CITY OF NAHUNTA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CITY OF NAHUNTA, GEORGIA
JUNE 30, 2016

TABLE OF CONTENTS

FINANCIAL SECTION
- **Independent Auditor's Report 1-3**
- **Management's Discussion and Analysis (Unaudited) 4-10**

Basic Financial Statements:

Government-wide Financial Statements
- **Statement of Net Position 11**
- **Statement of Activities 12**

Fund Financial Statements:
- **Balance Sheet – Governmental Funds 13**
- **Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position 14**
- **Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds 15**
- **Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities 16**
- **Statement of Net Position – Proprietary Funds 17**
- **Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund 18**
- **Statement of Cash Flows – Proprietary Fund 19**

Notes to Basic Financial Statements 20-37

Required Supplementary Information:

Pensions and Employee Benefit Plans 38-39

General Fund-Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 40

Major Capital Project Fund – Schedule of Revenues, Expenditures, And Changes in Fund Balance – Budget and Actual 41

Federal and State Program Section:

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* 42-43

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds 44

CDBG 13p-x-013-2-5595 – Schedule of Program Costs and Sources and Status of Funds 45

James A. Beal IV, CPA, CFP®
Debra C. Yonz, CPA
James S. Rivers III, CPA, CFP®
Larry G. Taylor, CPA

BYRT CPAs, LLC
Certified Public Accountants

byrt@byrt.com

1 BYRT Way
Alma, GA 31510
Phone: 912-632-7171
Fax: 912-632-6663

722 S. Main Street
Baxley, GA 31513
Phone: 912-367-9888
Fax: 912-367-0116

105 East Dame Avenue
Homerville, GA 31634
Phone: 912-487-5414
Fax: 912-487-5314

102 Lee Avenue
Waycross, GA 31501
Phone: 912-283-8889
Fax: 912-283-1971

INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and
Members of the City Council
City of Nahunta, Georgia 31553**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Nahunta, 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, and each major fund of the City of Nahunta, 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 management's discussion and analysis, budgetary comparison information, and pension information on pages 4-10 and pages 38-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Nahunta, Georgia, basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Schedule of Projects Constructed with Special Sales Tax Proceeds is reported upon on page 44.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017, on our consideration of the City of Nahunta, Georgia's internal control over financial reporting and 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 Nahunta, Georgia's internal control over financial reporting and compliance.

Respectfully submitted,

BYRT CPAs, LLC

BYRT CPAs, LLC
Waycross, GA
October 23, 2017

Management’s Discussion and Analysis

Our discussion and analysis of City of Nahunta's financial performance provides a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the accompanying financial statements and footnotes that follow this report.

FINANCIAL HIGHLIGHTS

- **The City's net position increased by $522,800, prior to prior period adjustments, as a result of this year's operations. The net position of governmental activities increased by $412,002 or 37% and business-type activities increased by $110,798 or 5.5%.**
- **During the year, the City had tax and other revenues that were $76,837 less than last year.**
- **The governmental activities expenses for the year decreased by $45,114.**
- **In the City's business-type activities, revenues related to charges for services decreased by $26,025 or 5%.**
- **There were capital expenditures made during the year totaling $620,259.**

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 11. One of the most important questions asked about the City's finances is, "is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position-the difference between assets and liabilities- as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities-Most of the City's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise taxes, sales taxes, and grants finance most of these activities.**

- **Business-Type Activities-The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system and sanitation collection is reported here.**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expense are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, judicial, public safety and public works. The business-type activities of the City include water and sewer operations and sanitation collection. The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements – Our analysis of the City's major funds begins on page 40. The fund financial statements provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City often establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches and are described more fully below.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories-governmental funds and proprietary funds.

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

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

The city maintains three governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the SPLOST, and the CDBG Fund, which are considered to be major funds. If the City maintained other governmental funds, data from the other funds would be combined into a single, aggregated presentation, and individual fund data for each of the non-major governmental funds would be provided in the form of combining statements elsewhere in the report. There are no non-major funds for the 2016 fiscal year. The basic governmental funds financials statements can be found on pages 13 & 15.

Proprietary Funds-The City maintains two proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and sanitation collection.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water & Sewer Fund and the Sanitation Collection Fund. The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to Financial Statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 20-37.

Other Information- In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on page 38-41 of this report.

THE CITY AS A WHOLE - Governmental-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City of Nahunta, assets exceeded liabilities by $3,326,424 as of June 30, 2016.

The largest portion of the City's net position (81.5%) reflects its net investment in capital assets (e.g. land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be

noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Nahunta's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 542,248	$ 533,739	$ 198,011	$ 170,738	$ 740,259	$ 704,477
Capital assets	1,044,526	641,908	2,164,101	2,435,004	3,208,627	3,076,912
Total Assets	$1,586,774	$1,175,647	$2,362,112	$2,605,742	$3,948,886	$3,781,389
Deferred Outflows of Resources	$ 25,822	$ 8,842	$ 13,397	$ 4,588	$ 39,219	$ 13,430
Long-term debt outstanding	$ -	$ -	$ 494,546	$ 545,388	$ 494,546	$ 545,388
Other liabilities	48,835	14,607	61,078	30,328	109,913	44,935
Total Liabilities	$ 48,835	$ 14,607	$ 555,624	$ 575,716	$ 604,459	$ 590,323
Deferred Inflows of Resources	$ 34,876	$ 52,999	$ 18,095	$ 27,497	$ 52,971	$ 80,496
Net position:						
Net Investment in capital assets	$1,044,526	$ 641,908	$1,669,555	$1,889,616	$2,714,081	$2,531,524
Restricted	127,009	200,366	62,424	55,332	189,433	255,698
Unrestricted (deficit)	357,350	274,609	69,811	62,169	427,161	336,778
Total Net Position	$1,528,885	$1,116,883	$1,801,790	$2,007,117	$3,330,675	$3,124,000

Net position of the City's governmental activities increased by 37% or $412,002. An additional portion of the City's net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $357,350. The unrestricted net position represents the amount that may be used to meet the government's ongoing obligation to citizens and creditors.

The net position of our business-type activities increased by 5.5% or $110,798, prior to prior period adjustments. The City generally can only use this net position to finance the continuing operations of the public utilities (water & sewer and sanitation collection).

