City of Summerville, Georgia

Annual Financial Report

for the

Fiscal Year Ended June 30, 2015

By Authority of

The Mayor and City Council

CITY OF SUMMERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

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LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
Of the City of Summerville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Summerville, Georgia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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, business-type activities and each major fund information of the City of Summerville, Georgia, as of June 30, 2015, and the respective changes in financial position, and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund, Confiscated Drug, 2007 and 2014 SPLOST, and Victorian Christmas Special Revenue Funds for the year then ended in conformity 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 Schedule of Funding Progress on page 40, Schedule of Changes in Net Pension Liability and Related Ratios on page 41 and Schedule of Required Contributions on page 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Summerville's basic financial statements. The Schedules of Special Local Option Sales Tax Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Summerville, Georgia.

The Schedules of Special Local Option Sales Tax Expenditures 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 Schedules of Special Purpose Local Option Sales Tax Expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the City of Summerville, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Summerville, Georgia's internal control over financial reporting and compliance.

Williamson & Company

Williamson & Company
Certified Public Accountants
December 1, 2015

FINANCIAL SECTION

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business - type Activities	Total
ASSETS			
Cash and cash equivalents	$ 2,674,256	$ 15,169	$ 2,689,425
Receivables - net	151,984	626,028	778,012
Sales tax deposit	-	9,175	9,175
Inventories	16,318	273,768	290,086
Restricted cash	1,036,722	1,637,513	2,674,235
Bond issue cost - net of amortization	-	138,517	138,517
Capital assets:			
Land and improvements	929,590	13,132	942,722
Construction in progress	145,572	255,330	400,902
Other capital assets, net of depreciation	3,590,780	18,933,456	22,524,236
Total capital assets	4,665,942	19,201,918	23,867,860
Total assets	8,545,222	21,902,088	30,447,310
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	248,652	229,262	477,914
Total deferred outflows of resources	248,652	229,262	477,914
LIABILITIES			
Accounts payable and other current liabilities	48,025	1,202,378	1,250,403
Accrued wages payable and withholdings	50,150	26,476	76,626
Internal balances	2,143,494	(2,143,494)	-
Retainage payable	-	54,188	54,188
Interest payable	-	141,671	141,671
Customer deposits	7,284	943,058	950,342
Bond discount - net of amortization	-	(12,910)	(12,910)
Long-term liabilities (Note 7):			
Due within one year	32,027	773,425	805,452
Due in more than one year	1,602,784	11,479,778	13,082,562
Total Liabilities	3,883,764	12,464,570	16,348,334
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	287,054	206,875	493,929
Total deferred inflows of resources	287,054	206,875	493,929
NET POSITION			
Net investment in capital assets	4,460,850	9,534,695	13,995,545
Restricted			
Drug enforcement activities	24,740	-	24,740
Recreation	9,795	-	9,795
Customer Deposits	-	59,827	59,827
Acquisition and construction of capital assets	-	835,761	835,761
Debt service	-	741,924	741,924
Committed			
Capital projects	964,417	-	964,417
Debt forgiveness	5	-	5
Unrestricted	(836,751)	(1,712,302)	(2,549,053)
Total net position	$ 4,623,056	$ 9,459,905	$ 14,082,961

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets — Primary Government: Totals
Primary government:							
Governmental activities:							
General government	$ 797,784	$ 74,678	$ 18,675	$ 614,529	$ (89,902)	$ -	$ (89,902)
Police	1,457,733	462,962	-	-	(994,771)	-	(994,771)
Fire	468,299	463,152	9,600	10,000	14,453	-	14,453
Animal control	26,867	-	-	-	(26,867)	-	(26,867)
Streets	681,657	337	-	45,991	(635,329)	-	(635,329)
Culture and recreation	728,291	20,291	83,000	-	(625,000)	-	(625,000)
Codes enforcement	47,026	10,750	-	-	(36,276)	-	(36,276)
Sanitation	221,721	221,226	-	-	(495)	-	(495)
Interest on Long-term Debt	6,144	-	-	-	(6,144)	-	(6,144)
Total governmental activities	4,435,522	1,253,396	111,275	670,520	(2,400,331)	-	(2,400,331)
Business-type activities:							
Water/Sewer	4,221,001	4,086,612	-	32,500	-	(101,889)	(101,889)
Gas	5,370,414	6,808,238	-	-	-	1,437,824	1,437,824
Total business-type activities	9,591,415	10,894,850	-	32,500	-	1,335,935	1,335,935
Total primary government	$ 14,026,937	$ 12,148,246	$ 111,275	$ 703,020	(2,400,331)	1,335,935	(1,064,396)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					80,280	-	80,280
Franchise taxes					454,052	-	454,052
Insurance premium taxes					244,432	-	244,432
Malt beverage taxes					95,524	-	95,524
Investment earnings					5,294	944	6,238
Gain (Loss) on Sale of Capital Assets					5,144	12,650	17,794
Miscellaneous					87,037	-	87,037
Transfers					876,341	(876,341)	-
Total general revenues and transfers					1,848,104	(862,746)	985,357
Change in net position					(552,227)	473,189	(79,039)
Net position - beginning					6,402,251	9,872,204	16,274,455
Prior period restatement					(1,226,968)	(885,488)	(2,112,456)
Net position - ending					$ 4,623,056	$ 9,459,905	$ 14,082,961

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Capital Projects SPLOST Fund	Capital Projects-2014 SPLOST Fund	Confiscated Drug Fund	Victorian Christmas Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,674,256	$ -	$ -	$ -	$ -	$ 2,674,256
Receivables (net of allowance for uncollectibles)	151,963	-	-	-	21	151,984
Inventories	16,318	-	-	-	-	16,318
Cash - Restricted	1,011,982	-	-	24,740	-	1,036,722
Due from other funds	6,186,668	-	-	-	-	6,186,668
Total assets	$ 10,041,187	$ -	$ -	$ 24,740	$ 21	$ 10,065,948
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 46,825	$ -	$ 1,200	$ -	$ -	$ 48,025
Accrued wages payable and withholdings	50,150	-	-	-	-	50,150
Due to other funds	8,321,163	-	9,000	-	-	8,330,163
Customer deposits	7,284	-	-	-	-	7,284
Total liabilities	8,425,422	-	10,200	-	-	8,435,622
Fund Balances:						
Nonspendable:						
Inventories	16,318	-	-	-	-	16,318
Loans receivable	-	-	-	-	-	-
Restricted for:						
Drug enforcement activities	-	-	-	24,740	-	24,740
Acquisition and construction of capital assets	37,910	-	(10,200)	-	-	27,710
Recreation	9,774	-	-	-	21	9,795
Clean and Lien	37,786					37,786
Unassigned	1,513,977	-	-	-	-	1,513,977
Unreserved, reported in nonmajor:						
Capital projects fund	-	-	-	-	-	-
Total fund balances	1,615,765	-	(10,200)	24,740	21	1,630,326
Total liabilities and fund balances	$ 10,041,187	$ -	$ -	$ 24,740	$ 21	$ 10,065,948

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Reconciliation of the Balance Sheet to the Statement of Net Position

