CITY OF TENNILLE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	7 - 8
Statement of Net Position - Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	10
Statement of Cash Flows - Proprietary Funds	11
Notes to Basic Financial Statements	12 - 29
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	30 - 31
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual -TSPLOST Special Revenue Fund	32
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual -Community Development Block Grant (2011) Special Revenue Fund	33
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Police Narcotics Division Special Revenue Fund	34
OTHER SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures Compared to Budget (GAAP Basis) - General Fund	35 - 36

PAGE

Schedule of Projects Constructed with Special Sales Tax Proceeds 37

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 38 - 39

Schedule of Findings and Questioned Costs 40

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082
email: wwpc@wrightandwrightpc.com

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

TELEPHONE (478) 552-6146
FACSIMILE (478) 552-6158

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council
City of Tennille, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of the City of Tennille, Georgia, as of and for the year ended June 30, 2014, 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit and each major fund of the City of Tennille, Georgia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof 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 budgetary comparison information on pages 30 through 34 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.

The City of Tennille, Georgia has not presented management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financials 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 Tennille, Georgia's basic financial statements. The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedule of projects constructed with special sales tax proceeds and the other schedules included in other supplementary information as described in the accompanying table of contents is the responsibility of management and was derived from and relates 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 19, 2014 on our consideration of the City of Tennille, 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 the 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 Tennille, Georgia's internal control over financial reporting and compliance.

Wright & Wright, P.C.

December 19, 2014

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board ("GASB"). The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
  - Governmental funds
  - Proprietary (enterprise) funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF TENNILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 143,065	$ 10,906	$ 153,971	$ 588
Restricted assets:				
Cash in bank	-	69,115	69,115	-
Accounts receivable, net	45,052	552,860	597,912	-
Receivable from other governments	52,203	-	52,203	-
Due from grantor agencies	-	-	-	-
Internal balances	-	-	-	-
Total current assets	240,320	632,881	873,201	588
Noncurrent assets:				
Nondepreciable	99,422	33,930	133,352	-
Depreciable capital assets, net of accumulated depreciation	1,039,173	9,773,378	10,812,551	-
Total assets	1,378,915	10,440,189	11,819,104	588
LIABILITIES:				
Current liabilities:				
Bank overdrafts	-	-	-	-
Accounts payable	124,818	99,991	224,809	-
Current portion of long-term debt	120,565	105,395	225,960	-
Liabilities payable from restricted assets:				
Accrued interest payable	-	3,386	3,386	-
Current portion of bonds payable	-	47,534	47,534	-
Meter deposits held	-	48,088	48,088	-
Other accrued liabilities	19,674	6,338	26,012	-
Total current liabilities	265,057	310,732	575,789	-
Noncurrent liabilities:				
Notes and revenue bonds payable, less current portion	2,935	2,986,158	2,989,093	-
Total liabilities	267,992	3,296,890	3,564,882	-
NET POSITION:				
Net investment in capital assets	1,015,095	6,668,221	7,683,316	-
Restricted for:				
Revenue bond retirement	-	162,803	162,803	-
Economic development	-	470,000	470,000	-
Transportation improvements	41,355	-	41,355	-
Capital projects	75,279	-	75,279	-
Public safety	9,871	-	9,871	-
Unrestricted	(30,677)	(157,725)	(188,402)	588
	$ 1,110,923	$ 7,143,299	$ 8,254,222	$ 588

