CITY OF GLENNVILLE, GEORGIA

FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

CITY OF GLENNVILLE, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Glennville, 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 Glennville, Georgia, 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 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 Glennville, Georgia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of historical pension information and the related notes on pages 44-47 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glennville, Georgia's basic financial statements. The combining and individual non-major fund financial statements, financial schedules, and budgetary schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules, the schedules of projects paid with special sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 and America. In our opinion, the combining and individual non-major fund financial statements and the schedule of projects paid with special sales tax proceeds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016, on our consideration of the City of Glennville, Georgia'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 Glennville, Georgia's internal control over financial reporting and compliance.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

December 20, 2016

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Equivalents	$ 2,191,168	$ 1,570,463	$ 3,761,631	$ 76,101
Receivables	1,174,236	377,443	1,551,679	-
Prepaids	419	-	419	-
Restricted Cash and Equivalents	-	1,036,812	1,036,812	-
Capital Assets				
Non-depreciable	1,275,089	1,850,659	3,125,748	916,840
Depreciable (net)	4,178,747	7,280,922	11,459,669	-
Total Assets	8,819,659	12,116,299	20,935,958	992,941
Deferred Outflows of Resources				
Deferred pensions	245,131	-	245,131	-
Total Deferred Outflows of Resources	245,131	-	245,131	-
Liabilities				
Accounts payable and accruals	1,023,266	414,596	1,437,862	-
Deposits	-	120,794	120,794	-
Long-term liabilities				
Due within one year				
Notes payable	140,373	-	140,373	-
Capital lease obligations	92,193	9,054	101,247	-
Bonds payable	-	294,606	294,606	-
Compensated absences	8,115	2,028	10,143	-
Line of credit	-	623,006	623,006	-
Due in more than one year				
Notes payable	345,841	-	345,841	-
Capital lease obligations	314,810	24,208	339,018	-
Bonds payable	-	6,351,403	6,351,403	-
Compensated absences	32,462	8,112	40,574	-
Net pension liability	610,563	-	610,563	-
Total liabilities	2,567,623	7,847,807	10,415,430	-
Deferred Inflows of Resources				
Deferred pensions	52,650	-	52,650	-
Unearned revenues	-	50,000	50,000	-
Total deferred inflows of resources	52,650	50,000	102,650	-
Net Position				
Net investment in capital assets	4,560,619	1,829,304	6,389,923	916,840
Restricted for:				
Debt Service	-	916,018	916,018	-
Special Sales Tax	391,917	-	391,917	-
Drug Seizure	511	-	511	-
Hotel Motel	5,309	-	5,309	-
Recreation	51,525	-	51,525	-
Grants	1,090		1,090	-
Unrestricted	1,433,546	1,473,170	2,906,716	76,101
Total net position	$ 6,444,517	$ 4,218,492	$ 10,663,009	$ 992,941

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units
Primary government								
Governmental Activities								
General Government	$ 499,601	$ 99,325	$ -	$ 20,144	$ (380,132)	$ -	$ (380,132)	
Municipal Court	51,855	-	-	-	(51,855)	-	(51,855)	
Public Safety	1,089,199	146,421	-	-	(942,778)	-	(942,778)	
Public Works	979,491	360,748	-	55,629	(563,114)	-	(563,114)	
Community Development	51,986	-	-	-	(51,986)	-	(51,986)	
Culture and recreation	419,867	60,660	145,670	-	(213,537)	-	(213,537)	
Interest on Long-term debt	6,802	-	-	-	(6,802)	-	(6,802)	
Total governmental activities	3,098,801	667,154	145,670	75,773	(2,210,204)	-	(2,210,204)	
Business-type activities:								
Water and Sewer	1,740,928	1,558,403	-	467,675	-	285,150	285,150	
Total business-type activities	1,740,928	1,558,403	-	467,675	-	285,150	285,150	
Total primary government	$ 4,839,729	$ 2,225,557	$ 145,670	$ 543,448	$ (2,210,204)	$ 285,150	$ (1,925,054)	
Component Units								
Downtown Development Authority	4,159	-	10,000	-				5,841
Development Authority	6,423	-	10,000	-				3,577
Total component units	$ 10,582	$ -	$ 20,000	$ -				$ 9,418
General revenues:								
Taxes:								
Property taxes, levied for general purposes					$ 791,418	$ -	$ 791,418	$ -
Sales Taxes					1,629,499	-	1,629,499	-
Franchise Fee					247,334	-	247,334	-
Other Taxes					379,985	-	379,985	-
Unrestricted investment earnings					10,786	15,713	26,499	470
Miscellaneous					23,565	59,477	83,042	601
Gain on sale of asset					-	-	-	-
Total general revenues, special items, and transfers					3,082,587	75,190	3,157,777	1,071
Change in net position					872,383	360,340	1,232,723	10,489
Net position - beginning					5,572,134	3,858,152	9,430,286	982,452
Net position - ending					$ 6,444,517	$ 4,218,492	$ 10,663,009	$ 992,941

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	T SPLOST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	$ 1,827,003	$ 44,007	$ 320,158	$ 2,191,168
Receivables (net):				
Taxes	62,371	3,965	40,990	107,326
Accounts	40,821	-	-	40,821
Interest	6,752	-	-	6,752
Due from other funds	9,991	-	-	9,991
Receivable from other governments	8,351	984,561	5,598	998,510
Other receivables	19,823	-	1,006	20,829
Prepaid expenditures	419	-	-	419
Total Assets	1,975,531	1,032,533	367,752	3,375,816
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	57,116	944,771	-	1,001,887
Due to other funds	7,657	-	2,334	9,991
Other accrued expenditures	18,553	-	2,828	21,381
Total Liabilities	83,326	944,771	5,162	1,033,259
DEFERRED INFLOWS OF RESOURCES				
Property tax revenue	20,840	-	-	20,840
Unavailable revenue	27,756	-	-	27,756
Total Deferred Inflows of Resources	48,596	-	-	48,596
Fund balances (deficits):				
Nonspendable	419	-	-	419
Restricted	-	87,762	362,590	450,352
Unassigned	1,843,190	-	-	1,843,190
Total Fund Balances (Deficits)	1,843,609	87,762	362,590	2,293,961
Total Liabilities, Deferred Inflows and Fund balances	$ 1,975,531	$ 1,032,533	$ 367,752	$ 3,375,816

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION AS OF JUNE 30, 2016

Total fund balance, governmental funds	$	2,293,961
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		5,453,836
The deferred outflows are not current assets or financial resources, and the deferred inflows are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Deferred outflows		245,131
Deferred inflows		(52,650)
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Government-wide Statement of Net Position.		
Notes payable		(486,214)
Capital lease obligations		(407,003)
Compensated absences		(40,577)
Net pension liability		(610,563)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.		48,596
Net Position of Governmental Activities in the Statement of Net Position	$	6,444,517

