Notes payable	\$ 2,771,039	\$ -	\$ (2,237,347)	\$ 533,692	\$ 129,619
Certificates of participation	4,444,000	-	-	4,444,000	-
Net pension liability	14,163,817	1,114,411	(1,399,397)	13,878,831	-
Compensated absences	392,806	386,236	(385,466)	393,576	16,938
Governmental activity					
Long-term liabilities	<u>\$ 21,771,662</u>	<u>\$ 1,500,647</u>	<u>\$ (4,022,210)</u>	<u>\$ 19,250,099</u>	<u>\$ 146,557</u>
Business-type activities:					
Notes payable	\$ 3,976,082	\$ -	\$ (2,897,771)	\$ 1,078,311	\$ 131,129
Bonds payable	-	2,735,000	(160,000)	2,575,000	-
Net pension liability	4,497,256	507,676	(564,850)	4,440,082	-
Compensated absences	61,184	11,861	(50,481)	22,564	1,128
Landfill closure/postclosure	3,349,259	82,339	-	3,431,598	-
Business-type activity					
Long-term liabilities	<u>\$ 11,883,781</u>	<u>\$ 3,336,876</u>	<u>\$ (3,673,102)</u>	<u>\$ 11,547,555</u>	<u>\$ 132,257</u>
Downtown Development Authority:					
Notes payable	\$ 870,961	\$ -	\$ (88,334)	\$ 782,627	\$ 93,532
Net pension liability	18,658	25,932	(1,072)	43,518	-
Component unit					
Long-term liabilities	<u>\$ 889,619</u>	<u>\$ 25,932</u>	<u>\$ (89,406)</u>	<u>\$ 826,145</u>	<u>\$ 93,532</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$119,471 of the Service Fund's compensated absences and \$2,508,380 of the Service Fund's net pension liability are included in the above amounts. Also, for the governmental activities, compensated absences and the net pension obligation are substantially liquidated by the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLAN

Plan description. The Retirement Plan for the Employees of the City of Tifton, Georgia (the "Plan") is a single-employer defined benefit pension plan. The Plan is administered for the City. The Plan was established and is maintained in accordance with ordinance 97-02 as adopted by the City Council. The Plan is funded in conformity with the minimum funding standards in Section 47-20-10 of the Public Retirement Systems standard law. The Plan is part of the City's financial reporting entity and is therefore included in these financial statements as a Pension Trust Fund. The Plan does not issue a stand-alone financial report.

Plan membership. As of June 30, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	158
Inactive plan members entitled to but not receiving benefits	49
Active plan members	<u>183</u>
Total	<u><u>390</u></u>

Benefits provided. The Plan provides retirement, disability, and pre-retirement death benefits to plan members and beneficiaries. Retirement benefits for general plan members are calculated as the sum of 2.0% of the average earnings (highest 60 consecutive months of pensionable earnings), multiplied by years of service through September 30, 2010, plus 1.5% of average earnings multiplied by service earned thereafter (for members hired before July 1, 2008) or 1.5% of average earnings multiplied by service (for members hired after June 30, 2008). Normal retirement ranges from age 55 to age 65. General members are eligible for early retirement at age 55 with 10 years of service. Elected and appointed members of the governing authority and municipal legal officers receive \$5, multiplied by years of service. If death occurs after meeting the requirements for Normal or Early retirement, members receive \$5,000 (only if the employee retires after June 30, 2008 directly from active employment with the City). If an active participant becomes disabled during the course of his employment, the participant is entitled to receive a monthly benefit equal to the basic pension formula after five years of service.

Contributions. A City ordinance grants the authority to establish and amend the contribution requirements of the City to the Plan's Board of Trustees, subject to the approval of City Council. Members hired after June 30, 2008 must contribute 5% of pensionable earnings. The employer contribution rate is established based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of the benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the fiscal year ended June 30, 2015, the City's contribution rate was 68.7% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which significantly changed the City's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The City's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%
Investment rate of return	6.69%

Mortality rates were based on the RP-2000 Mortality Table, which contained sex-distinct rates, with adjustments for mortality improvements based on Scale AA.