Total fund balances - governmental funds		$ 1,630,326
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. This amount represents capital assets net of accumulated depreciation.		4,665,942
A portion of pension plan contributions are for future use and are considerred deferred outflows of resources.		248,652
Differences between expected and actual returns on pension plan investments are not recognized at the fund level, yet are presented as a deferred inflow of resources in the Statement of Net Position.		(287,054)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Capital lease	(205,092)	
Compensated absences	(408,012)	
Net pension liability	(1,021,706)	
		(1,634,810)
Net position of governmental activities		$ 4,623,056

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Projects SPLOST Fund	Capital Projects-2014 SPLOST Fund	Confiscated Drug Fund	Victorian Christmas Fund	Total Governmental Funds
REVENUES						
Taxes	$ 800,416	$ -	$ -	$ -	$ -	$ 800,416
Licenses and permits	43,272	-	-	-	-	43,272
Intergovernmental	119,863	26,778	587,751	-	-	734,392
Charges for services	720,917	-	-	-	-	720,917
Fines and forfeitures	452,820	-	-	10,142	-	462,962
Contributions	106,583	-	-	-	-	106,583
Investment earnings	5,258	14	-	22	-	5,294
Miscellaneous income	127,974	-	-	-	-	127,974
Total revenues	2,377,103	26,792	587,751	10,164	-	3,001,810
EXPENDITURES						
Current:						
General government	780,309	-	-	-	-	780,309
Police	1,472,454	-	-	13,122	-	1,485,576
Fire	413,576	-	-	-	-	413,576
Animal control	25,200	-	-	-	-	25,200
Streets	681,510	-	-	-	-	681,510
Culture and recreation	613,658	-	-	-	-	613,658
Codes enforcement	47,026	-	-	-	-	47,026
Sanitation	221,721	-	-	-	-	221,721
Debt Service:						
Principal	31,215	-	-	-	-	31,215
Interest	6,144	-	-	-	-	6,144
Capital Outlay:						
General government	74,633	-	-	-	-	74,633
Police	-	-	41,593	-	-	41,593
Fire	-	-	9,254	-	-	9,254
Streets	44,264	-	29,397	-	-	73,661
Culture and recreation	65,020	-	199,030	-	-	264,050
Total expenditures	4,476,730	-	279,274	13,122	-	4,769,126
Excess (deficiency) of revenues over expenditures	(2,099,627)	26,792	308,477	(2,958)	-	(1,767,316)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,247,647	-	-	-	-	1,247,647
Transfers out	(8,526)	(53,104)	(309,677)	-	-	(371,307)
Capital leases	-	-	-	-	-	-
Total other financing sources and (uses)	1,239,121	(53,104)	(309,677)	-	-	876,340
SPECIAL ITEM						
Proceeds from sale of capital assets	5,144	-	-	-	-	5,144
Net change in fund balances	(855,362)	(26,312)	(1,200)	(2,958)	-	(885,832)
Fund balances - beginning	2,471,127	26,312	(9,000)	27,698	21	2,516,158
Fund balances - ending	$ 1,615,765	$ -	$ (10,200)	$ 24,740	$ 21	$ 1,630,326

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GA
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, 2015

Net change in fund balances		$ (885,832)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay expenditures recorded in the governmental funds	437,394	
Depreciation expense recorded in the Statement of Activites	(288,687)	
		148,707
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		31,215
Governmental funds report monthly pension plan premiums as currrent period expenditures, while governmental activities record a portion of those payments as a deferred outflow of resources.		172,934
Changes in the value of the pension plan are not reflected in the governmental funds. However, they are accounted for in the governmental activities.		(116,663)
Governmental funds do not report changes in long-term liabilities, while governmental activities report such liabilities and the changes in them.		
Compensated absences	(13,177)	
Net pension liability	110,589	
		97,412
Change in net position of governmental activities		$ (552,227)

CITY OF SUMMERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget			Variance with final budget - positive (negative)
	Original	As Amended	Actual	
REVENUES				
Taxes	$ 686,815	$ 787,529	$ 800,416	$ 12,887
Licenses and permits	40,000	46,000	43,272	(2,728)
Intergovernmental	95,263	90,989	119,863	28,874
Charges for services	691,306	684,173	720,917	36,744
Fines and forfeitures	408,600	419,430	452,820	33,390
Contributions	97,000	102,325	106,583	4,258
Investment earnings	2,600	3,815	5,258	1,443
Miscellaneous income	113,000	200,340	127,974	(72,366)
Total revenues	2,134,584	2,334,601	2,377,103	42,502
EXPENDITURES				
Current:				
General government	774,723	980,124	854,942	125,182
Police	1,490,667	1,515,978	1,472,454	43,524
Fire	410,509	420,831	413,576	7,255
Animal control	25,200	25,200	25,200	-
Streets	681,966	807,152	725,774	81,378
Culture and recreation	619,156	680,000	678,678	1,322
Codes enforcement	40,125	48,841	47,026	1,815
Sanitation	218,500	225,000	221,721	3,279
Debt service:				
Principal	31,215	31,215	31,215	-
Interest	6,144	6,144	6,144	-
Total expenditures	4,298,205	4,740,485	4,476,730	263,755
Excess (deficiency) of revenues over expenditures	(2,163,621)	(2,405,884)	(2,099,627)	306,257
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,371,042	1,247,647	(123,395)
Transfers out	-	-	(8,526)	(8,526)
Capital leases	-	-	-	-
Total other financing sources and (uses)	-	1,371,042	1,239,121	(131,921)
SPECIAL ITEM				
Proceeds from sale of capital assets	20,000	20,000	5,144	(14,856)
Net change in fund balances	(2,143,621)	(1,014,842)	(855,362)	159,480
Fund balances - beginning	2,471,127	2,471,127	2,471,127	-
Fund balances - ending	$ 327,506	$ 1,456,285	$ 1,615,765	$ 159,480

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
CONFISCATED DRUG SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Forfeitures	$ 5,625	13,980	$ 10,142	$ (3,838)
Investment Earnings	75	20	22	2
Total Revenues	5,700	14,000	10,164	(3,836)
EXPENDITURES				
Current:				
Police	5,700	14,000	13,122	878
Total Expenditures	5,700	14,000	13,122	878
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(2,958)	(2,958)
Net Change in Fund Balance	-	-	(2,958)	(2,958)
Fund Balance - Beginning of Year	27,698	27,698	27,698	-
Fund Balance - End of Year	$ 27,698	$ 27,698	$ 24,740	$ (2,958)

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
CAPITAL PROJECTS FUND
2007 SPLOST
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT LENGTH BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 3,050,000	$ 3,050,000	$ 26,778	$ (3,023,222)
Interest	-	-	14	14
Total Revenues	3,050,000	3,050,000	26,792	(3,023,208)
EXPENDITURES				
Capital Outlays - Water and Sewer Improvements	3,050,000	3,050,000	53,104	2,996,896
Total Expenditures	3,050,000	3,050,000	53,104	2,996,896
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(26,312)	(26,312)
Net Change in Fund Balance	-	-	(26,312)	(26,312)
Fund Balance - Beginning of Year	-	-	26,312	26,312
Fund Balance - End of Year	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
CAPITAL PROJECTS FUND
2014 SPLOST
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PROJECT LENGTH BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Project Length Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 4,290,000	$ 4,290,000	$ 587,751	$ (3,702,249)
Interest	-	-	-	-
Total Revenues	4,290,000	4,290,000	587,751	(3,702,249)
EXPENDITURES				
Capital Outlays	4,290,000	4,290,000	588,951	3,701,049
Total Expenditures	4,290,000	4,290,000	588,951	3,701,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,200)	(1,200)
Net Change in Fund Balance	-	-	(1,200)	(1,200)
Fund Balance - Beginning of Year	-	-	(9,000)	(9,000)
Fund Balance - End of Year	$ -	$ -	$ (10,200)	$ (10,200)

The accompanying notes are an integral part of this financial statement.