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	T SPLOST	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	$ 1,728,016	$ -	$ 256,140	$ 1,984,156
Fines and forfeitures	100,841	-	504	101,345
Licenses and permits	85,911	-	-	85,911
Intergovernmental	10,000	1,032,864	113,797	1,156,661
Charges for services	417,317	-	60,660	477,977
Investment earnings	10,749	245	2,452	13,446
Miscellaneous	38,510	-	9,200	47,710
Total Revenues	2,391,344	1,033,109	442,753	3,867,206
EXPENDITURES				
Current:				
General government	448,361	-	-	448,361
Public safety	1,191,223	-	1,000	1,192,223
Public works	414,155	-	51,879	466,034
Sanitation	343,297	-	-	343,297
Community development	23,972	-	15,208	39,180
Culture and recreation	27,372	-	259,584	286,956
Municipal court	54,555	-	-	54,555
Debt Service:				
Principal	-	-	146,956	146,956
Interest and other charges	-	-	22,498	22,498
Capital outlay	-	964,449	200,083	1,164,532
Total Expenditures	2,502,935	964,449	697,208	4,164,592
Excess (Deficiency) of Revenues Over Expenditures	(111,591)	68,660	(254,455)	(297,386)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	108,820	108,820
Transfers out	(108,820)	-	-	(108,820)
Proceeds from other financing sources	232,828	-	550,200	783,028
Total Other Financing Sources (Uses)	124,008	-	659,020	783,028
Net Change in Fund Balances	12,417	68,660	404,565	485,642
Fund Balances - Beginning of Year	1,831,192	19,102	(41,975)	1,808,319
Fund Balances - Ending of Year	$ 1,843,609	$ 87,762	$ 362,590	$ 2,293,961

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNEMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds:	$	485,642
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of $1,452,554 exceeded depreciation of $386,514 in the current period.		1,066,040
Revenues reported on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Deferred revenues		(4,840)
Revenues not reported on the statement of activities that provide current financial resources are reported as revenues in governmental funds:		
Proceeds from notes payables		(550,250)
Proceeds from capital leases		(232,828)
Repayment of principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities:		
Notes payable principle payments		95,278
Capital lease principal payments		51,678
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Changes in long-term compensated absences		(1,820)
Pension expense		(36,517)
Change in Net Position of Governmental Activities	$	872,383

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Taxes	$ 1,676,861	$ 1,747,639	$ 1,728,016	$ (19,623)
Fees and fines	146,325	152,157	100,841	(51,316)
Licenses and permits	75,025	85,912	85,911	(1)
Charges for services	415,396	417,903	417,317	(586)
Investment earnings	5,030	8,393	10,749	2,356
Intergovernmental	-	10,000	10,000	-
Miscellaneous	17,000	41,124	38,510	(2,614)
Proceeds from other financing sources	-	-	232,828	232,828
Total Revenues	2,335,637	2,463,128	2,624,172	161,044
Expenditures				
Current:				
General government	508,810	517,704	448,361	(69,343)
Public safety	1,036,550	1,036,550	1,191,223	154,673
Public works	420,850	420,850	414,155	(6,695)
Sanitation	350,600	350,600	343,297	(7,303)
Community development	22,930	24,679	23,972	(707)
Culture and recreation	28,500	38,500	27,372	(11,128)
Municipal court	67,435	67,435	54,555	(12,880)
Transfers out	98,820	98,820	108,820	10,000
Total Expenditures	2,534,495	2,555,138	2,611,755	56,617
Excess (Deficiency) Of Revenues Over Expenditures	(198,858)	(92,010)	12,417	104,427
Fund Balances - Beginning of Year	1,831,192	1,831,192	1,831,192	-
Fund Balances - Ending of Year	$ 1,632,334	$ 1,739,182	$ 1,843,609	$ 104,427

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
JUNE 30, 2016

ASSETS

Current Assets		
Cash and cash equivalents	$	1,570,463
Accounts receivable, net		154,078
Other receivables		223,365
Total Current Assets		1,947,906
Non-Current Assets		
Restricted Assets - cash and cash equivalents		1,036,812
Total Restricted Assets		1,036,812
Capital Assets		
Land		507,747
Water and sewer system		15,898,860
Equipment and furniture		474,050
Construction in progress		1,342,912
Total capital assets		18,223,569
Less Accumulated depreciation		(9,091,988)
Net Capital Assets		9,131,581
Total Non-Current Assets		10,168,393
Total Assets	$	12,116,299

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
JUNE 30, 2016

LIABILITIES

Current Liabilities		
Accounts payable	$	325,127
Accrued payroll		3,502
Accrued interest payable		85,967
Deferred revenue		50,000
Current portion of compensated absences		2,028
Current portion of long-term debt - capital leases		9,054
Current portion of long-term debt - notes payable		623,006
Current portion of long-term debt - bonds payable		294,606
Total Current Liabilities		1,393,290
Current liabilites (payable from restricted assets)		
Water Deposits		120,794
Total Current Liabilities (payable from restricted assets)		120,794
Non-Current Liabilites		
Compensated absences payable (net of current portion)		8,112
Capital leases payable (net of current portion)		24,208
Bonds payable (net of current portion)		6,351,403
Total Non-Current Liabilities		6,383,723
Total Liabilities		7,897,807

NET POSITION

Net investment in capital assets		1,829,304
Restricted for debt service		916,018
Unrestricted		1,473,170
Total Net Position	$	4,218,492

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2016

Revenues	
Charges for services	$ 1,558,403
Total Operating Revenues	1,558,403
Operating Expenses	
Personal services	239,200
Contractual services	106,492
Utilities	257,464
Repairs and maintenance	233,148
Other supplies and expenses	143,806
Insurance claims and expenses	35,126
Miscellaneous expenses	7,117
Depreciation expense	539,698
Total Operating Expenses	1,562,051
Operating (Loss)	(3,648)
Non-Operating Revenues (Expenses)	
Interest and investment revenue	15,713
Miscellaneous revenue	59,477
Interest expense	(178,877)
Total Non-Operating Revenue (Expenses)	(103,687)
(Loss) Before Contributions And Transfers	(107,335)
Capital grants and contributions	467,675
Total Contributions And Transfers	467,675
Change in net position	360,340
Total net position - beginning	3,858,152
Total net position - ending	$ 4,218,492

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities		
Cash received from customers:	$	1,606,242
Cash paid to suppliers		(786,437)
Cash paid to employees		(239,710)
Net Cash Provided By Operating Activities		580,095
Cash Flows From Capital And Related Financing Activities		
Principal paid on capital leases payable		(7,873)
Principal paid on notes payable		(3,452)
Principal paid on bonds payable		(284,411)
Acquisition and contruction of capital assets		(107,668)
Interest payments		(181,777)
Net Cash (Used In) Capital And Related Activities		(585,181)
Cash Flows From Investing Activities		
Interest on cash deposits		15,713
Miscellaneous non-operating revenue		85,403
Net Cash Provided By Investing Activities		101,116
Net Increase In Cash		96,030
Cash Beginning of Year		2,511,245
Cash at End of Year	$	2,607,275

RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating (Loss)	$	(3,648)
Adjustments To Reconcile Operating (Loss) To Net Cash Provided By Operating Activities:		
Depreciation and amortization		539,698
Change in Assets and Liabilities:		
Accounts receivable		(1,435)
Other receivables		171,489
Prepaid expenses		1,691
Accounts payable		(178,564)
Accrued expenses		(510)
Unearned revenue		50,000
Customer deposits		5,305
Due to other funds		(3,931)
Net Cash Provided By Operating Activities	$	580,095

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2016

Cash Per Financial Statements, Including Investments	$	2,607,275
Less: Non-Cash Equivalents		-
Total Cash	$	2,607,275
Non-cash transactions:		
Purchase of assets through capital lease obligations	$	19,055