No experience study has been performed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are: Equity Securities – 6.75%, Fixed Income Securities – (.06)% and Cash – .04%.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Discount rate. The discount rate used to measure the total pension liability was 6.69%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made equal to the actuarially determined contribution rate. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability of the city. The changes in the components of the net pension liability of the City for the year ended June 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 38,418,181	\$ 19,738,450	\$ 18,679,731
Changes for the year:			
Service cost	628,470	-	628,470
Interest	2,535,128	-	2,535,128
Differences between expected and actual experience	17,857	-	17,857
Contributions—employer	-	3,651,868	(3,651,868)
Contributions—employee	-	37,730	(37,730)
Net investment income	-	(154,293)	154,293
Benefit payments, including refunds of employee contributions	(2,342,637)	(2,201,840)	(140,797)
Administrative expense	-	(177,347)	177,347
Net changes	838,818	1,156,118	(317,300)
Balances at June 30, 2015	<u>\$ 39,256,999</u>	<u>\$ 20,894,568</u>	<u>\$ 18,362,431</u>

The Plan's fiduciary net position as a percentage of the total pension liability 53.23%

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.69%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.69%) or 1-percentage-point higher (7.69%) than the current rate.

	1% Decrease (5.69%)	Current Discount Rate (6.69%)	1% Increase (7.69%)
City's net pension liability	\$ 22,917,117	\$ 18,362,431	\$ 14,521,650

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2015 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$2,312,465. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 282,902	\$ -
Changes in assumptions	3,362,806	-
Net difference between projected and actual earnings on pension plan investments	1,311,187	489,706
Total	\$ 4,956,895	\$ 489,706

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PENSION PLAN (CONTINUED)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ 634,739
2017	634,739
2018	634,739
2019	797,974
2020	470,177
Thereafter	1,294,821
Total	<u><u>\$ 4,467,189</u></u>

NOTE 7. INTERFUND BALANCES AND TRANSFERS

The City's interfund receivables and payables at June 30, 2015 are shown below. These amounts represent short-term receivables and payables. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Payable			
	General	Water Revenue	Sewer Revenue	Gas Revenue
Receivable				
Nonmajor governmental fund	\$ 7,249	\$ -	\$ -	\$ -
Internal service fund	180,541	79,512	80,946	82,258
Total	<u><u>\$ 187,790</u></u>	<u><u>\$ 79,512</u></u>	<u><u>\$ 80,946</u></u>	<u><u>\$ 82,258</u></u>
		Solid Waste Coll. and Disp.	Tift Theatre Fund	Total
Receivable				
Nonmajor governmental fund		\$ -	\$ -	\$ 7,249
Internal service fund		73,320	262	496,839
Total		<u><u>\$ 73,320</u></u>	<u><u>\$ 262</u></u>	<u><u>\$ 504,088</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Advances to/from other funds result from the use of 1998 GMA lease pool proceeds, maintained in the Capital Projects Fund, by various other funds for capital outlay, and the repayment of these funds to the Capital Projects Fund over a period of several years.

<u>Payable</u>	<u>Receivable</u>		
	<u>General</u>	<u>Internal Service Fund</u>	<u>Total</u>
General fund	\$ -	\$ 1,449	\$ 1,449
Capital projects fund	500	-	500
Nonmajor governmental fund	30,000	-	30,000
Total	\$ 30,500	1,449	31,949