Changes in Net Position

	Governmental Actifities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	$ 86,743	$ 110,483	$ 485,634	$ 511,659	$ 572,377	$ 622,142
Operating Grants	-	-	-	-	-	-
Capital Grants	353,540	351,895	-	-	353,540	351,895
General Revenues					-	-
Property Taxes	218,201	236,090	-	-	218,201	236,090
Other Taxes	375,658	365,727	-	-	375,658	365,727
Grants	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-
Other	1,487	22,246			1,487	22,246
Total Revenues	$1,035,629	$1,086,441	$ 485,634	$ 511,659	$1,521,263	$1,598,100
Program Expenses:						
General Government	$ 250,705	$ 248,183	$ -	$ -	$ 250,705	$ 248,183
Judicial	21,014	4,432	-	-	21,014	4,432
Public Safety	97,386	155,561	-	-	97,386	155,561
Public Works	254,522	260,565	-	-	254,522	260,565
Community Development	-	-	-	-	-	-
Public Utilities	-	-	374,836	465,342	374,836	465,342
Total Expenses	$ 623,627	$ 668,741	$ 374,836	$ 465,342	$ 998,463	$1,134,083
Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	$ 412,002	$ 417,700	$ 110,798	$ 46,317	$ 522,800	$ 464,017
Net Position, July 1	1,116,883	757,452	2,007,117	1,988,571	3,124,000	2,746,023
Prior Period Adjustment	-	(58,269)	(316,125)	(27,771)	(316,125)	(86,040)
Net Position, June 30	$1,528,885	$1,116,883	$1,801,790	$2,007,117	$3,330,675	$3,124,000

The City's total revenues decreased by $76,837 (5%) and the total expenses decreased by $135,620 (12%). Total net position increased by $206,675. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

To aid the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of Revenues, Expenses and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net(expense) revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

General Government	**Occupational licenses, other fees**
Public Safety	**Fines and forfeitures, grants**
Public Works	**Capital grants for infrastructure improvements**

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General Government	250,705	248,183	225,863	221,937
Judiciary	21,014	4,432	21,014	4,432
Public Safety	97,386	155,561	35,485	71,324
Public Works	254,522	260,565	(99,018)	(91,330)
Community Development	-	-	-	-
Totals	$ 623,627	$ 668,741	$ 183,344	$ 206,363

Operating revenues of the City's governmental-type activities decreased by 5% or $50,812 ($1,035,629 in 2016 compared to $1,086,441 in 2015) and operating expenses decreased by 7% or $45,114. The decrease in revenue was due from a decrease in property taxes and a decrease in revenues from public safety. The City of Nahunta had fewer police officers, which resulted in less citations written and fines collected. Expense decreases were primarily a result of less personnel expenses, including salaries, taxes, and other employee benefits for public safety officers.

Business Type Activities

Operating revenues of the City's business-type activities decreased by 5% or $26,025 ($485,634 in 2016 compared to $511,659 in 2015) and operating expenses decreased by 19.5% or $90,506. During the previous audit year, an apartment complex had been built which resulted in a rise in revenue due to an increase in tap fees, meter installations, and other related revenue in both the water and sewer and solid waste funds. In the prior audit year, they City had a water tank cleaning project, which resulted in a larger amount of expenses in the water and sewer fund than the average year.

Capital Assets

At the end of 2016, the City had $6,670,264, prior to accumulated depreciation in the amount of $3,263,966, invested in a broad range capital assets, including police and fire equipment, buildings, water tower improvements, and water and sewer lines. The table below provides further analysis of these capital assets.

	Capital Assets at Year End					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	17,500	17,500	88,450	88,450	105,950	105,950
Construction in Progress		-	55,761	-	55,761	-
Buildings/Improvements	347,694	347,694	45,953	45,953	393,647	393,647
Equipment	669,886	618,881	632,122	632,122	1,302,008	1,251,003
Infrastructure	861,169	437,676	3,658,619	3,658,619	4,519,788	4,096,295
Water Tower Improvements	-	-	293,110	203,110	293,110	203,110
Accumulated Depreciation	(851,723)	(779,843)	(2,609,914)	(2,193,250)	(3,461,637)	(2,973,093)
Totals	1,044,526	641,908	2,164,101	2,435,004	3,208,627	3,076,912

There were major additions to capital assets during the current year consisting primarily of street and drainage improvements totaling $423,493. The water and sewer department also made improvements to the water tower of $90,000 and began the construction of a new water tower that totaled $55,761. Additional information is available in the notes to the financial statements. see pages 29-30)

Debt Administration

At year end, the City had $494,546 in debt outstanding as compared to $545,388 at the end of the prior fiscal year, a decrease of 9% as shown in the following table.

	Outstanding Debt at Year End					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Capital Leases	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-
Revenue Bonds	-	-	494,546	545,388	494,546	545,388
Other	-	-	-	-	-	-
Totals	-	-	494,546	545,388	494,546	545,388

The City maintains bonds used to finance water & sewer infrastructure. The largest portion of the debt service payments during the year are related to the water and sewer operations. The outstanding balance is $494,546 with a debt service amount due in 2016-17 of $70,014. During 2013, the City issued the 2012 Series Refunding and Revenue Bonds in the amount of $671,000 at an interest rate of 3.67%. The proceeds from the bond issue were used to retire the 1989 Series bonds in the amount of $641,000 plus accrued interest at 7.75%. Additional information is available in the notes to the financial statements (see pages 30-31).

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented on page 13) reported a combined fund balance of $483,566.

Revenue for the General Fund decreased by $3,384 from the prior year and expenditures increased by $88,790. The change in revenue resulted from a decrease in taxes, licenses and permits, and fines and forfeitures. The increase in expenditure is primarily due to an increase in capital outlay during this audit period. The LMIG funds received in the previous year were spent on capital projects during this year.

General Fund Budgetary Highlights

For FY 2015-16, actual expenditures on a budgetary basis were $694,792 as compared to the budget amount of $849,200. The positive variance was due to decreased expenditures in the General Government, Judicial, and Public Safety.

For FY 2015-16, actual revenues on a budgetary basis were $742,932 as compared to the budget amount of $849,200. The majority of the negative variance was due to a decrease in fines and forfeitures and other revenue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget, tax rates, and fees that will be charged for the business type activities. One of those factors was the City's continued lack of significant growth of commercial retail businesses in the area.

The City continues to search for ways to increase revenue and control operating costs. Management strives to continue to make positive changes and believes their efforts will allow the City to continue to improve its financial stability.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at the City of Nahunta, P.O. Box 156, 111 North Main Street, Nahunta, Georgia 31553.

Basic Financial Statements

CITY OF NAHUNTA, GEORGIA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	305,440	320,061	625,501
Receivables, Net	48,912	26,011	74,923
Internal Balances	152,186	(152,186)	-
Prepaid Expenses	18,028	4,125	22,153
Receivables from Other Governments	17,682	-	17,682
Land & Improvements	17,500	88,450	105,950
Construction in Progress	-	55,761	55,761
Other Capital Assets, Net	1,027,026	2,019,890	3,046,916
Total Assets	1,586,774	2,362,112	3,948,886
Deferred Outflows of Resources	25,822	13,397	39,219
Total Assets and Deferred Outflows of Resources	$ 1,612,596	$ 2,375,509	$ 3,988,105
LIABILITIES			
Accounts Payable and Accrued Expenses	12,517	45,505	58,022
Compensated Absences Payable-Due within one year	2,654	-	2,654
Compensated Absences Payable-Due in More than one year	3,649	-	3,649
Long-Term Balances-Due within one Year	-	52,739	52,739
Long-Term Balances-Due in more than one Year	-	441,807	441,807
Net Pension Liability	30,015	15,573	45,588
Total Liabilities	$ 48,835	$ 555,624	$ 604,459
Deferred Inflows of Resources	34,876	18,095	52,971
Total Liabilities and Deferred Inflows of Resources	$ 83,711	$ 573,719	$ 657,430
NET POSITION			
Net Investment in Capital Assets	$ 1,044,526	$ 1,669,555	$ 2,714,081
Restricted for:			-
Capital Projects	127,009	-	127,009
Debt Service	-	62,424	62,424
Community Development Projects	-	-	-
Other Purposes	-	-	-
Unrestricted (deficit)	357,350	69,811	427,161
Total Net Position	$ 1,528,885	$ 1,801,790	$ 3,330,675
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,612,596	$ 2,375,509	$ 3,988,105

See accompanying notes to basic financial statements.