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2016

	DOWNTOWN DEVELOPMENT AUTHORITY	DEVELOPMENT AUTHORITY	TOTAL COMPONENT UNITS
ASSETS			
Cash and cash equivalents	$ 30,422	$ 45,679	$ 76,101
Non-depreciable capital assets	147,506	769,334	916,840
Total Assets	177,928	815,013	992,941
NET POSITION			
Net investment in capital assets	147,506	769,334	916,840
Unrestricted	30,422	45,679	76,101
Total Net Position	$ 177,928	$ 815,013	$ 992,941

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

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
COMPONENT UNITS
JUNE 30, 2016

	DOWNTOWN DEVELOPMENT AUTHORITY	DEVELOPMENT AUTHORITY	TOTAL COMPONENT UNITS
OPERATING REVENUES			
Rent	$ -	$ -	$ -
Total Operating Revenues	-	-	-
OPERATING EXPENSES			
Other	4,159	6,423	10,582
Total Operating Expenses	4,159	6,423	10,582
Operating (Loss)	(4,159)	(6,423)	(10,582)
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental	10,000	10,000	20,000
Interest income	411	59	470
Other	601	-	601
Total Non-Operating Revenues (Expenses)	11,012	10,059	21,071
Change in net position	6,853	3,636	10,489
Total net position - beginning	171,075	811,377	982,452
Total net position - ending	$ 177,928	$ 815,013	$ 992,941

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Glennville, Georgia was chartered by an act of the General Assembly of the State of Georgia. The City operates under a Council/Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (highways, streets, and sanitation), water and sewer services, community development, community services (library, cemetery, and recreation) and general administrative services.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; of (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The component unit columns included on the government-wide financial statements identify the financial data of the City's discretely presented component units. They are reported separately to emphasize that they are legally separate from the City.

A brief description of the City's discretely presented component units follows:

Downtown Development Authority of the City of Glennville and Development Authority of the City of Glennville (the Authorities)

The Authorities are public corporations created to promote industry, trade, and economic growth in the City. The City appoints the members of each authority's board and assists with its funding. Separate financial statements are not prepared by the two authorities.

Related Organizations

The Housing Authority of the City of Glennville, Georgia is considered a related organization based upon the criteria in GASB Statement 14. The Housing Authority is a legally separate entity having a board composed of members appointed by the City. The City is not able to impose its will upon the Housing Authority and a financial benefit/burden relationship does not exist between them. Therefore, based upon the criteria above, the Housing Authority of the City of Glennville, Georgia is a related organization and is excluded from the reporting entity.

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund is used to account for all revenues and expenditures applicable to the general operations of City government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the general fund.

T-SPLOST Fund - The fund accounts for the transportation special purpose local option sales tax. Funds are spent for various transportation-related capital improvements.

The other governmental funds of the City account for other resources whose use is restricted for a particular purpose; the accumulation of resources for, and the payment of debt; and the acquisition or construction of major capital projects.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water & Sewer Fund The fund accounts for financing and costs of providing water and sewer services to residents of the City.

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 proprietary fund principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and service. Operating expenses for enterprise funds and internal service 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. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses verses expenditures.

F. Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes are recognized in the year for which the taxes are levied. Revenues from sales taxes are recognized in the period in which the sales are made. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the year when use is first permitted; matching requirements in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes, grants, interest, and rent.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

G. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category on the governmental funds balance sheet.

The following amounts are deferred and recognized as an inflow of resources in the period that the amounts become available:

Unavailable Revenue	General Fund
Property taxes	$ 20,840
Unavailable revenue	27,756
	$ 48,596

H. Expenses/ Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

I. FASB Statements and Interpretations

For Proprietary activities, all FASB Statements and Interpretations issued after November 30, 1989 have been applied except for those that conflict with or contradict GASB pronouncements.

J. Budgets and Budgetary Accounting

An annual budget is adopted (as required by law) by the City for the general and special revenue funds. The budgets are adopted on a basis substantially consistent with generally accepted accounting principles.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the City Council.

All unexpended annual appropriations lapse at year-end.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

K. Cash and Cash Equivalents

For the proprietary fund types a statement of cash flows is presented, as is required by GASB Statement 9, instead of a statement of changes in financial position. For this statement, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less when purchased, that are readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

L. Investments

The City is authorized to invest its funds in (1) obligations which constitute direct obligations of, or are unconditionally guaranteed by, the United States of America; (2) certificates of deposit issued by state and national banks located within the state of Georgia when secured by acceptable collateral; (3) obligations of the Federal Land Bank, the Federal Home Loan Bank, Federal Intermediate Credit Bank and Federal Bank for Cooperatives; and (4) bonds or other obligations issued by any public housing agency or municipality which are served by a pledge of annual contributors under contract with the United States Government, or project notes secured by a payment agreement with the United States Government.

All investments are stated at market value.

M. Capital Assets

General capital assets are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective funds.

The cost of infrastructure assets, including roads, bridges, curbs and gutters, streets, sidewalks, drainage systems and lighting systems acquired during the current fiscal year is recorded in the government-wide financial statements. The City is not required to and will not record acquisitions prior to June 30, 2003.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of three thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and improvements and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Building	15-40 years
Improvements other than building	10-15 years
Machinery and Equipment	5-10 years
Water and sewer system	15-30 years
Infrastructure	15-25 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

N. Inventories

Materials purchased are shown as expenditures when acquired and are not inventories at June 30, 2016 due to lack of materiality.

O. Allowance For Doubtful Accounts

The City provides an allowance for the Water and Sewer Fund accounts receivable and the Property tax accounts receivable that may be uncollectible. At June 30, 2016, the allowances are $3,000 and $0, respectively. No other allowances for uncollectible accounts receivable are necessary. All other accounts receivable are considered collectible as reported at June 30, 2016.

P. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported. For enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Q. Retirement Plans

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 15 and the required supplementary information (RSI) section immediately following the Notes to the Financial Statements), regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Georgia Municipal Employees Benefit System (GMEBS). The net pension liability is measured as of the September 30th immediately prior to the City's fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized as a component of pension expense over a five year period beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the City's pension plan with GMEBS and additions to/deductions from the plan's fiduciary net position have been determined on the

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

same basis as they are reported by GMEBS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when paid. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

R. Accrued and Long - Term Liabilities

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable form the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

S. 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 current assets and current liabilities. In the fund financial statements, governmental funds report fund 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 whether through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through adoption of a resolution. The City Council also may modify or rescind the commitment by the same formal action.

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 City Council has authorized the City Manager to assign fund balances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

Net Position - Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when its use is constrained as described in the fund balance section above. All other net position is reported as unrestricted.

T. Prepaid Expenditures

Payments made to various vendors for items or services for a future period are recorded as prepaid expenditures.

U. Estimates

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

V. Bond Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary funds statement of net position, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

NOTE 2 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The following funds' expenditures/expenses exceeded appropriations:

	Expenditures/ Expenses Actual	Appropriations	Amount Exceeding Appropriations
Fund Level			
T-SPLOST Fund	$ 964,449	$ 938,981	$ 25,468
Recreation Commission	$ 277,807	$ 241,381	$ 36,426
Departmental Level			
General Fund			
Public safety	1,191,223	1,036,550	154,673

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

As of June 30, 2016, the carrying amount of the City's bank deposits was $4,798,204 and the respective bank balances totaled $5,105,634. Of the total bank balance, $305,290 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $4,800,344 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the city.