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary government:								
Governmental activities:								
General government	$ 190,582	$ 83,471	$ -	$ -	$ (107,111)	$ -	$ (107,111)	
Public safety	615,194	81,578	-	-	(533,616)	-	(533,616)	
Street department	373,125	141,825	50,686	120,158	(60,456)	-	(60,456)	
Recreation	5,905	-	-	-	(5,905)	-	(5,905)	
Library	750	-	-	-	(750)	-	(750)	
Interest on long-term debt	9,406	-	-	-	(9,406)	-	(9,406)	
Total governmental activities	1,194,962	306,874	50,686	120,158	(717,244)	-	(717,244)	
Business-type activities:								
Water and sewer fees	987,802	756,918		57,005	-	(173,879)	(173,879)	
Revolving loan fund	-	-	-	-	-	-	-	
Total business-type activities	987,802	756,918	-	57,005	-	(173,879)	(173,879)	
Total primary government	$ 2,182,764	$ 1,063,792	$ 50,686	$ 177,163	(717,244)	(173,879)	(891,123)	
Component Unit:								
Downtown Development Authority	$ 22,012	$ 11,525	$ 5,210	$ -				$ (5,277)
		General revenues:						
		Taxes:						
		Property taxes			233,548	-	233,548	-
		General sales and use tax			215,849	-	215,849	-
		Franchise tax			105,707	-	105,707	-
		Insurance company premium tax			79,388	-	79,388	-
		Other taxes			92,778	-	92,778	-
		Grants and contributions			243,511	-	243,511	-
		Interest and dividend earnings			-	35	35	-
		Miscellaneous			10,747	-	10,747	-
		Transfers			(311,458)	311,458	-	-
		Total general revenues and transfers			670,070	311,493	981,563	-
		Change in net position			(47,174)	137,614	90,440	(5,277)
		Net position, beginning			1,158,097	7,005,685	8,163,782	5,865
		Net position, ending			$ 1,110,923	$ 7,143,299	$ 8,254,222	$ 588

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	TSPLOST Special Revenue Fund	Capital Projects Fund 2009	CDBG Fund 2011	Police Narcotics Division Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 32,366	$ 35,628	$ 65,200	$ -	$ 9,871	$ 143,065
Accounts receivable, net	45,052	-	-	-	-	45,052
Receivable from other governments	36,397	5,727	10,079	-	-	52,203
Receivables from other funds	-	-	-	-	-	-
Total assets	$ 113,815	$ 41,355	$ 75,279	$ -	$ 9,871	$ 240,320
LIABILITIES:						
Bank overdrafts	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable	124,818	-	-	-	-	124,818
Other liabilities	5,714	-	-	-	-	5,714
Payable to other funds	-	-	-	-	-	-
Deferred revenue	2,542	-	-	-	-	2,542
Total liabilties	133,074	-	-	-	-	133,074
FUND BALANCES:						
Non-spendable fund balance	-	-	-	-	-	-
Restricted fund balance:						
Capital projects	-	-	75,279	-	-	75,279
Transportation improvements	-	41,355	-	-	-	41,355
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Public safety	-	-	-	-	9,871	9,871
Unassigned fund balance	(19,259)	-	-	-	-	(19,259)
Total fund balances	(19,259)	41,355	75,279	-	9,871	107,246
Total liabilities and fund balance	$ 113,815	$ 41,355	$ 75,279	$ -	$ 9,871	

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, net of accumulated depreciation of $1,221,809	1,138,595
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Accounts receivable, net of allowance for doubtful accounts of $0	2,542
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(13,960)
Notes payable	(123,500)
Net position of governmental activities	$ 1,110,923

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	TSPLOST Special Revenue Fund	Capital Projects Fund 2009	CDBG 2011	Police Narcotic Division Fund	Total Governmental Funds
REVENUES:						
Taxes	$ 728,299	$ 34,452	$ -	$ -	$ -	$ 762,751
Licenses and permits	25,898	-	-	-	-	25,898
Intergovernmental	-	16,234	120,158	243,511	-	379,903
Charges for services	260,275	-	-	-	4,198	264,473
Other	27,250	-	-	-	-	27,250
Total revenues	1,041,722	50,686	120,158	243,511	4,198	1,460,275
EXPENDITURES:						
Current operating:						
General government	190,084	-	-	-	-	190,084
Street department	353,909	-	-	-	-	353,909
Public safety	526,874	-	-	-	2,160	529,034
Parks and recreation	4,800	-	-	-	-	4,800
Library	750	-	-	-	-	750
Debt service:						
Principal	28,047	-	45,395	-	-	73,442
Interest and other charges	7,317	-	2,089	-	-	9,406
Capital outlays	-	-	14,980	246,711	-	261,691
Total expenditures	1,111,781	-	62,464	246,711	2,160	1,423,116
Excess (deficiency) of revenues over expenditures	(70,059)	50,686	57,694	(3,200)	2,038	37,159
OTHER FINANCING SOURCES (USES):						
Loan proceeds	100,500	-	-	-	-	100,500
Transfers in (out)	(34,454)	(15,313)	-	-	-	(49,767)
Total other financing sources and uses	66,046	(15,313)	-	-	-	50,733
Net change in fund balance	(4,013)	35,373	57,694	(3,200)	2,038	87,892
FUND BALANCE, beginning of year	(15,246)	5,982	17,585	3,200	7,833	19,354
FUND BALANCE, end of year	$ (19,259)	$ 41,355	$ 75,279	$ -	$ 9,871	$ 107,246

