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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**CITY OF
PERRY, GEORGIA**

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

PREPARED BY:

Director of Administration

CITY OF PERRY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION



December 27, 2016

The Honorable Mayor, Members of the Governing Council and Citizens
of the City of Perry

In accordance with state statutes and local charter provisions, we hereby submit the Comprehensive Annual Financial Report of the City of Perry for the fiscal year ended June 30, 2016. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Mauldin & Jenkins, Certified Public Accountants, LLC, has issued an unmodified ("clean") opinion on the City of Perry's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located in the front of the financial section of this report. In addition to the audit of the financial records, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, and the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit organizations. For the fiscal year ended June 30, 2016, the City did not expend more than \$700,000 in federal funds; therefore, a single audit was not completed.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the Independent Auditor's Report.

Profile of the Government

Founded in 1824, the City of Perry is located in Houston County in the heart of Middle Georgia. The historic community currently encompasses 27.85 square miles along Interstate 75 approximately 90 miles south of Atlanta. Perry has been able to capitalize on proximity to Robins Air Force Base, excellent schools, unique downtown, high quality of life, and location in transforming from a small town to a vibrant and growing community of more than 15,000 people. As a hub of state and federal highways, home of the Georgia National Fairgrounds & Agricenter and the Georgia Artisans Center, and with events like the Dogwood Festival, the Perry Music

Festival, and the annual Perry Buzzard Drop New Year's Eve bash, Perry is "Where Georgia Comes Together".

Perry, the county seat for Houston County, serves a population of 16,391, as estimated by management, and offers a variety of municipal services including police and fire protection, maintenance of streets, parks and recreational activities, judicial services, community development, general administration, water, sewer and natural gas utility services and solid waste services. The City of Perry is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Perry operates under the council-manager form of government. This organizational plan places legislative responsibility for municipal government with the City Council and gives administrative authority to the City Manager. The Council, which consists of the mayor and six council members, levies taxes, enacts ordinances, adopts the annual budget and performs other legislative functions. The Mayor and Council are elected on a staggered non-partisan basis for a term of four years. The mayor is elected citywide. For the purpose of electing council members, the City of Perry is divided into three districts, which consists of two posts each. The members representing each council district shall be elected only by the voters residing in that district and not at large. Upon the recommendation of the mayor, the city council appoints a city manager to manage the government through the development, implementation, and execution of programs and policies established by the Council.

The financial reporting entity of the City of Perry includes all the funds for which the City's elected officials are financially accountable, including its component units. Component units presented are the Perry Area Convention and Visitors Bureau Authority, which promotes tourism for the area; the Downtown Development Authority, which supports economic revitalization of the downtown district; and the Perry Industrial Building Authority, which promotes new industry, or expansion of existing industry in the city.

Upon the recommendation of the City Manager and no later than the close of the fiscal year, the City Council adopts the budget for the upcoming fiscal year. The annual budget serves as the foundation for the City's financial plan and assists in the control of the financial stability and health of the government. The budget is prepared by fund, function and department and is closely monitored throughout the year. As conditions change or circumstances are altered, the budget process allows for amendments.

Local Economy

The City of Perry maintains a strong economic base with a focus on sustainable, well-rounded economic growth. With a healthy mix of small business and large scale manufacturers, the City benefits from a varied employment base. According to current business license data, the City has over 640 businesses that account for the employment of approximately 8,000 persons. Robins Air Force Base, located in nearby Warner Robins, employs an astounding 22,259 persons and, with an estimated \$2.7 billion annual economic impact, is the principal economic driver for not only Perry, but the Middle Georgia region. Perry's largest economic sectors continue to be the service and retail industries.

Much of the growth we are seeing in Perry can be attributed to unique assets that put Perry in an advantageous position when it comes to attracting people and business to the community. The educational opportunities found in Perry are second to none. From a world-class public school system and independent college preparatory alternative to post-secondary educational opportunities that rival metropolitan areas, education is critical in driving the growth and quality of life found in Perry. Located in Middle Georgia along I-75, Perry's proximity to major transportation assets (e.g. Hartsfield-Jackson International Airport, Port of Savannah, I-16, I-85, etc.) and centers of population throughout the Southeast make it an attractive location for prospective businesses.

Tourism continues to be a major economic sector for the City of Perry with the City, Discover Perry, Perry Downtown Merchants Association, Perry Area Chamber of Commerce, and the rest of our community partners focused on leveraging and marketing our unique assets to take advantage of the nearly \$54 billion statewide industry. The Georgia National Fairgrounds and Agricenter (GNFA) continue to be the City's largest attraction with nearly 1 million people per year visiting for a variety of events including, of course, the Georgia National Fair. The GNFA is averaging 18 events per month with 77,665 visitors! Downtown Perry continues to develop as an important economic asset with its historic charm and unique shops and restaurants attracting people from all over Middle Georgia.

The City of Perry is growing at a rate exceeding that of Houston County, the Middle Georgia Region, the State of Georgia, and the U.S. In regards to population, the City of Perry is expected to grow at a rate of 1.5% per year for the next four (4) years and an even higher 1.6% per year in regards to households in our community. In addition to population growth, even more significant growth will be seen relating to income. By 2018, it is expected that the per capita income in Perry will increase an astonishing 13.1%. Compare this to projected income growth in Houston County (7.4%), Georgia (4.8%), and the U.S. (3.7%). With this growth in income comes additional disposable income and, hopefully, more spending within the City. Interestingly, and likely a product of population growth and income growth, median housing values within a three (3) mile radius of downtown are set to skyrocket from \$163,779 currently to \$204,978 by 2019.

The City of Perry issued 314 new building permits with an estimated construction cost of \$53,628,283.

Long-term Financial Planning

The City met or took into consideration the following fiscal challenges in developing the 2017 budget:

- Include a one percent cost of living adjustment and a one percent merit adjustment for all employees.
- No millage rate increase
- Implement phase I funding of pay increase for unclassified positions resulting from shift to Department of Community Affairs population group B for all classified positions
- Add additional personnel in police and storm water maintenance department
- Include contribution for airport improvements

- Increase fire protection fee residential rates, gas meter base rate, extra totter and downtown district garbage fees.

Major Initiatives

Led by the Mayor and Council's directions, several tasks were undertaken this fiscal year 2016, which included:

- Annexed 16.41 acres into the City
- Completion of Sam Nunn Boulevard sidewalk improvements, Commerce Street sidewalk improvements and General Courtney Hodges Boulevard lighting improvements
- Tucker Road Sidewalk Improvements
- Sandefur Road Sewer Line
- Shane Circle Improvements
- Railroad Crossing Improvements
- Utility Asset Mapping
- Adopted new brand for City of Perry

Acknowledgements

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and Mauldin & Jenkins, Certified Public Accountants, LLC. We express appreciation to all staff members who contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



R. Lee Gilmour
City Manager



Brenda L. King
Director of Administration



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

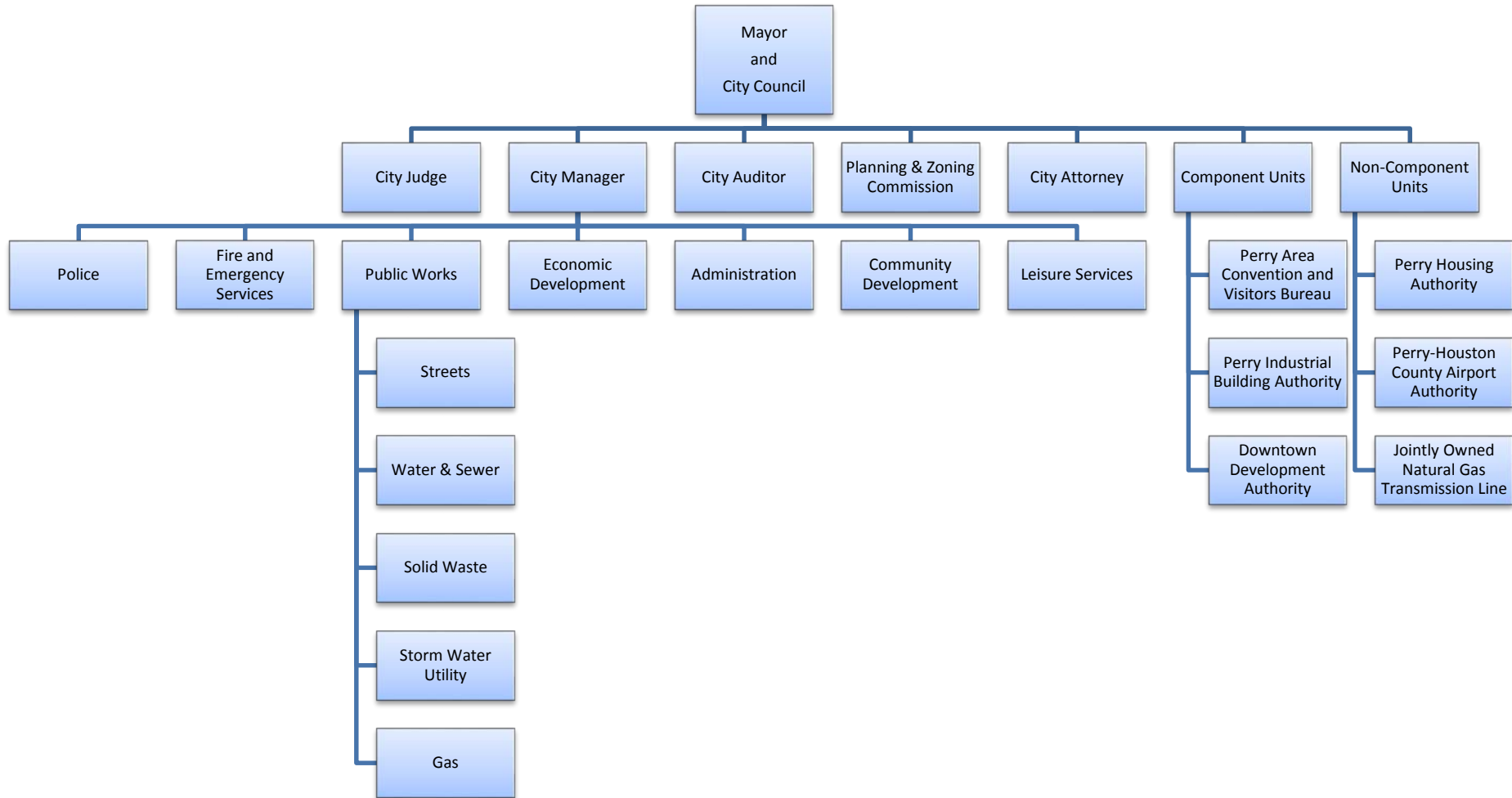
**City of Perry
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY OF PERRY, GEORGIA ORGANIZATION CHART



CITY OF PERRY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2016

Mayor	James E. Faircloth, Jr.
Mayor Pro-Tempore	Randall Walker
Council Members	
District 1	
Post 1	Phyllis A. Bynum-Grace
Post 2	Willie J. King
District 2	
Post 1	Robert Jones
Post 2	William R. Jackson
District 3	
Post 1	Randall Walker
Post 2	Riley Hunt
City Manager	R. Lee Gilmour
City Attorney	David G. Walker
Director of Administration	Brenda L. King
Director of Community Development	Vacant
Director of Parks and Recreation	Kevin Dye
Economic Development Director	Robert Smith
Fire Chief	Vacant
Police Chief	Stephen D. Lynn

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of City Council
The City of Perry, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Perry, Georgia** (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Perry, Georgia's basic 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Perry, Georgia as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and Fire Protection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (on pages 11 through 21) and the Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios and the Schedule of City Contributions (on pages 68 and 69) 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

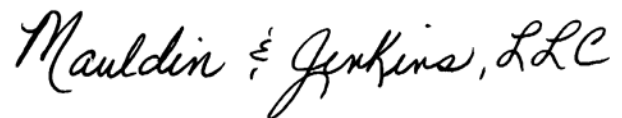
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perry, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, 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 Perry, Georgia’s internal control over financial reporting and compliance.



Macon, Georgia
December 27, 2016

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CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Management's Discussion and Analysis of the City of Perry Georgia's Comprehensive Annual Financial Report (CAFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2016. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should review the information presented in conjunction with information provided in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2016 by \$90,111,174 (net position). Of this amount \$9,219,761 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- During the year ended June 30, 2016, the City's net position increased by \$3,127,213.
- As of June 30, 2016, the City's governmental funds reported combined fund balances of \$5,568,527, an increase of \$674,974 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,561,400, or twenty-seven percent (27%) of total general fund expenditures.
- During fiscal year 2016, the City's capital assets increased by approximately \$957,885 while the net decrease in long-term debt was \$400,716.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., deferred taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that intend to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, recreation and housing and development. The business-type activities of the City include water and sewerage, stormwater utility, natural gas distribution, solid waste operation and a revolving loan fund.

The *government-wide financial statements* include not only the City of Perry itself (known as the primary government), but also entities for which the City is financially accountable. These component units are the Perry Area Convention and Visitors Bureau, the Downtown Development Authority and the Perry Industrial Building Authority. Their financial information is reported separately from that of the primary government.

The government-wide financial statements can be found on pages 22 through 24 of this report.

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 finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

CITY OF PERRY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, the SPLOST 2012 fund and the fire protection fund. Data from the other six governmental funds is presented in a total column termed as "other governmental funds." Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopted an annual appropriated budget for all of its funds except the fiduciary funds, which are not budgeted, and the capital project funds, of which project length budgets are adopted. A budgetary comparison statement has been provided for the general fund and the fire protection fund to demonstrate compliance with its budget.

The basic governmental funds financial statements can be found on pages 25 through 28 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the water and sewerage, natural gas distribution, stormwater utility, solid waste operation and a revolving loan fund.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewerage, natural gas distribution operations, stormwater utility and solid waste operation which are considered to be major funds of the City. The revolving loan fund is a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 31 through 34 of this report.

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 35 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes can be found on pages 36 through 67 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system net pension (asset) liability and City contributions. Required supplementary information can be found on pages 68 and 69 of this report.

The combining statements and individual fund schedules referred to earlier are presented immediately following the required supplementary information.

Combining statements and individual fund schedules can be found on pages 70 through 79 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) exceeded liabilities by \$90,111,174 at June 30, 2016.

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

The following table provides a summary of the City's net position for fiscal years 2015 and 2016.

City of Perry - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 6,458,813	\$ 6,660,416	\$ 7,973,725	\$ 7,316,323	\$ 14,432,538	\$ 13,976,739
Capital Assets	49,402,135	48,723,288	44,867,595	44,588,557	94,269,730	93,311,845
	55,860,948	55,383,704	52,841,320	51,904,880	108,702,268	107,288,584
Deferred Outflows of Resources						
Pension	356,729	87,912	-	-	356,729	87,912
Deferred charge on refunding	-	-	256,784	293,468	256,784	293,468
	356,729	87,912	256,784	293,468	613,513	381,380
Liabilities						
Current and Other Liabilities	1,762,373	2,136,174	1,893,928	1,874,938	3,656,301	4,011,112
Long-Term Liabilities	1,717,391	1,563,876	13,830,915	14,801,773	15,548,306	16,365,649
	3,479,764	3,700,050	15,724,843	16,676,711	19,204,607	20,376,761
Deferred Inflows of Resources						
Pension	-	309,242	-	-	-	309,242
	-	309,242	-	-	-	309,242
Net Position						
Net Investment in Capital Assets	47,484,247	46,900,636	30,013,524	28,678,359	77,497,771	75,578,995
Capital Outlay	514,182	506,339	-	-	514,182	506,339
Debt Service	-	-	1,696,395	1,647,358	1,696,395	1,647,358
Restricted	498,997	381,798	684,068	993,951	1,183,065	1,375,749
Unrestricted	4,240,487	3,673,551	4,979,274	4,201,969	9,219,761	7,875,520
	\$ 52,737,913	\$ 51,462,324	\$ 37,373,261	\$ 35,521,637	\$ 90,111,174	\$ 86,983,961

The City's net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment) less any outstanding debt used to acquire those assets comprise 86% of the City's total net position. Net investments in capital assets for governmental activities increased by \$583,611 in fiscal year 2016. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are expected to be provided from other sources, since there are no plans to liquidate these assets.

Approximately three (3) percent of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF PERRY, GEORGIA

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The City finished strong at the close of the fiscal year. Governmental activities net position increased by \$1,275,589 in fiscal year 2016. Whereas, the net position of the business-type activities increased \$1,851,624. Combined, the City's total net position increased by \$3,127,213.

The following table summarizes changes in net position for the governmental and business-type activities:

City of Perry - Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 5,419,110	\$ 5,059,302	\$ 11,726,110	\$ 11,512,798	\$ 17,145,220	\$ 16,572,100
Operating Grants and Contributions	67,861	21,917	-	-	67,861	21,917
Capital Grants and Contributions	2,000,176	1,937,557	856,682	755,661	2,856,858	2,693,218
General Revenues						
Property Taxes	6,616,806	6,354,007	-	-	6,616,806	6,354,007
Hotel/Motel Taxes	831,837	943,752	-	-	831,837	943,752
Franchise Taxes	1,130,978	1,141,340	-	-	1,130,978	1,141,340
Alcoholic Beverage Taxes	270,422	262,646	-	-	270,422	262,646
Insurance Premium Taxes	796,833	745,918	-	-	796,833	745,918
Occupational Taxes	183,722	190,072	-	-	183,722	190,072
Restricted Investment Earnings	-	-	1,591	-	1,591	-
Unrestricted Investment Earnings	11,445	6,840	36,755	38,901	48,200	45,741
	17,329,190	16,663,351	12,621,138	12,307,360	29,950,328	28,970,711
Expenses						
General Government	5,710,470	4,454,832	-	-	5,710,470	4,454,832
Public Safety	6,860,961	6,401,412	-	-	6,860,961	6,401,412
Public Works	2,662,221	3,219,647	-	-	2,662,221	3,219,647
Recreation	671,304	757,513	-	-	671,304	757,513
Housing and Development	409,351	133,169	-	-	409,351	133,169
Interest on Long-Term Debt	43,227	43,804	-	-	43,227	43,804
Water and Sewerage System	-	-	5,936,054	5,641,228	5,936,054	5,641,228
Stormwater Utility	-	-	216,692	177,743	216,692	177,743
Gas System	-	-	3,004,228	3,386,102	3,004,228	3,386,102
Solid Waste	-	-	1,305,430	1,131,538	1,305,430	1,131,538
Revolving Loan Fund	-	-	3,177	676	3,177	676
	16,357,534	15,010,377	10,465,581	10,337,287	26,823,115	25,347,664
Increase in Net Position, before transfers	971,656	1,652,974	2,155,557	1,970,073	3,127,213	3,623,047
Transfers	303,933	609,607	(303,933)	(609,607)	-	-
	303,933	609,607	(303,933)	(609,607)	-	-
Change in Net Position	1,275,589	2,262,581	1,851,624	1,360,466	3,127,213	3,623,047
Net Position - Beginning of year, as restated	51,462,324	49,199,743	35,521,637	34,161,171	86,983,961	83,360,914
Net Position - End of year	\$ 52,737,913	\$ 51,462,324	\$ 37,373,261	\$ 35,521,637	\$ 90,111,174	\$ 86,983,961

Governmental Activities

Governmental activities increased the City's net position by \$1,275,589. Although revenues and expenditures increased for the year when compared with 2015, the increase is a result of the following revenues: charges for services, property tax, grants and contributions and gross insurance premium tax.