CITY OF SUMMERVILLE, GEORGIA
VICTORIAN CHRISTMAS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Grant Revenues	$ -	$ -	$ -	$ -
Investment Earnings	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Supplies and Promotions	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	21	21	21	-
Fund Balance - End of Year	$ 21	$ 21	$ 21	$ -

The accompanying notes are an integral part of this financial statement.

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

	Enterprise Funds		
	Water & Sewer	Gas	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ -	$ 15,169	$ 15,169
Receivables, Net	486,771	139,257	626,028
Due From Other Funds	4,419,956	3,901,207	8,321,163
Sales Tax Deposit	-	9,175	9,175
Inventories	215,173	58,595	273,768
Total Current Assets	5,121,900	4,123,403	9,245,303
Noncurrent Assets:			
Restricted Assets:			
Cash - Customer Deposits	29,176	30,651	59,827
Cash - Construction & Acquisition	183	835,578	835,761
Cash - Debt Service	741,924	-	741,924
Bond Issue Cost - Net of Amortization	138,517	-	138,517
Capital Assets:			
Land and Improvements	13,132	-	13,132
Construction In Progress	213,445	41,885	255,330
Distribution and Collection Systems	46,112,236	4,557,925	50,670,161
Buildings	161,915	59,416	221,331
Equipment	1,014,913	422,735	1,437,648
Less Accumulated Depreciation	(28,789,111)	(4,606,573)	(33,395,684)
Total Noncurrent Assets	19,636,330	1,341,617	20,977,947
Total Assets	24,758,230	5,465,020	30,223,250
Deferred Outflows of Resources			
Deferred resources related to pension	120,365	108,897	229,262
Total Deferred Outflows	120,365	108,897	229,262
LIABILITIES			
Current Liabilities:			
Accounts Payable	865,506	363,347	1,228,853
Due To Other Funds	3,844,346	2,333,322	6,177,668
Interest Payable	139,351	2,320	141,671
Retainage Payable	46,493	7,695	54,188
Customer Deposits	316,763	626,295	943,058
Bonds, Notes, and Loans Payable	741,756	31,669	773,425
Total Currrent Liabilities	5,954,215	3,364,648	9,318,863
Noncurrent Liabilities:			
Compensated Absences	94,446	83,263	177,709
Net Pension Liability	389,034	347,294	736,328
Bond Discount - Net of Amortization	(12,910)	-	(12,910)
Bonds, Notes, and Loans Payable	9,548,633	1,017,109	10,565,742
Total Noncurrrent Liabilities	10,019,203	1,447,666	11,466,869
Total Liabilities	15,973,418	4,812,314	20,785,732
Deferred Inflows of Resources			
Deferred resources related to pension	109,301	97,574	206,875
Total Deferred Inflows	109,301	97,574	206,875
NET POSITION			
Net investment in capital assets	8,436,141	1,098,554	9,534,695
Restricted			
Customer Deposits	29,176	30,651	59,827
Acquisition and Construction of Capital Assets	183	835,578	835,761
Debt Service	741,924	-	741,924
Unrestricted	(411,548)	(1,300,754)	(1,712,302)
Total Net Position	$ 8,795,876	$ 664,029	$ 9,459,905

The accompanying notes are an integral part of this financial statement.

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

	Enterprise Funds		
	Water & Sewer	Gas	Total
OPERATING REVENUES			
Charges for services	$ 4,086,406	$ 6,808,239	$ 10,894,645
Other	206	-	206
Total operating revenues	4,086,612	6,808,239	10,894,851
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	1,239,236	719,979	1,959,215
Cost of Gas for Resale	-	4,230,215	4,230,215
Services and Supplies	1,819,552	282,520	2,102,072
Administrative Expense	127,671	105,586	233,257
Depreciation	627,633	18,970	646,603
Amortization	13,842	-	13,842
Total operating expenses	3,827,934	5,357,270	9,185,204
Operating income (loss)	258,678	1,450,969	1,709,647
NONOPERATING REVENUES (EXPENSES)			
Interest and investment revenue	810	134	944
Interest expense	(393,067)	(13,144)	(406,211)
Gain on disposal of capital assets	-	12,650	12,650
Total nonoperating revenues (expenses)	(392,257)	(360)	(392,617)
Income (loss) before contributions and transfers	(133,579)	1,450,609	1,317,030
Capital contributions	32,500	-	32,500
Transfers in	275,898	84,853	360,751
Transfers out	-	(1,237,091)	(1,237,091)
Change in net position	174,819	298,371	473,190
Total net position - beginning	9,088,899	783,304	9,872,203
Prior period restatement	(467,842)	(417,646)	(885,488)
Total net position - ending	$ 8,795,876	$ 664,029	$ 9,459,905

The accompanying notes are an integral part of this financial statement.

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

	Enterprise Funds		
	Water & Sewer	Gas	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,648,262	$ 6,438,027	$ 9,086,289
Payments to suppliers	(322,880)	(4,150,977)	(4,473,857)
Payments to employees	(1,319,918)	(808,153)	(2,128,071)
Net cash provided by operating activities	1,005,464	1,478,897	2,484,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer from other funds	275,898	84,853	360,751
Transfer to other funds	-	(1,237,091)	(1,237,091)
Net cash provided (used) by noncapital financing activities	275,898	(1,152,238)	(876,340)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	25,400	805,715	831,115
Capital contributions	32,500	-	32,500
Purchases of capital assets	(297,203)	(181,416)	(478,619)
Principal paid on capital debt	(716,460)	(346,301)	(1,062,761)
Interest paid on capital debt	(404,339)	(14,376)	(418,715)
Proceeds from sales of capital assets	-	12,651	12,651
Net cash (used) by capital and related financing activities	(1,360,102)	276,273	(1,083,829)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned	810	134	944
Net (decrease) in cash and cash equivalents	(77,930)	603,066	525,136
Cash balances - July 1 (Including $849,214 & $263,213 in restricted cash)	849,214	278,332	1,127,546
Cash balances - June 30 (Including $771,284 & $866,229 in restricted cash)	$ 771,284	$ 881,398	$ 1,652,682
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 258,678	$ 1,450,969	$ 1,709,647
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	627,633	18,970	646,603
Bond issue / discount amortization	13,842	-	13,842
(Increase) decrease in accounts receivable	(1,506,292)	(455,901)	(1,962,193)
Deferred outflows	(52,180)	(48,027)	(100,207)
(Increase) decrease in inventories	(107,649)	(19,727)	(127,376)
(Increase) decrease in prepaids	-	381	381
Increase (decrease) in accounts and other payables	1,741,183	480,190	2,221,373
Increase (decrease) in customer deposits	67,941	85,690	153,631
Deferred inflows	109,301	97,574	206,875
Net pension liability	(146,993)	(131,222)	(278,215)
Net cash provided by operating activities	$ 1,005,464	$ 1,478,897	$ 2,484,361

The accompanying notes are an integral part of this financial statement.