CITY OF NAHUNTA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	$ 250,705	$ 24,842	$ -	$ -	$ (225,863)	$ -	$ (225,863)
Judicial	21,014	-	-	-	(21,014)	-	(21,014)
Public Safety	97,386	61,901	-	-	(35,485)	-	(35,485)
Public Works	254,522	-	-	353,540	99,018	-	99,018
Community Development	-	-	-	-	-	-	-
Interest on Long Term Debt	-	-	-	-	-	-	-
Total Government Activities	$ 623,627	$ 86,743	$ -	$ 353,540	$ (183,344)	$ -	$ (183,344)
Business-Type Activities:							
Public Utilities-Water & Sewer	$ 325,478	$ 431,682	$ -	$ -	$ -	$ 106,204	$ 106,204
Solid Waste	$ 49,358	$ 53,952	$ -	$ -	$ -	$ 4,594	$ 4,594
Total Business-Type Activities	$ 374,836	$ 485,634	$ -	$ -	$ -	$ 110,798	$ 110,798
Total Primary Government	$ 998,463	$ 572,377	$ -	$ 353,540	$ (183,344)	$ 110,798	$ (72,546)
General Revenues:							
Taxes:							
Property Taxes					$ 218,201	$ -	$ 218,201
Franchise Taxes					67,517	-	67,517
Sales Taxes					164,667	-	164,667
Other Taxes					143,474	-	143,474
Grants and Contributions not restricted to specific programs					-	-	-
Unrestricted Investment Earnings					-	-	-
Miscellaneous					1,487	-	1,487
Total General Revenues					$ 595,346	$ -	$ 595,346
Change in Net Position					$ 412,002	$ 110,798	$ 522,800
Net Position-Beginning					1,116,883	2,007,117	3,124,000
Prior Period Adjustments					-	(316,125)	(316,125)
Net Position-Ending					$ 1,528,885	$ 1,801,790	$ 3,330,675

See accompanying notes to basic financial statements.

CITY OF NAHUNTA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2016

	General Fund	SPLOST Fund	CDBG Fund	Governmental Funds
Assets				
Cash & Cash Equivalents	180,073	125,367	-	305,440
Receivables, Net	48,912	-	-	48,912
Due From Other Funds	152,186	-	-	152,186
Receivables from Other Governments	17,682	-	-	17,682
Prepaid Items	18,028	-	-	18,028
Total Assets	416,881	125,367	-	542,248
Liabilities				
Accounts Payable and Accrued Expenses	12,517	-	-	12,517
Due to Other Funds	-	-	-	-
Short-Term Loan Payable	-	-	-	-
Total Liabilities	12,517	-	-	12,517
Deferred Inflows of Resources				
Unavailable Revenue-Property Taxes	46,165	-	-	46,165
Total Deferred Inflows of Resources	46,165	-	-	46,165
			-	
Fund Balances				
Nonspendable	18,028	-	-	18,028
Restricted:				
Capital Projects	1,642	125,367	-	127,009
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	338,529	-	-	338,529
Total Fund Balances	358,199	125,367	-	483,566
Total Liabilities, Deferred Inflows, and Fund Balances	416,881	125,367	-	542,248

See accompanying notes to basic financial statements.

CITY OF NAHUNTA, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

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

Total Fund Balance-total governmental funds	**483,566**
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet	**1,044,526**
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	
Property Taxes	**46,165**
Pension Contributions Subsequent to Measurement Date	**25,822**
	71,987
Other long-term liabilities are not payable in the current period and therefore, are deferred in the funds	
Differences between expected and actual experience in pension plan	**(33,381)**
Changes of assumptions in pension plan	**(1,495)**
Net differences between projected and actual earnings on pension plan investments	**-**
	(34,876)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds	
Compensated Absences	**(6,303)**
Net Pension Liability	**(30,015)**
Net position of governmental activities	**1,528,885**

See accompanying notes to basic financial statements.

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

	General Fund	SPLOST Fund	CDBG Fund	Governmental Funds
Revenues:				
Taxes	$ 596,628	$ -	$ -	$ 596,628
Licenses & Permits	24,841	-	-	24,841
Fines & Forfeitures	61,901	-	-	61,901
Charges for Services	-	-	-	-
Intergovernmental	58,075	66,215	-	124,290
Grants	-	-	229,250	229,250
Other	1,487	-	-	1,487
Total Revenues	$ 742,932	$ 66,215	$ 229,250	$ 1,038,397
Expenditures:				
Current-				
General Government	$ 241,457	$ -	$ -	$ 241,457
Judicial	21,014	-	-	21,014
Public Safety	89,066	-	-	89,066
Public Works	199,082	3,404	-	202,486
Capital Outlay	144,173	101,074	229,250	474,497
Debt Service	-	-	-	-
Total Expenditures	$ 694,792	$ 104,478	$ 229,250	$ 1,028,520
Excess(deficiency) of revenues over expenditures	$ 48,140	$ (38,263)	$ -	$ 9,877
Other Financing Sources (Uses):				
Transfers In (Out)	-	-	-	-
Sale of Capital Assets	-	-	-	-
Total other financing sources(uses)	-	-	-	-
Change in Fund Balance	$ 48,140	$ (38,263)	$ -	$ 9,877
Fund balances at beginning of year	310,059	163,630	-	473,689
Fund balances at end of year	$ 358,199	$ 125,367	$ -	$ 483,566

See accompanying notes to basic financial statements.

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

Net Change in fund balances-total governmental funds		$ 9,877
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchase capitalized		474,498
Depreciation expense		(71,880)
Some expenses reported in the statement of activities do not require the use of current financial resources: therefore, are not reported as expenditures in governmental funds.		
Liability at 6/30/16	(6,303)	
Liability at 6/30/15	3,883	
		(2,420)
Pension Liability Adjustments		4,696
Some property tax will not be collected for several months after the city's fiscal year end, they are not considered "available" revenues in the governmental funds.		(2,769)
Change in net position of governmental activities		$412,002

See accompanying notes to basic financial statements.