(Continued)

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	$ 87,892
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:	
Capital outlays	15,313
Depreciation	(122,237)
	(106,924)
The effect of various capital asset disposals and sales, net of accumulated depreciation	-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Receivables, net of deferred revenue	(1,029)
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(55)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets:	
Issuance of long-term debt	(100,500)
Repayment of long-term debt	73,442
	(27,058)
	$ (47,174)

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
ASSETS			
CURRENT ASSETS:			
Cash in bank	$ 10,906	$ -	$ 10,906
Restricted assets:			
Cash in bank	69,115	-	69,115
Accounts receivable, net of allowance	82,860	470,000	552,860
Due from grantor agencies	-	-	-
Total current assets	162,881	470,000	632,881
NONCURRENT ASSETS:			
Capital Assets:			
Land	2,320	-	2,320
Distribution system	12,832,809	-	12,832,809
Vehicles	28,206	-	28,206
Construction in progress	31,610	-	31,610
	12,894,945	-	12,894,945
Less accumulated depreciation	(3,087,637)	-	(3,087,637)
Total capital assets	9,807,308	-	9,807,308
Total assets	9,970,189	470,000	10,440,189
LIABILITIES			
CURRENT LIABILITIES:			
Current portion of long-term debt	105,395	-	105,395
Accounts payable	99,991	-	99,991
Due to General Fund		-	-
Accrued absences	6,338	-	6,338
Meter deposits held	48,088	-	48,088
Liabilities payable from restricted assets:			
Accrued interest payable	3,386	-	3,386
Current portion of bonds payable	47,534	-	47,534
Total current liabilities	310,732	-	310,732
NONCURRENT LIABILITIES:			
Water revenue bonds, net of current portion	2,630,456	-	2,630,456
Notes payable, net of current portion	355,702	-	355,702
Total noncurrent liabilities	2,986,158	-	2,986,158
Total liabilities	3,296,890	-	3,296,890
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	6,668,221	-	6,668,221
RESTRICTED FOR:			
Revenue bond retirement	162,803	-	162,803
Economic development	-	470,000	470,000
UNRESTRICTED	(157,725)	-	(157,725)
Total net position	$ 6,673,299	$ 470,000	$ 7,143,299

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PRORIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
OPERATING REVENUES:			
Charges for services	$ 752,418	$ -	$ 752,418
Other revenue	4,500	-	4,500
Total operating revenue	756,918	-	756,918
OPERATING EXPENSES:			
Personal services and employee benefits:			
Salaries	180,718	-	180,718
Payroll taxes	14,696	-	14,696
Retirement contribution	7,259	-	7,259
Purchased/contracted services:			
Repairs and replacement	13,610	-	13,610
Water purchases	158,787	-	158,787
Professional fees	7,091	-	7,091
Dues	8,350	-	8,350
Insurance	8,485	-	8,485
Supplies:			
Chemicals and supplies	19,367	-	19,367
Office supplies	2,727	-	2,727
Utilities and communication	79,272	-	79,272
Depreciation	355,104	-	355,104
Miscellaneous	3,275	-	3,275
Total operating expenses	858,741	-	858,741
OPERATING INCOME (LOSS)	(101,823)	-	(101,823)
NON-OPERATING REVENUES (EXPENSES):			
Federal grant income	57,005	-	57,005
Interest income	35	-	35
Interest expense	(129,061)	-	(129,061)
Total non-operating revenues (expenses)	(72,021)	-	(72,021)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(173,844)	-	(173,844)
CAPITAL CONTRIBUTIONS:			
Contribution from CDBG Funds	246,711	-	246,711
Contribution from Capital Projects Funds	14,980	-	14,980
NET INCOME (LOSS) BEFORE TRANSFERS	87,847	-	87,847
TRANSFERS FROM (TO) OTHER FUNDS	49,767	-	49,767
NET INCOME (LOSS)	137,614	-	137,614
NET POSITION, beginning of year	6,535,685	470,000	7,005,685
NET POSITION, end of year	$ 6,673,299	$ 470,000	$ 7,143,299