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Business-Type Activities

The business-type activities followed the same pattern of the governmental activities and increased the City's net position by \$1,851,624. In 2016, there was an increase in charges for services, particularly the storm water utility fees. However, all proprietary funds ended the year with positive net positions.

Financial Analysis of the City's Major Funds

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

Governmental Funds

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

At June 30, 2016, the City's governmental funds reported combined fund balances of \$5,568,527, an increase of \$674,974 over the prior year. Approximately 59.5 percent of the combined fund balances, (\$3,559,886) is classified as unassigned. The remaining amounts are classified as nonspendable (\$25,959), restricted (\$1,013,179) and assigned (\$969,503).

The general fund is the chief operating fund of the City. At June 30, 2016, the unassigned fund balance of the general fund was \$3,561,400, while total fund balance was \$4,364,519. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents twenty-seven (27%) percent of total fund expenditures, while total fund balance represents thirty-three (33%) percent of the same amount.

During the current fiscal year, the fund balance of the general fund increased by \$466,326.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of proprietary funds ended on a positive note in the amount of \$4,979,274. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

General Fund Budgetary Highlights

During fiscal year 2016, the primary differences between the original and the final amended budget can be summarized as follows:

- Increase property tax to reflect actual receipts
- Increase insurance premium tax to reflect actual receipts
- Increase franchise tax to reflect actual receipts
- Increase fines and forfeitures to reflect actual receipts
- Increase licenses and permits to reflect actual receipts
- Increase in charges for services to reflect actual receipts
- Increase in investment earnings to reflect actual earnings
- Increase in contributions and donations to reflect actual receipts
- Transfer customer service division from the Department of Administrative to Public Works Department
- Increase employee benefits cost
- Transfer Houston County Airport from Special Revenue fund to General Fund
- Added expenditures for Perry Art Center Improvements, Court Technology equipment upgrades, Buzzard Drop New Year's event, senior citizen utility financial assistance and leisure services donation.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2016 total \$94,269,730 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, construction in progress, infrastructure, machinery and equipment, structures, equipment and lines, and furniture and fixtures.

The total increase in the City's net investment in capital assets for the current period was \$1,918,776. Detailed information regarding the capital asset activity for 2016 can be found on pages 49 and 50 of this report.

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Major capital asset events during the current fiscal year included the following:

Project	Cost
Vehicles and Equipment	\$ 1,184,066
Courtney Hodges Boulevard Improvements	\$ 395,533
Commerce Street Improvements	\$ 324,421
Water Plant #2 Aerator	\$ 227,553
Sandefur Road Sewer Line	\$ 191,036
Shane Circle Improvements	\$ 153,249
Utility Assets Mapping	\$ 107,749
Railroad Crossing Improvements	\$ 72,943
Tucker Road Sidewalk Improvements	\$ 67,581
Sam Nunn Boulevard Improvements	\$ 50,680
Security & Fire Alarm System	\$ 56,860

City of Perry - Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 9,689,386	\$ 9,586,271	\$ 305,283	\$ 305,283	\$ 9,994,669	\$ 9,891,554
Land improvements	347,385	398,608	-	-	347,385	398,608
Buildings and Improvements	4,777,032	4,922,626	-	-	4,777,032	4,922,626
Infrastructure	31,755,108	30,633,470	-	-	31,755,108	30,633,470
Machinery and Equipment	2,415,616	2,353,341	-	-	2,415,616	2,353,341
Structures, Equipment and Lines	-	-	38,624,508	39,172,400	38,624,508	39,172,400
Construction in Progress	417,608	828,972	5,937,804	5,110,874	6,355,412	5,939,846
	\$ 49,402,135	\$ 48,723,288	\$ 44,867,595	\$ 44,588,557	\$ 94,269,730	\$ 93,311,845

Long-Term Debt

At June 30, 2016, the City had total long-term debt outstanding of \$17,028,743 as compared to \$17,732,850 at the end of the prior year. This amount is comprised of \$13,660,000 in water and sewerage system revenue bonds, \$3,184,524 in capital lease agreements, and \$184,219 in GEFA loans.

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

City of Perry - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ -	\$ -	\$ 13,660,000	\$ 14,215,000	\$ 13,660,000	\$ 14,215,000
Loans	-	-	184,219	242,300	184,219	242,300
Capital Leases	1,917,888	1,822,652	1,266,636	1,452,898	3,184,524	3,275,550
	\$ 1,917,888	\$ 1,822,652	\$ 15,110,855	\$ 15,910,198	\$ 17,028,743	\$ 17,732,850

Debt issued in 2016 amounted to \$921,579 compared to \$552,439 in the previous year. The capital leases the City entered into were for machinery and equipment for the public works, water and sewer, recreation, storm water utility and public safety.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten (10) percent of real and personal property. The City has not issued any general obligation debt since 1970 and has had none outstanding since 1990. The amount of general obligation debt legally allowable for the City is \$45,627,608.

Additional information on the City's long-term debt can be found in Note 7 on pages 52 through 55 of this report.

Economic Factors and Current Year Budget and Rates

Building permits issued for new starts and additions were 297 residential and 17 commercial and accessory structures.

As of June 30, 2016, the unemployment rate for Houston County was 5.6 percent compared to the State of Georgia rate of 5.1 percent. Management has estimated the service population for the City to be 16,391 at June 30, 2016, which is based on the average household of 2.14 persons.

The City of Perry is was in a very fortunate position of having the ability to sustain 2016 programs and activities without reductions when preparing the Fiscal Year 2017 Budget. However, the following factors were considered in preparation of the City's budget for 2017:

- No millage rate increase
- Implement phase I funding of pay increase for unclassified positions resulting from shift to Department of Community Affairs population group B for all classified positions
- Add additional personnel in police and storm water maintenance department
- Include contribution for airport improvements
- Increase fire protection fee residential rates, gas meter base rate, extra totter and downtown district garbage fees

CITY OF PERRY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Request for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in our government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Perry Finance Department, P. O. Box 2030, Perry, Georgia 31069.

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BASIC FINANCIAL STATEMENTS

CITY OF PERRY, GEORGIA

STATEMENT OF NET POSITION JUNE 30, 2016

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Perry Area Convention and Visitors Bureau	Perry Downtown Development Authority	Perry Industrial Building Authority
	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	2,636,506	2,493,480	5,129,986	317,816	47,064	239,019
Investments	3,194,858	731,287	3,926,145	-	-	-
Taxes receivable	199,041	-	199,041	-	-	-
Accounts receivable, net of allowances	93,978	1,102,457	1,196,435	-	-	-
Mortgage receivable	2,008	-	2,008	-	-	-
Other receivable	91,283	-	91,283	-	-	-
Due from other governments	236,539	-	236,539	65,026	-	-
Internal balances	(19,351)	19,351	-	-	-	-
Inventories	2,634	-	2,634	-	-	-
Prepaid expenses	21,317	37,246	58,563	6,750	-	-
Restricted assets:						
Cash and cash equivalents	-	1,757,692	1,757,692	-	-	-
Investments	-	1,093,013	1,093,013	-	-	-
Loans receivable	-	48,448	48,448	-	-	-
Investment in Jointly-Owned Natural Gas Transmission Line	-	690,751	690,751	-	-	-
Capital assets:						
Nondepreciable	10,106,994	6,243,087	16,350,081	492,893	-	-
Depreciable, net of accumulated depreciation	39,295,141	38,624,508	77,919,649	438,401	-	-
Total assets	<u>55,860,948</u>	<u>52,841,320</u>	<u>108,702,268</u>	<u>1,320,886</u>	<u>47,064</u>	<u>239,019</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension contributions subsequent to measurement date	30,375	-	30,375	-	-	-
Pension - net difference in projected and actual investment earnings	326,354	-	326,354	-	-	-
Deferred amount on refunding	-	256,784	256,784	-	-	-
Total deferred outflows of resources	<u>356,729</u>	<u>256,784</u>	<u>613,513</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Accounts payable	377,819	364,705	742,524	1,204	-	-
Line of credit payable	131,100	-	131,100	-	-	-
Accrued liabilities	375,581	175,840	551,421	-	-	-
Net pension liability	287,573	-	287,573	-	-	-
Capital leases due within one year	706,089	718,254	1,424,343	-	-	-
Capital leases due in more than one year	1,211,799	548,382	1,760,181	-	-	-
Loans payable due within one year	-	46,632	46,632	-	-	-
Loans payable due in more than one year	-	137,587	137,587	-	-	-
Bonds payable due within one year	-	576,000	576,000	-	-	-
Bonds payable due in more than one year net of unamortized premiums and discounts	-	13,084,000	13,084,000	-	-	-
Compensated absences due within one year	171,784	8,997	180,781	1,319	-	-
Compensated absences due in more than one year	218,019	6,980	224,999	1,319	-	-
Landfill postclosure care costs due in less than one year	-	3,500	3,500	-	-	-
Landfill postclosure care costs due in more than one year	-	53,966	53,966	-	-	-
Total liabilities	<u>3,479,764</u>	<u>15,724,843</u>	<u>19,204,607</u>	<u>3,842</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	47,484,247	30,013,524	77,497,771	931,294	-	-
Restricted for:						
Capital outlay	514,182	588,898	1,103,080	-	-	-
Debt service	-	1,696,395	1,696,395	-	-	-
Capital projects	-	95,170	95,170	-	-	-
Public safety purposes	109,225	-	109,225	-	-	-
Culture and beautification	389,772	-	389,772	-	-	-
Other purposes	-	-	-	-	28,300	-
Unrestricted	4,240,487	4,979,274	9,219,761	385,750	18,764	239,019
Total net position	<u>\$ 52,737,913</u>	<u>\$ 37,373,261</u>	<u>\$ 90,111,174</u>	<u>\$ 1,317,044</u>	<u>\$ 47,064</u>	<u>\$ 239,019</u>

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

CITY OF PERRY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,710,470	\$ 2,835,501	\$ 17,918	\$ 1,394,213
Public safety	6,860,961	2,107,076	1,210	4,544
Public works	2,662,221	8,126	-	601,419
Recreation	671,304	153,418	48,733	-
Housing and economic development	409,351	314,989	-	-
Interest on long-term debt	43,227	-	-	-
Total governmental activities	<u>16,357,534</u>	<u>5,419,110</u>	<u>67,861</u>	<u>2,000,176</u>
Business-type activities:				
Water and sewerage system	5,936,054	6,442,304	-	822,574
Stormwater utility fund	216,692	268,663	-	34,108
Gas system	3,004,228	3,760,224	-	-
Solid waste	1,305,430	1,254,919	-	-
Revolving loan fund	3,177	-	-	-
Total business-type activities	<u>10,465,581</u>	<u>11,726,110</u>	<u>-</u>	<u>856,682</u>
Total primary government	<u>\$ 26,823,115</u>	<u>\$ 17,145,220</u>	<u>\$ 67,861</u>	<u>\$ 2,856,858</u>
Component units:				
Perry Area Convention and Visitors Bureau	\$ 363,767	\$ 22,084	\$ 356,526	\$ -
Perry Downtown Development Authority	3,252	-	4,705	-
Perry Industrial Building Authority	-	-	-	-
Total component units	<u>\$ 367,019</u>	<u>\$ 22,084</u>	<u>\$ 361,231</u>	<u>\$ -</u>

General revenues:
Property taxes
Franchise taxes
Insurance premium tax
Occupational taxes
Alcoholic beverage taxes
Hotel/Motel taxes
Financial institution taxes
Restricted investment earnings
Unrestricted investment earnings
Transfers
Total general revenue and transfers
Change in net position
Net position, beginning of year
Net position, end of year

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

CITY OF PERRY, GEORGIA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Net (Expenses) Revenues and Changes in Net Position			Component Units		
Governmental Activities	Business-type Activities	Total	Perry Area Convention and Visitors Bureau	Perry Downtown Development Authority	Perry Industrial Building Authority
\$ (1,462,838)	\$ -	\$ (1,462,838)	\$ -	\$ -	\$ -
(4,748,131)	-	(4,748,131)	-	-	-
(2,052,676)	-	(2,052,676)	-	-	-
(469,153)	-	(469,153)	-	-	-
(94,362)	-	(94,362)	-	-	-
(43,227)	-	(43,227)	-	-	-
<u>(8,870,387)</u>	<u>-</u>	<u>(8,870,387)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	1,328,824	1,328,824	-	-	-
-	86,079	86,079	-	-	-
-	755,996	755,996	-	-	-
-	(50,511)	(50,511)	-	-	-
-	(3,177)	(3,177)	-	-	-
<u>-</u>	<u>2,117,211</u>	<u>2,117,211</u>	<u>-</u>	<u>-</u>	<u>-</u>
(8,870,387)	2,117,211	(6,753,176)	-	-	-
			14,843	-	-
			-	1,453	-
			-	-	-
			<u>\$ 14,843</u>	<u>\$ 1,453</u>	<u>\$ -</u>
6,616,806	-	6,616,806	-	-	-
1,130,978	-	1,130,978	-	-	-
796,833	-	796,833	-	-	-
183,722	-	183,722	-	-	-
270,422	-	270,422	-	-	-
831,837	-	831,837	-	-	-
-	-	-	-	-	-
-	1,591	1,591	-	-	-
11,445	36,755	48,200	137	184	923
303,933	(303,933)	-	-	-	-
<u>10,145,976</u>	<u>(265,587)</u>	<u>9,880,389</u>	<u>137</u>	<u>184</u>	<u>923</u>
<u>1,275,589</u>	<u>1,851,624</u>	<u>3,127,213</u>	<u>14,980</u>	<u>1,637</u>	<u>923</u>
<u>51,462,324</u>	<u>35,521,637</u>	<u>86,983,961</u>	<u>1,302,064</u>	<u>45,427</u>	<u>238,096</u>
<u>\$ 52,737,913</u>	<u>\$ 37,373,261</u>	<u>\$ 90,111,174</u>	<u>\$ 1,317,044</u>	<u>\$ 47,064</u>	<u>\$ 239,019</u>

CITY OF PERRY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Fire Protection Fund	SPLOST 2012 Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,585,210	\$ -	\$ 262,727	\$ 788,569	\$ 2,636,506
Investments	3,194,858	-	-	-	3,194,858
Taxes receivable, net	111,638	-	-	87,403	199,041
Accounts receivable, net	-	93,978	-	-	93,978
Due from other funds	121,445	4,578	98,561	29,112	253,696
Due from other governments	-	-	227,911	8,628	236,539
Mortgages receivable	2,008	-	-	-	2,008
Other receivables	91,283	-	-	-	91,283
Inventories	2,634	-	-	-	2,634
Prepaid expenditures	-	20,466	-	851	21,317
Total assets	\$ 5,109,076	\$ 119,022	\$ 589,199	\$ 914,563	\$ 6,731,860
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 232,445	\$ 5,268	\$ 68,867	\$ 71,239	\$ 377,819
Line of credit payable	131,100	-	-	-	131,100
Accrued liabilities	316,926	26,595	-	3	343,524
Deposits	26,341	-	-	-	26,341
Due to other funds	26,243	68,207	6,150	172,447	273,047
Total liabilities	733,055	100,070	75,017	243,689	1,151,831
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	11,502	-	-	-	11,502
Total deferred inflows of resources	11,502	-	-	-	11,502
FUND BALANCES					
Nonspendable:					
Inventories	2,634	-	-	-	2,634
Prepaid expenditures	-	20,466	-	851	21,317
Long-term receivables	2,008	-	-	-	2,008
Restricted for:					
Public safety - police services	-	-	-	109,225	109,225
Culture and beautification	-	-	-	389,772	389,772
Capital outlay	-	-	514,182	-	514,182
Assigned:					
Self insurance	751,750	-	-	-	751,750
Culture and beautification	44,284	-	-	-	44,284
Administrative	2,443	-	-	-	2,443
Capital outlay	-	-	-	171,026	171,026
Unassigned:					
General Fund	3,561,400	(1,514)	-	-	3,559,886
Total fund balances	4,364,519	18,952	514,182	670,874	5,568,527
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,109,076	\$ 119,022	\$ 589,199	\$ 914,563	\$ 6,731,860

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

CITY OF PERRY, GEORGIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total fund balances of governmental funds	\$	5,568,527
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the respective governmental funds:

Cost of capital assets	\$ 78,216,305	
Accumulated depreciation	<u>(28,814,170)</u>	49,402,135

Certain long-term assets are not available to pay for current-period expenditures		
Unavailable revenue in the funds		11,502

Deferred outflow of resources		
Pension contributions	30,375	
Pension investment earnings	<u>326,354</u>	356,729

Long-term liabilities are not due and payable in the current period; therefore, they are not reported in governmental funds:

Accrued interest	(5,716)	
Net pension liability	(287,573)	
Compensated absences	(389,803)	
Capital leases	<u>(1,917,888)</u>	<u>(2,600,980)</u>