Note 1. Summary of Significant Accounting Policies

The City of Summerville was incorporated January 1, 1891, and operates under a Council-Manager form of government. The City provides the following services: Animal Control, Culture and Recreation, Public Works (which includes Streets and Sanitation), Public Utilities (Gas and Water), Public Safety (Police and Fire), General and Administrative Services.

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

A. Reporting Entity

The financial statements of the reporting entity include those of the City (the primary government) and its component units. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the reporting entity because of the significance of their operational or financial relationships with the City. At June 30, 2015, the City of Summerville had no component units.

Related Organization

The City council is responsible for appointing all board members of the Summerville Housing Authority. However, the City has no further accountability for the Authority, nor does it have any financial interest or control over the Authority. At year-end there were no receivables or payables between the City and this organization. Financial statements are available at the Housing Authority's office.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type. Fiduciary funds are not included in the government-wide statements.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

In the government-wide statement of net assets, governmental and business type activities are presented on a consolidated basis and reflect full accrual, economic resources basis, which includes long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly

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

Fund financial statements emphasize major funds in either the governmental or business-type category. Non-major governmental funds (if any) are reported as a separate column in the fund financial statements. Fiduciary funds are presented in the fund financial statements.

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

The financial transactions of the City are recorded in individual funds which provide a separate set of self-balancing accounts that are comprised of assets, liabilities, reserves, fund equity, revenues and expenditures.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, nonexchange transactions are recognized in accordance with GASB Statement 33.

The government reports the following major governmental funds:

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

The 2008 SPLOST *Capital Projects Fund* accounts for the receipt and disbursements of Special Local Option Sales Tax assessments that are to be used to finance the acquisition and/or construction of capital assets.

The 2014 SPLOST *Capital Projects Fund* accounts for the receipt and disbursements of Special Local Option Sales Tax assessments that are to be used to finance the acquisition and/or construction of capital assets.

The *Confiscated Drug Fund* accounts for law enforcement confiscations of cash and property seized

in the course of illegal narcotics-related arrests.

The *Victorian Christmas Fund* accounts for the receipt and disbursements of private donations for Victorian-era Christmas displays in downtown storefronts each year, designed to boost tourism.

The government reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for those operations of the City which involve water distribution, sewage pumping stations, collection systems, and the sewage treatment plant. A fee is charged to external users for goods or services, and the activity is intended to be self-supporting.

The *Gas Fund* accounts for those operations of the City which involve natural gas distribution, to include gas line maintenance and additions, meter maintenance and additions/replacement. A fee is charged to external users for goods or services and this activity is also intended to be self-supporting.

Both the water/sewer and gas funds are reported as major funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/sewer and gas enterprise funds are charges to customers for sales and services. Both funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. Annual appropriations lapse at fiscal year-end.

Encumbrance or commitments related to the unperformed contract for goods or services (if any) were for immaterial amounts and therefore are not reported as reservations of fund balances.

E. Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities and stated at fair value.

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The balances which represent receivables and payables between governmental and business-type activities are reported as internal balances. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges between the general fund and the water/sewer and gas funds. Elimination of these charges would distort the direct costs and revenues reported for the two funds.

G. Restricted Cash

Demand and time deposits set aside for repayment of water and sewer revenue bonds are classified as restricted on the balance sheet because their use is limited by applicable bond covenants.

H. Capital Assets

Capital assets that cost more than $5,000 with an estimated useful life of more than one year are capitalized and depreciated. Capital assets, including property, plant, vehicles, equipment and infrastructure (streets, bridges, curbs and gutters, sidewalks, drainage and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date of acquisition. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

I. Compensated Absences

Vested or accumulated vacation leave and sick leave is recorded as an expense and a liability when incurred in the proprietary fund financial statements and as a liability in the governmental funds only in the government-wide financial statements.

J. Long-term Obligations

Long-term debt and other obligations are reported as a liability in the government-wide financial statements and the proprietary fund financial statements.

K. Bond Discounts/Issuance Costs

Bond discounts and issuance costs are deferred and amortized over the term of the bonds using the

bonds-outstanding method which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

L. Fund Equity

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

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- Nonspendable – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- Restricted – fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

- Assigned – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

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

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

Net Position – represents the different between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition and/or construction of capital assets. Net position may be reported as restricted or unrestricted.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City of Summerville has only one type of item which qualifies for reporting in this category: deferred expense related to pensions reported in the government-wide and proprietary funds statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City of Summerville has only one type of item which qualifies for reporting in this category: deferred expense related to pensions reported in the government-wide and proprietary funds statement of net position.

N. Inventory

Inventory is valued at lower of cost (first-in, first-out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. The Street, Water/Sewer Fund, and Gas Fund inventories are valued at lower of cost or market using the first-in, first-out method.

O. Property Tax

The City is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year.

The City did not levy a property tax for the fiscal year ended June 30, 2015.

P. Pensions

For the year ended June 30, 2015, the City of Summerville implemented *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*, for new reporting requirements on pension related items. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Summerville Retirement Plan (the Plan) and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Legal Compliance - Budgets

Georgia Law requires an annual balanced budget for the general fund and a project length budget for each capital project fund. All departments of the City submit requests for appropriation to the City Clerk so that a budget may be prepared. The budget is prepared by fund, function (department), and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

No later than 45 days prior to the beginning of the fiscal year, the proposed budget is presented to the mayor and council for review. The council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Department heads may make

transfers of appropriations within a department. The legal level of budgetary control is at the department level. Transfers of appropriations between departments must be approved by an affirmative vote of a majority of the council, except for emergencies as defined by the charter and unanimously voted by council. The 2015 General Fund budget was voted upon and adopted by the city council.

Note 3. Deposits and Investments

Cash includes amounts in demand and time deposits that must be by law insured or collateralized, and investments, if any, are limited by law and bond ordinances, to federal and state securities.

At year end the government's carrying amount of deposits was $5,363,660 and the bank balance was $5,704,819. The bank balance was covered by $500,000 federal depository insurance and the remaining $5,204,819 balance was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. This represents a category 2 level of risk.

The City's investments are categorized as either (1) insured or collateralized with securities held by the City or its agent in the City's name, (2) collateralized with securities held by the pledging financial institutions trust department or agent in the City's name or (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.

The City has no investments other than cash.