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 755,552	$ -	$ 755,552
Cash paid to suppliers for goods and services	(288,060)	-	(288,060)
Cash paid to employees	(195,414)	-	(195,414)
Other receipts (payments)	4,500	(100)	4,400
Net cash provided by (used for) operating activities	276,578	(100)	276,478
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from (to) other funds	49,767	-	49,767
Net cash provided by (used for) noncapital financing activities	49,767	-	49,767
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(86,252)	-	(86,252)
Grant proceeds	57,005	-	57,005
Principal paid on capital debt	(166,102)	-	(166,102)
Interest paid on capital debt	(129,061)	-	(129,061)
Net cash provided by (used for) capital and related financing activities	(324,410)	-	(324,410)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	35	-	35
Net cash provided by (used for) investing activities	35	-	35
NET INCREASE (DECREASE) IN CASH	1,970	(100)	1,870
CASH AND CASH EQUIVALENTS, beginning of year	78,051	100	78,151
CASH AND CASH EQUIVALENTS, end of year	$ 80,021	$ -	$ 80,021
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Net operating income (loss)	$ (101,823)	$ -	$ (101,823)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	355,104	-	355,104
Changes in assets and liabilities:			
Accounts receivable	3,134	-	3,134
Due from other funds	-	(100)	(100)
Accounts payable	16,196	-	16,196
Compensated absences	2,745	-	2,745
Accrued interest on long-term debt	149	-	149
Meter deposits held	1,073	-	1,073
Net cash provided by (used for) operating activities	$ 276,578	$ (100)	$ 276,478
NONCASH CAPITAL FINANCING ACTIVITIES:			
Capital purchases of $246,711 were made through contributions from the Community Development Block Grant Fund and capital purchases of $14,980 were made through contributions from the Capital Projects Fund			
RECONCILIATION OF TOTAL CASH:			
Current assets - cash	$ 10,906	$ -	$ 10,906
Restricted assets - cash	69,115	-	69,115
	$ 80,021	$ -	$ 80,021

See accompanying notes to the basic financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of City of Tennille (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Included as a discretely presented component unit in a separate column in the combined financial statements to emphasize it is legally separate from the City:

> Downtown Development Authority - The Development Authority was activated by a resolution of the City Council of Tennille on April 9, 2007, to promote the development of the downtown area of the City. The City Council appoints all board members and has one representative on the Development Authority board. Complete financial statements may be obtained at 106 Park Street, Tennille, Georgia 31089.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are

clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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, including accrued interest on general long-term debt, is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Capital Projects Fund (2009) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period October 1, 2009 to September 30, 2014.

The TSPLOST Special Revenue Fund accounts for capital outlay and other transportation improvements related to the additional one-percent local option sales tax in effect for the period January 1, 2014 to December 31, 2022.

The Community Development Block Grant Fund(2011) accounts for a 2011 grant of $500,000 for water system upgrades All grant revenues were disbursed and spent by June 30, 2014, but the grant was not closed out during the current fiscal year.

The Police Narcotic Division Fund accounts for expenditures of funds received from drug related court cases.

The City reports the following major proprietary fund:

The Water and Sewer Fund is used to account for the provision of water and sewer services to businesses and residents of the City. All activities necessary to provide such services are accounted for in the fund, including but not limited to, administration, operation, financing and related debt services, and billing and collections.