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

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Totals
Assets			
Current Assets-			
Cash & Cash Equivalents	$ 249,354	$ 8,283	$ 257,637
Receivables, Net	22,108	3,903	26,011
Prepaids	4,125	-	4,125
Interfund balances	-	55,829	55,829
Total Current Assets	$ 275,587	$ 68,015	$ 343,602
Non-Current Assets-	.		
Restricted Assets:			
Cash & Cash Equivalents	62,424	-	62,424
Capital Assets, net of accumulated depreciation	$ 2,164,101	$ -	$ 2,164,101
Total Assets	$ 2,502,112	$ 68,015	$ 2,570,127
Deferred Outflows of Resources	12,852	545	13,397
Total Assets and Deferred Outflows of Resources	$ 2,514,964	$ 68,560	$ 2,583,524
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Expenses	$ 7,860	$ 3,655	$ 11,515
Customer Deposits	33,990	-	33,990
Accrued interest	-	-	-
Interfund balances	169,763	38,252	208,015
Current portion of long term debt	52,739	-	52,739
Total Current Liabilities	$ 264,352	$ 41,907	$ 306,259
Noncurrent Liabilities:			
Revenue Bonds Payable	$ 494,546	$ -	$ 494,546
Notes Payable	-	-	-
Less: current portion	(52,739)	-	(52,739)
Net Pension Liability	14,939	634	15,573
Total Noncurrent Liabilities	$ 456,746	$ 634	$ 457,380
Total Liabilities	$ 721,098	$ 42,541	$ 763,639
Deferred Inflows of Resources	$ 17,358	$ 737	$ 18,095
Total Liabilities and Deferred Inflows of Resources	$ 738,456	$ 43,278	$ 781,734
Net Position			
Net Investment in Capital Assets	$ 1,669,555	$ -	$ 1,669,555
Restricted for:			
Capital Projects	-	-	-
Debt Service	62,424	-	62,424
Unrestricted (deficit)	44,529	25,282	69,811
Total Net Position	$ 1,776,508	$ 25,282	$ 1,801,790
Total Liabilities, Deferred Inflows of Resources and Net Position	2,514,964	68,560	2,583,524

See accompanying notes to basic financial statements.

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

	Business-Type Activities-Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:			
Charges for services	$ 413,536	$ 53,952	$ 467,488
Miscellaneous	18,040	-	18,040
Total operating revenues	$ 431,576	$ 53,952	$ 485,528
Operating Expenses:			
Personal Services	$ 41,096	$ 2,578	$ 43,674
Contractual Services	78,445	46,780	125,225
Supplies, Repairs, Maintenance	50,050	-	50,050
Other	36,174	-	36,174
Depreciation	100,540	-	100,540
Total Operating Expenses	$ 306,305	$ 49,358	$ 355,663
Income (loss) from operations	$ 125,271	$ 4,594	$ 129,865
Nonoperating revenues(expenses):			
Investment income	$ 106	$ -	$ 106
Interest expense	(19,173)	-	(19,173)
Total nonoperating revenues(expenses)	$ (19,067)	$ -	$ (19,067)
Income(loss) before contributions and transfers	$ 106,204	$ 4,594	$ 110,798
Capital contributions	$ -	$ -	$ -
Transfers (Out)	-	-	-
Change in net position	$ 106,204	$ 4,594	$ 110,798
Net position at beginning of year	$ 1,986,429	$ 20,688	$ 2,007,117
Prior Period Adjustment	(316,125)	-	(316,125)
Net position at end of year	$ 1,776,508	$ 25,282	$ 1,801,790

See accompanying notes to basic financial statements.

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

	Business-Type Activities-Enterprise Funds		
	Water & Sewer Fund	Sanitation Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 451,010	$ 53,174	$ 504,184
Cash received from other funds for services	59,704	-	59,704
Cash payments to employees for services and benefits	(43,433)	(873)	(44,306)
Cash payments to suppliers for goods and services	(162,303)	(44,018)	(206,321)
Net cash provided (used) by operating activities	$ 304,978	$ 8,283	$ 313,261
Cash flows from noncapital financing activities:			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash provided (used) noncapital finance activities	$ -	$ -	$ -
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(145,764)	-	(145,764)
Proceeds from capital debt	-	-	-
Interest payments on capital debt	(19,173)	-	(19,173)
Principal paid on capital debt	(50,842)	-	(50,842)
Net cash provided (used) by capital and related financing activities	$ (215,779)	$ -	$ (215,779)
Cash flow from investing activities:			
Interest on cash and investments	$ 106	$ -	$ 106
Net increase (decrease) in cash and cash investments	$ 89,305	$ 8,283	$ 97,588
Cash and cash investments, July 1	222,473	-	222,473
Cash and cash investments, June 30	$ 311,778	$ 8,283	$ 320,061
Reconciliation of total cash and cash investments:			
Current assets-cash and cash investments	249,354	-	249,354
Restricted assets-cash and cash investments	62,424	-	62,424
Total cash and cash investments	$ 311,778	$ -	$ 311,778
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Income (loss) from operations	125,271	4,594	129,865
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	100,540	-	100,540
Change in assets and liabilities:			-
(Increase) Decrease in receivables	9,553	(778)	8,775
(Increase) Decrease in interfund receivables	-	-	-
(Increase) Decrease in prepaid insurance	(35)	70	35
(Increase) Decrease in deferred outflows	(8,451)	(358)	(8,809)
Increase (Decrease) in interfund payables	59,704	1,803	61,507
Increase (Decrease) in accounts payable	2,400	2,692	5,092
Increase (Decrease) in customer deposits payable	9,882	-	9,882
Increase (Decrease) in deferred inflows	(9,020)	(382)	(9,402)
Increase (Decrease) in net pension liability	15,134	642	15,776
Net cash provided (used) by operating activities	$ 304,978	$ 8,283	$ 309,973

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

City of Nahunta, Georgia
Index to Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

   A. General Statement 20
   B. Reporting Entity 20
   C. Basis of Presentation 21
   D. Measurement Focus/Basis of Accounting 22
   E. Budgetary Control 23
   F. Cash and Investments 24
   G. Encumbrances 24
   H. Prepaid Items 24
   I. Use of Estimates 24
   J. Interfund Receivables and Payables 24
   K. Transactions Between Funds 24
   L. Capital Assets 24
   M. Accumulated Compensated Absences 25
   N. Restricted Assets 25
   O. Bond Discounts/Issuance Costs 25
   P. Net Position 25
   Q. Deferred Outflow/Inflows 26
   R. Fund Balance 26

2. Stewardship, Compliance and Accountability 27

3. Investments 27

4. Receivables and Payables 28

5. Capital Assets 29

6. Interfund Balances and Activity 30

7. Long-Term Obligations 30

8. Pension and Employee Benefit Plans 32

9. Commitments and Contingencies 36

10. Risk Management 36

11. Property Tax 37

12. Subsequent Events 37

13. Prior Period Adjustment 37

1. Summary of Significant Accounting Policies

A. General Statement

The City operates under a council/mayor form of government and provides the following services: public safety, highways and streets, public improvements, and general and administrative services. In addition, the City operates two enterprise funds (water & sewer and sanitation) for the incorporated and immediate surrounding areas.

The financial statements of the City of Nahunta, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled "Audits of State and Local Governmental Units", and by the Financial Accounting Standards Board (when applicable), FASB Statements and Interpretations. The Governmental Accounting Standards Board (GASB) is the accepted Standard-setting body for establishing governmental accounting and financial reporting principles. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

B. Reporting Entity

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, The Financial Reporting Entity, the financial statements of the reporting entity include those of the City of Nahunta. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is a fiscal dependency by the organization on the City

Discretely Presented Component Units- Based on the GASB criteria, the City has no entities that qualify as discretely presented component units.