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>				<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Tift Theatre</u>	<u>Nonmajor Governmental</u>	<u>General Fund</u>	
General	\$ 211,800	\$ -	\$ 7,289	\$ -	\$ 219,089
Water Revenue	89,000	-	-	-	89,000
Sewer Revenue	89,000	-	-	-	89,000
Gas Revenue	89,000	-	-	-	89,000
Solid waste coll. and disp.	89,000	-	-	-	89,000
Internal service fund	40,000	-	-	-	40,000
Nonmajor governmental fund	-	119,686	-	15,528	135,214
Total	\$ 607,800	\$ 119,686	\$ 7,289	\$ 15,528	\$ 750,303

Transfers are used to (1) move revenues from the fund that the statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RELATED ORGANIZATION

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

NOTE 9. HOTEL/MOTEL TAX

The City imposes a 5% hotel/motel tax on lodging facilities within the City. For the fiscal year ended June 30, 2015, \$949,700 of hotel/motel tax was collected. During the year, \$345,405 was paid to the Tifton-Tift County Tourism Association, \$69,122 was paid to the Downtown Development Authority, and \$35,000 was paid to the Chamber of Commerce for the promotion of tourism. The remainder of the funds totaling \$372,580 was spent by the City in accordance with OCGA 48-13-51.

NOTE 10. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 10-county south Georgia area, is a member of the Southern Georgia Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2015, the City paid \$25,180 in such dues. Membership in a Regional Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from the Southern Georgia Regional Commission, P.O. Box 1223, Valdosta, Georgia 31603.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants from Governments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2015, the City has contractual commitments on uncompleted contracts of approximately \$754,728.

Agreements with the Municipal Gas Authority of Georgia

The City has entered into a contract for the purchase of wholesale natural gas supplies and related services with the Municipal Gas Authority of Georgia (MGAG) that requires the City to purchase all of its natural gas from MGAG. The gas supply contract with MGAG authorizes MGAG to establish rates and charges so as to produce revenues sufficient to cover its operating costs and retire its bonds issued to acquire long-term gas supplies for sale to its members, including the City. In the event that revenues are insufficient to cover all costs and retire bonds issued by MGAG, the City is obligated to pay its obligation share of the costs of the gas supply and related services MGAG provides to the City; costs include amounts equal to principal and interest on MGAG's bonds. These obligations, which extend through the year 2016, are general obligations of the City to which the City's full faith, credit and taxing powers are pledged. The City's obligation to MGAG for gas supply costs are based on MGAG's costs to provide such supply, including bonds issued to purchase long-term rights to bulk supply. Payments to MGAG are made monthly based on actual usage. The total payments under these contracts amounted to \$2,227,308.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

At June 30, 2015, the outstanding debt of MGAG was approximately \$357,537,870. The City's guarantee varies by individual projects undertaken by MGAG and totals approximately \$5,057,874 at June 30, 2015.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the risk pools being required to pay any claim of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigations, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the risk pools.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CHANGES IN ACCOUNTING PRINCIPLES

The City has determined that a restatement to the July 1, 2014 beginning net position was required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to beginning net position in the government-wide statement of net positions as follows:

	Governmental Activities	Business-type Activities
Beginning net position, July 1, 2014, as previously reported	\$ 43,978,497	\$ 44,148,667
Change in accounting principle due to the implementation of GASB Statement No. 68	(11,559,926)	(3,664,462)
Beginning net position, July 1, 2014, as restated	\$ 32,418,571	\$ 40,484,205

This adjustment resulted in a change to beginning net position of proprietary funds as follows:

	Water Revenue Fund	Sewer Revenue Fund	Gas Revenue Fund
Beginning net position, July 1, 2014, as previously reported	\$ 12,689,875	\$ 16,636,843	\$ 5,274,079
Change in accounting principle due to the implementation of GASB Statement No. 68	(1,084,756)	(714,777)	(688,712)
Beginning net position, July 1, 2014, as restated	\$ 11,605,119	\$ 15,922,066	\$ 4,585,367

	Solid Waste Collection and Disposal Fund	Internal Service Fund
Beginning net position, July 1, 2014, as previously reported	\$ 9,054,649	\$ 4,365,406
Change in accounting principle due to the implementation of GASB Statement No. 68	(1,176,217)	(2,400,908)
Beginning net position, July 1, 2014, as restated	\$ 7,878,432	\$ 1,964,498