The Revolving Loan Fund is used to account for the issuance and repayment of loans made to local private businesses according to certain guidelines. Initial funding was from a $500,000 Community Development Block Grant. All grant funds were expended by June 30, 2014 and repayments to the revolving loan fund are scheduled to begin in the year ended June 30, 2015.

The City complies with Governmental Accounting Standards Board ("GASB") Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. This Statement requires the City to apply all applicable GASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's). As permitted by GASB No. 20, the City has elected not to comply with the FASB Statements and Interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services; operating expenses 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditures are incurred for purposes for which amounts in any of the unrestricted fundbalance classifications could be used, committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

D. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments, if any, are stated at fair market value with unrealized holding gains and losses reported as the "Change in fair market value of investments" in the Statement of Revenues, Expenses and Changes in Retained Earnings.

E. Inventory

Materials purchased in the proprietary fund are expensed as purchased and are not inventoried at year end due to lack of materiality.

F. Restricted Assets

Restricted assets consists of cash in savings accounts required to be maintained pursuant to the bond ordinance on the 1995 water revenue bonds. The reserve account is required to be $162,800 which is equal to the average annual debt service on the revenue bonds. The reserve account balance of $69,115 at June 30, 2014 did not meet the bond requirements as established by the bond covenants.

G. Prepaid Items

Prepaid balances, if any, are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and a reserve for prepaid items is recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

H. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, sidewalks, distribution systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years and an original cost of $1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Prior to October 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets totaling $0 were completed during the year ended June 30, 2014. At June 30, 2014 $0 of construction-in-progress was related to infrastructure assets.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30-40 years
Depreciable land improvements	8 - 20 years
Machinery and equipment	5 - 25 years
Infrastructure	40 - 50 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example as a result of employee resignations and retirements.

J. Long-Term Obligations

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

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

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

K. Equity Classifications

The City has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This new standard changed the overall definitions and classifications of governmental fund balances.

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

Fund Balance

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

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

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

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

Assigned - Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee to assign fund balances.

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

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit the use of restricted fund balances, such as grant agreements that require a dollar match. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

The City does not have a formal minimum fund balance policy; however, the City Council address various target reserve positions which are reviewed periodically.

Net Position

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly chargeable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Basis

GAAP is the budgetary basis used in the preparation of these statements.

Budget Requirements, Accounting and Reporting

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

1. Prior to year end the City Clerk submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of the City of Tennille.
3. The budget is then revised and adopted or amended by the Council at a regular meeting early in the year to which it applies.
4. The budget so adopted may be revised during the year only by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing same.

5. The legal level of budgetary control is the department level within the General Fund. Increases in the total appropriations of a department, whether accomplished through an increase in estimated revenues or through a transfer of appropriations among departments, require the approval of the Mayor and Council.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with GAAP.

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

Excesses of Expenditures over Appropriations in Individual Funds

The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended June 30, 2014:

General government	$ 21,621
Street department	9,809
Recreation	2,800
General government - capital outlays	15,313
Debt service - principal	28,047
Debt service - interest	7,317

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

3. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, none of the City's $223,086 was exposed to custodial credit risk.

Investments - There were no investments at June 30, 2014.

4. PROPERTY TAXES

The value of all real and business personal property located in the City is assessed (appraised) as of each January 1. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council. Appraised values are established by the Washington County Tax Assessors at 40% of estimated fair market value. Taxes were levied when the milleage rate was set on or about August 15. Taxes were billed on or about September 20, 2013 and were due December 10, 2013 after which date penalties and interest were assessed. Property on which taxes are not paid within 60 days of mailing may then be levied on by the City. Current tax collections for the years ended June 30, 2014, were 97.9% of the tax levy.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the fiscal year, and therefore susceptible to accrual in accordance with GAAP, have been recognized as revenue.