Net position of governmental activities	\$	<u><u>52,737,913</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF PERRY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>SPLOST Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 6,614,288	\$ -	\$ -	\$ -	\$ 6,614,288
Franchise	1,130,978	-	-	-	1,130,978
Insurance premium	796,833	-	-	-	796,833
Occupational	183,722	-	-	-	183,722
Alcoholic beverage	270,422	-	-	-	270,422
Hotel/motel	-	-	-	831,837	831,837
Licenses and permits	384,886	-	-	-	384,886
Intergovernmental	6,596	-	1,393,915	601,419	2,001,930
Fines and forfeitures	563,296	-	-	11,995	575,291
Fire protection fees	-	1,521,243	-	-	1,521,243
Charges for services	1,803,274	-	-	-	1,803,274
Administrative	877,878	-	-	-	877,878
Contributions from private sources	65,809	-	-	-	65,809
Investment earnings	10,713	-	298	732	11,743
Miscellaneous	248,113	-	-	8,425	256,538
Total revenues	<u>12,956,808</u>	<u>1,521,243</u>	<u>1,394,213</u>	<u>1,454,408</u>	<u>17,326,672</u>
EXPENDITURES					
Current:					
General government	3,749,953	-	-	590,608	4,340,561
Public safety	5,373,186	1,441,708	-	35,971	6,850,865
Public works	2,513,337	-	113,253	-	2,626,590
Recreation	789,014	-	-	-	789,014
Housing and development	372,986	-	-	-	372,986
Capital outlay	-	-	1,102,226	943,771	2,045,997
Debt service:					
Principal	388,161	67,172	-	-	455,333
Interest and other fees	20,396	21,220	-	-	41,616
Total expenditures	<u>13,207,033</u>	<u>1,530,100</u>	<u>1,215,479</u>	<u>1,570,350</u>	<u>17,522,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,225)</u>	<u>(8,857)</u>	<u>178,734</u>	<u>(115,942)</u>	<u>(196,290)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	202,180	71,289	-	128,522	401,991
Transfers out	(52,960)	-	-	(45,098)	(98,058)
Capital lease	550,569	-	-	-	550,569
Sale of capital assets	16,762	-	-	-	16,762
Total other financing sources (uses)	<u>716,551</u>	<u>71,289</u>	<u>-</u>	<u>83,424</u>	<u>871,264</u>
Net change in fund balances	466,326	62,432	178,734	(32,518)	674,974
Fund balances (deficit), beginning of year	<u>3,898,193</u>	<u>(43,480)</u>	<u>335,448</u>	<u>703,392</u>	<u>4,893,553</u>
Fund balances, end of year	<u>\$ 4,364,519</u>	<u>\$ 18,952</u>	<u>\$ 514,182</u>	<u>\$ 670,874</u>	<u>\$ 5,568,527</u>

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

CITY OF PERRY, 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, 2016**

Net change in fund balances of total governmental funds as noted in the statement of revenues, expenditures and changes in fund balances \$ 674,974

Amounts reported for governmental activities in the statement of activities are different from the statement of revenues, expenditures and changes in fund balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital outlay	\$	2,795,083	
Depreciation		<u>(2,116,232)</u>	678,851

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, transfers from enterprise funds) is to decrease net position. (4)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Deferred inflows of resources in the prior year	\$	(8,984)	
Deferred inflows of resources in the current year		<u>11,502</u>	2,518

The issuance of long-term debt provides current financial resources to governmental funds, but increases liabilities in the statement of net position. Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.

Proceeds from capital lease obligations	\$	(550,569)	
Payment of long-term debt and note payable		<u>455,333</u>	(95,236)

The effect of changes in net pension asset and related deferred inflows and outflows of pension resources 33,206

Some expenses reported in the statement of activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds.

Current year change in compensated absences		(17,109)	
Change in accrued interest	\$	<u>(1,611)</u>	(18,720)

Net change in net position of governmental activities as noted in the statement of activities \$ 1,275,589

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

CITY OF PERRY, GEORGIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 6,216,500	\$ 6,585,300	\$ 6,614,288	\$ 28,988
Franchise	1,123,100	1,131,000	1,130,978	(22)
Insurance premium	745,900	796,800	796,833	33
Occupational	179,000	183,700	183,722	22
Alcoholic beverage	259,400	270,400	270,422	22
Licenses and permits	249,200	384,800	384,886	86
Intergovernmental	-	6,500	6,596	96
Fines and forfeitures	503,400	563,200	563,296	96
Charges for services	1,729,000	1,806,300	1,803,274	(3,026)
Administrative	796,400	877,800	877,878	78
Contributions from private sources	-	65,800	65,809	9
Investment earnings	4,000	10,700	10,713	13
Miscellaneous	103,200	248,100	248,113	13
Total revenues	<u>11,909,100</u>	<u>12,930,400</u>	<u>12,956,808</u>	<u>26,408</u>
EXPENDITURES:				
Current:				
General government				
Mayor	47,400	56,800	56,764	36
City Council	105,300	125,900	125,900	-
City Attorney	107,400	114,300	114,250	50
Municipal Court	260,700	285,100	285,019	81
Administrative	2,173,400	2,209,100	2,208,627	473
City Manager	392,400	401,900	401,758	142
Community Development	553,400	575,400	554,176	21,224
Elections	7,500	3,500	3,459	41
Total general government	<u>3,647,500</u>	<u>3,772,000</u>	<u>3,749,953</u>	<u>22,047</u>
Public safety	5,019,600	5,374,200	5,373,186	1,014
Public works	2,362,900	2,514,000	2,513,337	663
Recreation	727,600	790,100	789,014	1,086
Housing and development	170,800	372,990	372,986	4
Debt service:				
Principal	554,800	388,300	388,161	139
Interest and other fees	23,500	20,500	20,396	104
Total expenditures	<u>12,506,700</u>	<u>13,232,090</u>	<u>13,207,033</u>	<u>25,057</u>
Deficiency of revenues over expenditures	<u>(597,600)</u>	<u>(301,690)</u>	<u>(250,225)</u>	<u>51,465</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	170,800	201,900	202,180	280
Transfers out	-	(53,000)	(52,960)	40
Capital leases	631,800	550,500	550,569	69
Sale of capital assets	-	16,700	16,762	62
Total other financing sources (uses)	<u>802,600</u>	<u>716,100</u>	<u>716,551</u>	<u>451</u>
Net change in fund balances	<u>205,000</u>	<u>414,410</u>	<u>466,326</u>	<u>51,916</u>
Fund balances, beginning of year	<u>3,898,193</u>	<u>3,898,193</u>	<u>3,898,193</u>	<u>-</u>
Fund balances, end of year	<u>\$ 4,103,193</u>	<u>\$ 4,312,603</u>	<u>\$ 4,364,519</u>	<u>\$ 51,916</u>

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

**CITY OF PERRY, GEORGIA
FIRE PROTECTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Fire protection fees	\$ 1,533,100	\$ 1,521,243	\$ (11,857)
Total revenues	<u>1,533,100</u>	<u>1,521,243</u>	<u>(11,857)</u>
EXPENDITURES			
Current:			
Public safety	1,452,100	1,441,708	10,392
Debt service:			
Principal	67,200	67,172	28
Interest	21,300	21,220	80
Total expenditures	<u>1,540,600</u>	<u>1,530,100</u>	<u>10,500</u>
Deficiency of revenues over expenditures	<u>(7,500)</u>	<u>(8,857)</u>	<u>(1,357)</u>
Other financing sources			
Transfers in	<u>71,200</u>	<u>71,289</u>	<u>89</u>
Total other financing sources	<u>71,200</u>	<u>71,289</u>	<u>89</u>
Net change in fund balance	63,700	62,432	(1,268)
FUND BALANCE (DEFICIT), beginning of year	<u>(43,480)</u>	<u>(43,480)</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 20,220</u>	<u>\$ 18,952</u>	<u>\$ (1,268)</u>

CITY OF PERRY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Water and Sewerage System	Stormwater Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,194,020	\$ 116,241	\$ 847,509	\$ 335,710	\$ -	\$ 2,493,480
Investments	731,287	-	-	-	-	731,287
Accounts receivable, net of allowances	675,784	30,697	255,821	140,155	-	1,102,457
Loans receivable, current portion	-	-	-	-	16,731	16,731
Due from other funds	2,081	422	19,898	2,142	-	24,543
Prepaid expenses	19,166	1,758	5,608	10,714	-	37,246
Total current assets	<u>2,622,338</u>	<u>149,118</u>	<u>1,128,836</u>	<u>488,721</u>	<u>16,731</u>	<u>4,405,744</u>
NONCURRENT ASSETS						
Restricted assets, cash	1,705,957	-	2,921	-	48,814	1,757,692
Restricted assets, investments	588,898	-	504,115	-	-	1,093,013
Loans receivable	-	-	-	-	31,717	31,717
Investment in Jointly-Owned Natural Gas Transmission Line	-	-	690,751	-	-	690,751
Capital assets:						
Land and easements	149,913	3,311	62,164	89,895	-	305,283
Structures, equipment and lines	56,946,380	262,440	3,824,886	858,604	-	61,892,310
Construction in progress	5,883,680	46,922	7,202	-	-	5,937,804
Less: accumulated depreciation	(20,670,171)	(41,015)	(2,002,551)	(554,065)	-	(23,267,802)
Total noncurrent assets	<u>44,604,657</u>	<u>271,658</u>	<u>3,089,488</u>	<u>394,434</u>	<u>80,531</u>	<u>48,440,768</u>
Total assets	<u>47,226,995</u>	<u>420,776</u>	<u>4,218,324</u>	<u>883,155</u>	<u>97,262</u>	<u>52,846,512</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding	256,784	-	-	-	-	256,784
Total deferred outflows of resources	<u>256,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,784</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	145,129	864	165,967	52,245	500	364,705
Salaries payable	-	1,329	-	5,872	-	7,201
Accrued interest payable	160,941	770	105	1,626	-	163,442
Due to other funds	3,600	-	-	-	1,592	5,192
Compensated absences	-	2,299	-	6,698	-	8,997
Customer deposits payable	2,264	-	2,933	-	-	5,197
Landfill postclosure care costs	-	-	-	3,500	-	3,500
Revenue bonds payable, current portion	576,000	-	-	-	-	576,000
Notes payable, current portion	46,632	-	-	-	-	46,632
Capital leases, current portion	574,280	39,130	13,473	91,371	-	718,254
Total current liabilities	<u>1,508,846</u>	<u>44,392</u>	<u>182,478</u>	<u>161,312</u>	<u>2,092</u>	<u>1,899,120</u>
NONCURRENT LIABILITIES						
Compensated absences, net of current portion	-	2,059	-	4,921	-	6,980
Revenue bonds	13,084,000	-	-	-	-	13,084,000
Notes payable	137,587	-	-	-	-	137,587
Capital leases	346,742	23,006	12,759	165,875	-	548,382
Landfill postclosure care costs	-	-	-	53,966	-	53,966
Total long-term liabilities	<u>13,568,329</u>	<u>25,065</u>	<u>12,759</u>	<u>224,762</u>	<u>-</u>	<u>13,830,915</u>
Total liabilities	<u>15,077,175</u>	<u>69,457</u>	<u>195,237</u>	<u>386,074</u>	<u>2,092</u>	<u>15,730,035</u>
NET POSITION						
Net investment in capital assets	27,801,345	209,522	1,865,469	137,188	-	30,013,524
Restricted for capital outlay	588,898	-	-	-	-	588,898
Restricted for debt service	1,696,395	-	-	-	-	1,696,395
Restricted for loans receivable	-	-	-	-	95,170	95,170
Unrestricted	2,319,966	141,797	2,157,618	359,893	-	4,979,274
Total net position	<u>\$ 32,406,604</u>	<u>\$ 351,319</u>	<u>\$ 4,023,087</u>	<u>\$ 497,081</u>	<u>\$ 95,170</u>	<u>37,373,261</u>

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

CITY OF PERRY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Water and Sewerage System	Stormwater Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
OPERATING REVENUES						
Charges for services	\$ 6,437,643	\$ 268,663	\$ 3,759,035	\$ 1,254,919	\$ -	\$ 11,720,260
Miscellaneous	4,661	-	1,189	-	-	5,850
Total operating revenues	<u>6,442,304</u>	<u>268,663</u>	<u>3,760,224</u>	<u>1,254,919</u>	<u>-</u>	<u>11,726,110</u>
OPERATING EXPENSES						
Cost of sales and services	3,906,652	32,284	2,732,142	741,330	3,177	7,415,585
Salaries and benefits	-	94,831	-	370,285	-	465,116
Administration	401,814	66,692	187,660	133,992	-	790,158
Bad debt expense	29,599	1,668	6,177	7,338	-	44,782
Depreciation	1,423,234	19,797	77,997	50,950	-	1,571,978
Total operating expenses	<u>5,761,299</u>	<u>215,272</u>	<u>3,003,976</u>	<u>1,303,895</u>	<u>3,177</u>	<u>10,287,619</u>
Operating income (loss)	<u>681,005</u>	<u>53,391</u>	<u>756,248</u>	<u>(48,976)</u>	<u>(3,177)</u>	<u>1,438,491</u>
NON-OPERATING REVENUES (EXPENSES)						
Net income from joint venture	-	-	28,356	-	-	28,356
Interest income - nonrestricted assets	5,806	94	2,250	249	-	8,399
Interest income - restricted assets	-	-	-	-	1,591	1,591
Interest expense	(174,755)	(1,420)	(252)	(1,535)	-	(177,962)
Total non-operating revenues (expenses)	<u>(168,949)</u>	<u>(1,326)</u>	<u>30,354</u>	<u>(1,286)</u>	<u>1,591</u>	<u>(139,616)</u>
Income before capital contributions and transfers	<u>512,056</u>	<u>52,065</u>	<u>786,602</u>	<u>(50,262)</u>	<u>(1,586)</u>	<u>1,298,875</u>
CAPITAL CONTRIBUTIONS	<u>822,574</u>	<u>34,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>856,682</u>
TRANSFERS						
Transfers out	-	(6,184)	(443,064)	-	-	(449,248)
Transfers in	120,144	2,099	-	23,072	-	145,315
Total transfers	<u>120,144</u>	<u>(4,085)</u>	<u>(443,064)</u>	<u>23,072</u>	<u>-</u>	<u>(303,933)</u>
Change in net position	<u>1,454,774</u>	<u>82,088</u>	<u>343,538</u>	<u>(27,190)</u>	<u>(1,586)</u>	<u>1,851,624</u>
NET POSITION, beginning of year	<u>30,951,830</u>	<u>269,231</u>	<u>3,679,549</u>	<u>524,271</u>	<u>96,756</u>	<u>35,521,637</u>
NET POSITION, end of year	<u>\$ 32,406,604</u>	<u>\$ 351,319</u>	<u>\$ 4,023,087</u>	<u>\$ 497,081</u>	<u>\$ 95,170</u>	<u>\$ 37,373,261</u>

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

CITY OF PERRY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Water and Sewerage System	Stormwater Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,416,193	\$ 266,605	\$ 3,739,860	\$ 1,240,648	\$ -	\$ 11,663,306
Payments to suppliers	(4,069,685)	(107,952)	(3,094,438)	(833,695)	(5,659)	(8,111,429)
Payments to employees	(401,814)	(93,556)	(187,660)	(369,813)	-	(1,052,843)
Net cash provided by (used in) operating activities	1,944,694	65,097	457,762	37,140	(5,659)	2,499,034
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	120,144	2,099	-	23,072	-	145,315
Transfers out	-	(6,184)	(443,064)	-	-	(449,248)
Net cash provided by (used in) noncapital financing activities	120,144	(4,085)	(443,064)	23,072	-	(303,933)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(611,426)	(65,053)	(60,567)	(257,288)	-	(994,334)
Principal paid on bonds	(555,000)	-	-	-	-	(555,000)
Principal paid on notes payable and capital leases	(582,946)	(26,059)	(6,347)	-	-	(615,352)
Proceeds from capital lease financing	58,297	35,679	19,787	257,246	-	371,009
Interest paid	(150,516)	(650)	(158)	-	-	(151,324)
Net cash used in capital and related financing activities	(1,841,591)	(56,083)	(47,285)	(42)	-	(1,945,001)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from investments	1,978,574	-	98,482	-	-	2,077,056
Proceeds from revolving loans	-	-	-	-	27,282	27,282
Cash disbursed for new revolving loans	-	-	-	-	(9,370)	(9,370)
Interest received	5,806	94	2,250	249	1,591	9,990
Net cash provided by investing activities	1,984,380	94	100,732	249	19,503	2,104,958
Increase in cash and cash equivalents	2,207,627	5,023	68,145	60,419	13,844	2,355,058
Cash and cash equivalents:						
Beginning of year	692,350	111,218	782,285	275,291	34,970	1,896,114
End of year	<u>\$ 2,899,977</u>	<u>\$ 116,241</u>	<u>\$ 850,430</u>	<u>\$ 335,710</u>	<u>\$ 48,814</u>	<u>\$ 4,251,172</u>
Classified as:						
Cash and cash equivalents	\$ 1,194,020	\$ 116,241	\$ 847,509	\$ 335,710	\$ -	\$ 2,493,480
Restricted assets, cash	1,705,957	-	2,921	-	48,814	1,757,692
Total cash and cash equivalents	<u>\$ 2,899,977</u>	<u>\$ 116,241</u>	<u>\$ 850,430</u>	<u>\$ 335,710</u>	<u>\$ 48,814</u>	<u>\$ 4,251,172</u>

(Continued)

CITY OF PERRY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Water and Sewerage System	Stormwater Utility Fund	Gas System	Solid Waste	(Nonmajor) Revolving Loan Fund	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 681,005	\$ 53,391	\$ 756,248	\$ (48,976)	\$ (3,177)	\$ 1,438,491
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,423,234	19,797	77,997	50,950	-	1,571,978
Provision for bad debts	29,599	1,668	6,177	7,338	-	44,782
Provision for landfill closure/postclosure care costs	-	-	-	(2,777)	-	(2,777)
Changes in assets and liabilities:						
(Increase) decrease in:						
Accounts receivable	(69,656)	(6,064)	(20,364)	(14,271)	-	(110,355)
Prepaid expenses	3,028	(174)	(291)	(1,437)	-	1,126
Due from other funds	47,029	4,006	(19,898)	10,454	-	41,591
Increase (decrease) in:						
Accounts payable	(169,661)	(1,898)	2,281	35,387	(4,074)	(137,965)
Accrued liabilities	(3,484)	281	-	(20)	-	(3,223)
Compensated absences payable	-	994	-	492	-	1,486
Due to other funds	3,600	(6,904)	(344,388)	-	1,592	(346,100)
Net cash provided by (used in) operating activities	<u>\$ 1,944,694</u>	<u>\$ 65,097</u>	<u>\$ 457,762</u>	<u>\$ 37,140</u>	<u>\$ (5,659)</u>	<u>\$ 2,499,034</u>
Noncash capital and related financing activities:						
Contributions of capital assets	\$ 822,574	\$ 34,108	\$ -	\$ -	\$ -	\$ 856,682
Noncash investing activities:						
Change in investment in JOTL	-	-	28,356	-	-	28,356

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

CITY OF PERRY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 4
Total assets	<u>\$ 4</u>
LIABILITY	
Payable from assets	
Confiscated assets pending disposition	<u>4</u>
Total liabilities	<u>\$ 4</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PERRY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Perry, Georgia (hereinafter 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 Perry, Georgia was reincorporated by the General Assembly of Georgia in 1983 by Georgia Laws (Act No. 444) through the enactment of a charter effective July 1, 1983. The City was originally chartered in 1824.