As of June 30, 2016, the City's carrying amount of deposits, related bank balances, and other cash, were as follows:

	Carrying Amount	Bank Balance
Demand deposits	$ 4,798,204	$ 5,105,634
Petty Cash	240	-
Totals	$ 4,798,444	$ 5,105,634

As of June 30, 2016, the carrying amount of the City's component units' bank deposits was $76,101 and the respective bank balances totaled $76,101. The total bank balance was insured through the Federal Depository Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City has a policy to reduce its exposure to this risk by requiring deposits to be collateralized in accordance with State law. As of June 30, 2016, $4,800,344 of the City's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

NOTE 4 – PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1 of each year. Property taxes are billed on or about October 15th of each year and are payable within sixty days. The City bills and collects its own property taxes. Property tax revenues at the fund reporting level are recognized when levied to the extent that they result in current receivables (i.e. collectible in 60 days). For the year ended June 30, 2016, property taxes were levied on September 16, 2015 and were due December 15, 2015.

NOTE 5 – HOTEL/MOTEL LODGING TAX

The City is required to disburse funds received from the collection of hotel/motel taxes pursuant to O.C.G.A 48-13-51(a)(3.7). The tax rate is 5% and is levied on a monthly basis. The City received $16,344 from the collection of the hotel/motel tax during the fiscal year ended June 30, 2016. The City disbursed $15,208 for the promotion of tourism.

NOTE 6 – INTERFUND TRANSFERS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services. Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and transfers section in the Proprietary Funds.

Transfers between funds during the year ended June 30, 2016 were as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ 108,820
Recreation Commission	108,820	-
	$ 108,820	$ 108,820

NOTE 7 – INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded.

Individual fund interfund receivable and payable balances at June 30, 2016 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 9,991	$ 7,657
Recreation Commission	-	2,334
	$ 9,991	$ 9,991

NOTE 8 - CAPITAL ASSETS

A summary of changes in fixed assets for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Primary Government				
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$ 129,680	$ 45,396	$ -	$ 175,076
Construction in Progress	595,505	1,011,636	507,128	1,100,013
Total Nondepreciable Capital Assets	725,185	1,057,032	507,128	1,275,089
Depreciable Capital Assets:				
Buildings	1,280,352	564,292	-	1,844,644
Improvements other than building	632,234	52,043	-	684,277
Machinery and Equipment	1,849,776	255,433	-	2,105,209
Infrastructure	3,202,272	30,882	-	3,233,154
Total Capital Assets	7,689,819	1,959,682	507,128	9,142,373
Less Accumulated Depreciation For:				
Buildings	(716,528)	(40,841)	-	(757,369)
Improvements other than building	(444,447)	(23,346)	-	(467,793)
Machinery and Equipment	(1,404,626)	(118,278)	-	(1,522,904)
Infrastructure	(736,422)	(204,049)	-	(940,471)
Governmental Activities Capital Assets, Net	$ 4,387,796	$ 1,573,168	$ 507,128	$ 5,453,836

NOTE 8 - CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government	$ 23,630
Public Safety	97,297
Public Works	213,437
Culture and Recreation	47,300
Community Development	4,850
Total Depreciation Expense-Governmental Activities	$ 386,514

A summary of changes in fixed assets for the City's enterprise fund for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Business-Type Activities:				
Nondepreciable Capital Assets:				
Land and Improvements	$ 507,747	-	-	$ 507,747
Construction in Progress	207,950	1,134,962	-	1,342,912
Total Nondepreciable Capital Assets	715,697	1,134,962	-	1,850,659
Depreciable Capital Assets:				
Water and sewer system	15,880,264	18,596	-	15,898,860
Machinery and Equipment	454,995	19,055	-	474,050
Total Capital Assets	17,050,956	1,172,613	-	18,223,569
Less Accumulated Depreciation For:				
Water and sewer system	(8,167,762)	(506,514)	-	(8,674,276)
Machinery and Equipment	(384,528)	(33,184)	-	(417,712)
Business-Type Activities Capital Assets, Net	$ 8,498,666	$ 632,915	$ -	$ 9,131,581

Discretely Presented Component Units

A summary of changes in fixed assets for the Downtown Development Authority for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	$ 86,894	$ 60,612	$ -	$ 147,506

NOTE 8 - CAPITAL ASSETS, CONTINUED

A summary of changes in fixed assets for the Development Authority for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	$ 769,334	$ -	$ -	$ 769,334

NOTE 9 – LINES OF CREDIT

The City had a line of credit with S Bank in the amount of $500,000, which was used to finance renovations to city hall. The credit line bore interest at 3.25% and was secured by certificates of deposit at S Bank. At the completion of the renovation project, which occurred during the month of September, 2015, the line of credit converted to an amortizing loan. At June 30, 2016, the balance on the line of credit was $0.

The Water and Sewer Fund has a line of credit with the Georgia Environmental Finance Authority (GEFA) in the initial amount of $699,000. Interest at the rate of 0.52% is due monthly. The line is used for upgrading and replacing the residential and commercial water meters and backflow preventers connected to the City's water and sewer system. The line of credit will convert to an amortizing loan upon completion of the project. During the year ended June 30, 2016, the agreement with GEFA was modified, allowing the City to borrow an additional $251,000. Under the terms of the agreement between the City and GEFA, $209,700 of the initial $699,000 borrowed will be forgiven and recognized by the City as revenue. All other amounts advanced, including the additional $251,000, will remain as liabilities. At June 30, 2016, $623,006 was drawn on the line of credit. Conversion to permanent financing is expected to occur during the next fiscal year.

NOTE 10 – WATER AND SEWER REVENUE BONDS

In October 2001, the City of Glennville issued a $3,933,700 City of Glennville Water and Sewer Revenue Bond, Series 2000A, a $3,579,406 City of Glennville Water and Sewer Revenue Bond, Series 2000B, and a $531,600 City of Glennville Water and Sewer Revenue Bond, Series 2000C. The bonds were issued in order to provide funds needed to pay the cost, in part, of acquiring, constructing, and equipping improvements, additions to, and extensions of the water and sewer system of the City. In October 2012, the City of Glennville consolidated these bonds and a note payable into a $7,475,000 Series 2012 Bond. For this bond, there is an original issue discount of $80,058 which will be amortized over the life of the bond.

This bond is payable solely from the revenues derived from the ownership and operation of the water and sewer system.

The bonds require the monthly deposit of funds equivalent to ten percent of the monthly installment of principal and interest on the bonds into a bond reserve account.

An interest only payment is due January 1 and a principal and interest payment is due July 1 of each year with the final payment July 1, 2034. Interest rates vary by year from 1.5% to 3.375%.