5. ACCOUNTS RECEIVABLE

At June 30, 2014, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 5,657	$ -	$ 5,657
Local option sales tax	36,397	-	36,397
User fees receivable	5,295	-	5,295
Garbage fees receivable	24,354	-	24,354
Transportation Fund:			
Special local option sales tax	5,727	-	5,727
Capital Projects Fund (2009):			
Special local option sales tax	10,079	-	10,079
Water and Sewer Fund:			
Water and sewer fees	-	87,221	87,221
Grants receivable	-	-	-
	87,509	87,221	174,730
Allowance for doubtful accounts	-	(4,361)	(4,361)
	$ 87,509	$ 82,860	$ 170,369

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 65,250	$ -	$ -	$ 65,250
Construction-in-progress	18,859	15,313	-	34,172
Subtotal	84,109	15,313	-	99,422
Depreciable capital assets:				
Buildings	663,140	-	-	663,140
Equipment	1,217,560	-	-	1,217,560
Infrastructure	380,282	261,691	(261,691)	380,282
Subtotal	2,345,091	277,004	(261,691)	2,360,404
Accumulated depreciation:				
Buildings	190,323	18,642	-	208,965
Equipment	836,360	95,989	-	932,349
Infrastructure	72,889	7,606	-	80,495
Subtotal	1,099,572	122,237	-	1,221,809
Net capital assets	$1,245,519	$ 154,767	$(261,691)	$1,138,595

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 2,320	$ -	$ -	$ 2,320
Construction-in-progress	241,021	294,741	(504,152)	31,610
Subtotal	243,341	294,741	(504,152)	33,930
Depreciable capital assets:				
Equipment	153,763	7,474	-	161,237
Infrastructure	12,149,898	549,880	-	12,699,778
Subtotal	12,547,002	852,095	(504,152)	12,894,945
Accumulated depreciation:				
Equipment	32,616	13,011	-	45,627
Infrastructure	2,699,917	342,093	-	3,042,010
Subtotal	2,732,533	355,104	-	3,087,637
Net capital assets	$9,814,469	$ 496,991	$(504,152)	$9,807,308

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 15,756
Public safety	86,160
Street department	19,216
Recreation	1,105
Library	-
	$ 122,237

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 13,905	$ 55	$ -	$ 13,960	$ 13,960
Notes payable	96,443	100,500	(73,443)	123,500	120,565
	$ 110,348	$ 100,555	$ (73,443)	$ 137,460	$134,525
Business-type activities:					
Notes payable	$ 581,624	$ -	$ (120,527)	$ 461,097	$105,395
Water revenue bonds	2,723,565	-	(45,575)	2,677,990	47,534
	$ 3,305,189	$ -	$ (166,102)	$ 3,139,087	$152,929

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Outstanding Debt:

At June 30, 2014, long-term debt consisted of the following:

	Governmental Activities	Water Enterprise Fund Debt
$738,900 of 4.5% water and sewer bonds series payable for system improvements to USDA, due in monthly principal and interest payments of $3,326 to May 2035	$ -	$ 539,587
$529,900 of 4.5% water and sewer bonds series payable for system improvements to USDA, due in monthly principal and interest payments of $2,385 to May 2035	-	387,046
$1,810,000 of 4.25% water and sewer bonds series payable for wastewater improvements to USDA, due in monthly principal and interest payments of $7,856 to April 2051	-	1,751,357
$14,670 loan to the USDA for the purchase of a police vehicle, interest at 4.0%, due in yearly principal and interest payments of $3,296 to May 2015	3,165	-
$100,500 loan to Queensborough National Bank & Trust for operations, interest at 4.0%, due in full including interest June 2015	100,500	-
$23,811 loan to Ally Financial for the purchase of a police vehicle, interest at 7.34%, due in monthly principal and interest payments of $741 to August 2015	9,913	-
$23,831 loan to Ally Financial for the purchase of a police vehicle, interest at 7.34%, due in monthly principal and interest payments of $742 to August 2015	9,922	-
$100,000 loan from Georgia Environmental Facilities Authority for water system improvements, interest at 3.0%, due in monthly principal and interest payments of $966 to September 2020	-	65,956
$90,000 loan from Georgia Environmental Facilities Authority for water system improvements, interest at 3.0%, due in monthly principal and interest payments of $1,617 to September 2015	-	23,776
$750,000 loan from Georgia Environmental Facilities Authority for water system improvements, interest at 2.0%, due in monthly principal and interest payments of $6,952 to February 2019	-	371,365
Total long-term debt	$ 123,500	$3,139,087