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

The Downtown Development Authority has determined that a restatement to the July 1, 2014 beginning net position was required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014, through which accounting for pension plans and the related disclosure requirements were modified. This adjustment resulted in a change to the beginning net position of the Authority as follows:

	Downtown Development Authority
Beginning net position, July 1, 2014, as previously reported	<u>\$ 2,946,232</u>
Change in accounting principle due to the implementation of GASB Statement No. 68	<u>(10,493)</u>
Beginning net position, July 1, 2014, as restated	<u><u>\$ 2,935,739</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TIFTON, GEORGIA

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

	June 30, 2015	June 30, 2014
Total pension liability		
Service cost	\$ 628,470	\$ -
Interest on total pension liability	2,535,128	2,129,173
Changes of benefit terms	-	5,538,967
Differences between expected and actual experience	17,857	335,746
Changes of assumptions	-	4,230,628
Benefit payments, including refunds of employee contributions	(2,342,637)	(2,237,177)
Net change in total pension liability	838,818	9,997,337
Total pension liability - beginning	38,418,181	28,420,844
Total pension liability - ending	\$ 39,256,999	\$ 38,418,181
Plan fiduciary net position		
Contributions - employer	\$ 3,651,868	\$ 1,889,252
Contributions - employee	37,730	-
Net investment income (loss)	(154,293)	2,179,770
Benefit payments, including refunds of employee contributions	(2,201,840)	(2,117,590)
Administrative expenses	(177,347)	-
Net change in plan fiduciary net position	1,156,118	1,951,432
Plan fiduciary net position - beginning	19,738,450	17,787,018
Plan fiduciary net position - ending	\$ 20,894,568	\$ 19,738,450
City's net pension liability - ending	\$ 18,362,431	\$ 18,679,731
Plan fiduciary net position as a percentage of the total pension liability	53.2%	51.4%
Covered-employee payroll	\$ 5,315,072	\$ 5,315,072
City's net pension liability as a percentage of covered-employee payroll	345.5%	351.4%

Notes to the Schedule

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

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS

	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 1,764,217	\$ 1,766,335
Contributions in relation to the actuarially determined contribution	3,651,868	1,889,251
Contribution deficiency (excess)	\$ (1,887,651)	\$ (122,916)
Covered-employee payroll	5,315,072	5,315,072
Contributions as a percentage of covered-employee payroll	68.7%	35.5%

Notes to the Schedule

Valuation date	June 30, 2014
Cost method	Aggregate cost
Actuarial asset valuation method	Five year smoothed market value
Assumed rate of return on investments	6.69%
Projected salary increases	3.50%
Cost-of-living adjustment	3.00%
Amortization method	Level percentage, open
Remaining amortization period	30 years

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

CITY OF TIFTON, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PENSION INVESTMENT RETURNS

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual money-weighted rate of return, net of investment expenses for the City of Tifton's pension plan.	6.69%	7.50%

Note to the Schedule

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

**COMBINING STATEMENTS
AND SCHEDULES**

CITY OF TIFTON, GEORGIA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Community Development Revolving Loan Fund** accounts for grant revenues and expenditures relating to various short lived projects.

The **Hotel/Motel Tax Fund** accounts for the Hotel/Motel accommodation excise tax receipts and distributions to organizations promoting tourism, as required by agreements with these organizations.

The **Grant Fund** accounts for grant revenues and expenditures relating to various short lived projects.

The **Confiscated Assets Fund** accounts for monies deemed as forfeited property by courts to the City from cases related to illegal drug activity.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The **CDBG Grant Fund** accounts for grant revenues and expenditures associated with community development block grants received from the Department of Housing and Urban Development.