NOTE 10 – WATER AND SEWER REVENUE BONDS - CONTINUED

As of June 30, 2016, debt service requirements for the Series 2012 revenue bond is as follows:

Year Ending June 30:	Principal	Interest	Total
2017	$ 300,000	$ 168,934	$ 468,934
2018	305,000	162,884	467,884
2019	310,000	156,734	466,734
2020	315,000	151,271	466,271
2021	320,000	146,029	466,029
2022-2026	1,710,000	619,128	2,329,128
2027-2031	1,825,000	388,300	2,213,300
2032-2035	1,620,000	107,522	1,727,522
Total	$ 6,705,000	$ 1,900,802	$ 8,605,802

NOTE 11 – NOTES PAYABLE

Governmental Activities

The following is a summary of short-term debt transactions of the City for the year ended June 30, 2016:

Note payable to South Georgia Bank for $50,250, payable in monthly installments of $1,139, including interest at 4.15%, with a final payment of all unpaid principal and interest due on December 10, 2019, unsecured, to be used for recreation improvements.	$ 44,403
Note payable to S Bank for $26,558, payable in quarterly installments of $2,334, including interest at 3.25%, with a final payment of all unpaid principal and interest due on December 1, 2017, secured by a police vehicle.	13,606
Note payable to S Bank for $500,000, payable in quarterly installments of $27,071, including interest at 3.25%, with a final payment of all unpaid principal and interest due on October 23, 2016, secured by renovations performed on city hall. The note was refinanced during October 2016 under similar terms for another year.	428,205
Total	$ 486,214

NOTE 11 – NOTES PAYABLE - CONTINUED

As of June 30, 2016, annual debt service requirements for the notes payable are as follows:

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2017	$ 140,373	$ 14,698
2018	326,027	6,405
2019	13,094	578
2020	6,720	82
Total	$ 486,214	$ 21,763

NOTE 12 – CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of various pieces of equipment. These 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 inception. Accumulated amortization resulting from the equipment leased is included with depreciation expense. The equipment leased under capital leases as of June 30, 2016 consisted of the following:

	Government-Type Activities	Business-Type Activities
Police Vehicles	$ 48,600	$ -
Recreation Department Lighting	83,500	-
Street Sweeper	22,356	-
Fire Truck	173,632	-
Backhoe	-	54,000
Vehicle	-	16,204
Ford F-150	18,924	-
John Deere Gator	6,700	-
Ford Expedition	30,465	-
2014 Ford F-150	-	27,140
2010 & 2011 Crown Victorias	44,375	-
2000 Pierce Contender Fire Truck	127,694	-
Elgin Street Sweeper	206,228	-
2016 Ford Explorer	33,070	-
2015 Ford F-150	-	19,055
	795,544	116,399
Less Accumulated Depreciation	(304,550)	(80,088)
Total	$ 490,994	$ 36,311

The following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2016:

Year Ending June 30:	Governmental-Type Activities	Business-Type Activities
2017	$ 103,967	$ 10,133
2018	103,967	10,133
2019	81,046	10,133
2020	65,036	4,196
2021	65,036	1,049
Thereafter	20,726	-
Total Minimum Lease Payments	439,778	35,644
Less: Amount Representing Interest	(32,775)	(2,382)
Present Value of Future Minimum Lease Payments	$ 407,003	$ 33,262

NOTE 13 – CHANGES IN LONG-TERM DEBT

The capital lease obligations and notes payable will be paid from the special sales tax capital projects fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, most were paid from the General Fund and the Water and Sewer Fund. Principal and interest payments related to the revenue bonds and notes payable for the business-type activities will be paid from income derived from the operation of the water and sewer system.

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2016:

	Balance June 30, 2015	Issues or Additions	Payments or Expenditures	Balance June 30, 2016	Amount Due Within One Year
Governmental Activities					
Compensated absences payable	$ 38,757	$ 1,820	$ -	$ 40,577	$ 8,115
Notes payable	31,242	550,250	95,278	486,214	140,373
Line of credit	401,159	98,791	499,950	-	-
Capital leases payable	225,853	232,828	51,678	407,003	92,193
Total Governmental Activities	697,011	883,689	646,906	933,794	240,681
Business-Type Activities					
Compensated absences payable	$ 10,909	$ -	$ 769	$ 10,140	$ 2,028
Revenue bonds payable	6,995,000	-	290,000	6,705,000	300,000
Line of credit	119,930	503,076	-	623,006	623,006
Capital leases payable	22,082	19,055	7,875	33,262	9,054
Notes payable	3,452	-	3,452	-	-
Unamortized bond discount	(64,580)	-	(5,589)	(58,991)	(5,394)
Total Business-Type Activities	7,086,793	522,131	296,507	7,312,417	928,694
Total All Funds	$ 7,783,804	$ 1,405,820	$ 943,413	$ 8,246,211	$ 1,169,375

NOTE 14 – FUND EQUITY

Fund balances at June 30, 2016 are classified as follows:

Nonspendable – The following fund balances are non-spendable because they are allocated to:

General Fund:	
Prepaid items	$ 419
Total	$ 419

NOTE 14 – FUND EQUITY - CONTINUED

Restricted – The following fund balances are restricted for:

Special Revenue Funds:	
Drug Seizure Fund - used to account for funds received from drug property seizures.	$ 511
Grant Fund - used to account for revenues and expenditures related to state grants.	1,090
Hotel/Motel Fund - used to account for hotel/motel tax revenues.	5,309
Recreation Commission Fund - used to account for activity involving the recreation commission.	51,525
Total Restricted Fund Balance - Special Revenue Funds	58,435
Capital Projects Funds:	
Special Sales Tax Fund - used to account for capital projects financed with special purpose local option sales tax that was approved by referendum.	304,155
T-Splost Fund - used to account for capital projects financed with transportation special purpose local option sales tax.	87,762
Total Restricted Fund Balance - Capital Project Funds	391,917
Total Restricted Fund Balance	$ 450,352

Unassigned – The following fund balances are unassigned:

General Fund	$ 1,843,190
Total	$ 1,843,190

NOTE 15 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City's defined benefit pension plan, the City of Glennville Retirement Plan (the Plan), provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Plan is affiliated with the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City is assigned the authority to establish and amend benefit provisions of the Plan. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. The report can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303, or by calling (404) 688-0472.

Employees Covered Under the Plan

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	7
Active employees	35
Total covered employees	65

Funding Policy

Employees are not required to contribute to the Plan. The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the Plan. If the City contributes the recommended contribution developed under the actuarial funding policy each year, the Plan will meet applicable state funding standards.

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

At June 30, 2016, the City reported a liability of $610,563 as its net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City's net pension liability was based on the projection of the City's long-term contributions to the pension plan, actuarially determined at January 1, 2016.

NOTE 15 – EMPLOYEE RETIREMENT PLAN - CONTINUED

The following is a schedule reconciles the differences between the beginning and ending net pension liability for the year ended June 30, 2016:

Changes in Net Pension Liability	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) - (b)
Balances at September 30, 2014*	$ 2,098,862	$ 1,723,738	$ 375,124
Changes for the year:			
Service cost	48,769	-	48,769
Interest	157,681	-	157,681
Differences between expected and actual experience	121,382	-	121,382
Contributions - employer	-	77,088	(77,088)
Contributions - employee	-	-	-
Net investment income	-	21,309	(21,309)
Benefit payments, including refunds of employee contributions	(128,547)	(128,547)	-
Administrative expense	-	(6,004)	6,004
Other	-	-	-
Net changes	199,285	(36,154)	235,439
Balances at September 30, 2015**	$ 2,298,147	$ 1,687,584	$ 610,563

**Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2015 are used to measure TPL as of September 30, 2014. The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ending June 30, 2015.*

***Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2016 are used to measure TPL as of September 30, 2015. The balances as of September 30, 2015 constitute measurements of the NPL for the fiscal year ending June 30, 2016.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

NOTE 15 – EMPLOYEE RETIREMENT PLAN, CONTINUED

For the year ended June 30, 2016, the City recognized pension expense of $109,829. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. 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
Differences between expected and actual experience	$ 97,104	$ (13,161)
Changes of assumptions	-	(4,137)
Net difference between projected and actual earnings on pension plan investments	88,044	(35,352)
City contributions subsequent to the measurement date	59,983	-
Total	$ 245,131	$ (52,650)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to the net pension liability to be recognized in future periods in a systematic and rational manner, as detailed below.