Note 4. Receivables

As of June 30, 2015, receivables for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	Governmental Activities	Business-type Activities	Total
Taxes	$ 126,647	$ -	$ 126,647
Accounts	169,800	1,333,227	1,503,027
Total	296,447	1,333,227	1,629,674
Less: Allowance for Uncollectibles	(144,463)	(707,199)	(851,662)
Net Total Receivables	$ 151,984	$ 626,028	$ 778,012

Note 5. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, short-term non-operating subsidies and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at year-end are presented as "due/to from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances". As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	$ 3,844,346
	Gas Fund	2,333,322
	Capital Proj.-2014 SPLOST	9,000
Gas Fund	General Fund	3,901,207
Water and Sewer Fund	General Fund	4,419,956
		$ 14,507,831

Transfers and Payments

Routine transfers and payments between funds are to subsidize operations and capital acquisitions. Interfund transfers for the year ending June 30, 2015 are as follows:

Source Fund	Transfer To Fund	Amount
General Fund	Water Sewer	$ 8,526
Gas	General Fund	1,237,091
Capital Projects-SPLOST Fund	Water Sewer	267,372
Capital Projects-SPLOST Fund	General Fund	10,557
Capital Projects-SPLOST Fund	Gas	84,853
		$ 1,608,399

Note 6. Capital Assets

The following table provides a summary of capital asset activity for governmental activities:

Governmental Activities:	Balance July 1, 2014	Additions	Deletions	Transfers (To)/From	Balance June 30, 2015
Capital Assets Not Being Depreciated					
Land	$ 864,570	$ 65,020	$ -	$ -	$ 929,590
Construction In Progress	63,350	82,222	-	-	145,572
Total Capital Assets Not Being Depreciated	927,920	147,242	-	-	1,075,162
Capital Assets Being Depreciated					
Infrastructure	119,534	39,263	-	-	158,797
Buildings	2,890,570	59,110	-	-	2,949,680
Improvements	85,788	58,203	-	-	143,991
Equipment	5,624,053	133,576	-	-	5,757,629
Total Capital Assets Being Depreciated	8,719,945	290,152	-	-	9,010,097
Less Accumulated Depreciation For:					
Buildings	(2,278,190)	(35,315)	-	-	(2,313,505)
Improvements	(50,079)	(6,005)	-	-	(56,084)
Equipment	(2,802,361)	(247,367)	-	-	(3,049,728)
Total Accumulated Depreciation	(5,130,630)	(288,687)	-	-	(5,419,317)
Total Capital Assets Being Depreciated, Net	3,589,315	1,465	-	-	3,590,780
Governmental Activity Capital Assets, Net	$ 4,517,235	$ 148,707	$ -	$ -	$ 4,665,942

The following table provides a summary of capital assets activity for business-type activities:

Business-type Activities:	Balance July 1, 2014	Additions	Deletions	Transfers (To)/From	Balance June 30, 2015
Capital Assets, Not Being Depreciated					
Land	$ 13,132	$ -	$ -	$ -	$ 13,132
Construction In Progress	836,725	235,106	(816,501)	-	255,330
Total Capital Assets Not Being Depreciated	849,857	235,106	(816,501)	-	268,462
Capital Assets, Being Depreciated					
Buildings	221,331	-	-	-	221,331
Systems	49,985,238	690,907	-	-	50,676,145
Equipment	1,125,865	369,108	(63,308)	-	1,431,665
Total Capital Assets Being Depreciated	51,332,434	1,060,015	(63,308)	-	52,329,141
Less Accumulated Depreciation For:					
Buildings	(68,067)	(6,411)	-	-	(74,478)
Systems	(31,901,713)	(575,954)	-	-	(32,477,667)
Equipment	(842,609)	(64,239)	63,308	-	(843,540)
Total Accumulated Depreciation	(32,812,389)	(646,604)	63,308	-	(33,395,685)
Total Capital Assets Being Depreciated, Net	18,520,045	413,411	-	-	18,933,456
Business-type Activities Capital Assets, Net	$ 19,369,902	$ 648,517	$ (816,501)	$ -	$ 19,201,918

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

General Government	$ 41,050
Public Safety	20,866
Fire	58,122
Streets	28,615
Recreation	138,367
Animal Control	1,667
Total Depreciation Expense	$ 288,687

Business-type Activities	
Water/Sewer	$ 627,633
Gas	18,971
Total Depreciation Expense	$ 646,604

The following estimated useful lives are used to compute depreciation (straight-line method):

Buildings	20-50 years
Equipment	3-10 years
Infrastructure	50 years
Park Improvements	5-40 years
System	20-75 years

Note 7. Long-term Debt

The following is a summary of the City's along–term debt activity for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Capital Leases	$ 236,307	$ -	$ 31,215	$ 205,092	$ 32,027
Net Pension Liability	1,407,749	116,663	502,706	1,021,706	
Compensated Absences	394,835	163,461	150,283	408,013	-
Total Governmental Activities	$ 2,038,891	$ 163,461	$ 181,498	$ 1,634,811	$ 32,027
Business-type Activities:					
Capital Leases	$ 589,363	$ 805,715	$ 346,301	$ 1,048,777	$ 31,669
Loans Payable	3,431,448	25,400	151,459	3,305,389	156,756
Revenue Bonds	7,550,000	-	565,000	6,985,000	585,000
Net Pension Liability	1,014,543	84,077	362,292	736,328	
Compensated Absences	175,018	111,920	109,229	177,709	-
Total Business-type Activities	$ 12,760,372	$ 943,035	$ 1,171,989	$ 12,253,203	$ 773,425

Advance Refundings

In 2005 the City issued $9,695,000 of Combined Public Utility Revenue and Refunding Bonds ("2005 Bonds") for the advance refunding of the City's 2002 Combined Public Utility Revenue and Refunding Bonds ("2002 Bonds") and for related capital improvements to the City's water system. As a result of this issuance, $7,749,047 was used to purchase United States Government State and Local Government Series securities that were placed into an escrow account for the purpose of generating resources for payment of principal, interest, and redemption premium on the 2002 Bonds beginning in fiscal year 2013 and continuing through maturity in fiscal year 2026. The portion of the 2002 Bonds being refunded is considered defeased and has been removed from the government wide Statement of Net Assets and the proprietary fund Balance Sheet. As of June 30, 2015, $6,920,000 was considered defeased.

Compensated absences in governmental activities are liquidated by the general fund and compensated absences in the business-type activities are liquidated by the water and gas funds.

Long – term debt payable at June 30, 2015 is composed of the following issues:

Loans Payable

$1,481,839 GEFA Loan: With total approved loan amount of $1,489,839, and fully drawn down as of June 30, 2009; due in monthly installments of $9,089, bearing interest at 4.14%, with a maturity date of May 1, 2029.	$1,152,329
$201,600 GEFA Loan: With total approved loan amount of $201,600 and $172,800 drawn down. This loan entered repayment phase as of April 1, 2011; due in monthly installments of $958, bearing interest at 3.00%, with a maturity date of April 1, 2031.	144,804
$2,484,448 GEFA Loan: With total approved loan amount of $2,484,448 and $2,484,448 drawn down. This loan entered repayment phase as of January 1, 2013; due in monthly installments of $12,104, bearing interest at 3.00%, with a maturity date of January 1, 2033.	1,982,856
$1,220,000 GEFA Loan: With total approved loan amount of $1,220,000 and $25,400 drawn down; payment terms to be finalized upon project completion.	25,400

Total Loans Payable $3,305,389

Annual debt service requirements to maturity for the GEFA loans payable are as follows:

Fiscal Year Ending	Principal	Interest	Total
2016	$ 156,756	$ 109,070	$ 265,826
2017	162,260	103,566	265,826
2018	167,963	97,863	265,826
2019	173,872	91,954	265,826
2020	179,995	85,831	265,826
2021-2025	999,853	329,278	1,329,131
2026-2030	1,069,222	141,746	1,210,968
2031-2033	395,468	14,737	410,205
Total	$ 3,305,389	$ 974,045	$ 4,279,434

Revenue Bonds

$9,695,000 Series 2005 Combined Public Utility Revenue Refunding and Improvement Bonds with $170,000 of principal due January 1, 2011 bearing interest at 3.99%, and a maturity date of January 1, 2026. $ 6,985,000

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending	Principal	Interest	Total
2016	$ 585,000	$ 278,702	$ 863,702
2017	605,000	255,360	860,360
2018	630,000	231,221	861,221
2019	660,000	206,084	866,084
2020	685,000	179,750	864,750
2021-2024	3,000,000	435,708	3,435,708
2025-2026	820,000	32,718	852,718
Total	$ 6,985,000	$ 1,619,543	$ 8,604,543

Note 8. Lease Obligations

Operating Leases

The City has no operating lease obligations.