CITY OF TIFTON, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS	Special Revenue Funds				Capital Projects Fund	Total
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund	CDBG Grant Fund	
Cash and cash equivalents	\$ 24,622	\$ 372,721	\$ 27,034	\$ 25,187	\$ -	\$ 449,564
Taxes receivable	-	104,665	-	-	-	104,665
Accounts receivable, net	-	-	-	-	155,908	155,908
Due from other governments	-	-	7,493	-	-	7,493
Due from other funds	-	-	7,249	-	-	7,249
Due from component unit	179,344	-	-	-	-	179,344
Total assets	\$ 203,966	\$ 477,386	\$ 41,776	\$ 25,187	\$ 155,908	\$ 904,223
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 39,940	\$ -	\$ -	\$ 155,908	\$ 195,848
Advances from other funds	-	-	30,000	-	-	30,000
Total liabilities	-	39,940	30,000	-	155,908	225,848
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - grants	-	-	5,469	-	-	5,469
Total deferred inflows of resources	-	-	5,469	-	-	5,469
FUND BALANCES						
Restricted for:						
Housing and development	203,966	-	-	-	-	203,966
Tourism	-	437,446	-	-	-	437,446
Public safety	-	-	6,307	25,187	-	31,494
Total fund balances	203,966	437,446	6,307	25,187	-	672,906
Total liabilities, deferred inflows of resources, and fund balances	\$ 203,966	\$ 477,386	\$ 41,776	\$ 25,187	\$ 155,908	\$ 904,223

CITY OF TIFTON, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			Capital Projects Fund		Total
	Community Development Revolving Loan Fund	Hotel/Motel Tax Fund	Grant Fund	Confiscated Assets Fund	CDBG Grant Fund	
Revenues:						
Taxes	\$ -	\$ 949,700	\$ -	\$ -	\$ -	\$ 949,700
Intergovernmental	-	-	16,809	-	450,815	467,624
Interest revenue	2,150	264	-	-	-	2,414
Fines and forfeitures	-	-	-	40	-	40
Other revenues	-	7,500	-	-	-	7,500
Total revenues	<u>2,150</u>	<u>957,464</u>	<u>16,809</u>	<u>40</u>	<u>450,815</u>	<u>1,427,278</u>
Expenditures:						
Current:						
Public safety	-	-	23,914	5,362	-	29,276
Public works	-	-	74	-	-	74
Culture and recreation	-	545,164	-	-	450,855	996,019
Housing and development	-	-	70	-	-	70
Debt service:						
Principal	-	126,397	-	-	-	126,397
Interest	-	15,332	-	-	-	15,332
Total expenditures	<u>-</u>	<u>686,893</u>	<u>24,058</u>	<u>5,362</u>	<u>450,855</u>	<u>1,167,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,150</u>	<u>270,571</u>	<u>(7,249)</u>	<u>(5,322)</u>	<u>(40)</u>	<u>260,110</u>
Other financing sources (uses)						
Transfers in	-	-	7,249	-	40	7,289
Transfers out	-	(135,214)	-	-	-	(135,214)
Total other financing sources (uses)	<u>-</u>	<u>(135,214)</u>	<u>7,249</u>	<u>-</u>	<u>40</u>	<u>(127,925)</u>
Net change in fund balances	2,150	135,357	-	(5,322)	-	132,185
Fund balances, beginning of year	<u>201,816</u>	<u>302,089</u>	<u>6,307</u>	<u>30,509</u>	<u>-</u>	<u>540,721</u>
Fund balances, end of year	<u>\$ 203,966</u>	<u>\$ 437,446</u>	<u>\$ 6,307</u>	<u>\$ 25,187</u>	<u>\$ -</u>	<u>\$ 672,906</u>