Blended Component Units- Based on the GASB criteria, the City has no entities that qualify as blended component units.

Joint Ventures and Related Organizations

Under Georgia law, the City, in conjunction with other cities and counties in the Southeast Georgia area, is a member of the Southern Georgia Regional Commission (RC) and is required to pay annual dues thereto. Membership in an RC is automatic for each municipality and county in the State. The official Code of Georgia Section 50-8-34(Georgia Planning Act of 1989) provides for the organization structure of the RC's. Each county and municipality in the State is required by law to pay minimum annual dues to the RC based on population. The City paid annual dues of $1,320 to the Southern Georgia Regional Commission for the year ended June 30, 2016. The Board of the RC includes elected officials from member counties and cities and nonpublic appointed members. The law defines RC's as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or

obligations of an RC beyond its resources. Complete financial statements of the Southern Georgia Regional Commission can be obtained from: Southern Georgia Regional Commission, 1725 South Georgia Parkway West, Waycross, Georgia 31501.

The Housing Authority of the City of Nahunta is considered a related organization based upon the criteria of GASB Statement 10. The Housing Authority is a legally separate entity having a board composed of members appointed originally by the City of Nahunta. 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 is a related organization.

At year-end, there were no receivables or payables between the City and this organization.

C. Basis of Presentation

The government-wide statements (the statement of net position and the statement of changes in net position) report information on all the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements. When applicable, non-major funds are aggregated and presented in a single column. There are no non-major funds for the 2016 fiscal year.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund-

General Fund is the main operating fund of the City. The fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Fund-

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The City currently has no special revenue funds.

Capital Project Fund-

Capital Project Funds are used to account for the expenditures related to a specific project. The City maintains two capital project fund: SPLOST and CDBG Funds.

Proprietary Funds are accounted for using economic resources measurement focus and accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net position. The City has presented the following major proprietary funds:

Water & Sewer Fund-

The Water & Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Sanitation Fund-

The Sanitation Fund is used to account for operations of solid waste collection and disposal services. All costs are funded through charges to sanitation customers.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under

the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liabilities incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Budgetary Control

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

1. **Prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.**
2. **Public hearings are conducted at City Hall to obtain taxpayer comments. The City Council approves, by ordinance, total department budget appropriations. Therefore, the level of budgetary responsibility is by department appropriations; however, for reporting purposes, this level has been expended to a functional basis (General Government, Public Safety, etc.)**
3. **Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.**
4. **The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.**
5. **Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget for the general fund is prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, and certain non-operating income and expense items are not considered. Annual appropriated budgets are adopted for the special revenue funds and the debt service fund, if any.**

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

For the year ended June 30, 2016, an annual budget was adopted for all funds. OCGA 36-81-3(b) requires an annual balanced budget for the general fund, each special revenue fund and requires a project-length balanced budget for each capital project fund.

The legal level of budgetary control for the City of Nahunta is at the departmental level.

The Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual-General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

F. Cash and Investments

Cash includes currency on hand and demand deposits with banks and other financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known cash amounts and are so near to maturity that they present an insignificant risk of changes in value because of change in interest rates. Examples include treasury bills, commercial paper, and money market accounts not classified as cash and other short-term investments whose original maturity is three months or less. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

G. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at fiscal year end lapse and must be re-budgeted.

H. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

I. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. As such, actual results could differ from those estimates.

J. Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

K. Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statement for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on property, plant and equipment.

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over three years of useful life. Infrastructure assets capitalized have an original cost of $5,000 or more. Depreciation has been calculated on each class of depreciable property, using the straight-line method. The estimated useful lives are as follows:

Buildings	**25 – 50 years**
Water and Sewer System	**30 – 50 years**
Infrastructure	**20 – 35 years**
Machinery and Equipment	**5 – 10 years**
Improvements	**20 years**

Pursuant to GASB Statement 34, the City has reported infrastructure completed during the year and included construction in progress in its capital assets.

M. Accumulated Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation that will be paid to employees upon separation for City's service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Accumulated sick pay benefits have not been recorded as a liability because the payment of benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

In accordance with the provisions of Statement of Governmental Accounting Standards No 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

N. Restricted Assets

Certain proceeds from grants and receivables from grantors have been classified as restricted assets in the balance sheet because their use is limited by the applicable grant agreements. The restricted cash has been set aside in a separate account. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the City's policy to first apply unrestricted resources.

O. Bond Discounts/Issuance Costs

Debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs, financing costs, and related costs. Debt issue costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. Bond discounts are presented as a reduction of the face amount of bonds payable.

P. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

Q. Deferred Outlow/Inflows of Resources

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

R. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints place on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund,

assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when the expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. Stewardship, Compliance and Accountability

By its nature as a local government, the City is subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

The City's legal level of budgetary control is at the department level. The following City departments exceeded the budgeted amounts during the year ended June 30, 2016.

	Budget	Actual	Excess
General Fund - Public Works	236,130	292,251	56,121

The City had no funds with a deficit fund balance at June 30, 2016.

3. Investments

The City maintains separate investment accounts for each fund. The City's investments consist only of Certificates of Deposits which are carried at cost.

Investments	Maturities	Fair Value
Certificates of Deposit	6.9 months average	$30,349

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

Credit Risk. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Georgia or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by the state statutes at June 30, 2016. The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) negotiable certificate of deposits issued by any bank or trust company organized under the laws or any state of the United States and (3) any repurchase agreement organized under the laws of any state of the United States having a nationally recognized investment firm rating of A or higher. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. The City invested only in certificates of deposits.

4. Receivables and Payables

Amounts were recorded in the basic financial statements as receivables (amounts due to the City) and payables (amounts due others from the City).

Receivables at June 30, 2016 were as follows:

	Taxes	Accounts	Other Governments	Other	Total
Governmental Activities:					
General:	48,912	-	17,682	-	66,594
Total Governmental Activities:	$ 48,912	$ -	$ 17,682	$ -	$ 66,594
Business-Type Activities:					
Water & Sewer:	-	22,108	-	-	22,108
Sanitation:	-	3,903	-	-	3,903
Total Business-Type Activities:	$ -	$ 26,011	$ -	$ -	$ 26,011

Payables at June 30, 2016, were as follows:

	Vendors	Salaries / Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General:	12,517	-	-	-	12,517
Total Governmental Activities:	$ 12,517	$ -	$ -	$ -	$ 12,517
Business-Type Activities:					
Water & Sewer:	7,860	-	-	33,990	41,850
Sanitation:	3,655	-	-	-	3,655
Total Business-Type Activities:	$ 11,515	$ -	$ -	$ 33,990	$ 45,505