$59,983 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year Ending June 30,	Deferred Outflows of Resources	Deferred (Inflows) of Resources
2017	$ 46,287	$ (17,550)
2018	46,287	(17,550)
2019	46,287	(17,550)
2020	46,287	-
2021	-	-
Thereafter	-	-
Total	$ 185,148	$ (52,650)

NOTE 15 – EMPLOYEE RETIREMENT PLAN, CONTINUED

Actuarial Methods and Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 11 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Inflation	3.25%
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age:	
Normal	65 with 5 years of service
Early	55 with 10 years of service
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

NOTE 15 – EMPLOYEE RETIREMENT PLAN, CONTINUED

The 7.75% long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Discount Rate

The discount rate used to measure the total pension liability was 7.75%, which is the same as the long-term expected rate of return. The projection of cash flows used to determine the discount rate assumed that contributions from the City will continue to be made at the recommended rates each year, actuarially determined. Based on that assumption, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and it was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Net pension liability	$ 876,284	$ 610,563	$ 384,954

NOTE 16 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains commercial insurance coverage covering general liability claims and property damage claims.

The City has joined with other municipalities in the State as part of the Georgia Municipal Association Workers' Compensation Self Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The effective date of membership was March 24, 1986. As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow to pool's agents and attorneys to represent the City in investigation, settlement discussions, and all levels of litigation arising out of a claim made against the City within the scope of loss protection furnished by the fund.

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

NOTE 17 – CONTINGENT LIABILITIES

There were no known contingent liabilities at June 30, 2016. As of June 30, 2016, there were no pending litigation that would have a material effect on the financial statements.

NOTE 18 – JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the seventeen City East Middle Georgia area, is a member of the Heart of Georgia Altamaha Regional Commission (HOGARC) and is required to pay annual dues thereto. During the year ended June 30, 2016 the City paid $5,173 in such dues. Membership in the HOGARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the HOGARC in Georgia. The HOGARC Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an HOGARC. Separate financial statements may be obtained from:

Heart of Georgia Altamaha Regional Commission
5405 Oak Street
Eastman, Georgia 31023

NOTE 19 – SUBSEQUENT EVENTS

As discussed above in Note 9, the Water and Sewer Fund held a construction line of credit from GEFA as of June 30, 2016. The line of credit converted to a permanent loan in November 2016.

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - LAST 10 FISCAL YEARS

	Year Ended June 30:									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	$ 48,769	$ 54,069								
Interest	157,681	153,597								
Differences between expected and actual experience	121,382	(21,934)								
Changes of assumptions	-	(6,893)								
Changes of benefit terms	-	-								
Benefit payments, including refunds of employee contributions	(128,547)	(123,744)								
Net change in total pension liability	199,285	55,095								
Total pension liability - beginning	2,098,862	2,043,767								
Total pension liability - ending (a)	$2,298,147	$2,098,862								
Plan fiduciary net position										
Contributions - employer	$ 77,088	$ 76,971								
Contributions - employee	-	-								
Net investment income	21,309	180,523								
Benefit payments, including refunds of employee contributions	(128,547)	(123,744)								
Administrative expense	(6,004)	(4,945)								
Other	-	-								
Net change in fiduciary net position	(36,154)	128,805								
Plan fiduciary net position - beginning	1,723,738	1,594,933								
Plan fiduciary net position - ending (b)	$1,687,584	$1,723,738								
Net pension liability - ending (a)-(b)	$ 610,563	$ 375,124								
Plan's fiduciary net position as a percentage of the total pension liability	73.43%	82.13%								
Covered employee payroll	$ 962,598	$ 871,723								
Net pension liability as a percentage of covered employee payroll	63.43%	43.03%								

(Historical information prior to implementation of GASB 68 is not required)

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF PENSION CONTRIBUTIONS - LAST 10 FISCAL YEARS

	Year Ended June 30:									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	- *	$ 85,012								
Contributions in relation to the actuarially determined contribution	- *	85,012 **								
Contribution deficiency (excess)	- *	-		(Historical information prior to implementation of GASB 68 is not required)						
Covered employee payroll	- *	871,723 ***								
Contributions as a percentage of covered employee payroll	- *	9.75%								

* 2016 information will be determined after fiscal year end and will be included in the 2017 valuation report.

** Contributions are recorded based on date of receipt into the GMEBS trust. Minor timing issues in receipt of monthly payments are not indicative of non-compliance with GMEBS funding policy. A plan is in compliance with the GMEBS funding policy if it pays either the dollar amount or the percentage of employee-covered payroll of the actuarially determined contributions.

*** 2015 covered payroll is based on data collected as of August 31, 2014 for the 2015 actuarial valuation.

CITY OF GLENNVILLE, GEORGIA
NOTES TO PENSION SCHEDULES

NOTE 1 – SIGNIFICANT METHODS AND ASSUMPTIONS

Valuation Date

The actuarially determined contribution rate was determined as of January 1, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2017.

Actuarial Methods and Assumptions

The following actuarial methods and assumptions were used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective amortization period of 11 years
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Inflation	3.25%
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age:	
Normal	65 with 5 years of service
Early	55 with 10 years of service
Mortality:	
Healthy	RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.
Disabled	RP-2000 Disabled Retiree Mortality Table with sex-distinct rates
Plan termination basis (all lives)	1994 Group Annuity Reserving Unisex Table

NOTE 2 – CHANGES IN ASSUMPTIONS AND BENEFITS

Changes in Assumptions

As a result of the new administrative fee structure approved by the Board, the administrative expense assumption was updated for fiscal years beginning in 2016.

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending in 2015, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience.

Amounts reported for the fiscal years ending in 2015 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.

The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.

The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at ages 65 to 69, and 100% at age 70.

The inflation assumption was decreased from 3.50% to 3.25%.

The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

Benefit Changes

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change has no impact on service credited under the Plan and has no impact on benefits.

CITY OF GLENNVILLE, GEORGIA
BUDGETARY COMPARISON SCHEDULE
T-SPLOST FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	$ 48,000	$ 938,826	$ 1,032,864	$ 94,038
Interest	50	155	245	90
Total Revenues	48,050	938,981	1,033,109	94,128
Expenditures				
Debt Service:				
Capital Outlay	48,050	938,981	964,449	25,468
Total Expenditures	48,050	938,981	964,449	25,468
Excess (Deficiency) Of Revenues Over Expenditures	-	-	68,660	68,660
Fund Balances - Beginning of Year	19,102	19,102	19,102	-
Fund Balances - Ending of Year	$ 19,102	$ 19,102	$ 87,762	$ 68,660

The accompanying notes are an integral part of these statements.