City government is conducted by a nonpartisan Mayor and Council. The council is composed of six elected members, two from each of three districts. Members serve staggered four-year terms. Council selects a city manager who oversees day-to-day operations of the City.

The City provides numerous municipal services authorized by its charter and operates four major utilities.

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

In conformity with generally accepted accounting principles, as set forth in the Statement of Governmental Accounting Standards Board (the "GASB") No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, the component units' financial statements have been included as discretely presented. All of the City's component units have a June 30 year-end.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Financial Reporting Entity (Continued)

Discretely Presented Component Units

The Perry Area Convention and Visitors Bureau (hereinafter the Visitors Bureau) was created to promote tourism, trade and conventions for the City. The governing board consists of nine regular members and four ex-officio members. The Mayor and City Council of the City appoint the regular members. Five of these members must be recommended by the Perry Area Chamber of Commerce board of directors. The ex-officio members are the executive director of the authority, the city manager, the executive director of the Perry Area Chamber of Commerce and the executive director of the Georgia National Fairgrounds and Agricenter. The City provides the major support to the Visitors Bureau through the collection and remittance of hotel/motel taxes. The Visitors Bureau is reported as a governmental fund type. Complete financial statements for the Visitors Bureau may be obtained at the entity's administrative offices:

Perry Area Convention and Visitors Bureau
101 Courtney Hodges Boulevard
Perry, Georgia 31069

The Perry Downtown Development Authority (hereinafter the Authority) was created to revitalize and redevelop the central business district of the City, to develop and promote for the public good and general welfare, trade, commerce, industry and employment opportunities. The Authority is governed by seven directors appointed by the Mayor and City Council. The City provides support to the Authority relative to the yearly operating budget requirements. The Authority is reported as a governmental fund type. Complete financial statements for the Authority may be obtained at the entity's administrative offices:

Perry Downtown Development Authority
1211 Washington Street
Perry, Georgia 31069

The Perry Industrial Building Authority (hereinafter the Building Authority) was created to encourage and promote the expansion and development of industrial and commercial facilities in the City. The Building Authority is governed by two directors appointed by the Mayor and City Council and three ex-officio members – the mayor, the chairman of the Houston County Board of Commissioners and the president of the Perry Area Chamber of Commerce. The City does have the ability to impose its will on the Building Authority relative to the use of existing funds. The Building Authority's financial statements consist of a general fund only and is reported as a governmental fund type. The Building Authority has not issued separate financial statements for the current fiscal year.

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 and its discretely presented component units. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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, investment earnings and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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. 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.

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, special purpose local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, investment earnings and charges for services 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:

General Fund – 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.

Fire Protection Fund – The Fire Protection Fund accounts for the fire protection fee used to fund maintenance, operation and staff expenses associated with the Davis Farm fire station.

SPLOST 2012 Fund – The Special Purpose Local Option Sales Tax Fund accounts for the City's construction and improvement projects based on the 1 cent special purpose sales tax approved by the voters of the City of Perry and Houston County.

The City reports the following major proprietary funds:

Water and Sewerage System – accounts for the operations and maintenance of the City's water and wastewater services to the residents and businesses of the City.

Stormwater Utility Fund – accounts for the operations and maintenance of the City's stormwater management program.

Gas System – accounts for the operations and maintenance of the City's natural gas services to the residents and businesses of the City.

Solid Waste Fund – accounts for the operation and maintenance of the City's trash and leaf and limb collections to the residents and businesses of the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Additionally, the City reports the following fund type:

Fiduciary Fund – accounts for money confiscated and held pending disposition by courts.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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 City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Management 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.

E. Deposits and Investments

Deposits

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received including property taxes, amounts due from other funds and grants.

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

G. Interfund Receivables, Payables, and Transfers

In the fund financial statements, balances that are representative of lending/borrowing arrangements, outstanding at the end of the fiscal year, are referred to as "interfund receivables/interfund payables". In the government-wide financial statements these balances are netted and reported as "internal balances".

H. Inventories

In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e. the consumption method).

In the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditure/expense when consumed rather than when purchased.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Restricted Assets

Resources set aside in proprietary funds for repayment of bonds, and renewal and extension in the amounts of \$1,696,395 are classified as restricted assets because their use is limited by bond covenants. A corresponding portion of net position is segregated by its classification as "restricted for debt service".

Resources set aside in proprietary funds for proceeds of revenue bond issuances that are restricted for use in construction are in the amount of \$588,898. A corresponding portion of net position is segregated by its classification as "restricted for capital outlay".

Customers' meter deposits are classified as restricted assets because their use is limited. Customers' meter deposits for the Water and Sewerage System and Gas System are \$9,562 and \$2,921, respectively.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (i.e., 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 assets with an initial, individual cost of more than \$5,000. Preliminary and interim costs incurred by governmental funds for capital projects are reported as "construction in progress". Costs related to abandoned projects are expensed when the project is abandoned.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City contracted with a third party appraiser for the initial recording of these assets through historical costs and City records. 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. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of donation.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed on proprietary fund assets. The amount of interest capitalized depends on the specific circumstances. During the fiscal year ended June 30, 2016, the amount of interest capitalized was \$373,279.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Furniture and fixtures	5-7 years
Machinery and equipment	3-10 years
Lines and Mains	50 years
Buildings and improvements	10-50 years
Land Improvements	10-25 years
Infrastructure	50 years

L. Compensated Absences

Annual leave is earned by all permanent City employees and may be accumulated and carried over to a maximum of 240 hours per employee (366 hours for firefighters). In accordance with GASB Statement 16, the City accrues the cost of annual leave when the leave is earned. This cost is accrued in the government-wide and proprietary fund financial statements.

Sick leave is earned by all full-time City employees and 1,280 hours may be accumulated (1,792 for firefighters). Employees leaving the City are not entitled to payment for accumulated sick leave. In accordance with GASB Statement 16, the City does not accrue sick leave because employees do not receive "termination payments" upon leaving the City.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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 and premiums received on debt issuances are 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources

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 has three items that qualify for reporting in this category. One is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and being amortized over the life of the refunding debt. The second and third items of deferred outflows of resources relates to pensions. Any contributions made by the City to the pension plan before year-end but subsequent to the measurement date of the City's net pension asset are reported as deferred outflows of resources. Certain changes in the net pension asset are recognized against pension expense over time instead of all being recognized in the year of occurrence. The difference between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes. This amount is deferred and recognized as an inflow of resources in the period the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Perry Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. 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 Mayor and City Council through the adoption of a resolution. The Mayor and 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. Through resolution, the Mayor and City Council have authorized the City Manager or his designee to assign fund balance.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Fund Balance (Continued)

- **Unassigned** – Fund balances are reported as unassigned when the balances have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes with the General Fund.

Fund Balance 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:

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy.

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 consist 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 as 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.

Q. Allocation of Administrative Costs

At the governmental fund level, the City allocates administrative costs to the various departments and funds for which services are provided as allowable by the benefiting fund. The allocations are based upon the City's estimate of each fund's share of the services.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

An annual appropriated budget is adopted by ordinance for all fund types except fiduciary funds, which are not budgeted and capital projects funds, which have project length budgets. The budgets are prepared on the modified accrual basis for governmental fund types and on the accrual basis for proprietary fund types and are consistent with generally accepted accounting principles. All annual appropriations lapse at the end of the fiscal year with the exception of the capital projects funds.

On or before the last day of February each year, all departments of the City submit requests for appropriations to the city manager so that a budget may be prepared. Appropriated budgets are compiled by the city manager, finance officer and department heads. Before the first day of May, the proposed budget is presented to the Mayor and Council for review. After holding a public hearing, a final budget is prepared and adopted not later than June 30.

Budgetary control is maintained at the department level. Department heads, with the approval of the city manager, may transfer appropriations within their department. Interdepartmental transfers require the approval of City Council.

For fiscal year ending June 30, 2016, expenditures exceeded final amended budgets in the following funds:

	<u>Excess</u>
Hotel/Motel Tax	\$ 201
Confiscated Assets	1,271

NOTE 3. DEPOSITS AND INVESTMENTS

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Georgia laws (O.C.G.A. 36-83-4 and 36-82-7) limit investments of the City. The City has no investment policy that would further limit its investment choices. State statute authorizes the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the local government investment pool (Georgia Fund 1). As of June 30, 2016, the City's investment in the Georgia Fund 1 was rated AAf by Standard & Poor's. Shares sold and redeemed are based on \$1 per share. The reported value of the pool is the same as the fair value of the pool shares. The Georgia Fund 1 is managed by the Office of the State Treasurer.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City 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 combined in the aggregate totaling not less than 110 percent of the public funds held. As of June 30, 2016, the City's bank balances of deposits are entirely covered under insurance or collateralization with securities held by the City's agent in the City's name.

As of June 30, 2016, the City had the following investments:

<u>Investment Type</u>	<u>Maturities (Days)</u>	<u>Fair Value</u>
Georgia Fund 1	56	\$ 5,019,158
Total Fair Value		<u>\$ 5,019,158</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The only investments held by City as of June 30, 2016, are maintained in Georgia Fund 1 and are not subject to level disclosure.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, not being depreciated:					
Land and land improvements	\$ 9,586,271	\$ 103,119	\$ (4)	\$ -	\$ 9,689,386
Construction in progress	828,972	984,192	-	(1,395,556)	417,608
Total capital assets, not being depreciated	<u>10,415,243</u>	<u>1,087,311</u>	<u>(4)</u>	<u>(1,395,556)</u>	<u>10,106,994</u>
Capital assets, being depreciated:					
Buildings and improvements	6,920,600	13,711	(16,470)	-	6,917,841
Land improvements	1,279,391	-	-	-	1,279,391
Furnitures and fixtures	34,441	-	-	-	34,441
Machinery and equipment	6,638,931	724,891	(221,461)	-	7,142,361
Infrastructure	50,132,620	969,170	-	1,395,556	52,497,346
Total capital assets, being depreciated	<u>65,005,983</u>	<u>1,707,772</u>	<u>(237,931)</u>	<u>1,395,556</u>	<u>67,871,380</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,997,974)	(159,305)	16,470	-	(2,140,809)
Land improvements	(880,783)	(51,223)	-	-	(932,006)
Furnitures and fixtures	(34,441)	-	-	-	(34,441)
Machinery and equipment	(4,285,590)	(662,616)	221,461	-	(4,726,745)
Infrastructure	(19,499,150)	(1,243,088)	-	-	(20,742,238)
Total accumulated depreciation	<u>(26,697,938)</u>	<u>(2,116,232)</u>	<u>237,931</u>	<u>-</u>	<u>(28,576,239)</u>
Total capital assets, being depreciated, net	<u>38,308,045</u>	<u>(408,460)</u>	<u>-</u>	<u>1,395,556</u>	<u>39,295,141</u>
Governmental activities capital assets, net	<u>\$ 48,723,288</u>	<u>\$ 678,851</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 49,402,135</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital Assets, not being depreciated:					
Land and easements	\$ 305,283	\$ -	\$ -	\$ -	\$ 305,283
Construction in progress	5,110,874	1,031,500	(10,000)	(194,570)	5,937,804
Total capital assets, not being depreciated	<u>5,416,157</u>	<u>1,031,500</u>	<u>(10,000)</u>	<u>(194,570)</u>	<u>6,243,087</u>
Capital assets, being depreciated:					
Structures, equipment and lines	60,885,712	829,516	(17,488)	194,570	61,892,310
Less accumulated depreciation for:					
Structures, equipment and lines	<u>(21,713,312)</u>	<u>(1,571,978)</u>	<u>17,488</u>	<u>-</u>	<u>(23,267,802)</u>
Total capital assets, being depreciated, net	<u>39,172,400</u>	<u>(742,462)</u>	<u>-</u>	<u>194,570</u>	<u>38,624,508</u>
Business-type activities capital assets, net	<u>\$ 44,588,557</u>	<u>\$ 289,038</u>	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ 44,867,595</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 104,656
Public safety	565,325
Public works	1,313,351
Parks and recreation	97,365
Housing and development	35,535
Total depreciation expense - governmental activities	<u>\$ 2,116,232</u>
Business-type activities:	
Water and sewerage system	\$ 1,423,234
Stormwater utility fund	19,797
Gas system	77,997
Solid waste	50,950
Total depreciation expense - business-type activities	<u>\$ 1,571,978</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

	Receivable Fund:								Total
	Governmental Funds				Enterprise Funds				
	General	Fire Protection	2012 SPLOST Fund	Nonmajor	Solid Waste	Water and Sewerage System	Gas System	Stormwater Utility Fund	
Payable Fund:									
General	\$ -	\$ 3,991	\$ -	\$ -	\$ 2,142	\$ -	\$ 19,898	\$ 212	\$ 26,243
Fire Protection Fund	68,207	-	-	-	-	-	-	-	68,207
SPLOST 2012 Fund	-	-	-	6,150	-	-	-	-	6,150
Nonmajor Governmental	51,646	587	95,411	22,512	-	2,081	-	210	172,447
Water and Sewerage System	-	-	3,150	450	-	-	-	-	3,600
Non-Major Enterprise	1,592	-	-	-	-	-	-	-	1,592
	<u>\$ 121,445</u>	<u>\$ 4,578</u>	<u>\$ 98,561</u>	<u>\$ 29,112</u>	<u>\$ 2,142</u>	<u>\$ 2,081</u>	<u>\$ 19,898</u>	<u>\$ 422</u>	<u>\$ 278,239</u>

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.

Interfund transfers for the year ended June 30, 2016, is as follows:

	Fund Transfers Out:				
	General Fund	Gas System	Stormwater Utility Fund	Nonmajor Governmental	Total
Fund Transfers In:					
General	\$ -	\$ 150,898	\$ 6,184	\$ 45,098	\$ 202,180
Fire Protection	27,789	43,500	-	-	71,289
Water and Sewerage System	-	120,144	-	-	120,144
Stormwater Fund	2,099	-	-	-	2,099
Solid Waste Fund	23,072	-	-	-	23,072
Nonmajor Governmental	-	128,522	-	-	128,522
	<u>\$ 52,960</u>	<u>\$ 443,064</u>	<u>\$ 6,184</u>	<u>\$ 45,098</u>	<u>\$ 547,306</u>

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, (2) close out funds no longer used by the City, and (3) 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 6. LANDFILL POSTCLOSURE CARE COSTS

The City has closed its Chapel Road/Ford Creek landfill site and has received a closure certificate from the Georgia Environmental Protection Division (EPD). State and federal laws and regulations require the City to perform certain maintenance and monitoring functions for 30 years after closure. The EPD approved total assured costs for this fiscal year are \$57,466 and are reported as a current and noncurrent liability in the Solid Waste enterprise fund. Actual costs may be higher than estimates due to inflation, changes in technology or regulations. During 2016, the City increased/adjusted these closure costs for inflation by \$50.

NOTE 7. LONG-TERM DEBT

Primary Government

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment and for system expansion and refunding. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Interest rates vary from 1.52% to 4.05%. Total cost of assets acquired under these capital leases, governmental activities and business-type activities, as of June 30, 2016 is \$9,979,457. Total accumulated depreciation on assets acquired under capital lease as of June 30, 2016 is \$4,887,538. Cost of equipment included in the governmental activities statement of net position is \$1,602,606, which includes \$2,994,753 of accumulated depreciation. Cost of equipment and system expansion and refunding included in the business-type activities statement of net position is \$3,489,313, which includes \$1,892,785 of accumulated depreciation. Depreciation expense on assets acquired under capital lease for the year ending June 30, 2016 is \$416,752 for governmental activities and \$420,326 for business-type activities.

Annual debt service requirements to maturity for these capital leases are as follows:

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 706,089	\$ 39,558	\$ 745,647	\$ 718,254	\$ 27,678	\$ 745,932
2018	527,156	26,009	553,165	444,951	6,862	451,813
2019	212,949	17,030	229,979	103,431	867	104,298
2020	61,308	13,816	75,124	-	-	-
2021	63,218	11,906	75,124	-	-	-
2022-2026	347,168	28,728	375,896	-	-	-
Total	<u>\$ 1,917,888</u>	<u>\$ 137,047</u>	<u>\$ 2,054,935</u>	<u>\$ 1,266,636</u>	<u>\$ 35,407</u>	<u>\$ 1,302,043</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Leases (Continued)

Although the City is not obligated to make annual appropriations under these leases, failure to do so will result in forfeiture of the assets acquired with these lease proceeds.

Loans – General Obligation Debt

The City's Water and Sewerage System has two loans with the Georgia Environmental Facilities Authority for system expansion. These loans are in the original amount of \$1,445,204 with interest rates varying from 3.75% to 4%. The City has agreed to establish a schedule of rents, rates, fees, and charges and other sources of revenue sufficient to pay the cost of acquiring, constructing, equipping, operating, maintaining, replacing, renewing and repairing the facilities of the City's Water and Sewerage System. This general obligation debt is paid solely from revenues generated by fund activities.

Annual debt service requirements to maturity for these loans are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 46,632	\$ 6,258	\$ 52,890
2018	48,406	4,484	52,890
2019	50,246	2,643	52,889
2020	38,935	732	39,667
Total	<u>\$ 184,219</u>	<u>\$ 14,117</u>	<u>\$ 198,336</u>

Revenue Bonds

The City's business-type activity, the Water and Sewerage System, has revenue bonds payable solely from revenues generated by fund activities. The bond indentures contain restrictions on the use of bond proceeds and fund revenues as well as providing for sinking funds, renewal and extension funds and minimum fund operating requirements (revenue bond coverage).

On January 4, 2005, the City issued \$3,880,000 in Series 2005 Revenue Bonds to provide for system expansion. The interest rate is 4.62%. The bonds were paid in full during fiscal year 2016.