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to June 30, 2014 are as follows:

Governmental-Type Activities:

Year Ending June 30	Notes Payable	
	Principal	Interest
2015	$ 120,565	$ 5,046
2016	2,935	27
	$ 123,500	$ 5,073

Business-Type Activities:

Year Ending June 30	Notes Payable		Water Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	$ 105,395	$ 9,028	$ 47,534	$ 115,269
2016	93,111	6,753	49,667	113,138
2017	90,171	4,844	51,894	110,910
2018	92,098	2,918	54,221	108,583
2019	66,129	1,020	56,651	106,153
2020 - 2024	14,193	286	323,720	490,300
2025 - 2029	-	-	403,128	410,893
2030 - 2034	-	-	502,033	311,987
2035 - 2039	-	-	315,413	216,048
2040 - 2044	-	-	317,219	154,141
2045 - 2049	-	-	392,180	79,180
2050 - 2051	-	-	164,330	6,872
	$ 461,097	$ 24,849	$ 2,677,990	$ 2,223,474

8. FUND DEFICITS

At June 30, 2014, the General Fund had a deficit fund balance of $19,259. The City anticipates that future revenues will be sufficient to alleviate this deficit balance.

9. INTERFUND TRANSACTIONS AND BALANCES

There were no interfund due to/due froms between funds as of June 30, 2014.

Interfund transfers:

	Transfer In:		
Transfer Out:	Water & Sewer Fund	General Fund	Total
General Fund	$ 49,767	$ -	$ 49,767
Transportation Special Revenue Fund	-	15,313	15,313
	$ 49,767	$ 15,313	$ 65,080

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

10. COMMITMENTS AND CONTINGENCIES

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

Litigation

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially effect the City's financial position.

11. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City has a non-contributory plan covering all full time employees and elected officials. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS), a -statewide agent multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the plan. The plan provides pension benefits and death and disability benefits for all employees that have been employed full time for one year while elected officials have no waiting period. Employees become vested after ten years of service while elected officials vest after five years of service. Members may retire on reaching the age of 55 or 65, depending on years of service. For employees, benefits are calculated at 1.5% of the average monthly earnings for the period of the five highest years prior to retirement. Elected officials' benefits cannot exceed 100% of the monthly salary the official was receiving immediately prior to retirement. The benefit provisions and contribution requirements are established by GMEBS and the Adoption Agreement executed by the City.

As of January 1, 2014, the date of the latest actuarial valuation study, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	5
Current active employees and elected officials:	
Vested	7
Nonvested	16
Total membership in the plan	36

B. Summary of Significant Accounting Policies

Financial statements of the plan are prepared on the accrual basis of accounting. Contributions from the City are recognized as revenue as billed by GMEBS. Investment income is recognized as earned by the plan.

The net appreciation (depreciation) in the fair value of investments held by the pension plan is recorded as the valuation of investments at the end of each month during the period.

There are no investments in, loans to, or leases with parties related to the pension plan.

C. Funding Status and Progress

The amount shown as the "Actuarial Value of Plan Assets" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date.

This measure is the actuarial present value of credited projected benefits and is intended to: (1) help users assess the retirement plans funding status on a going-concern basis, (2) assess progress being made in accumulating sufficient assets to pay benefits when due and (3) allow for comparisons among public employee retirement plans. The actuarial value of plan assets was determined as part of an actuarial valuation of the plan as of January 1, 2014. Significant actuarial assumptions used in determining the actuarial value of plan assets include: (a) a rate of return on the investment of present and future assets of 7.75% per year, (b) projected salary increases of 0.5 – 2.5% per year, attributable to inflation rate of 3.5%, (c) additional to determine the actuarial value of assets is to roll forward the prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during the ten prior years. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981, and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions, and 30 years for actuarial assumptions and methods as a level dollar amount. These amortization periods, if applicable, are open for this plan year.