CITY OF GLENNVILLE, GEORGIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	SPECIAL REVENUE				CAPITAL PROJECTS	TOTAL OTHER GOVERNMENTAL FUNDS
	DRUG SEIZURE	GRANT FUND	HOTEL/MOTEL TAX	RECREATION COMMISSION	SPECIAL SALES TAX	
ASSETS						
Cash and cash equivalents	$ 7	$ 1,090	$ 3,824	$ 51,089	$ 264,148	$ 320,158
Taxes receivable (net)	-	-	1,485	-	39,505	40,990
Receivable from other governments	-	-	-	5,598	-	5,598
Other receivables	504	-	-	-	502	1,006
Total Assets	511	1,090	5,309	56,687	304,155	367,752
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	-	-	-	2,334	-	2,334
Other accrued expenses	-	-	-	2,828	-	2,828
Total Liabilities	-	-	-	5,162	-	5,162
Fund balances:						
Restricted	511	1,090	5,309	51,525	304,155	362,590
Total Fund Balances	511	1,090	5,309	51,525	304,155	362,590
Total Liabilities and Fund Balances	$ 511	$ 1,090	$ 5,309	$ 56,687	$ 304,155	$ 367,752

CITY OF GLENNVILLE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE				CAPITAL PROJECTS	
	DRUG SEIZURE	GRANT FUND	HOTEL/MOTEL TAX	RECREATION COMMISSION	SPECIAL SALES TAX	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES						
Taxes	$ -	$ -	$ 16,344	$ -	$ 239,796	$ 256,140
Fines and forfeitures	504	-	-	-	-	504
Intergovernmental	-	52,969	-	60,828	-	113,797
Charges for services	-	-	-	60,660	-	60,660
Investment earnings	23	-	14	-	2,415	2,452
Miscellaneous	-	-	-	8,132	1,068	9,200
Total Revenues	527	52,969	16,358	129,620	243,279	442,753
EXPENDITURES						
Current:						
Public safety	1,000	-	-	-	-	1,000
Public works	-	51,879	-	-	-	51,879
Community development	-	-	15,208	-	-	15,208
Culture and recreation	-	-	-	259,584	-	259,584
Capital outlay	-	-	-	-	200,083	200,083
Debt Service:						
Principal	-	-	-	17,017	129,939	146,956
Interest and other charges	-	-	-	1,206	21,292	22,498
Total Expenditures	1,000	51,879	15,208	277,807	351,314	697,208
Excess (Deficiency) of Revenues Over Expenditures	(473)	1,090	1,150	(148,187)	(108,035)	(254,455)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	108,820	-	108,820
Proceeds from other financing sources	-	-	-	50,250	499,950	550,200
Total Other Financing Sources (Uses)	-	-	-	159,070	499,950	659,020
Net Change in Fund Balances	(473)	1,090	1,150	10,883	391,915	404,565
Fund Balances - Beginning of Year	984	-	4,159	40,642	(87,760)	(41,975)
Fund Balances - Ending of Year	$ 511	$ 1,090	$ 5,309	$ 51,525	$ 304,155	$ 362,590

CITY OF GLENNVILLE, GEORGIA

DRUG SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Fines and forfeitures	$ 2,000	$ 970	$ 504	$ (466)
Interest	30	30	23	(7)
Total Revenues	2,030	1,000	527	(473)
Expenditures:				
Public Safety	2,030	1,000	1,000	-
Total Expenditures	2,030	1,000	1,000	-
Revenues Over (Under) Expenditures	-	-	(473)	(473)
Fund Balance - Beginning	984	984	984	-
Fund Balance - Ending	$ 984	$ 984	$ 511	$ (473)

CITY OF GLENNVILLE, GEORGIA

GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ 54,083	$ 52,969	$ 52,969	$ -
Total Revenues	54,083	52,969	52,969	-
Expenditures:				
Public works	54,083	52,969	51,879	(1,090)
Total Expenditures	54,083	52,969	51,879	(1,090)
Revenues And Other Financing Sources Over Expenditures	-	-	1,090	1,090
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ 1,090	$ 1,090

CITY OF GLENNVILLE, GEORGIA

HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Taxes	$ 15,285	$ 16,344	$ 16,344	$ -
Interest	15	13	14	1
Total Revenues	15,300	16,357	16,358	1
Expenditures:				
Community development	15,300	16,357	15,208	(1,149)
Total Expenditures	15,300	16,357	15,208	(1,149)
Revenues And Other Financing Sources Over Expenditures	-	-	1,150	1,150
Fund Balance - Beginning	4,159	4,159	4,159	-
Fund Balance - Ending	$ 4,159	$ 4,159	$ 5,309	$ 1,150

CITY OF GLENNVILLE, GEORGIA

GLENNVILLE RECREATION COMMISSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ 61,536	$ 61,536	$ 60,828	$ (708)
Charges for services	62,075	62,075	60,660	(1,415)
Miscellaneous	3,000	3,000	8,132	5,132
Transfers in	114,770	114,770	108,820	(5,950)
Other financing sources	-	-	50,250	50,250
Total Revenues	241,381	241,381	288,690	47,309
Expenditures:				
Culture/Recreation	231,124	231,124	259,584	28,460
Debt Service:				
Principal	10,257	10,257	17,017	6,760
Interest	-	-	1,206	1,206
Total Expenditures	241,381	241,381	277,807	36,426
Revenues And Other Financing Sources Over Expenditures	-	-	10,883	10,883
Fund Balance - Beginning	40,642	40,642	40,642	-
Fund Balance - Ending	$ 40,642	$ 40,642	$ 51,525	$ 10,883

CITY OF GLENNVILLE, GEORGIA

SPECIAL SALES TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE COMPARED TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues:				
Intergovernmental	$ 252,000	$ 252,000	$ 239,796	$ (12,204)
Interest	2,000	2,000	2,415	415
Miscellaneous	-	1,068	1,068	-
Other financing sources	-	-	499,950	499,950
Total Revenues	254,000	255,068	743,229	488,161
Expenditures:				
Capital Outlay	219,100	210,067	200,083	(9,984)
Principal	183,247	129,943	129,939	(4)
Interest and other charges	8,005	21,297	21,292	(5)
Total Expenditures	410,352	361,307	351,314	(9,993)
Revenues Over (Under) Expenditures	(156,352)	(106,239)	391,915	498,154
Fund (Deficit) - Beginning	(87,760)	(87,760)	(87,760)	-
Fund Balance (Deficit) - Ending	$ (244,112)	$ (193,999)	$ 304,155	$ 498,154

CITY OF GLENNVILLE, GEORGIA
SPECIAL SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2016