On September 18, 2007, the City issued \$9,445,000 in Series 2007 Revenue Bonds to provide for system expansion. The interest rate varies from 3.6% to 4.0%.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

On May 14, 2013, the City issued \$5,304,000 in Revenue Bonds with interest rates ranging from 1.92% to 2.45%. The proceeds were used to refund \$1,558,876 of the 1998 Revenue Bonds and advance refund a portion of the outstanding 2005 Revenue Bonds in the amount of \$3,365,000. The net proceeds of \$3,620,936 (including a \$255,936 premium and after payment of \$124,188 in issuance costs) were deposited in an escrow account to provide funds for the future debt payments on the portion of the advance refunded bonds. The advanced refunding resulted in an economic gain of approximately \$284,000. As a result, the refunded portion of the 2005 Revenue Bonds is considered defeased and the liability for those bonds have been removed from the statement of net position.

The 2007 and 2013 Revenue Bonds are parity bonds in that they both have a first lien on water and sewerage system assets and revenues. The following summarizes the debt service requirements of the revenue bonds.

Fiscal Year Ending June 30,	2007 Revenue Bonds		2013 Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 55,000	\$ 373,552	\$ 521,000	\$ 81,494	\$ 576,000	\$ 455,046
2018	55,000	371,572	530,000	71,404	585,000	442,976
2019	60,000	369,412	540,000	61,332	600,000	430,744
2020	65,000	366,974	562,000	50,553	627,000	417,527
2021	65,000	364,437	574,000	39,648	639,000	404,085
2022-2026	1,690,000	1,726,857	1,778,000	51,611	3,468,000	1,778,468
2027-2031	4,205,000	1,067,275	-	-	4,205,000	1,067,275
2032-2034	2,960,000	190,050	-	-	2,960,000	190,050
Total	<u>\$ 9,155,000</u>	<u>\$ 4,830,129</u>	<u>\$ 4,505,000</u>	<u>\$ 356,042</u>	<u>\$ 13,660,000</u>	<u>\$ 5,186,171</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases payable	\$ 1,822,652	\$ 550,569	\$ (455,333)	\$ 1,917,888	\$ 706,089
Net pension liability	-	850,962	(563,389)	287,573	-
Compensated absences	372,694	151,191	(134,082)	389,803	171,784
	<u>\$ 2,195,346</u>	<u>\$ 1,552,722</u>	<u>\$ (1,152,804)</u>	<u>\$ 2,595,264</u>	<u>\$ 877,873</u>
Business-type activities:					
Revenue bonds	\$ 14,215,000	\$ -	\$ (555,000)	\$ 13,660,000	\$ 576,000
Notes payable	242,300	-	(58,081)	184,219	46,632
Capital lease payable	1,452,898	371,010	(557,272)	1,266,636	718,254
Compensated absences	14,491	6,773	(5,287)	15,977	8,997
Landfill postclosure care costs	60,243	-	(2,777)	57,466	3,500
	<u>\$ 15,984,932</u>	<u>\$ 377,783</u>	<u>\$ (1,178,417)</u>	<u>\$ 15,184,298</u>	<u>\$ 1,353,383</u>

For governmental activities, compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences and landfill postclosure care costs are generally paid for by the Solid Waste Fund.

NOTE 8. SHORT-TERM BORROWINGS

In December 2015, the City renewed its line of credit with a local financial institution for a total amount of \$500,000. The City made total draws on the line of credit of \$131,100. The line of credit is due December 31, 2016 and carries interest at 1.60%.

Short-term borrowing activity for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Short-term borrowings	\$ 210,550	\$ 131,100	\$ (210,550)	\$ 131,100
	<u>\$ 210,550</u>	<u>\$ 131,100</u>	<u>\$ (210,550)</u>	<u>\$ 131,100</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. TAX REVENUE

Property Tax

State law requires that property taxes be based on assessed value, which is 40% of market value. All real and personal property (including motor vehicles) are valued as of January 1 of each year and personal property tax returns must be filed for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Houston County.

Exemptions are permitted for certain inventories. There are other exemptions provided by state and local laws.

Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated forty percent (40%) of fair market value. The State Revenue Commissioner has the option to withhold certain state funding if the mandated 40% level is not reached.

The property tax calendar is as follows:

	<u>Real/Personal Property (Excluding Vehicles)</u>	<u>Motor Vehicles</u>
Assessment date	January 1	January 1
Levy date	October 19	January 1
Due dates and collection dates	December 20	Staggered

Property taxes receivable have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period.

Hotel/Motel Excise Tax

The City levies and collects a 7% lodging tax which is reported in the Hotel/Motel Tax special revenue fund. In 2012, an amendment was made to the contract with the Perry Area Convention and Visitors Bureau relative to the annual allocation. Under the terms of the new contract, the City is to pay the Visitors Bureau an annual allocation the City determines to be appropriate based on the Visitors Bureau's approved budget from the tourism promotion portion of the total accommodation excise tax collected. In no case shall that amount be less than 25% of the total tax collections. The allocations are paid in monthly installments. The contract may be canceled by either party upon a 90-day notice.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. TAX REVENUE (CONTINUED)

Hotel/Motel Excise Tax (Continued)

A summary of the hotel/motel excise tax expenditures and receipts for the fiscal year ended June 30, 2016 is as follows:

<u>Expenditure by Purpose</u>	<u>Amount</u>	<u>Tax Receipts</u>	<u>Percentage</u>
Perry Area Convention and Visitors Bureau	\$ 356,526	\$ 356,526	43%
General Fund	342,156	475,311	57%
Total	<u>\$ 698,682</u>	<u>\$ 831,837</u>	<u>100%</u>

The schedule above reflects current year revenues and expenditures relative to current year revenues. The City does not transfer their entire portion of hotel/motel excise tax receipts to the General Fund. Therefore, the fund reports a year-end fund balance.

NOTE 10. PENSION PLAN

Plan Description

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

Freezing of Plan

Effective January 1, 2012, the Plan is frozen to new entrants and participants (including officials) and shall not accrue any additional benefits. Participants are 100% vested in their accrued benefits. Due to the plan freeze, the asset method was changed to not allow the actuarial value of the assets to exceed 120% of market value. There were no other changes in plan provisions, methods, or assumptions in this valuation.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the City Council, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members, as determined by the City Council. For the year ended June 30, 2016, the active member contribution rate was 0.00% of annual pay and the City's contribution rate was 0.00% of annual payroll due to the Plan being frozen as of January 1, 2012. City contributions to the Plan were \$117,216 for the year ended June 30, 2016.

Net Pension Liability of the City

Effective July 1, 2014, the City implemented the provision of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, 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 September 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2014.

Actuarial Assumptions – The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	N/A – Plan benefits frozen as of January 1, 2012
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued) – The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – June 30, 2013.

Cost of living adjustments were assumed to be 3.25% although the Plan allowance for annual cost of living adjustment is variable, as established by the City Council, in an amount not to exceed 5%.

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 expenses 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 class included in the pension plan's target asset allocation as of September 30, 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15%	6.45%
Fixed income	25%	1.55%
Real estate	10%	3.75%
Total	100%	

*Rates shown are net of the 3.25% assumed rate of inflation.

Discount Rate – The discount rate used to measure the total pension asset was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the pension's plan fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

Changes in the Net Pension (Asset) Liability of the City – The changes in the components of the net pension (asset) liability of the City for the year ended June 30, 2016, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at June 30, 2015	\$ 10,885,878	\$ 11,143,158	\$ (257,280)
Changes for the year:			
Interest	820,697	-	820,697
Differences between expected and actual experience	(59,743)	-	(59,743)
Contributions - employer	-	100,850	(100,850)
Net investment income	-	145,516	(145,516)
Benefit payments, including refunds of employee contributions	(592,489)	(592,489)	-
Administrative expenses	-	(30,265)	30,265
Other	-	-	-
Net changes	<u>168,465</u>	<u>(376,388)</u>	<u>544,853</u>
Balances at June 30, 2016	<u>\$ 11,054,343</u>	<u>\$ 10,766,770</u>	<u>\$ 287,573</u>

The required schedule of changes in the City's net pension (asset) 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 (asset) liability.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate – The following presents the net pension (asset) liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension (asset) liability	\$ 1,579,106	\$ 287,573	\$ (790,334)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2014 and the current sharing pattern of costs between employer and employee.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2016, the City recognized pension expense of \$376,677. At June 30, 2016, 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
Net difference between projected and actual earnings on pension plan investments	\$ 326,352	\$ -
City contributions subsequent to the measurement date	30,375	-
Total	\$ 356,727	\$ -

City contributions subsequent to the measurement date of \$30,375 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ending June 30, 2017. The deferred inflow of resources related to the net difference between projected and actual earnings on pension plan investment of \$326,352 will be recognized in pension expense as follows:

Year ending June 30,	
2017	\$ 62,261
2018	62,261
2019	62,261
2020	139,569
Total	\$ 326,352

NOTES TO FINANCIAL STATEMENTS

NOTE 11. ICMA RETIREMENT PLANS

Section 401 Plan

In January 2012, the City adopted the City of Perry Defined Contribution Plan in the form of the ICMA Retirement Corporation Governmental Profit Sharing Plan and Trust. All full-time employees, elected and appointed officials are eligible to participate in the Plan. There is no minimum age requirement relative to eligibility. However, employees must be actively participating in the 457 Plan to be eligible for the employer match. Employer matching contributions shall not exceed 3% of earnings. All full-time employees and elected and appointed officials employed as of December 31, 2011 are considered 100% vested regardless of their length of service with the City. Other vesting in the plan is as follows: one year – 20% vested, two years – 40% vested, three years – 60% vested, four years – 80% vested, and five years – 100% vested. Participant loans are permitted under the Plan, subject to Plan provisions. Employer contributions for fiscal year ended June 30, 2016 were \$126,156.

Section 457 Plan

In January 2012, the City adopted a 457 Deferred Compensation Plan in the form of ICMA Retirement Corporation Deferred Compensation Plan and Trust. Per the Plan document, employees may make voluntary pretax contributions to the plan, subject to the limitations. Participant loans are permitted under the Plan, subject to Plan provisions.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The City provides a self-insurance health and dental plan for its employees. This plan is accounted for in the General Fund and funded accordingly to the historical cost of health and dental benefits provided to city employees. The City purchases specific and aggregate stop loss insurance to protect itself in unusual circumstances. Claims payable consist of claims incurred but not yet paid as of June 30, 2016 and were estimated based on the Loss Analysis Report provided by the third-party administrator and pending specific stop loss reimbursements.

Changes in claims payable are as follows:

	Year Ended June 30,		
	2016	2015	2014
Beginning	\$ 121,793	\$ 121,793	\$ 17,881
Claims incurred	954,622	1,034,704	1,055,066
Claims paid	<u>(894,253)</u>	<u>(830,682)</u>	<u>(951,154)</u>
Ending	<u>\$ 182,162</u>	<u>\$ 325,815</u>	<u>\$ 121,793</u>

The City has property and liability insurance coverage with the Georgia Interlock Risk Management Agency (GIRMA). Losses relative to these risks are limited to a \$5,000 deductible provided for in the GIRMA contracts. During the past three years, settlements have not exceeded the coverages.

The City has obtained workers' compensation insurance through a third-party private insurance company. The policy provides for workers' compensation coverage for claims in excess of the City's deductible of \$2,500.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. CONTRACTS

The City has a contract with the Perry Area Convention and Visitors Bureau whereby the Visitors Bureau will staff and maintain a facility for tourism development, visitor information, and a rest area for travelers and for the general promotion of the City. During the term of the contract, the City is required to pay to the Visitors Bureau no less than 25% of all hotel/motel tax revenues collected by the City. The contract may be canceled by either party upon a 90-day notice.

The City has a contract with the Perry Area Chamber of Commerce whereby the Chamber will promote and publicize the City of Perry. Under terms of this agreement, the City pays the Chamber \$6,000 a year (\$500 monthly). The term of this contract is from July 1 to June 30 and is reconsidered annually.

The City has entered into various contracts relative to natural gas supply whereby the City along with other participating municipalities is jointly and severally liable for costs under these contracts.

NOTE 14. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor 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 that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 15. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the 11 county middle Georgia area, is a member of the Middle Georgia Regional Commission (RC) and is required to pay annual dues thereto. During the fiscal year ended June 30, 2016, the City paid \$17,911 in such dues. Membership in an RC is required by O.C.G.A. 50-8-34 which provides for the organization structure of the RC in Georgia. RC board membership includes the chief elected official of each county and municipality of the area. O.C.G.A. 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from:

Middle Georgia Regional Commission
175 C Emery Highway
Macon, Georgia 31217

NOTES TO FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURES (CONTINUED)

The City of Perry, together with the cities of Warner Robins, Hawkinsville and Cochran, Georgia formed the Jointly-Owned Natural Gas Transmission Line (the "JOTL") in 1953. The JOTL was established to provide maintenance and related services for a natural gas transmission line serving the above cities and their customers. A board of directors, composed of one member from each of the cities, manages the JOTL. The JOTL's major source of revenue consists of reimbursements for operating expenses and capital outlays from member cities. The JOTL's financial records are maintained on a fiscal year ending September 30 of each year. A separately issued financial report is available and may be obtained from:

Jointly-Owned Natural Gas
200 Dunbar Road
Byron, Georgia 31008

The following is a summary schedule of the JOTL's basic financial statements for the year ending September 30, 2015:

Cash and cash equivalents	\$ 30,415
Other assets	302,364
Property and equipment, net	<u>4,676,107</u>
Total assets	<u>\$ 5,008,886</u>
Liabilities	\$ 990,153
Net position - unrestricted	<u>4,018,733</u>
Total liabilities and net position	<u>\$ 5,008,886</u>

As of June 30, 2016, the City has an approximate 15.97% interest in current operations of the JOTL. The City's overall equity interest in the JOTL is approximately 17.24%. This equity interest is recorded in the Gas System Fund's statement of net position.

In March 1994, the Perry-Houston County Airport Authority (the "Airport Authority") was created by renaming the Perry-Fort Valley Airport Authority (H.B. No. 2027, Act No. 718 of the Georgia General Assembly). On May 17, 2004, H.B. No. 1684, Act No. 755 was passed by the Georgia General Assembly amending the membership requirements. Members of the Authority consist of the Mayor of the City of Perry and the Chairman of the Houston County Commissioners or their respective designee and five additional members appointed by City Council and County Commissioners. Appointment of a majority of the Airport Authority members alternates between the City of Perry and Houston County. Separate financial statements may be obtained from:

Perry-Houston County Airport Authority
P.O. Box 1572
Perry, Georgia 31069

NOTES TO FINANCIAL STATEMENTS

NOTE 15. JOINT VENTURES (CONTINUED)

The City does not have an equity interest in the Perry-Houston County Airport Authority. The City has an ongoing financial interest due to the fact that the Airport Authority's continued operations at current levels depend on the City's financial support. For the fiscal year ended June 30, 2016, the City contributed \$44,600 relative to this support.

NOTE 16. RELATED ORGANIZATIONS

The Mayor of the City of Perry, Georgia is responsible for appointing the members of the Perry Housing Authority. The Perry Housing Authority has a six-member board with staggered terms. The City of Perry is also responsible for appointing board members to the Houston County Library Board. The City's accountability for these organizations does not extend beyond making the appointments.

NOTE 17. COMMITMENTS

As of June 30, 2016, the City has commitments relative to various construction projects as follows:

- A Transportation Enhancement Grant awarded to the City by the Georgia Department of Transportation (DOT) in the original amount of \$400,000. During the fiscal year ended June 30, 2016, drawdowns of \$247,410 were made relative to this project. The City expended \$247,410 in capital outlays relative to this project.
- The City of Perry is committed to fund its portion of operating expenses and capital outlay for the Jointly-Owned Transmission Line System. This cost is not determinable at this time.

NOTES TO FINANCIAL STATEMENTS

NOTE 18. NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets on the Government-wide statement of net position as of June 30, 2016 is as follows:

	Governmental Activities	Business-type Activities
Cost of capital assets	\$ 77,978,374	\$ 68,135,397
Less accumulated depreciation	<u>(28,576,239)</u>	<u>(23,267,802)</u>
Book value	49,402,135	44,867,595
Less all capital related debt	<u>(1,917,888)</u>	<u>(14,854,071)</u>
Net investment in capital assets	<u><u>\$ 47,484,247</u></u>	<u><u>\$ 30,013,524</u></u>

NOTE 19. SUBSEQUENT EVENT

In August 2016, the City issued \$8,595,000 Water and Sewerage Refunding Revenue Bonds, Series 2016. The City issued the Series 2016 bonds to (i) advance refund and defease the outstanding City of Perry Water and Sewerage Revenue Bonds, Series 2007, (ii) prepay in full a certain Georgia Environmental Finance Authority loan, and (iii) pay the necessary costs of issuing the Series 2016 Bonds. Interest on the Series 2016 Bonds is due on April 1 and October 1 of each year, beginning October 1, 2016. The interest rates on the Series 2016 Bonds range from 2.0% to 5.0%. Principal payments begin in fiscal year 2018 and mature in fiscal year 2034.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PERRY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

	2016	2015
Total pension liability		
Interest on total pension liability	\$ 820,697	\$ 829,065
Differences between expected and actual experience	(59,743)	(169,961)
Changes of assumptions	-	(193,507)
Benefit payments, including refunds of employee contributions	(592,489)	(554,664)
Net change in total pension liability	168,465	(89,067)
Total pension liability - beginning	10,885,878	10,974,945
Total pension liability - ending (a)	\$ 11,054,343	\$ 10,885,878
 Plan fiduciary net position		
Contributions - employer	100,850	134,631
Net investment income	145,516	1,176,223
Benefit payments, including refunds of employee contributions	(592,489)	(554,664)
Administrative expenses	(30,265)	(24,707)
Net change in plan fiduciary net position	(376,388)	731,483
Plan fiduciary net position - beginning	11,143,158	10,411,675
Plan fiduciary net position - ending (b)	\$ 10,766,770	\$ 11,143,158
 City's net pension (asset) liability - ending (a) - (b)	\$ 287,573	\$ (257,280)
 Plan fiduciary net position as a percentage of the total pension liability	97.4%	102.4%
 Covered-employee payroll	N/A	N/A
 City's net pension (asset) liability as a percentage of covered-employee payroll	N/A	N/A

Notes to the Schedule

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

CITY OF PERRY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CITY CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	\$ 100,850	\$ 117,216
Contributions in relation to the actuarially determined contribution	100,850	117,216
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes to the Schedule

Valuation date	January 1, 2016
Actuarial cost method	Projected unit credit
Actuarial asset valuation method	Sum of actuarial value at the beginning of the year and the cash flows during the year, plus the assumed investment return adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed rate of return on investments	7.75%
Projected salary increases	N/A
Cost of living adjustments	3.25%
Amortization method	Closed level dollar for unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 15 years.