CITY OF TIFTON, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2006 Referendum</u>					
Street and sidewalk improvements	\$ 2,670,000	\$ 2,670,000	\$ 2,402,384	\$ 196,800	\$ 2,599,184
New fire station and equipment	2,660,000	2,660,000	1,878,123	288,625	2,166,748
Police equipment	414,000	414,000	308,229	-	308,229
Sewer system improvements	6,831,000	6,831,000	5,506,960	240,121	5,747,081
Water system improvements	5,200,000	5,200,000	4,105,889	-	4,105,889
Drainage improvements	2,500,000	2,500,000	2,050,042	-	2,050,042
Senior center improvements	750,000	750,000	116,613	378,712	495,325
City hall renovations	1,000,000	1,000,000	728,897	107,836	836,733
Recycling facility improvements	450,000	450,000	263,230	-	263,230
Landfill/Sanitation equipment	650,000	650,000	582,775	-	582,775
Park and cemetery improvements	200,000	200,000	6,650	-	6,650
Maintenance warehouse improvements	650,000	650,000	312,333	-	312,333
M.I.S. Improvements	1,850,000	1,850,000	1,390,789	95,570	1,486,359
	<u>\$ 25,825,000</u>	<u>\$ 25,825,000</u>	<u>\$ 19,652,914</u>	<u>\$ 1,307,664</u>	<u>\$ 20,960,578</u>
Total per Statement of Revenues, Expenditures and Changes in Fund Balances				\$ 1,333,284	
Expenditures funded by grant revenues				(25,620)	
				<u>\$ 1,307,664</u>	

CITY OF TIFTON, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Revised Estimated Cost</u>	<u>Expenditures</u>		
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2013 Referendum</u>					
General Obligation Debt for Telecom Services	\$ 4,500,000	\$ 4,500,000	\$ 2,307,090	\$ 2,192,910	\$ 4,500,000
Senior Citizen Center Renovation and Improvements	500,000	500,000	-	9,690	9,690
Road, Street, Bridge Projects, Drainage and Parking	8,800,000	8,800,000	4,248	488,146	492,394
Technology Equipment and Upgrades	1,500,000	1,500,000	-	210	210
Water and Sewer System Capital Outlay and Improvements	7,600,000	7,600,000	-	184,991	184,991
Fire Department Capital Outlay and Facilities Upgrades	1,600,000	1,600,000	-	-	-
	<u>\$ 24,500,000</u>	<u>\$ 24,500,000</u>	<u>\$ 2,311,338</u>	<u>\$ 2,875,947</u>	<u>\$ 5,187,285</u>
Total per Statement of Revenues, Expenditures and Changes in Fund Balances				\$ 3,226,528	
Expenditures funded by grant revenues				(350,581)	
				<u>\$ 2,875,947</u>	

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Honorable Mayor and Members
of the City Council
Tifton, Georgia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tifton, Georgia (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 28, 2015. Our report includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Tifton, Georgia's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**To the Honorable Mayor and Members
of the City Council
Tifton, Georgia**

Report on Compliance for Each Major Federal Program

We have audited the City of Tifton, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Tifton, Georgia's major federal programs for the year ended June 30, 2015. The City of Tifton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Tifton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Tifton, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Tifton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of Tifton, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Tifton, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 28, 2015

CITY OF TIFTON, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
(Passed through Georgia Department of Community Affairs)			
Community Development Block Grant	14.218	13P-X-137-2-5565	\$ 450,815
Total U.S. Department of Housing and Urban Development			<u>450,815</u>
<u>U.S. Department of Justice</u>			
Justice Assistance Grant	16.738	2012-DJ-BX-0764	2,907
Justice Assistance Grant	16.738	2013-DJ-BX-0129	6,648
Total JAG Program			<u>9,555</u>
Bulletproof Vest Program	16.607	N/A	7,179
Total U.S. Department of Justice			<u>16,734</u>
<u>U.S. Department of Transportation</u>			
(Passed through Georgia Department of Transportation)			
Highway Planning and Construction Cluster Transportation Enhancement - Streetscape Phase 3	20.205	CSTEE-009-00 (134)	57,656
Highway Safety Cluster SAFETEA-LU	20.610	CSHPP-0007-00(578)	25,620
Total U.S. Department of Transportation			<u>83,276</u>
Total Expenditures of Federal Awards			<u>\$ 550,825</u>

Note: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Tifton, Georgia (the "City") 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.