5. Capital Assets

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

	Balance July 1	Adjustments	Additions & Completions	Retirements Adjustments	Balance June 30
Governmental Activities:					
Capital Assets not being depreciated					
Land	17,500	-	-	-	17,500
Construction in Progress	-	-	-	-	-
Total Capital Assets not being depreciated	$ 17,500	$ -	$ -	$ -	$ 17,500
Capital Assets, being depreciated -					
Buildings	347,694	-	-	-	347,694
Equipment	618,881	-	51,005	-	669,886
Infrastructure	437,676	-	423,493	-	861,169
Total Capital Assets being depreciated	$ 1,404,251	$ -	$ 474,498	$ -	$ 1,878,749
Less accumulated depreciation for:					
Buildings	(187,802)	-	(10,248)	-	(198,050)
Equipment	(573,736)	-	(30,936)	-	(604,672)
Infrastructure	(18,305)	-	(30,696)	-	(49,001)
Total accumulated depreciation	$ (779,843)	$ -	$ (71,880)	$ -	$ (851,723)
Total capital assets, being depreciated, net	$ 624,408	$ -	$ 402,618	$ -	$ 1,027,026
Governmental activities, capital assets, net	$ 641,908	$ -	$ 402,618	$ -	$ 1,044,526

	Balance July 1	Adjustments	Additions & Completions	Retirements Adjustments	Balance June 30
Business-Type Activities:					
Capital Assets not being depreciated					
Land	88,450	-	-	-	88,450
Construction in Progress	-	-	55,761	-	55,761
Total Capital Assets not being depreciated	$ 88,450	$ -	$ 55,761	$ -	$ 144,211
Capital Assets, being depreciated -					
Buildings	45,953	-	-	-	45,953
Equipment	632,122	-	-	-	632,122
Infrastructure	3,658,619	-	-	-	3,658,619
Water Tower Improvements	203,110	-	90,000		293,110
Total Capital Assets being depreciated	$ 4,539,804	$ -	$ 90,000	$ -	$ 4,629,804
Less accumulated depreciation for:					
Buildings	(20,578)	-	(1,313)	-	(21,891)
Equipment	(303,217)	(316,124)	(2,777)	-	(622,118)
Infrastructure	(1,859,299)	-	(75,389)	-	(1,934,688)
Water Tower Improvements	(10,156)	-	(21,061)	-	(31,217)
Total accumulated depreciation	$ (2,193,250)	$ (316,124)	$ (100,540)	$ -	$ (2,609,914)
Total capital assets, being depreciated, net	$ 2,346,554	$ (316,124)	$ (10,540)	$ -	$ 2,019,890
Business-Type activities, capital assets, net	$ 2,435,004	$ (316,124)	$ 45,221	$ -	$ 2,164,101

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

Governmental activities:	
General government and administration	10,244
Public Safety	8,791
Public Works	52,845
Total depreciation expense:	$ 71,880
Business-type activities:	
Water & Sewer	100,540
Total depreciation expense:	$ 100,540

6. Interfund Balances and Activity

There were no transfers between funds during the year.

The following interfund balances existed at June 30, 2016

Governmental Activities:	Receivable	(Payable)
Due from Water and Sewer Fund	113,934	-
Due from Sanitation Fund	38,252	-
Business Type Activities:		
Water and Sewer Fund		
Due to General Fund	-	113,934
Due to Sanitation Fund	-	55,829
Sanitation Fund		
Due from Water and Sewer Fund	55,829	-
Due to General Fund	-	38,252
Total	208,015	208,015

The interfund balances represent reimbursable expenses paid by General Fund for other funds. The Water & Sewer and Sanitation Funds currently write checks for expenses only to reimburse the General Fund. The balances result from time lag between the dates that transactions recorded in the accounting system and payments between funds are made. The City plans to work to repay all interfund balances within one year.

7. Long-Term Obligations

Transactions for the year ended June 30, 2016 are summarized as follows:

	Balance July 1	Issues or Additions	Payments or Expenditures	Balance June 30	Due within one year
Governmental Type Activities:					
Compensated Absences	$ 3,883	$ 3,649	$ (1,229)	$ 6,303	$ 2,654
Total Governmental Activities	$ 3,883	$ 3,649	$ (1,229)	$ 6,303	$ 2,654
Business -Type Activities:					
Revenue Bonds - SunTrust	$ 545,388	$ -	$ (50,842)	$ 494,546	$ 52,739
Total Business-Type Activities	$ 545,388	$ -	$ (50,842)	$ 494,546	$ 52,739

Governmental Type Activities:

Capital Leases

The City periodically enters into various lease agreements as lessee to finance various equipment. These leases qualify as capital leases for accounting purposes and therefore, are recorded at the present value of the future minimum lease payments as of the date of their inception. The City currently has no outstanding capital lease agreements.

The compensated absences are expected to be paid from the General Fund.

Business Type Activities:

Bonds Payable:

Previously, the Water & Sewer Fund had debt outstanding consisting of the Series 1989A and Series 1989B Revenue Bonds. The 1989A Series was originally issued for $ 498,000 and the 1989B Series was originally issued for $327,000. Both bonds were issued for construction of a water and sewer system. On October 25, 2012, the City issued the City of Nahunta Water and Sewer Refunding Revenue Bond, Series 2012 in the amount of $ 671,000. The proceeds from this issuance were used to payoff the Series 1989A and Series 1989B Revenue Bonds. The Series 2012 Bonds bear an interest rate of 3.62% and are to be repaid in 144 monthly installments of $5,834.52. The final installment is due and payable on November 1, 2024.

The following is a summary of the City's individual bond issues that are outstanding at June 30, 2016.

Schedule of Series 2012 Bonds Payable (3.62% interest rate):

Due in Monthly Installments	Principal Due Each Year	Interest Due	Total Payment
6/30/2017	52,739	17,275	70,014
6/30/2018	54,708	15,306	70,014
6/30/2019	56,750	13,264	70,014
6/30/2020	58,868	11,146	70,014
6/30/2021	61,066	8,949	70,014
6/30/2022	63,345	6,669	70,014
6/30/2023	65,709	4,305	70,014
6/30/2024	68,162	1,852	70,014
6/30/2025	13,198	69	13,267
	494,546	78,835	573,381

8. Pension and Employees Benefit Plans

City employees are covered under the provisions of the Social Security act.

Peace Officers' Annuity and Benefit Fund

The Police Chief and policemen are covered under separate pension plans which require that certain sums from fines or bonds forfeited be remitted to the pension plans before the payment of any costs or other claims.

Defined Benefit Plan-

The City of Nahunta, Georgia maintains a agent multiple-employer, defined benefit pension plan (Public Employees Retirement System) which covers all of its employees and elected officials, and participates in the statewide local government retirement system, a multiple-employer, public employee pension plan which covers substantially all of the City's employees. The City of Nahunta Retirement Plan is administered by the Georgia Municipal Employee Benefit System (GMEBS). GMEBS is an agent multiple employer defined benefit plan.

Benefit provisions and all other requirements are established by state statute and local ordinance. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by the Board of Trustees of GMEBS. The Georgia Municipal Employees Benefit System issues a stand-alone financial report and a copy of this report can be obtained from the Georgia Municipal Association, 201 Pryor Street, S.W., Atlanta, Georgia 30303.