Capital Leases

The City has entered into a lease agreement with Branch Bank & Trust as lessee for financing the acquisition of a 'pumper' fire truck from Pierce Manufacturing Inc., for $304,055.

This lease agreement with Branch Bank & Trust qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City's equipment under lease has a cost of $205,092 and accumulated depreciation of $121,622 as of June 30, 2015. Amortization expense is included with depreciation. The effective interest rate at June 30, 2015 is 2.60%.

The City has entered into a lease agreement with Branch Bank & Trust as lessee for financing the installation of natural gas line extensions for $248,000.

This lease agreement with Branch Bank & Trust qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City's gas lines under lease have a cost of $199,338 and accumulated depreciation of $0 as of June 30, 2015. Amortization expense is included with depreciation. The effective interest rate at June 30, 2015 is 2.75%.

The City has entered into a second lease agreement with Branch Bank & Trust as lessee for financing the installation of additional natural gas line extensions for $95,000.

This lease agreement with Branch Bank & Trust qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City's additional gas lines under lease are currently under construction and have a cost of $41,885 and accumulated depreciation of $0 as of June 30, 2015. Amortization expense is included with depreciation. The effective interest rate at June 30, 2015 is 3.29%.

The City has entered into a lease agreement with Georgia Municipal Association as lessee for financing the replacement of standard manual-read gas meters with radio-read meters for $805,715.

This lease agreement with Georgia Municipal Association qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

The City's gas meter swap project is currently in progress and has a cost of $805,715 as of June 30, 2015. The effective interest rate at June 30, 2015 is 0.96%.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2016	$ 37,359	$ 853,211
2017	37,359	39,761
2018	37,359	39,761
2019	37,359	39,761
2020	37,359	39,761
2021-2024	37,359	81,640
Total Minimum Lease Payments	224,154	1,093,895
Less Amounts Representing Interest	(19,062)	(45,118)
Present Value of Future Minimum Lease Payments	$ 205,092	$ 1,048,777

Note 9. Restricted Assets

The City is required to establish and maintain cash accounts to comply with bond covenants and external legal requirements. The debt service and capital acquisition/improvements cash accounts are restricted for payment of bond principal and interest and certain construction funds are restricted for specified capital projects or improvements. Customer deposit accounts are restricted to application against outstanding balances or are subject to being refunded. The Drug enforcement account is restricted for monies used in law enforcement activities. The Recreation cash account is for monies designated for the maintenance and improvement of recreational facilities and small equipment.

As of June 30, 2015, restricted assets consist of the following:

Governmental Activities:

Cash - Council Restricted	$ 763,019
Cash - Drug Enforcement	24,740
Cash - Clean & Lien	37,786
Cash - Special Projects	37,910
Cash - Recreation Department	9,774
Cash - Debt Forgiveness	6
Cash - Capital Acquisition/Improvements	163,487
Total	$ 1,036,722

Business-type Activities

Cash - Customer Deposits	$ 59,827
Cash - Capital Acquisition/Improvements	835,761
Cash - Debt Service	741,925
Total	$ 1,637,513

Note 10. Pension Plan

Plan Description. The City has a non-contributory defined benefit plan covering all full time employees. The plan, the City of Summerville Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS), a statewide, agent multiple-employer type plan. GMEBS policy direction and oversight for the fund is provided by a 15 member board comprised of elected and appointed officials from the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City established the plan effective April 1, 1985, and the authority to establish, amend or discontinue the plan remains with the City. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year. Members may retire at 62 years of age with 5 years of service. Early retirement is possible at age 50 with 10 years of service. Benefits are calculated at 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy and Annual Contributions. The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 10 years for temporary retirement incentive programs, 20 years for changes to plan provisions and 30 years for actuarial assumptions and cost methods. These amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). According to the latest actuarial valuation, dated January 1, 2015, the estimated minimum annual contribution under these funding standards is $291,540.

According to the most recent annual plan valuation dated January 1, 2015, the recommended contribution to the plan for 2015 is $366,227 ($0 employee and $366,227 employer; 0% employee and 14.26% employer of covered payroll respectively), and for 2014 was $400,339 ($0 employee and $400,339 employer; 0% employee and 15.91% employer of covered payroll respectively). Covered payroll for 2015 and 2014 is $2,527,517 and $2,473,493 respectively.

Funded Status. GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual pension cost contributed and net pension obligation for the most recent three years.

Year Ending	Three-Year Trend information Annual Pension Cost	of APC Contributed	Pension Obligation
2015	$ 366,227	100%	$ -
2014	400,339	100%	-
2013	405,794	100%	-

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2015, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2014.

Changes in Net Pension Liability

	(TPL) Total Pension Liability (a)	(FNP) Fiduciary Net Position (b)	(NPL) Net Position Liability (a) - (b)
Balances at September 30, 2013	$ 10,348,567	$ 7,926,275	$ 2,422,292
Changes for the year:			
Service cost	158,648	-	158,648
Interest	781,253	-	781,253
Differences between expected and actual experience	(162,749)	-	(162,749)
Contributions- employer	-	371,069	(371,069)
Contributions- employees	-	-	-
Net Investment income	-	899,328	(899,328)
Benefit payments, including refunds of employee contributions	(535,764)	(535,764)	-
Administrative expense	-	(13,403)	13,403
Other	(184,416)	-	(184,416)
Net changes	56,972	721,230	(664,258)
Balances at September 30, 2014	$ 10,405,539	$ 8,647,505	$ 1,758,034

Sensitivity of the NPL to Changes in Discount Rate

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$ 3,071,996	$ 1,758,034	$ 669,423

As of January 1, 2015, employee membership data related to the current plan membership was as follows:

Number of retirees and beneficiaries currently receiving benefits	69
Number of terminated employees entitled to benefits, but not yet receiving them	23
Number of Active Plan Participants	
Vested	45
Nonvested	30
Total	167

Significant Actuarial Assumptions

Actuarial Assumptions:	
Net Investment Rate of Return	7.75% per year
Projected Salary Increase	3.25% plus age and service based merit increases
Inflation Rate	3.25%
Post Retirement Benefit Increase	N/A
Actuarial Methods:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Actuarial Value of Assets	Roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus (minus) 10% of investment gains (losses) during 10 prior years.
Mortality Rate	Mortality assumptions are based on the RP-2000 mortality tables, which are founded on a four year review of mortality experience for the period January 1, 2010 to June 30, 2014.

Actuarial assumptions are the same as those used in the preceding year.