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

Identification of major programs:

CFDA Number

14.218

Name of Federal Program or Cluster

U.S. Department of Housing and Urban Development
Community Development Block Grant

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

CITY OF TIFTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2015 - 001. Utility Accounts Receivable

Criteria: During the prior fiscal year, the City converted its utilities software from TBS to Govern. This software captures and maintains all transactions related to the utility funds.

Condition: During our audit of accounts receivable, we noted the City was unable to provide an accounts receivable detail report from the software that agreed with the general ledger.

Context: During our testing of receivables, audit adjustments were required to correctly agree the general ledger to reports provided from the software, which had to be manually allocated to each utility fund.

Effect: Without accurate and timely reports from the utility software, the City is unable to accurately reconcile the utility activity to the general ledger. An audit adjustment to decrease accounts receivable and revenue in the amount of \$81,626 was required to be recorded in the Water Revenue Fund as of June 30, 2015. An audit adjustment to decrease accounts receivable and revenue in the amount of \$47,514 was required to be recorded in the Sewer Revenue Fund as of June 30, 2015. An audit adjustment to decrease accounts receivable and revenue in the amount of \$31,638 was required to be recorded in the Gas Revenue Fund as of June 30, 2015. Finally, an audit adjustment to decrease accounts receivable and revenue in the amount of \$54,717 was required to be recorded in the Solid Waste Collection and Disposal Fund as of June 30, 2015.

Recommendation: We recommend the City continue to work with Govern to create accurate and timely reports which correctly reflect year-end balances.

Views of Responsible Officials and Planned Corrective Action: We concur and will work with Govern to create needed reports.

CITY OF TIFTON, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported.

CITY OF TIFTON, GEORGIA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATUS OF PRIOR YEAR AUDIT FINDINGS

2014 - 001. GMA Lease Pool

Criteria: In June 1998, the City, along with other municipalities in Georgia, entered into a lease pool agreement with the Georgia Municipal Association (GMA). The funding of the lease pool was provided by the issuance of \$150,126,000 Certificates of Participation by GMA. GMA passed the net proceeds through to the participating municipalities with the City's participation totaling \$4,444,000. The City is responsible for repaying the \$4,444,000 back to GMA in a lump-sum payment on June 1, 2028.

The lease pool agreement with GMA provides that the City owns their portion of the assets invested in the pool. Therefore the \$4,444,000 is recorded as an investment on the books of the City. The City periodically uses these funds to purchase capital assets. As this happens, the balance of the investment decreases. The lease pool agreement requires the City to make semiannual lease payments, with the principal portion being repaid back into the City's investment account and the interest portion paid to GMA for the use of the \$4,444,000.

Condition: During the year ended June 30, 2014, the City recorded loan proceeds when amounts were used from the investment account to purchase capital assets, and debt service expenditures for the repayment of amounts back into the investment account. This method of recording these transactions is not in accordance with generally accepted accounting principles (GAAP), but is instead on a budgetary basis.

Auditee Response/Status: Resolved.

2014 - 002. Accounts Receivable Software and Reports

Criteria: During the year ended June 30, 2014, the City converted its utilities software from TBS to Govern. This software captures and maintains all transactions related to the utility funds.

Condition: During our audit of accounts receivable, we noted the following with respect to the new software:

1. The City was unable to provide an accounts receivable detail report from the software that agreed with the general ledger.
2. During our testing of specific customer balances, we noted that the accounts receivable detail report provided to us was not properly reflecting payments made by customers prior to year-end.

Auditee Response/Status: Partially resolved. Refer to current year finding at 2015-001.