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

SUPPLEMENTARY INFORMATION

CITY OF PERRY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Confiscated Assets Fund – This fund accounts for cash received from the sale of confiscated assets and confiscated assets that are no longer subject to court jurisdiction.

Hotel/Motel Tax Fund – This fund accounts for the Hotel/Motel taxes collected and expenditures related to tourism.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Projects Fund – This fund accounts for capital projects of the City that are not required to be reported in a separate fund.

Local Maintenance & Improvement Grant Program – This fund accounts for revenues received from the State of Georgia, Department of Transportation for road improvements.

Courtney Hodges Boulevard Lighting – This fund is used to account for the construction and improvements to street lights along Courtney Hodges Boulevard.

TE Construction 2001 Fund – This fund accounts for the activity related to the Transportation Enhancement Project.

CITY OF PERRY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>Special Revenue Funds</u>		
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 114,184	\$ 437,060	\$ 551,244
Taxes receivable	-	87,403	87,403
Prepaid expenses	-	851	851
Due from other governments	-	-	-
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 114,184</u>	<u>\$ 525,314</u>	<u>\$ 639,498</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 4,959	\$ 66,280	\$ 71,239
Accrued liabilities	-	3	3
Due to other funds	-	68,408	68,408
	<u>-</u>	<u>68,408</u>	<u>68,408</u>
Total liabilities	<u>4,959</u>	<u>134,691</u>	<u>139,650</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenditures	-	851	851
Restricted for:			
Public safety - police services	109,225	-	109,225
Culture and beautification	-	389,772	389,772
Assigned:			
Capital outlay	-	-	-
Total fund balances	<u>109,225</u>	<u>390,623</u>	<u>499,848</u>
Total liabilities and fund balances	<u>\$ 114,184</u>	<u>\$ 525,314</u>	<u>\$ 639,498</u>

CITY OF PERRY, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

Capital Projects Funds					Total
Capital Projects	LMIG Program	Courtney Hodges Boulevard Lighting	TE Construction 2001	Total	Nonmajor Governmental Funds
\$ 237,325	\$ -	\$ -	\$ -	\$ 237,325	\$ 788,569
-	-	-	-	-	87,403
-	-	8,628	-	8,628	851
29,112	-	-	-	29,112	8,628
<u>\$ 266,437</u>	<u>\$ -</u>	<u>\$ 8,628</u>	<u>\$ -</u>	<u>\$ 275,065</u>	<u>\$ 914,563</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,239
-	-	-	-	-	3
95,411	-	8,628	-	104,039	172,447
<u>95,411</u>	<u>-</u>	<u>8,628</u>	<u>-</u>	<u>104,039</u>	<u>243,689</u>
-	-	-	-	-	851
-	-	-	-	-	109,225
-	-	-	-	-	389,772
171,026	-	-	-	171,026	171,026
<u>171,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,026</u>	<u>670,874</u>
<u>\$ 266,437</u>	<u>\$ -</u>	<u>\$ 8,628</u>	<u>\$ -</u>	<u>\$ 275,065</u>	<u>\$ 914,563</u>

CITY OF PERRY, GEORGIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue Funds</u>		
	<u>Confiscated Assets</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
Revenues:			
Hotel/motel taxes	\$ -	\$ 831,837	\$ 831,837
Fines and forfeitures	11,995	-	11,995
Intergovernmental	-	-	-
Interest revenue	125	321	446
Other revenues	-	8,425	8,425
Total revenues	<u>12,120</u>	<u>840,583</u>	<u>852,703</u>
Expenditures:			
General government	-	590,608	590,608
Public safety	35,971	-	35,971
Capital outlay	-	62,976	62,976
Total expenditures	<u>35,971</u>	<u>653,584</u>	<u>689,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,851)</u>	<u>186,999</u>	<u>163,148</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	(45,098)	(45,098)
Total other financing sources (uses)	<u>-</u>	<u>(45,098)</u>	<u>(45,098)</u>
Net change in fund balances	(23,851)	141,901	118,050
Fund balances, beginning of year	<u>133,076</u>	<u>248,722</u>	<u>381,798</u>
Fund balances, end of year	<u>\$ 109,225</u>	<u>\$ 390,623</u>	<u>\$ 499,848</u>

CITY OF PERRY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Capital Project Funds					
Capital Projects	LMIG Program	Courtney Hodges Boulevard Lighting	TE Construction 2001	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	-	\$ 831,837
-	-	-	-	-	11,995
-	144,445	236,024	220,950	601,419	601,419
248	36	-	2	286	732
-	-	-	-	-	8,425
<u>248</u>	<u>144,481</u>	<u>236,024</u>	<u>220,952</u>	<u>601,705</u>	<u>1,454,408</u>
-	-	-	-	-	590,608
-	-	-	-	-	35,971
108,447	288,914	236,024	247,410	880,795	943,771
<u>108,447</u>	<u>288,914</u>	<u>236,024</u>	<u>247,410</u>	<u>880,795</u>	<u>1,570,350</u>
(108,199)	(144,433)	-	(26,458)	(279,090)	(115,942)
128,522	-	-	-	128,522	128,522
-	-	-	-	-	(45,098)
<u>128,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,522</u>	<u>83,424</u>
20,323	(144,433)	-	(26,458)	(150,568)	(32,518)
150,703	144,433	-	26,458	321,594	703,392
<u>\$ 171,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,026</u>	<u>\$ 670,874</u>

CITY OF PERRY, GEORGIA
CONFISCATED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Fines and forfeitures	\$ 11,900	\$ 11,995	\$ 95
Interest revenue	100	125	25
Total revenues	<u>12,000</u>	<u>12,120</u>	<u>120</u>
EXPENDITURES			
Current:			
Public safety	34,700	35,971	(1,271)
Total expenditures	<u>34,700</u>	<u>35,971</u>	<u>(1,271)</u>
Net change in fund balance	<u>(22,700)</u>	<u>(23,851)</u>	<u>(1,151)</u>
FUND BALANCES, beginning of year	<u>133,076</u>	<u>133,076</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 110,376</u>	<u>\$ 109,225</u>	<u>\$ (1,151)</u>

CITY OF PERRY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Final Budgeted Amounts	Actual	Variance
REVENUES			
Taxes	\$ 831,800	\$ 831,837	\$ 37
Interest	300	321	21
Other revenues	8,400	8,425	25
Total revenues	<u>840,500</u>	<u>840,583</u>	<u>83</u>
EXPENDITURES			
Current:			
General government	590,200	590,608	(408)
Capital outlay	63,100	62,976	124
Total expenditures	<u>653,300</u>	<u>653,584</u>	<u>(284)</u>
Excess of revenues over expenditures	<u>187,200</u>	<u>186,999</u>	<u>(201)</u>
Other financing uses			
Transfers out	<u>(45,100)</u>	<u>(45,098)</u>	<u>2</u>
Total other financing uses	<u>(45,100)</u>	<u>(45,098)</u>	<u>2</u>
Net change in fund balance	142,100	141,901	(199)
FUND BALANCES, beginning of year	<u>248,722</u>	<u>248,722</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 390,822</u>	<u>\$ 390,623</u>	<u>\$ (199)</u>

**CITY OF PERRY, GEORGIA
AGENCY FUND**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<u>Police Pre-Confiscation Assets Fund</u>				
ASSETS				
Cash	\$ 3,698	\$ 3,445	\$ 7,139	\$ 4
LIABILITIES				
Payable from assets				
Confiscated assets pending disposition	\$ 3,698	\$ 3,445	\$ 7,139	\$ 4

**CITY OF PERRY, GEORGIA
COMPONENT UNIT
PERRY INDUSTRIAL BUILDING AUTHORITY
BALANCE SHEET
JUNE 30, 2016**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 239,019
Total assets	<u>239,019</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	<u>-</u>
Total liabilities	<u>-</u>
Fund balance:	
Unassigned	<u>239,019</u>
Total fund balance	<u>239,019</u>
Total liabilities and fund balance	<u>\$ 239,019</u>

**CITY OF PERRY, GEORGIA
 COMPONENT UNIT
 PERRY INDUSTRIAL BUILDING AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund
<u>REVENUES</u>	
Interest earnings	\$ 923
Total revenues	923
<u>EXPENDITURES</u>	
Current:	
General government	-
Total expenditures	-
Net change in fund balance	923
FUND BALANCE, beginning of year	238,096
FUND BALANCE, end of year	\$ 239,019

CITY OF PERRY, GEORGIA
SCHEDULE OF EXPENDITURES OF
2012 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Project Description</u>	<u>Original Estimated Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Road, Street and Bridge and Sidewalk Projects	\$ 3,000,000	\$ 1,438,381	\$ 628,203	\$ 2,066,584
Public Safety Facilities and Equipment	1,800,000	-	-	-
Facilities	-	371,145	67,957	439,102
Equipment	-	-	-	-
Water and Sewer System Improvements and Debt Retirement	4,100,000	1,512,223	417,617	1,929,840
Recreation Facilities and Equipment	900,000	75,762	101,702	177,464
	<u>\$ 9,800,000</u>	<u>\$ 3,397,511</u>	<u>\$ 1,215,479</u>	<u>\$ 4,612,990</u>

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STATISTICAL SECTION

**CITY OF PERRY, GEORGIA
STATISTICAL SECTION**

This part of the City of Perry’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	80 - 87
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	88 - 94
<i>These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales tax.</i>	
Debt Capacity	95 - 99
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	100 - 103
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	104 and 105
<i>These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF PERRY, GEORGIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$21,101,737	\$24,520,365	\$39,638,909	\$40,372,191	\$41,158,197	\$43,486,281	\$46,096,524	\$45,321,336	\$46,900,636	\$47,484,247
Restricted	69,207	522,379	617,583	1,250,369	1,782,171	2,018,810	902,235	432,514	888,137	1,013,179
Unrestricted	3,496,938	2,796,782	2,232,820	1,107,129	1,382,365	2,202,263	2,517,519	3,702,452	3,673,551	4,240,487
Total governmental activities net position	<u>\$24,667,882</u>	<u>\$27,839,526</u>	<u>\$42,489,312</u>	<u>\$42,729,689</u>	<u>\$44,322,733</u>	<u>\$47,707,354</u>	<u>\$49,516,278</u>	<u>\$49,456,302</u>	<u>\$51,462,324</u>	<u>\$52,737,913</u>
Business-type activities										
Invested in capital assets, net of related debt	\$11,245,295	\$14,956,655	\$23,957,133	\$24,782,664	\$26,112,142	\$27,206,012	\$22,842,720	\$25,323,141	\$28,678,359	\$30,013,524
Restricted	1,020,843	1,530,836	1,297,318	1,401,716	1,572,771	1,705,382	5,881,479	5,136,797	2,641,309	2,380,463
Unrestricted	2,053,888	2,207,294	1,136,503	1,508,631	2,497,698	2,750,048	3,704,445	3,684,043	4,201,969	4,979,274
Total business-type activities net position	<u>\$14,320,026</u>	<u>\$18,694,785</u>	<u>\$26,390,954</u>	<u>\$27,693,011</u>	<u>\$30,182,611</u>	<u>\$31,661,442</u>	<u>\$32,428,644</u>	<u>\$34,143,981</u>	<u>\$35,521,637</u>	<u>\$37,373,261</u>
Primary government										
Net investment in capital assets	\$32,347,032	\$39,477,020	\$63,596,042	\$65,154,855	\$67,270,339	\$70,692,293	\$68,939,244	\$70,644,477	\$75,578,995	\$77,497,771
Restricted	1,090,050	2,053,215	1,914,901	2,652,085	3,354,942	3,724,192	6,783,714	5,569,311	3,529,446	3,393,642
Unrestricted	5,550,826	5,004,076	3,369,323	2,615,760	3,880,063	4,952,311	6,221,964	7,386,495	7,875,520	9,219,761
Total primary government net position	<u>\$38,987,908</u>	<u>\$46,534,311</u>	<u>\$68,880,266</u>	<u>\$70,422,700</u>	<u>\$74,505,344</u>	<u>\$79,368,796</u>	<u>\$81,944,922</u>	<u>\$83,600,283</u>	<u>\$86,983,961</u>	<u>\$90,111,174</u>

Notes: In fiscal year 2009 capital assets for governmental and business-type activities increased due to the City's acceptance of donated infrastructure from developers.

CITY OF PERRY, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	\$ 3,830,972	\$ 4,782,640	\$ 5,005,881	\$ 4,909,398	\$ 5,400,595	\$ 5,727,426	\$ 5,268,547	\$ 5,361,965	\$ 4,454,832	\$ 5,710,470
Public safety	4,101,653	4,521,696	4,948,762	4,668,275	4,822,567	4,664,379	5,117,980	5,344,131	6,401,412	6,860,961
Public works	2,022,636	3,058,101	3,502,393	3,077,136	2,938,046	3,696,463	4,059,039	3,420,399	3,219,647	2,662,221
Recreation	600,695	604,578	762,759	1,214,175	754,375	628,819	591,901	673,069	757,513	671,304
Housing and Development	-	-	-	-	-	98,417	92,998	164,912	133,169	409,351
Interest on long-term debt	43,377	38,424	30,390	24,206	26,979	24,824	18,431	25,337	43,804	43,227
Total governmental activities expenses	10,599,333	13,005,439	14,250,185	13,893,190	13,942,562	14,840,328	15,148,896	14,989,813	15,010,377	16,357,534
Business-type activities:										
Water and sewerage system	3,723,435	4,289,140	4,711,813	4,435,805	4,726,726	5,318,365	5,776,214	5,185,739	5,641,228	5,936,054
Storm Water Utility	-	-	-	-	-	-	29,818	110,590	177,743	216,692
Gas system	3,606,156	4,136,258	4,045,331	3,288,164	3,018,220	2,553,870	2,993,365	3,368,442	3,386,102	3,004,228
Solid Waste	923,453	1,070,990	1,113,804	1,032,283	1,095,164	1,053,980	1,151,240	1,096,567	1,131,538	1,305,430
Revolving Loan Fund	-	-	-	-	1,505	764	2,631	3,117	676	3,177
Total business-type activities expense	8,253,044	9,496,388	9,870,948	8,756,252	8,841,615	8,926,979	9,953,268	9,764,455	10,337,287	10,465,581
Total primary government expenses	\$ 18,852,377	\$ 22,501,827	\$ 24,121,133	\$ 22,649,442	\$ 22,784,177	\$ 23,767,307	\$ 25,102,164	\$ 24,754,268	\$ 25,347,664	\$ 26,823,115
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,979,950	\$ 2,280,826	\$ 2,824,202	\$ 2,576,860	\$ 2,977,195	\$ 3,341,070	\$ 3,413,900	\$ 2,622,425	\$ 2,792,988	\$ 2,835,501
Public safety	1,167,014	843,957	668,410	832,034	745,912	679,303	567,396	608,906	1,681,058	2,107,076
Public works	7,668	20,733	28,864	36,589	727,413	12,748	-	91,613	39,255	8,126
Recreation	79,348	52,798	59,982	71,595	84,496	79,323	80,223	274,263	287,624	153,418
Housing & Development	-	-	-	-	-	-	-	212,096	258,377	314,989
Operating grants and contributions	-	-	39,611	59,660	353,326	511,899	250,710	27,094	21,917	67,861
Capital grants and contributions	486,254	4,217,924	12,888,756	2,362,756	1,874,479	4,330,530	3,587,628	1,475,645	1,937,557	2,000,176
Total governmental activities program revenues	3,720,234	7,416,238	16,509,825	5,939,494	6,762,821	8,954,873	7,899,857	5,312,042	7,018,776	7,487,147

CITY OF PERRY, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Water and sewerage	\$ 4,690,505	\$ 4,015,826	\$ 3,840,234	\$ 4,748,904	\$ 5,503,160	\$ 5,381,152	\$ 5,294,439	\$ 5,439,779	\$ 6,105,689	\$ 6,442,304
Stormwater Utility	-	-	-	-	-	-	80,474	204,290	265,005	268,663
Gas	4,355,278	4,582,797	4,198,216	3,865,318	3,553,258	2,777,812	3,538,054	4,065,207	3,942,241	3,760,224
Solid waste	943,459	970,881	1,108,597	1,150,433	1,114,365	1,128,539	1,200,899	1,214,302	1,199,863	1,254,919
Revolving Loan fund	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	76,228	37,462	-	-	-	-
Capital grants and contributions	190,032	4,145,450	8,430,059	365,288	1,347,008	1,500,298	1,000,465	1,152,368	755,661	856,682
Total business-type activities program revenues	10,179,274	13,714,954	17,577,106	10,129,943	11,594,019	10,825,263	11,114,331	12,075,946	12,268,459	12,582,792
Total primary government program revenues	\$13,899,508	\$21,131,192	\$34,086,931	\$16,069,437	\$18,356,840	\$19,780,136	\$19,014,188	\$17,387,988	\$19,287,235	\$20,069,939
Net (Expenses)/Revenue										
Governmental activities	\$ (6,879,099)	\$ (5,589,201)	\$ 2,259,640	\$ (7,953,696)	\$ (7,179,741)	\$ (5,885,455)	\$ (7,249,039)	\$ (9,677,771)	\$ (7,991,601)	\$ (8,870,387)
Business-type activities	1,926,230	4,218,566	7,706,158	1,373,691	2,752,404	1,898,284	1,161,063	2,311,491	1,931,172	2,117,211
Total primary government net (expense)/revenue	\$ (4,952,869)	\$ (1,370,635)	\$ 9,965,798	\$ (6,580,005)	\$ (4,427,337)	\$ (3,987,171)	\$ (6,087,976)	\$ (7,366,280)	\$ (6,060,429)	\$ (6,753,176)
General Revenue and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 4,420,608	\$ 5,018,453	\$ 5,388,329	\$ 5,553,366	\$ 5,858,558	\$ 6,003,452	\$ 6,022,167	\$ 6,261,530	\$ 6,354,007	\$ 6,616,806
Sales taxes	925,377	915,829	-	-	-	-	-	-	-	-
Occupational taxes	126,372	135,256	136,652	130,721	159,777	172,437	186,884	179,117	190,072	183,722
Franchise taxes	787,041	868,100	940,461	898,714	963,109	1,016,175	974,874	1,035,669	1,141,340	1,130,978
Insurance premium taxes	503,143	524,835	537,407	532,365	516,893	649,107	689,460	713,871	745,918	796,833
Hotel/motel taxes	680,236	744,570	661,485	676,347	720,652	711,283	723,017	777,462	943,752	831,837
Alcoholic beverage taxes	256,111	263,447	266,795	255,007	245,627	257,945	261,496	259,529	262,646	270,422
Grants and contributions not restricted	-	-	-	-	-	-	-	-	-	-
Interest revenue	116,545	115,489	30,823	9,426	6,269	6,067	5,148	5,881	6,840	11,445
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on sale of capital assets	437,522	-	-	-	-	-	-	-	-	-
Transfers	124,513	174,866	172,434	138,127	301,900	453,611	194,917	258,501	609,607	303,933
Total governmental activities	8,377,468	8,760,845	8,134,386	8,194,073	8,772,785	9,270,077	9,057,963	9,491,560	10,254,182	10,145,976