Employees are not obligated to make contributions to the pension plan. The City's contribution obligation consists of three parts 1) normal cost, i.e. plan benefits and administration expenses, 2) amortization of un-funded actuarial accrued liability, and 3) interest assumed from valuation date to the date contributions are paid.

Effective January 1, 2015, the Plan was amended to provide for immediate participation for full-time employees. This change has no impact on service credited under the Plan and has no impact on benefits. The plan defines a full-time employee as one working at least 30 hours per week. Employees are fully vested after 10 years of service. Retirement benefits are 1.75% of final average earnings times years of credited service. Final average earnings are an average of the 5 highest consecutive years' earnings. Normal retirement is age 65 with 5 years of credited service.

Early retirement with reduced benefits is permitted between the ages of 55 and 70 with 10 years of credited service.

Membership of the plan consisted of the following at January 1, 2016, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	4
Terminated and vested participants not yet receiving benefits	7
Active vested participants	4
Nonvested participants	2
Total participants	17

The contributions from the City of Nahunta, Georgia to the plan are determined under the projected unit credit actuarial cost method. The period and related method for amortizing the initial unfunded actuarial accrued liability is 30 years from 1996 and the current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount.

These amortization periods, if applicable are open for this plan year. The method used to determine the actuarial value of assets is to roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of the amount that market value of assets exceeds expected actuarial value of assets. The recommended contribution for the City of Nahunta, Georgia for the actuarial period ended January 1, 2016 was $12,839, which is 6.77% of covered payroll. The estimated minimum annual contribution is $9,188. The City paid 100% of the contribution billed monthly in the amount of $7,824 for the year ending June 30, 2016.

Plan Disclosures

Effective July 1, 2013, the Plan implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* and effective July 1, 2014 the City implemented the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, an amendment of GASB statement No. 27 which significantly changed the disclosures required related to the Plan.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total Pension Liability	**$**	**384,998**
Plan fiduciary net position		**(339,410)**
City's net pension liability	**$**	**45,588**
Plan fiduciary net position as a percentage of the total pension liability		**88.16%**

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

The total pension liability was determined by an actuarial valuation as of January 1, 2016. The following actuarial assumptions applied to all periods included in the measurement:

Inflation	**3.25%**
Projected Salary Increases	**3.25%**
Investment Rate of Return	**7.75%**

Mortality rates were based upon the RP-2000 Mortality Table, which contained sex-distinct and disabled rates.

***Discount rate.* The discount rates used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made equal to the actuarial determined contribution rate. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.**

	Increase (Decrease		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/15	$ 343,651	$ 344,246	$ (595)
Changes for the year:			
Service cost	7,062	-	7,062
Interest	25,772	-	25,772
Differences between expected and actual experience	30,736	-	30,736
Contributions-employer	-	15,386	(15,386)
Contributions-employeee	-	-	-
Net investment income	-	4,206	(4,206)
Benefit payments, including refunds of employee contributions	(22,223)	(22,223)	-
Administrative expense	-	(2,205)	2,205
Other changes	-		-
Net changes	41,347	(4,836)	46,183
Balance at 6/30/16	$ 384,998	$ 339,410	$ 45,588

Changes In Assumptions

As a result of the plan change to provide immediate participation for Employees, the eligibility assumption has been changed from six months to immediate. The increase in the Plan's unfunded liability due to this change is minimal and has been treated as a difference between expected and actual experience. Based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014 the following assumptions were changed in this valuation:

- **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%.**

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

	1% Decrease 6.75%	Current Rate 7.75%	1% Increase 8.75%
City's net pension liability	99,361	45,588	748

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2016.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of $693. 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
Pension contributions subsequent to measurement date	$ 5,868	$ -
Differences between actual and expected experience	23,052	(50,700)
Changes in assumptions	-	(2,271)
Net differences between projected and actual earnings on plan investments	10,299	-
Total	$ 39,219	$ (52,971)

$5,868 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Inflows	Deferred Outflows
2017	(17,657)	9,642
2018	(17,657)	9,642
2019	(17,657)	9,642
2020	-	4,425
2021	-	-
Thereafter	-	-

Payable to the Pension Plan

At June 30, 2016, the City reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

9. Commitments and Contingencies

The City has participated in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The amount of expenditures which may be disallowed by granting agencies cannot be determined at this time; although, the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits may be pending against the City. There was one case pending on June 30, 2016, but was settled in December, 2016 for $50,000.

The City applied and was awarded the One Georgia grant funding for $500,000 to assist in the construction of a new elevated water tank. Nahunta E-Pellets had committed to $200,000 toward the project and have now gone out of business. Two extensions have been granted from the Department of Community Affairs for the One Georgia grant funding. At June 30, 2016, the City was searching for the additional funding needed to complete the project. At the time of issuance of our report, the City had reached an agreement with Okefenokee Rural Electric Membership Corporation to borrow the necessary funds to complete the tower. The agreement has not been finalized.

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains property, liability, and workers compensation insurance to manage these risks.

The City has joined together with other municipalities in the state as part of the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The fund are to pay all cost 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.

11. Property Tax

Property taxes attach as an enforceable lien on property as of January 1st. The City levies property taxes each year. The due date of these taxes is January 20th. Property taxes are collected for the City by the Brantley County Tax Commissioner and remitted to the City monthly. City property tax revenues are recorded when levied. An allowance for uncollectible taxes is established for delinquent taxes to the extent that their collectability is improbable.

12. Subsequent Events

The City has evaluated subsequent events through October 23, 2017, the date which the financial statements were available to be issued. No subsequent events came to our attention that are expected to have a material effect on the City's financial statements.

13. Prior Period Adjustment

Net position – business-type activities at the beginning of the year ended June 30, 2016 have been adjusted to correct an error in recording accumulated depreciation for the prior years. In prior years, depreciation was understated by $316,126. Had the error not been made, net position for the prior years would have decreased $316,126.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of the basic financial statements. Such information includes:

- **Pension and Employee Benefit Plans**
- **Budgetary Comparison-General Fund**
- **Budgetary Comparison – Major Capital Project Funds**

CITY OF NAHUNTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

City of Nahunta, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2016
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
Total Pension Liability		
Service Cost	$ 7,062	$ 6,695
Interest on total pension liability	25,772	32,226
Differences between expected and actual experience	30,736	(84,501)
Benefit payments, including refunds of employee contributions	(22,223)	(45,618)
Other	-	(3,784)
Net change in total pension liability	41,347	(94,982)
Total pension liability - beginning	343,651	438,633
Total pension liability - ending (a)	$ 384,998	$ 343,651
Plan fiduciary net position		
Contributions - employer	$ 15,386	$ 23,280
Contributions - employee	-	-
Net investment income	4,206	37,078
Benefit payments	(22,223)	(45,618)
Administrative expense	(2,205)	(1,825)
Net change in plan fiduciary net position	(4,836)	12,915
Plan fiduciary net position - beginning	344,246	331,331
Plan fiduciary net position - ending (b)	$ 339,410	$ 344,246
Net pension liability - ending (a)-(b)	$ 45,588	$ (595)
Plan fiduciary net position as a percentage of the total pension liability	88.16%	100.17%
Covered - employee payroll	$ 186,683	$ 191,597
Net pension liability as percentage of covered-employee payroll	24.42%	-0.31%

* - Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

CITY OF NAHUNTA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016

City of Nahunta, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2016
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	$ 7,824	$ 17,907
Contributions in relation to the actuarially determined contributions	7,824	17,907
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 186,683	$ 191,597
Contributions as a percentage of covered-employee payroll	4.02%	9.78%

Notes to Schedule:

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.**

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	**Projected Unit Credit**
Amortization Method	**Closed level dollar for remaining unfunded liability**
Remaining Amortization Period	**N/A**
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 the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.**

Actuarial Assumptions:

Net Investment Rate of Return	**7.75%**
Projected Salary Increases	**3.25% plus service based merit increased**
Cost of Living Adjustments	**0.00%**
Retirement Age	**65 with early retirement permitted between ages 55 to 65**
Mortality	**RP-2000 Healthy Mortality Table and Disabled Retiree Mortality Table**

- **Fiscal year 2015 was the first year of implementation, therefore only two years are shown.**

CITY OF NAHUNTA, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		GAAP/Budget	Variance with Final Budget Positive
	Original	Final	Basis	(Negative)
Revenues:				
Taxes	$ 599,500	$ 599,500	$ 596,628	$ (2,872)
Licenses & Permits	31,500	31,500	24,841	(6,659)
Fines & Forfeitures	78,000	79,500	61,901	(17,599)
Charges for Services	100	100	-	(100)
Intergovernmental	25,000	43,000	58,075	15,075
Other	95,600	95,600	1,487	(94,113)
Total Revenues	$ 829,700	$ 849,200	$ 742,932	$ (106,268)
Expenditures:				
Current:				
General Government	$ 292,945	$ 312,445	$ 241,457	$ 70,988
Judicial	27,235	27,235	21,014	6,221
Public Safety	273,390	273,390	140,070	133,320
Public Works	236,130	236,130	292,251	(56,121)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	$ 829,700	$ 849,200	$ 694,792	$ 154,408
Excess(deficiency) of revenues over expenditures	-	-	48,140	(260,676)
Other Financing Sources (Uses):				
Proceeds from Long Term Debt	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources(uses)	-	-	-	-
Excess(deficiency) of revenues and other sources over expenditures and other uses	-	-	48,140	(260,676)
Fund balances at beginning of year			310,059	
Fund balances at end of year			358,199	

CITY OF NAHUNTA, GEORGIA
SPLOST FUND – MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Project Length Budget	Current	Prior Years	Total	Variance with Budget Over (Under)
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses & Permits	-	-	-	-	-
Fines & Forfeitures	-	-	-	-	-
Charges for Services	-	-	-	-	-
Intergovernmental	337,500	66,215	324,972	391,187	(53,687)
Other	-	-	-	-	-
Total Revenues	$ 337,500	$ 66,215	$ 324,972	$ 391,187	$ (53,687)
Expenditures:					
Current:					
General Government	$ -	$ -	$ -	$ -	$ -
Judicial	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	337,500	3,404	278,869	282,273	55,227
Capital Outlay	-	101,074	40,533	141,607	(141,607)
Debt Service	-		-	-	-
Total Expenditures	$ 337,500	$ 104,478	$ 319,402	$ 423,880	$ (86,380)
Excess(deficiency) of revenues over expenditures	$ -	$ (38,263)	$ 5,570	$ (32,693)	$ 32,693
Other Financing Sources (Uses):					
Proceeds from Long Term Debt				$ -	$ -
Transfers Out				-	-
Total other financing sources(uses)				$ -	$ -
Excess(deficiency) of revenues and other sources over expenditures and other uses				$ (32,693)	$ 32,693
Fund balances at beginning of year				$ 158,060	
Fund balances at end of year				$ 125,367	

Federal and State Program Section

James A. Beal IV, CPA, CFP®
Debra C. Yonz, CPA
James S. Rivers III, CPA, CFP®
Larry G. Taylor, CPA

BYRT CPAs, LLC
Certified Public Accountants

byrt@byrt.com

1 BYRT Way
Alma, GA 31510
Phone: 912-632-7171
Fax: 912-632-6663

722 S. Main Street
Baxley, GA 31513
Phone: 912-367-9888
Fax: 912-367-0116

105 East Dame Avenue
Homerville, GA 31634
Phone: 912-487-5414
Fax: 912-487-5314

102 Lee Avenue
Waycross, GA 31501
Phone: 912-283-8889
Fax: 912-283-1971

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 Nahunta, 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, and each major fund of the City of Nahunta, 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 Nahunta, Georgia's basic financial statements, and have issued our report thereon dated October 23, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Nahunta, 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 Nahunta's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Nahunta, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Nahunta, 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*.

We noted certain matters that were reported to management of City of Nahunta, Georgia, in a separate letter dated October 31, 2017.

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.

Respectfully submitted,

BYRT CPAs, LLC

BYRT CPAs, LLC.
Waycross, GA
October 23, 2017

CITY OF NAHUNTA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL LOCAL OPTION SALES TAX PROCEEDS
FOR THE YEAR ENEDED JUNE 30, 2016

Project	Original Estimated Cost	Expenditures			
		Prior Year	Current Year	Total To Date	Est % of Completion
Road, Street, and Bridge Improvements	$ 337,500	$ 319,402	$ 104,478	$ 423,880	100%
Totals		$ 319,402	$ 104,478	$ 423,880	

Note: The original estimated cost is the total project amount included in the original referendum for collection of a special local option sales tax and approved by the voters of Brantley County.

CITY OF NAHUNTA, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT
GRANT #13P-X-013-2-5595
SCHEDULE OF PROGRAM COSTS AND
SCHEDULE OF SOURCES AND STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

Program Activity	Budgeted Costs	Paid to Date	Costs Obligated	Total Cost	Questioned Costs
T-03K-00 Engineering-Street Improvements/Flood & Drainage	$ 444	$ 444	$ -	$ 444	$ -
P-03k-01 Street Improvements	115,768	115,768	-	115,768	-
P-03k-02 Flood and Drainage Facilities	353,788	350,416	-	100,538	-
A-21A-00 Administration	30,000	30,000	-	30,000	-
C-022-00 Contingencies	-	-	-	-	-
Totals	$ 500,000	$ 496,628	$ -	$ 246,750	$ -
Non-CDBG Funds		$ 16,025	$ -	$ 16,025	
Totals		$ 16,025	$ -	$ 16,025	

Expenditures per Financial Statements:	
FYE 6/30/16	229,250
FYE 6/30/15	283,403
Expenditure Not Requested	(16,025)
Total	$ 496,628
Total Program Funds Allocated to Recipient	$ 500,000
Less: Funds Drawn Down by Recipient	(496,628)
Deobligated	$ 3,372
Total Funds Drawn Down by Recipient	$ 496,628
Less: Funds Applied to Costs	(496,628)
Total Funds Available for Disposition	$ -