PROJECT	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
Debt service on equipment purchased under capital leases	$ 76,600	$ 433,859	$ 416,621	$ 17,238	$ 433,859	100.00%
Street paving/improvements	309,650	718,049	712,974	-	712,974	99.29%
Vehicle purchases	46,000	210,504	118,858	-	118,858	56.46%
Water and sewer system improvements	30,000	16,137	16,137	-	16,137	100.00%
Drainage projects	48,500	167,718	167,718	-	167,718	100.00%
Economic projects	71,500	47,677	47,677	-	47,677	100.00%
Glenwanis Hotel renovations	-	136,685	118,300	-	118,300	86.55%
Capital improvements/ equip. - recreation	115,000	160,683	160,683	-	160,683	100.00%
Capital improvements/ equip. - public safety	130,000	537,458	537,458	-	537,458	100.00%
Capital improvements/ water and sewer system	-	165,996	165,996	-	165,996	100.00%
City Hall renovations	102,748	577,271	577,270	-	577,270	100.00%
Old City Yard improvements	30,000	52,000	51,934	-	51,934	99.87%
Storage building	3,458	15,580	15,580	-	15,580	100.00%
Multipurpose building - carpet	2,299	2,299	2,299	-	2,299	100.00%
Barnard Park improvements	445	14,495	14,495	-	14,495	100.00%
Animal control building	15,000	15,000	15,000	-	15,000	100.00%
City Hall equipment	-	23,000	22,911	-	22,911	99.61%
Library equipment	-	5,428	5,428	-	5,428	100.00%
Auditorium equipment	-	4,525	4,525	-	4,525	100.00%
Welcome Center Sign and a/c	1,975	5,115	5,115	-	5,115	100.00%
Multipurpose building -a/c	-	4,844	4,844	-	4,844	100.00%
Land purchase	-	5,000	5,000	-	5,000	100.00%
Police station renovations	-	73,350	71,814	-	71,814	97.91%
Refurbish 1942 fire truck	-	5,255	5,255	-	5,255	100.00%
Street equipment	-	10,000	10,000	-	10,000	100.00%
HHP/TE Streetscape Project	-	419,000	355,503	-	355,503	84.85%
Equipment for fire department	-	95,987	95,987	-	95,987	100.00%
Auditorium improvements	-	42,036	42,036	-	42,036	100.00%
City Hall heat pump	-	2,743	2,743	-	2,743	100.00%
Multipurpose building improvements	-	2,834	2,834	-	2,834	100.00%
Debt service on City Hall loan	-	85,086	-	85,086	85,086	100.00%
Totals	$ 983,175	$ 4,055,614	$ 3,772,995	$ 102,324	$ 3,875,319	

CITY OF GLENNVILLE, GEORGIA
SPECIAL SALES TAX
2014 SPLOST REFERENDUM
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2016

PROJECT	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENTAGE OF COMPLETION
City Hall Building Renovations	$ 90,000	$ 500,000	$ -	$ 13,874	$ 13,874	2.77%
Admin Vehicles/Equipment	90,000	90,000	6,653	1,057	7,710	8.57%
Barnard Park	-	939	939		939	100.00%
Community Center	50,000	50,000	-		-	0.00%
Economic Development	-	95,000	8,140	83,617	91,757	96.59%
Police station renovations	26,000	26,000	-	23,500	23,500	90.38%
Police vehicles and equipment	265,000	265,000	62,087	40,153	102,240	38.58%
Fire Department equipment	71,000	71,000	11,205	3,476	14,681	20.68%
Fire Department renovations	-	25,000	16,822	3,661	20,483	81.93%
Street repairs	300,000	300,000	61,345	11,899	73,244	24.41%
Street equipment	308,376	308,376	30,923	-	30,923	10.03%
Capital improvements/equipment - Recreation	214,378	214,378	-	10,000	10,000	4.66%
Capital improvements/equipment - Water and sewer system	369,000	369,000	-	-	-	0.00%
Auditorium renovations	-	5,000	-	3,400	3,400	68.00%
Library renovations	-	50,000	-	5,446	5,446	10.89%
Debt service on equipment/ vehicles purchased under capital leases and loans	-	300,000	-	48,907	48,907	16.30%
Totals	$ 1,783,754	$ 2,669,693	$ 198,114	$ 248,990	$ 447,104	

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

To the Honorable Mayor and Members of the City Council
City of Glennville, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Glennville, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Glennville, Georgia's basic financial statements and have issued our report thereon dated December 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Glennville, Georgia'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 of Glennville, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Glennville, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, identified as finding 2016-1 in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Glennville, Georgia's Response to Findings

City of Glennville, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Glennville, Georgia's response was not subjected 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

December 20, 2016

Henderson & Godbee, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Glennville, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Glennville, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Glennville, Georgia's major federal programs for the year ended June 30, 2016. The City of Glennville, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Glennville, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Glennville, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Glennville, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Glennville, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the City of Glennville, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Glennville, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Glennville, Georgia's internal control over compliance.

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

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

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

Henderson & Godbee, LLP
Certified Public Accountants
Valdosta, Georgia

December 20, 2016

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unmodified
Internal control over financial reporting		
Material weakness identified?	____Yes	__X__No
Significant deficiencies identified not considered to be material weakness?	__X__Yes	____None reported
Noncompliance material to financial statements noted?	____Yes	__X__No

Federal Awards

Internal control over major programs		
Material weaknesses identified?	____Yes	__X__No
Significant deficiencies identified not considered to be material weaknesses?	____Yes	__X__None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____Yes	__X__No

Identification of major programs:

CFDA Number	Name of Federal Program
66.468	**U.S. Environmental Protection Agency** Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee considered a low risk auditee?	____Yes	__X__No

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings and Responses

2016-1:

Criteria: A fundamental concept in a quality system of internal control is the separation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition – Lack of Segregation of Duties – Police Department: Due to a limited number of people working in the police department, many critical duties are combined and given to one employee.

Cause: In the police department, there is not an adequate number of employees to provide for the proper segregation of duties and a plan has not been developed to assign duties or implement compensation controls to improve checks and balances in the control system.

Effect: This condition represents a significant deficiency in the design or operation of the City's internal control structure and could possibly adversely affect the City's ability to record, process, summarize, and report financial data consistent with assertions of management in the City's financial statements.

Recommendation: The City should develop a plan to improve the lack of segregation of duties in the police department. The assignment of responsibilities should be developed to provide adequate segregation of duties.

Management Response: The City concurs with the finding and will work where possible to create better separation of duties.

Section III – Federal Awards Findings and Questioned Costs

None reported.

CITY OF GLENNVILLE, GEORGIA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016

Status of Prior Year Audit Findings

None reported.

CITY OF GLENNVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
Department of Housing and Urban Development				
Passed through the Georgia Department of Community Affairs				
Community Development Block Grants States Program	14.228	14P-X-132-2-5668	$ 309,374	$ -
Total Department of Housing and Urban Development			309,374	-
Environmental Protection Agency				
Passed through the Georgia Environmental Finance Authority				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DWSRF 14-012		
Loans			390,034	-
Grants			122,731	-
Total Environmental Protection Agency			512,765	-
Department of Justice				
Bulletproof Vest Partnership Program	16.607	2015 BVP Grant	2,083	-
Total Department of Justice			2,083	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 824,222	$ -

CITY OF GLENNVILLE, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

NOTE 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Glennville (the "City"). The City receives pass-through financial assistance from several state agencies.

NOTE 2. REPORTING ENTITY

The authoritative criteria for determining the programs, organizations and functions of government included in the financial statements of the City are as follows: oversight responsibility, including selection of governing authority, designation of management, and ability to significantly influence operations; accountability for fiscal matters, including budget, surplus/deficits, debt, fiscal management and revenue characteristics; scope of public service; and special financial relationships.

NOTE 3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The information in this schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used the preparation of, the basic financial statements.

NOTE 4. DE MINIMIS INDIRECT COST RATE

The City elected not to use the ten percent de minimis cost rate for the year ended June 30, 2016.

NOTE 5. FEDERAL LOANS OUTSTANDING

At June 30, 2016, the City had one federal loan outstanding, identified on the accompanying Schedule of Expenditures of Federal Awards as DWSRF 14-012. The total outstanding loan balance was $623,006, of which $483,017 was comprised of federal funds.