For the year ended June 30, 2015, the City recognized pension expense of $200,740. At June 30, 2015, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (122,061)
Changes of Assumptions	-	(138,312)
Net Differences between projected and actual earnings on pension plan investments	-	(233,556)
Total as of June 30, 2015	$ -	$ (493,929)

Deferred Outflows/Inflows Recognized in Future Years

	FY 2016	FY 2017	FY 2018	FY 2019
Fiscal Year Outflows				
Demographic	$ -	$ -	$ -	$ -
Total Outflows	$ -	$ -	$ -	$ -
Fiscal Year Inflows				
Demographic	$ (40,687)	$ (40,687)	$ (40,687)	$ -
Investment	(58,389)	(58,389)	(58,389)	(58,389)
Assumption Change	(46,104)	(46,104)	(46,104)	-
Total Inflows	(145,180)	(145,180)	(145,180)	(58,389)
Total	$ (145,180)	$ (145,180)	$ (145,180)	$ (58,389)

Net Investment Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of September 30, 2014 are as summarized in the following table:

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

Plan termination basis: 3.20% (30 year Treasury Securities Rate as of August, 2014, published in September 2014; 3.76% last year)

Payable to the Pension Plan

There were no outstanding amounts of contributions to the pension plan required for the year ended June 30, 2015.

Note 11. Restricted Fund Balances/Net Assets

Restrictions are used to indicate that a portion of the net assets is not available for appropriations and is legally segregated for a specific future use. The City uses the following restrictions:

Governmental Funds:

Restricted for capital project activities- Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

Restricted for drug enforcement activities- Created to segregate money received from federal or state sources, as well as from confiscations, that restrict use for law enforcement purposes only.

Restricted for Recreation - Created to segregate money received from patrons of recreational facilities, as well as from federal or state sources, for the use of facilities and small equipment maintenance and improvements.

Business Type- activities:

Restricted for debt Service - The City's bond covenants require certain reservations of the Water and Sewer net assets for payments of bond principal and interest.

Restricted for capital project activities- Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

Note 12. Other Information

Vacation and Sick Leave

City employees' vacation and sick leave accrual policy is as follows:

Years of Service	Vacation Accrual	Sick Leave Accrual
1-3	5 Days per year	5 Days per year
4-9	10 Days per year	10 Days per year
10-14	15 Days per year	15 Days per year
15+	20 Days per year	20 Days per year

Employees with vacation time remaining at the end of the calendar year may carry their time forward to the next year. Carry forward limits are set at 13 weeks for vacation and 13 weeks for sick leave.

Note 13. Risk Management

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City. The City is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets: errors and omissions; and natural disasters for which the City carries commercial insurance. This City is self-insured related to unemployment compensation. There have been no significant reductions in insurance coverage from the prior year.

During the past three years, the costs of any settlements have not exceeded insurance coverage.

The City is also exposed to the risk of injuries to employees, for which the City participates in the Georgia Municipal Association – Workers Compensation Self-Insurance Fund. The fund is considered a public entity risk pool, which is a self-insured program authorized by state statute (34-9-150), and administered by GMA. Unlike commercial insurance where the risk is transferred to another party, the risk pool simply spreads the risk among the members. All governmental entities located in the State of Georgia are eligible to participate. Members of the pool are responsible for paying estimated premiums based on payroll projections for each calendar year. The risk pool is responsible for paying all claims filed on behalf of the members.

Note 14. Joint Venture

The City of Summerville is a member of the Coosa Valley Regional Department Center (RDC). The RDC was created under the laws of the State of Georgia and cities and counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The City's annual dues are paid by Chattooga County in the City's stead. The City has no equity interest in the RDC nor does the City materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from: Coosa Valley Regional Development Center, P.O. Box 1793, Rome, Georgia 30162.

Note 15. Contingencies

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

Note 16. Post-Employment Benefits (Obligations for Life Insurance)

Plan Description. Through the passage of local ordinance, the City of Summerville OPEB plan, a single employer defined benefit plan provides continuation of life insurance coverage to retired employees. All full time employees of the City are eligible for these benefits. The employer covers all costs. The normal retirement date of a participant is the first day of the calendar month coincident with or next following their 65th birthday. A participant may retire on an early retirement date which may be the first day of any calendar month prior to their normal retirement date, provided they have then attained their 50th birthday and completed 10 years of credited service. A participant may continue in employment beyond his normal retirement date; such participant's postponed retirement date will be the first day of the calendar month coincident with or next following his actual retirement. Life insurance is provided for the life of the employee and is equal to a $30,000 benefit if the deceased beneficiary was less than 65 years of age at time of death, a $19,500 benefit when the deceased beneficiary was 65 to 69 years of age at time of death, a $15,000 benefit when the deceased beneficiary was 70 to 74 years of age at time of death, and a $10,500 benefit when the deceased beneficiary was greater than 75 years of age at time of death. The plan is administered through the City's current insurance provider and no separate audit report is available. The City has the authority to amend the provisions of this plan.

Current parameters dictate that the plan be valuated once every three years. The most recent valuation date of June 30, 2013, occurred prior to the effective implementation date for GASB Statements 68 and 71. Therefore, information sufficient to satisfy those statements' disclosure requirements is unavailable. The Plan is due for its next valuation during the 2016 fiscal year, at which time sufficient information to satisfy disclosure requirements will be provided by the actuary. The number of participants as of June 30, 2013, the effective date of the OPEB valuation is as follows:

Active employees	62
Retired employees	25
	87

Funding Policy. The City currently pays for life insurance benefits on a pay-as-you-go basis. The City's annual OPEB cost, the percentage contributed, and the net obligation are as follows:

Period Ended	OPEB Cost	Percentage Contributed	Net OPEB Obligation	Amount Contributed
6/30/2013	$ 19,468	53.80%	$ 8,994	$ 10,474

The funded status of the OPEB plan is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Ratio of the UAAL to Annual Covered Payroll
7/1/2012	$ -	$ 230,363	$ 230,363	0.0%	$ -	$ -

Annual Other Postemployment Benefit Cost. The City's OPEB cost is actuarially calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid each year, is projected to provide funding for future benefits. The following table shows the components of the City's OPEB cost for the current year, amount contributed and changes in OPEB obligation.

Annual OPEB Cost		
ARC	$	15,226
Interest on net OPEB obligation		-
Adjustment ot the ARC		-
Total Annual OPEB cost	$	15,226
Net OPEB Obligation		
Annual OPEB cost	$	15,226
Contributions made		(24,220)
Increase (decrease) in net OPEB Obligation		(8,994)
Net OPEB obligation, beginning of period		8,994
Net OPEB obligation, end of period	$	-

Actuarial Methods and Assumptions. Actuarial assumptions used in the plan are as follows:

Economic Assumptions:

Interest Rates	
Discount Rate	4.5%
Inflation Rate	3.0%
Salary Increases	3.0%
Post Retirement Benefit Increases	None

Demographic Assumptions:

Mortality	RP-2000 Combined Mortality Table
Termination	None. Vested employees entitled
Spousal Participation	None
Administrative Expense	None
Averages for Active	
Age	45.2
Service	11.2
Averages for Inactive	
Age	72.9

Actuarial Methods:	
Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Actuarial Value of Assets	Same as Market Value
Amortization of Unfunded Accrued Actuarial Liability (UAAL)	UAAL is amortized over thirty years using level dollar payments based on an open group

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations are designed to reflect a long-term perspective, and consistent with that perspective, are designed to minimize short-term volatility of accrued liabilities and the actuarial value of assets.