CITY OF PERRY, GEORGIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Interest revenue	\$ 107,845	\$ 331,059	\$ 162,445	\$ 66,493	\$ 39,096	\$ 34,158	\$ 16,213	\$ 30,297	\$ 38,901	\$ 38,346
Transfers	(124,513)	(174,866)	(172,434)	(138,127)	(301,900)	(453,611)	(194,917)	(258,501)	(609,607)	(303,933)
Total business-type activities	<u>(16,668)</u>	<u>156,193</u>	<u>(9,989)</u>	<u>(71,634)</u>	<u>(262,804)</u>	<u>(419,453)</u>	<u>(178,704)</u>	<u>(228,204)</u>	<u>(570,706)</u>	<u>(265,587)</u>
Total primary government	<u>\$ 8,360,800</u>	<u>\$ 8,917,038</u>	<u>\$ 8,124,397</u>	<u>\$ 8,122,439</u>	<u>\$ 8,509,981</u>	<u>\$ 8,850,624</u>	<u>\$ 8,879,259</u>	<u>\$ 9,263,356</u>	<u>\$ 9,683,476</u>	<u>\$ 9,880,389</u>
Change in Net Assets										
Governmental activities	\$ 1,498,369	\$ 3,171,644	\$ 10,394,026	\$ 240,377	\$ 1,593,044	\$ 3,384,622	\$ 1,808,924	\$ (186,211)	\$ 2,262,581	\$ 1,275,589
Business-type activities	<u>1,909,562</u>	<u>4,374,759</u>	<u>7,696,169</u>	<u>1,302,057</u>	<u>2,489,600</u>	<u>1,478,831</u>	<u>982,359</u>	<u>2,083,287</u>	<u>1,360,466</u>	<u>1,851,624</u>
Total primary government	<u>\$ 3,407,931</u>	<u>\$ 7,546,403</u>	<u>\$ 18,090,195</u>	<u>\$ 1,542,434</u>	<u>\$ 4,082,644</u>	<u>\$ 4,863,453</u>	<u>\$ 2,791,283</u>	<u>\$ 1,897,076</u>	<u>\$ 3,623,047</u>	<u>\$ 3,127,213</u>

Notes: In fiscal year 2009, grants and contributions increased for governmental and business-type activities due to the City's acceptance of donated infrastructure from developers.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenue.

CITY OF PERRY, GEORGIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 2,155,620	\$ 2,456,921	\$ 2,888,938	\$ 2,576,860	\$ 3,330,499	\$ 4,009,325	\$ 4,066,703	\$ 4,098,070	\$ 4,184,892	\$ 4,247,632
Public safety	1,319,266	889,272	955,828	1,165,993	1,018,400	901,757	1,287,121	617,770	1,688,257	2,112,830
Public works	150,310	3,940,097	12,458,044	2,003,189	2,212,991	3,822,039	2,403,338	91,613	582,812	609,545
Recreation	95,038	129,948	207,015	193,452	200,931	221,752	142,695	292,493	304,438	202,151
Housing & Development	-	-	-	-	-	-	-	212,096	258,377	314,989
Subtotal governmental activities	3,720,234	7,416,238	16,509,825	5,939,494	6,762,821	8,954,873	7,899,857	5,312,042	7,018,776	7,487,147
Business-type activities:										
Water and Sewerage system	4,880,537	8,161,276	12,270,293	5,114,192	6,850,168	6,881,450	6,256,924	6,534,147	6,859,120	7,264,878
Stormwater Utility	-	-	-	-	-	-	117,974	204,290	265,005	302,771
Gas system	4,355,278	4,582,797	4,198,216	3,865,318	3,565,558	2,780,202	3,538,534	4,123,207	3,944,471	3,760,224
Solid Waste	943,459	970,881	1,108,597	1,150,433	1,114,365	1,128,539	1,200,899	1,214,302	1,199,863	1,254,919
Revolving Loan Fund	-	-	-	-	63,928	35,072	-	-	-	-
Subtotal business-type activities	10,179,274	13,714,954	17,577,106	10,129,943	11,594,019	10,825,263	11,114,331	12,075,946	12,268,459	12,582,792
Total primary government	\$ 13,899,508	\$ 21,131,192	\$ 34,086,931	\$ 16,069,437	\$ 18,356,840	\$ 19,780,136	\$ 19,014,188	\$ 17,387,988	\$ 19,287,235	\$ 20,069,939

Notes: In fiscal year 2009, public works and water and sewerage system includes contributions from developers accepted by the City.
In fiscal year 2010, development in the City of Perry slowed down dramatically.
In fiscal year 2011, the City received a grant from GEFA for a revolving loan fund.
In fiscal year 2012, the City created a housing and development department for economic development.
In fiscal year 2013, the City created a Stormwater Utility Fund.
In fiscal year 2015, the City created the Fire Protection Fund.

CITY OF PERRY, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 44,799	\$ 40,427	\$ 32,629	\$ 21,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,446,767	3,210,623	2,257,538	1,787,001	-	-	-	-	-	-
Nonspendable	-	-	-	-	27,462	22,224	22,324	5,626	5,134	4,642
Restricted	-	-	-	-	49,986	135,262	127,082	-	-	-
Assigned	-	-	-	-	367,338	429,994	1,013,702	1,559,087	938,672	798,477
Unassigned	-	-	-	-	1,788,898	2,330,679	2,005,129	2,499,916	2,954,387	3,561,400
Total General Fund	\$ 3,491,566	\$ 3,251,050	\$ 2,290,167	\$ 1,808,166	\$ 2,233,684	\$ 2,918,159	\$ 3,168,237	\$ 4,064,629	\$ 3,898,193	\$ 4,364,519
All Other Governmental Funds										
Reserved	\$ 24,408	\$ 413,827	\$ 584,954	\$ 1,229,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Special Revenue Funds	432,139	32,602	41,342	(13,504)	-	-	-	-	-	-
Capital Projects Funds	(276,631)	(303,850)	-	-	-	-	-	-	-	-
Debt Service Fund	64,657	68,125	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	21,317
Restricted	-	-	-	-	1,732,185	1,883,548	775,153	433,789	888,137	1,013,179
Assigned	-	-	-	-	40,703	93,633	122,867	203,309	150,703	171,026
Unassigned	-	-	-	-	-	-	-	-	(43,480)	(1,514)
Total all other governmental funds	\$ 244,573	\$ 210,704	\$ 626,296	\$ 1,215,700	\$ 1,772,888	\$ 1,977,181	\$ 898,020	\$ 637,098	\$ 995,360	\$ 1,204,008

Notes: In 2007, the General Fund unreserved fund balance increase was due to additional property tax revenues received due to reassessments.
In 2007, the Special Revenue fund balance increase was due to increased fines and forfeitures received from major case being solved.
Deficit in Capital Projects fund balance resulted from expenditures incurred prior to receipt of 2006 SPLOST funds.
In 2009, the debt service fund was closed.
The City implemented GASB 54 during 2011, prior years have not been restated.

CITY OF PERRY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property taxes	\$ 4,465,123	\$ 4,953,388	\$ 5,292,733	\$ 5,633,582	\$ 5,941,516	\$ 5,958,216	\$ 6,059,085	\$ 6,246,778	\$ 6,387,352	\$ 6,614,288
Sales taxes	925,377	915,829	-	-	-	-	-	-	-	-
Other taxes	2,352,903	2,536,208	2,542,800	2,493,154	2,606,058	2,806,947	2,835,731	2,965,648	3,283,728	3,213,792
Licenses and permits	482,776	348,795	208,075	232,539	182,226	248,058	246,401	256,696	333,856	384,886
Impact fees	-	-	-	59,534	46,200	64,273	34,348	-	-	-
Charges for services	804,398	1,311,747	1,637,319	1,413,291	1,588,335	1,497,634	1,980,238	1,876,053	1,900,896	1,803,274
Administrative	377,926	369,646	629,966	407,827	476,623	493,474	531,459	722,681	804,700	877,878
Intergovernmental	473,520	604,118	1,713,841	1,399,561	2,072,920	2,262,764	3,293,411	1,484,509	1,942,175	2,001,930
Contributions from private sources	12,734	41,532	98,183	48,022	49,757	33,321	23,755	18,230	16,914	65,809
Fines and forfeitures	1,045,739	660,217	515,697	655,688	582,025	486,462	399,543	546,846	684,626	575,291
Fire protection fees	-	-	-	-	-	-	-	-	923,271	1,521,243
Investment earnings	116,545	115,489	30,823	9,426	7,127	7,888	6,583	5,881	7,225	11,743
Other revenues	523,140	489,730	590,401	536,518	946,235	1,315,754	869,530	407,027	411,953	256,538
Total revenues	11,580,181	12,346,699	13,259,838	12,889,142	14,499,022	15,174,791	16,280,084	14,530,349	16,696,696	17,326,672
Expenditures										
General government	3,698,682	4,302,030	4,881,075	4,850,229	4,113,182	4,703,862	5,325,293	4,789,974	5,036,319	4,340,561
Public Safety	3,834,182	4,251,243	4,746,345	4,401,840	4,758,653	4,598,028	4,842,018	5,271,581	7,394,161	6,850,865
Public Works	1,303,550	1,873,886	2,424,146	1,930,565	2,567,801	3,042,621	2,750,883	2,210,614	2,091,860	2,626,590
Recreation	508,089	508,473	667,007	1,117,245	672,863	626,369	457,770	556,432	628,057	789,014
Housing & Development	-	-	-	-	-	-	-	126,356	92,401	372,986
Debt service										
Principal	363,285	391,033	449,827	343,427	379,709	326,848	436,281	535,743	528,189	455,333
Interest	43,377	38,424	30,390	21,382	20,357	25,678	25,461	22,923	43,675	41,616
Capital outlay	2,157,499	1,836,662	1,011,443	784,545	1,710,093	1,871,249	4,123,862	1,960,218	1,765,356	2,045,997
Miscellaneous	16,211	12,549	-	-	-	-	-	-	-	-
Total expenditures	11,924,875	13,214,300	14,210,233	13,449,233	14,222,658	15,194,655	17,961,568	15,473,841	17,580,018	17,522,962
Excess (deficiency) of revenues over expenditures	(344,694)	(867,601)	(950,395)	(560,091)	276,364	(19,864)	(1,681,484)	(943,492)	(883,322)	(196,290)

CITY OF PERRY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Transfers from other funds	\$ 372,811	\$ 567,338	\$ 441,767	\$ 430,262	\$ 317,264	\$ 501,294	\$ 325,380	\$ 290,901	\$ 1,362,669	\$ 401,991
Transfers to other funds	(248,298)	(392,472)	(269,333)	(292,135)	(15,364)	(47,683)	(130,463)	(32,400)	(753,062)	(98,058)
Sale of capital assets	635,070	13,760	16,475	10,260	15,168	26,390	26,823	11,444	17,464	16,762
Capital leases	207,091	404,590	216,195	19,107	389,275	428,631	630,661	1,182,782	448,077	550,569
Issuance of debt	-	-	-	500,000	-	-	-	-	-	-
Total other financing sources (uses)	966,674	593,216	405,104	667,494	706,343	908,632	852,401	1,452,727	1,075,148	871,264
Net change in fund balances	\$ 621,980	\$ (274,385)	\$ (545,291)	\$ 107,403	\$ 982,707	\$ 888,768	\$ (829,083)	\$ 509,235	\$ 191,826	\$ 674,974
Debt service as a percentage of noncapital expenditures	4.2%	3.77%	3.64%	2.88%	3.20%	2.65%	3.34%	4.08%	4.09%	3.57%

CITY OF PERRY, GEORGIA
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Tax Revenues								Total
	General Property	Franchise	Insurance Premium	Occupational	Alcoholic Beverage	Hotel/Motel	Sales Tax		
2007	\$ 4,465,123	\$ 787,041	\$ 503,143	\$ 126,372	\$ 256,111	\$ 680,236	\$ 925,377	\$ 7,743,403	
2008	4,953,388	868,100	524,835	135,256	263,447	744,570	915,829	8,405,425	
2009	5,292,733	940,461	537,406	136,652	266,795	661,485	-	7,835,532	
2010	5,633,582	898,714	532,365	130,721	255,007	676,347	-	8,126,736	
2011	5,941,516	963,109	516,863	159,777	245,627	720,652	-	8,547,544	
2012	5,958,216	1,016,175	649,107	172,437	257,945	711,283	-	8,765,163	
2013	6,059,085	974,874	689,460	186,884	261,496	723,017	-	8,894,816	
2014	6,246,778	1,035,669	713,871	179,117	259,529	777,462	-	9,212,426	
2015	6,387,352	1,141,340	745,918	190,072	262,646	943,752	-	9,671,080	
2016	6,614,288	1,130,978	796,833	183,722	270,422	831,837	-	9,828,080	
Change 2007-2016	48.1%	43.7%	58.4%	45.4%	5.6%	22.3%	-100.0%	26.9%	

Notes: Property tax increase due to reassessments.
In fiscal year 2009, the City began reporting sales taxes received from Houston County as intergovernmental revenues.

CITY OF PERRY, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2007	269,436,514	67,734,337	11,471,386	325,699,465	13.05	842,927,128	38.639%
2008	306,613,840	78,560,801	12,518,981	372,655,660	13.01	962,936,603	38.700%
2009	338,403,541	80,328,285	12,700,789	406,031,037	13.01	1,046,829,565	38.787%
2010	352,257,662	77,828,489	17,061,821	413,024,330	13.01	1,075,215,378	38.413%
2011	350,456,427	76,679,917	18,216,629	408,919,715	13.81	1,067,840,860	38.294%
2012	345,088,679	87,961,380	22,187,782	410,862,277	14.13	1,082,625,148	37.951%
2013	349,547,799	87,818,594	20,882,818	416,483,574	14.13	1,093,415,981	38.090%
2014	339,209,653	87,493,518	18,134,196	408,568,975	14.08	1,066,757,927	38.300%
2015	346,001,684	99,448,161	20,636,156	424,813,689	14.05	1,113,624,613	38.147%
2016	369,841,695	110,332,474	23,898,087	456,276,082	14.05	1,200,435,423	38.009%

Source: Based on information obtained from Houston County Tax Assessor's Office.

Notes: Property in the City is reassessed once every five years on average. The City assesses property at 40 percent of actual value for commercial, industrial and residential property.

CITY OF PERRY, GEORGIA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rates			Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	State of Georgia	Houston County	School System	
2007	13.05	0.00	13.05	0.25	9.32	12.50	35.12
2008	13.01	0.00	13.01	0.25	9.45	12.47	35.18
2009	13.01	0.00	13.01	0.25	9.45	12.47	35.18
2010	13.01	0.00	13.01	0.25	10.45	13.34	37.05
2011	13.81	0.00	13.81	0.25	9.95	13.34	37.35
2012	14.13	0.00	14.13	0.25	9.95	13.34	37.94
2013	14.13	0.00	14.13	0.20	9.95	13.34	37.62
2014	14.08	0.00	14.08	0.15	9.95	13.34	37.52
2015	14.05	0.00	14.05	0.10	11.13	13.34	38.62
2016	14.05	0.00	14.05	0.05	11.13	13.34	38.57

Source: Houston County Tax Commissioner's Office

Notes: The City's basic property tax rate is established by the City Council each year in July. The overlapping rates are those of State and County governments that apply to property owners within the City.

**CITY OF PERRY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2007			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Graphic Packaging, Inc	\$ 10,326,848	1	3.17%	\$ 18,002,032	1	3.945%
Woodland Property Partners Inc	6,696,360	2	2.06%	-		0.000%
Tolleson Lumber Co	6,355,155	3	1.95%	-		0.000%
American Real Estate Investments	4,290,320	4	1.32%	-		0.000%
Advanced Drainage Systems Inc	3,235,838	5	0.99%	3,685,139	5	0.808%
Galileo Apollo IV Sub LLC	3,113,840	6	0.96%	-		0.000%
HT Perry WM, LLC	3,010,680	7	0.92%	-		0.000%
North Hampton Development	2,801,640	8	0.86%	-		0.000%
Wal-Mart	2,321,891	9	0.71%	-		0.000%
Donald J Svoboda	2,073,960	10	0.64%	-		0.000%
Houston Lake Apartments, LLC	-		0.00%	7,054,560	3	1.546%
Guardian Centers of Georgia	-		0.00%	7,760,368	2	1.701%
Strawser Construction Company	-		0.00%	3,311,772	7	0.726%
Valley Drive Development LLC	-		0.00%	3,547,160	6	0.777%
GA Power Company	-		0.00%	4,576,563	4	1.003%
Interfor US Inc.	-		0.00%	2,997,438	8	0.657%
Cole M. Perry GA LLC	-		0.00%	2,979,880	9	0.653%
01233 Perry LLC	-		0.00%	2,837,556	10	0.622%
Total	\$ 44,226,532		13.58%	\$ 56,752,468		12.44%

Source: Based on information obtained from the Houston County Tax Assessor's Office.

CITY OF PERRY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	4,250,908	4,209,774	99.03%	21,277	4,231,051	99.53%
2008	4,902,917	4,768,840	97.27%	55,039	4,823,879	98.39%
2009	5,282,265	5,054,162	95.68%	124,985	5,179,147	98.05%
2010	5,458,340	5,244,733	96.09%	178,526	5,423,259	99.36%
2011	5,673,974	5,645,733	99.50%	28,241	5,673,974	100.00%
2012	5,886,680	5,736,280	97.45%	11,427	5,747,707	97.64%
2013	5,965,028	5,814,628	97.48%	114,053	5,928,681	99.39%
2014	5,853,182	5,779,232	98.74%	65,216	5,844,448	99.85%
2015	6,193,700	6,110,863	98.66%	77,951	6,188,814	99.92%
2016	6,410,681	6,381,142	99.54%	101,595	6,482,737	101.12%

Source: Based on information obtained from the Houston County Tax Assessors' Office.