Note 17. Construction Commitments

The City's construction projects as of June 30, 2015 are as follows:

Business-type Activities

The City is in the process of performing upgrades to the waste water treatment plant. This project is being financed by revenue bond proceeds and a loan from the Georgia Environmental Facilities Authority. Additionally, natural gas line extensions are under construction in order to provide natural gas to numerous chicken farming operations in the area. The City is in the process of replacing all of its water and gas meters from manual-read meters to radio-read meters in order to increase efficiency and accuracy in the measuring and billing of utilities consumed by customers.

Note 18. Restatement of Prior Year Net Position/Fund Balance

For fiscal year 2015, the City made prior period adjustments due to the adoption of GASB Statements No. 68 and 71. Adoption of these standards necessitated the restatement of the June 30, 2014, net position of governmental and business-type activities. These adjustments resulted in decreases of the net position of governmental and business-type activities of $1,226,968 and $885,488, respectively. These changes are in accordance with generally accepted accounting principles.

	Governmental Activities	Water/ Sewer Fund	Gas Fund
Net Position June 30, 2014 as Previously Reported	$ 6,402,251	$ 9,088,899	$ 783,304
Implementation of GASB 68	(1,226,968)	(467,842)	(417,646)
Net Position June 30, 2014 as Restated	$ 5,175,283	$ 8,621,057	$ 365,658

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

Pension Benefit Plan
Schedule of Funding Progress

Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(2-1) Unfunded AAL (UAAL)	(1 / 2) Funded Ratio	(3) Covered Payroll	[(2)-(1)] / (3) UAAL as a Percentage Of Covered Payroll
2015	$ 8,847,849	$ 9,726,344	$ 878,495	90.97%	$ 2,527,517	34.76%
2014	8,403,814	9,588,647	$ 1,184,833	87.64%	2,473,493	47.90%
2013	7,968,745	9,087,058	$ 1,118,313	87.69%	2,450,681	45.63%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the Financial Statements.

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2015

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	$ 158,648									
Interest	781,253									
Difference between expected and actual experience	(162,749)		(Historical information prior to implementation of GASB 68 is not required)							
Change of assumptions	(184,416)									
Changes of benefit terms	-									
Benefit payments, including refunds of employee contributions	(535,764)									
Net change in total pension liability	56,972									
Total pension liability- beginning	10,348,567									
Total pension liability- ending (a)	$ 10,405,539									
Plan Fiduciary Position										
Contributions- employer	$ 371,069									
Contributions- employee	-									
Net investment income	899,328									
Benefit payments, including refunds of employee contributions	(535,764)		(Historical information prior to implementation of GASB 68 is not required)							
Administrative expense	(13,403)									
Other	-									
Net change in fiduciary net position	721,230									
Plan fiduciary net position- beginning	7,926,275									
Plan fiduciary net position- ending (b)	$ 8,647,505									
Net Pension Liability- ending: (a) - (b)	$ 1,758,034									
Plan's fiduciary net position as a percentage of the total pension liability	83.10%		(Historical information prior to implementation of GASB 68 is not required)							
Covered Employee Payroll	$ 2,527,517									
Net pension liability as a percentage of covered employee payroll	69.56%									

Note: See assumptions used for Schedule of Changes in Note 10 to the Financial Statements

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF REQUIRED CONTRIBUTIONS
JUNE 30,2015

	Schedule of Contributons								
	Fiscal Year End								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contributions	--*								
Contributions in relation to the actuarially determined contribution	--*	(Historical information prior to implementation of GASB 68 is not required.)							
Contribution deficiency (excess)	--*								
Covered-employee payroll	--*								
Contributions as a percentage of covered-employee payroll	--*								

* 2015 information will be determined after fiscal year end and will be included in 2016 valuation report

COMPLIANCE SECTION

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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

The Honorable Mayor and City Council
City of Summerville, 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 Summerville, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Summerville, Georgia's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness.

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.

Compliance and Other Matters

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

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.

We noted certain matters that we reported to management of the City of Summerville in a separate letter dated December 1, 2015.

Williamson + Company

Williamson & Company
Certified Public Accountants
December 1, 2015

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CHRISTIAN HATCH

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

The Honorable Mayor and
Members of the City Council
City of Summerville, Georgia 30747

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The City of Summerville, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City of Summerville, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of The City of Summerville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City of Summerville, Georgia's internal control over compliance with

the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City of Summerville, Georgia's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of The City of Summerville, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The City of Summerville, Georgia's basic financial statements. We issued our report thereon dated December 1, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Williamson & Company

Williamson & Company
Certified Public Accountants
December 1, 2015

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development, United States			
Pass-through programs from Georgia Department of Community Affairs:			
Community Development Block Grant	14.228	14p-x-027-2-5697	$ 70,023
Total Department of Housing and Urban Development			70,023
Department of Agriculture, Rural Housing Service, United States			
Direct			
Community Facilities Loans and Grants	10.766	N/A	118,210
Total Department of Agriculture			118,210
Department of Transportation, Federal Highway Administration, United States			
Pass-through programs from Georgia Department of Natural Resources:			
Recreational Trails Program	20.219	NRT-12(18)	82,222
Total Department of Transportation, Federal Highway Administration			82,222
Environmental Protection Agency, United States			
Pass-through programs from Georgia Environmental Finance Authority:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF 13-005	898,086
Total United States Environmental Protection Agency			898,086
Total Expenditures of Federal Awards			$ 1,168,541

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Summerville, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	X No	
Reportable condition(s) identified not considered to be material weaknesses?	____ Yes	X None Reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

Federal Awards

Internal Control over major programs:

Material weakness (es) identified?	____ Yes	X No	
Reportable condition(s) identified not considered to be material weaknesses?	____ Yes	X None Reported	

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? ____ Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	Community Development Block Grants
66.458	Capitalization Grants for Clean Water State Revolving Funds
10.766	Community Facilities Loans and Grants
20.219	Recreational Trails Program

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

Auditee qualified as low-risk auditee? ____ Yes X No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Audit Findings

No matters were reported.

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED JUNE 30, 2015

Project Description	Estimated Costs		Expenditures		
2007 SPLOST	Original	Current	Prior Years	Current Year	Total
Water and Sewer	$ 3,050,000	$ 3,050,000	$ 2,751,728	$ 53,104	$ 2,804,832

CITY OF SUMMERVILLE, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX
YEAR ENDED JUNE 30, 2015

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
2014 SPLOST					
Projects					
Admin					
Equipment	-	-	-	-	-
Public Safety					
Equipment	-	-	-	50,847	50,847
Public Works					
Equipment	-	-	-	29,397	29,397
Improvements	-	-	-	-	-
Recreation					
Equipment	-	-	-	24,331	24,331
Improvements	-	-	-	174,700	174,700
Water and Sewer					
Equipment	-	-	-	25,862	25,862
Improvements	-	-	9,000	187,205	196,205
Gas					
Equipment	-	-	-	84,853	84,853
Improvements	-	-	-	-	-
Total for all projects	$ 4,290,000	$ 4,290,000	$ 9,000	$ 577,194	$ 586,194