CITY OF PERRY, GEORGIA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Food/Bar	\$ 4,895,056	\$ 5,461,198	\$ 4,727,703	\$ 3,965,041	\$ 3,683,588	\$ 3,845,547	\$ 4,001,399	\$ 4,177,376	\$ 4,637,901	\$ 4,941,841
Apparel	423,596	474,055	495,419	235,240	-	-	-	-	-	-
General Merchandise	3,606,384	3,898,290	3,825,492	3,972,158	3,682,705	3,672,160	3,674,175	3,659,551	3,749,988	3,814,977
Accommodations	-	-	-	211,664	268,864	282,642	262,637	238,501	279,316	297,867
Automotive	2,942,864	3,230,691	3,755,849	2,803,430	2,640,637	2,839,526	2,385,052	500,137	501,373	529,188
Home	895,746	991,129	988,571	402,067	-	-	-	-	-	-
Home Furnishings	-	-	-	1,218,091	1,734,592	1,641,700	1,556,730	1,711,997	1,708,876	1,798,748
Lumber	1,912,085	2,068,930	1,605,587	537,436	-	-	-	-	-	-
Construction	-	-	-	61,701	92,418	47,097	97,736	108,684	148,069	129,106
Miscellaneous Service	811,950	887,104	947,422	1,708,119	1,320,676	1,327,266	1,367,688	1,453,489	1,505,708	1,501,110
Manufacturers	600,161	637,046	714,017	931,572	1,098,305	1,220,506	968,689	969,150	1,170,967	1,125,410
Utilities	2,156,136	2,326,061	2,636,011	2,380,863	1,945,292	1,867,826	1,848,610	1,894,010	2,079,355	1,885,208
Wholesale	-	-	-	878,678	1,618,654	1,967,526	2,083,892	2,188,118	2,316,101	2,228,598
Miscellaneous Other-Retail	1,458,975	1,591,049	1,449,586	1,793,066	3,337,212	3,603,710	3,900,181	3,942,872	3,825,100	4,034,164
Total	<u>\$19,702,953</u>	<u>\$21,565,553</u>	<u>\$21,145,657</u>	<u>\$21,099,126</u>	<u>\$21,422,943</u>	<u>\$22,315,505</u>	<u>\$22,146,787</u>	<u>\$20,843,885</u>	<u>\$21,922,754</u>	<u>\$22,286,217</u>

Source: Georgia Dept of Revenue, Local Government Services Division

Notes: Since the City of Perry does not have sales tax, all sales tax reported to the Georgia Department of Revenue is accumulated by commodity as Houston County. The above numbers are taken from commodity reports issued by the Georgia Department of Revenue for Houston County and represents the county as a whole.

Category reporting format changed in May 2010.

CITY OF PERRY, GEORGIA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Houston County</u>
2007	0.00%	7.00%
2008	0.00%	7.00%
2009	0.00%	7.00%
2010	0.00%	7.00%
2011	0.00%	7.00%
2012	0.00%	7.00%
2013	0.00%	7.00%
2014	0.00%	7.00%
2015	0.00%	7.00%
2016	0.00%	7.00%

Source: Local sales tax is imposed countywide (Houston County).

Notes: In 2001 the citizens voted to imposed a 1% SPLOST. A portion of this 1% is shared by all the cities in Houston County.

CITY OF PERRY, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Participation	Capital Leases	Note Payable	Water/Sewer Revenue Bonds	Water/Sewer Georgia Revolving Loan	Capital Leases			
2007	\$ -	\$ 225,000	\$ 769,391	\$ -	\$ 7,570,000	\$ 1,003,350	\$ 711,584	\$ 10,279,325	4.15%	1,301
2008	-	115,000	892,948	-	16,695,000	867,225	3,714,177	22,284,350	2.03%	651
2009	-	-	774,316	-	13,360,000	758,836	3,162,988	18,056,140	2.49%	782
2010	-	-	449,996	500,000	15,960,000	680,849	2,717,549	20,308,394	2.43%	826
2011	-	-	559,562	400,000	15,570,000	599,786	2,558,923	19,688,271	2.13%	705
2012	-	-	761,345	300,000	15,160,000	515,529	2,232,374	18,969,248	2.24%	749
2013	-	-	1,055,725	200,000	15,124,000	427,951	2,172,918	18,980,594	2.49%	862
2014	-	-	1,802,764	100,000	14,754,000	336,921	1,904,683	18,898,368	2.50%	925
2015	-	-	1,822,652	-	14,215,000	242,300	1,452,898	17,732,850	2.88%	615
2016	-	-	1,917,888	-	13,660,000	184,219	1,266,636	17,028,743	3.20%	902

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics on page 97 for personal income and population data.

CITY OF PERRY, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Percentage Applicable to Government</u>
Direct		
Intergovernmental	\$ -	
Capital Leases	1,917,888	
Total Direct Debt	<u>1,917,888</u>	
Overlapping ¹		
Capital Leases	2,216,681	100%
General Obligation Debt	20,390,000	100%
Total Overlapping Debt	<u>22,606,681</u>	<u>100%</u>
Total Direct and Overlapping Debt	<u>\$ 24,524,569</u>	

¹ Houston County Board of Education

The percentage of overlapping debt applicable is calculated by taking the share of each individual project that Perry participates in and multiplying that share percentage by the total principal outstanding in each project.

CITY OF PERRY, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2007	2008	2009	2010
Net Assessed Value	\$ 325,699,465	\$ 372,655,660	\$ 406,031,037	\$ 419,549,528
Debt Limit-10% of Assessed Value	32,569,947	37,265,566	40,603,104	41,954,953
Debt Applicable to Debt Limit:				
General obligation bonds	-	-	-	-
Net debt applicable to limit	-	-	-	-
Legal Debt Margin	\$ 32,569,947	\$ 37,265,566	\$ 40,603,104	\$ 41,954,953
Legal debt margin as a percentage of the debt limit	100%	100%	100%	100%

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 410,842,338	\$ 416,633,952	\$ 422,152,830	\$ 415,489,773	\$ 440,832,739	\$ 456,276,082
41,084,234	41,663,395	42,215,283	41,548,977	44,083,274	45,627,608
-	-	-	-	-	-
-	-	-	-	-	-
\$ 41,084,234	\$ 41,663,395	\$ 42,215,283	\$ 41,548,977	\$ 44,083,274	\$ 45,627,608
100%	100%	100%	100%	100%	100%

CITY OF PERRY, GEORGIA
PLEGGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Water and Sewerage System Revenue Bonds							
Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
2007	\$ 4,690,505	\$ 2,911,470	\$ 1,779,035	\$ 305,000	\$ 347,535	\$ 652,535	2.73
2008	4,015,826	3,157,973	857,853	320,000	522,912	842,912	1.02
2009	3,840,234	3,308,201	532,033	335,000	701,115	1,036,115	0.51
2010	4,748,904	3,267,378	1,481,526	400,000	687,327	1,087,327	1.36
2011	5,503,160	3,268,544	2,234,616	390,000	671,780	1,061,780	2.10
2012	5,381,152	3,383,602	1,997,550	410,000	655,250	1,065,250	1.88
2013	5,294,439	3,674,954	1,619,485	425,000	637,737	1,062,737	1.52
2014	5,439,779	3,562,569	1,877,210	370,000	487,207	857,207	2.19
2015	6,105,689	3,985,770	2,119,919	539,000	489,210	1,028,210	2.06
2016	6,442,304	4,338,065	2,104,239	555,000	538,638	1,093,638	1.92

Notes: Gross revenue equals operating and non-operating revenues of the Water and Sewerage System. Operating expenses do not include bond interest, depreciation or amortization expenses.

CITY OF PERRY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income^{2, 3,7,8}	Median Age^{3, 5}	School Enrollment⁶	Unemployment Rate^{3, 4}
2007	13,573	\$ 426,097	\$ 31,393	35.9	25,921	4.1%
2008	14,128	452,675	32,041	34.4	26,287	5.1%
2009	14,295	449,278	31,429	35.1	26,115	7.7%
2010	14,520	493,448	33,984	35.0	26,672	7.6%
2011	13,839	418,877	33,114	34.6	27,014	8.0%
2012	14,516	424,202	33,505	34.6	27,435	8.0%
2013	14,786	499,043	34,674	37.2	27,610	8.3%
2014	15,094	479,453	37,042	32.4	27,948	7.3%
2015	15,610	511,521	21,306	32.8	28,146	6.4%
2016	16,361	545,580	28,148	37.3	27,530	5.6%

¹ Per 2000 Census and the City's estimate

² Middle Georgia Regional Commission

³ Information available at the county level only (Houston County)

⁴ Data obtained from Georgia Department of Labor

⁵ Estimate per census taken every 10 years

⁶ Houston County Board of Education

⁷ BEA Regional Economic Analysis

⁸ 2013 data provided for the City of Perry

Note: Personal income information is a total for the year

**CITY OF PERRY, GEORGIA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

2007 Employers	2016 Employers
A Services Group LLC	Anchor Glass Container Corporation
Anchor Glass Container Corporation	Frito-Lay, Inc.
Department of Defense - Robins AFB	Lighthouse Nursing Agency, Inc.
Frito-Lay, Inc.	Lowe's Home Centers, Inc.
Houston County	McDonalds
Houston County Hospital Authority	Perdue Farms, Inc.
Houston County School System	Publix Supermarkets, Inc.
Perdue Farms, Inc.	Robins Federal Credit Union
Walmart	The Kroger Company
City of Warner Robins	Walmart

Source: Georgia Department of Labor

Notes: Employers are listed in alphabetical order only, and are not ranked in any way.
Number of employees cannot be listed due to privacy issues.
Information available at county level only (Houston County).

CITY OF PERRY, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
City Manager	2	3	3	2.5	2.5	3	3	3	3	3
Administrative										
Finance	5	5	5	5	5	5	5	5	5	5
Human Resources	1	1	1	1	1	1	1	1	1	1
Information Technology	1	1	1	1	1	0	0	0	0	0
Purchasing/Bldg. Maintenance	3	5	4	4	4	4.5	3	4	4	4
Community Development	6	5	5	4	4	5	5	5	5	5
Economic Development	-	-	-	-	-	1	1.5	2	2	2
Public Safety										
Police										
Officers	39	39	38	37	37	35	35	35	35.5	38
Civilians	5	5	5	5	5	6	6.5	6.5	6.5	6.5
Fire Department										
Firefighters	19	19	21	21	21	20	20	24	45	45
Civilians	1	1	1	1	1	1	1	1	1	1
Public Works Department	15	20	20	16	16	15	14	14	14	14
Recreation Department	6	6	7	7	7	7	7	7	7	7

CITY OF PERRY, GEORGIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water Department										
Water Treatment	6	0	0	0	0	0	0	0	0	0
Water Administrative	7	7	4	5	5	3.5	4	4	4	4
Line Maintenance	6	7	0	0	0	0	0	0	0	0
Sewer Department	0	0	0	0	0	0	0	0	0	0
Solid Waste	8	8	8	7	7	7	7	6	7	7
Gas	5	5	5	4	4	0	0	0	0	0
Total	135	137	128	120.5	120.5	114	113	117.5	140	142.5

Source: Payroll records.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
 Full-time equivalent employment is calculated by dividing total labor hours by 2,080.
 July 2007 - Water Treatment Plant operations contracted out to ESG.
 November 2008 Line Maintenance contracted out to ESG.
 November 2011 Gas Operations contracted out of ESG.
 June 26, 2012 Meter Readers contracted out to ESG.
 In 2012, the city created an economic development department.

CITY OF PERRY, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Building permits issued-commercial	43	44	52	30	40	29	36	20	31	26
Building permits issued-residential	387	270	129	130	133	147	155	195	237	240
Police										
Physical arrests	1,423	1540	1655	1965	1634	1249	1693	1484	1455	1205
Parking violations	174	111	85	25	24	13	16	19	48	29
Traffic violations	2968	2602	4090	2507	3194	2035	3751	2868	3710	4462
Fire										
Emergency responses	1005	1692	1546	1498	1430	1134	1778	1750	1890	2011
Fires extinguished	95	96	100	82	105	102	90	97	87	86
Public Works										
Streets resurfaced (miles)	1.58	1.58	1.03	1.233	0.47	2.4	2.11	2.31	2.31	1.68
Water										
Service connections	6071	6375	6000	5896	6408	6497	6883	7001	7571	7881
Water main breaks	6	1	12	9	23	16	9	9	10	5
Average daily consumption (million gallons)	2.54	2.41	2.39	2.33	2.134	2.02	1.8	1.71	1.77	1.92
Wastewater										
Average daily sewage treatment (million gallons)	1.97	2	2	3.04	1.987	1.748	2.1	2.946	2.28	2.3
Service Connections	4401	4881	4643	4790	4848	4974	5147	5230	5430	5629
Gas System										
Service Connections	2807	2783	2792	2792	3168	3203	2439	3209	2389	2380
Average daily consumption (MCF)	806	906	869	947	929	800	1531	1380	1271	2339

Source: Various City departments.

Note: The 2010 number of water and wastewater connections has been restated.

CITY OF PERRY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	30	30	30	29	27	28	41	39	29	36
Fire										
Stations	1	1	1	1	1	1	2	2	2	2
Trucks	3	3	4	4	4	4	4	4	4	4
Fire hydrants	750	814	917	923	923	923	923	950	950	964
Recreation										
Community Center	1	1	1	1	1	1	1	1	1	1
Parks	15	15	15	15	15	15	17	18	23	23
Park Acreage	97.14	97.14	97.14	97.14	97.14	97.14	99.81	100.4	124.53	124.53
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	8	8	8	8	8	8	8	4	4	2
Public Works										
Streets (miles)	186.81	190.22	205.42	206.7	207.6	207.6	207.8	208.79	208.79	210.38
Sidewalks (miles)	32.63	34.16	34.55	34.55	34.55	34.55	34.55	34.55	34.55	37.73
Number of Streets	335	351	420	428	438	438	439	444	444	448
Number of Streets Lights	1885	1955	2220	2246	2277	2298	2301	2328	2344	2370
Water										
Miles of Water Mains	127.81	131.67	148	148.57	150.59	151.22	151.22	151.22	152.43	161
Water tanks	5	5	5	5	5	5	5	5	5	5
Storage capacity (million gallons)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Wastewater										
Miles of Sewers	82.97	85.57	99.92	100.49	104.38	106	106.5	106.5	107.72	123
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (million gal)	3.0	3.0	3.0	3.0	3.0	3.8	3.0	3.0	3.0	3.0
Gas System										
Miles of Gas Lines	76.0	76.6	77.1	77.1	80.4	81.1	81.1	81.4	81.4	84.1

Source: Various City departments.



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

**Honorable Mayor and Members of City Council
The City of Perry, Georgia**

We have audited, in accordance with the 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, business-type activities, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Perry, Georgia (the "City") as of and for the year ended June 30, 2016, 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 27, 2016. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters that have been reported in the separately issued financial statements and reports of the discretely presented component units, the Perry Area Convention and Visitors Bureau and the Perry Downtown Development Authority.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 Perry, Georgia's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Macon, Georgia
December 27, 2016

Mauldin & Jenkins, LLC

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

A single audit was not performed for the fiscal year ended June 30, 2016 due to the City not expending \$750,000 or more of federal funds.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2016-001. Year-end Closeout Procedures

Criteria: Generally accepted accounting principles require certain accruals and estimates be recorded in order to accurately reflect the overall net position and the change in net position from one year to another.

Condition: During our audit of certain accruals and estimates, it was determined the items noted in the following paragraph were misstated. We did note the City made an effort to calculate and record each item, but incorrect journal entry postings caused the accounts to be misstated.

Context: During fiscal year ending June 30, 2016, the City made an effort to write-off old, outstanding utility accounts receivable that were determined to be uncollectible. The City appropriately wrote off these accounts receivable through the allowance for doubtful accounts. At year end, an entry for each utility allowance was made that reversed the prior year allowance balance. This caused each utility fund's allowance for doubtful accounts to be significantly understated since write-off of uncollectible utility accounts was done via the allowance.

During fiscal year ending June 30, 2015, the City began charging a fire fee in order to fund public safety expenditures related to the Davis Farm Fire Station. The fire fee is included as a component of the monthly utility bill, and it was determined there should be no unbilled fire fee for any utility billing that overlaps year end. This determination was made based on the fact the fire fee is a flat fee billed each month and is not based on any type of utility consumption. During our audit of the fire fee receivable at June 30, 2016, we noted the general ledger included an amount for unbilled fire fee. An audit entry was needed to remove the unbilled fire fee from the general ledger.

The use of long-term debt proceeds to fund construction projects requires the capitalization of any interest paid or accrued during the construction period. The Water and Sewerage Fund has several ongoing projects being funded through bond issuances. During our audit of the construction in progress, we noted the City properly computed capitalized interest for the fiscal year ending June 30, 2016. However, our audit determined the entry to record the capitalized interest was done incorrectly. This resulted in an audit entry to correct the capitalized interest for the fiscal year ended June 30, 2016.

CITY OF PERRY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2016-001. Year-end Closeout Procedures (Continued)

Effect: Audit adjustments were needed for each of the items noted above. Their effects are as follows:

Allowance for Doubtful Accounts

- A decrease of \$355,452 in the Water and Sewerage Fund
- A decrease of \$110,977 in the Gas System Fund
- A decrease of \$138,125 in the Solid Waste Fund
- A decrease of \$4,524 in the Stormwater Fund
- A decrease of \$16,604 in the Fire Protection Fund

Unbilled Accounts Receivable

- Accounts receivable was overstated in the Fire Protection Fund in the amount of \$76,893.

Capitalized Interest

- Interest expense was overstated in the amount of \$746,557 in the Water and Sewerage Fund.

Recommendation: We recommend the City implement a more detailed review process related to general journal entries and internally generated financial statements to ensure all account balances are properly stated at each reporting period.

**Views of Responsible
Officials and Planned**

Corrective Action: Management concurs with the finding and will work to implement the recommendation to ensure all account balances are properly stated at each reporting period.

CITY OF PERRY, GEORGIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

No matters to report.

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