As of January 1, 2014, the actuarial accrued liability and actuarial value of plan assets are as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$ 389,116
Current employees:	
Accumulated employee contributions including allocated investment income	-
Employer-provided vested	163,537
Employer-provided non-vested	48,783
Total actuarial accrued liability	601,436
Actuarial value of plan assets	711,553
Unfunded actuarial accrued liability (funding excess)	$ (110,117)

The weighted average rate of return used in determining the actuarial present value of accumulated plan benefits was 7.75%.

D. Contributions Required and Contributions Made

As a participant in the GMEBS, the City receives a separate annual actuarial valuation as of January 1. The City is required to pay the required annual actuarial contribution to GMEBS on a monthly basis. The actuarial funding method is the same method used in computing the actuarial accrued liability. Total pension costs were $30,348 for the year ended June 30, 2014, which includes amortization of past service costs over 30 years. This contribution amounted to 4.3% of the total covered payroll. The contributions are determined under the projected unit credit actuarial cost method. The City's total payroll was $715,768 and the covered payroll was $581,134. There were no changes in plan provisions valued, cost methods, actuarial assumptions, or benefits during the year.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the actuarial accrued liability (funding excess) as described in C. above.

E. Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The required ten-year trend information is not presented in the GMEBS annual financial report.

The required three-year historical information is as follows:

	2014	2013	2012
Actuarial value of plan assets as a percentage of actuarial accrued liability	118.3%	114.7%	123.7%
Unfunded (Funded) actuarial accrued liability as a percentage of annual covered payroll	(12.5%)	(12.5%)	(25.5%)
Employer contributions as a percentage of annual covered payroll	5.6%	4.3%	4.5%
Annual pension cost	$32,666	$30,348	$22,572
Percentage of annual pension cost contributed	100%	100%	100%
Net actuarial liability	$ -	$ -	$ -

Required Supplementary Information
Analysis of Funding Progress

Fiscal Year	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Per-centage Funded (1)/(2)	Unfunded Actuarial Accrued Liability (AL) (2) - (1)	Annual Covered Payroll (prior year)	Unfunded AL as Percentage of Covered Payroll
2005	$697,672	$643,050	108.5%	$ (54,622)	$383,239	(14.3%)
2006	740,830	673,244	110.0%	(67,586)	331,920	(20.4%)
2007	761,373	616,248	123.6%	(145,125)	311,475	(46.6%)
2008	760,784	675,160	112.7%	(85,624)	444,260	(19.8%)
2009	652,898	643,925	101.4%	(8,973)	231,388	(3.9%)
2010	733,027	681,842	107.5%	(51,185)	343,373	(14.9%)
2011	719,184	702,215	102.4%	(16,969)	460,493	(3.7%)
2012	668,824	540,537	123.7%	(128,287)	503,046	(25.5%)
2013	682,573	595,290	114.7%	(87,283)	697,747	(12.5%)
2014	711,553	601,436	118.3%	(110,117)	581,134	(18.9%)

Analysis of the dollar amounts of actuarial value of plan assets, actuarial accrued liability and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of plan assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

To obtain a copy of the financial report for the GMEBS pension plan, write to the following address:

Georgia Municipal Employees Benefit System
201 Pryor Street, SW
Atlanta, GA 30303

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors of omissions, job related illnesses or injuries to employees; natural disaster; and unemployment compensation.

There were no significant reductions of insurance coverage in the prior year. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the City. Settled claims have not exceeded the commercial excess coverage in any of the past three fiscal years.

Risk Pool

The City has elected to be a member of the Georgia Municipal Association Workers' Compensation Self-Insurance Fund (GMAWCSIF) and Georgia Interlocal Risk Management Agency (GIRMA), risk management agencies created under Georgia law. As a participant in the GMAWCSIF and GIRMA, the City has no legal obligation to pay its own workers' compensation claims or general liability claims. The City is required to make an annual contribution to the funds in an amount that is determined on the basis of actuarial projections of losses. With payment of the City's annual contribution, the City has effectively transferred the risk and responsibility for payment of its workers' compensation claims and general liability claims. However, the enabling statute creating the GMAWCSIF and GIRMA permits the funds to levy an assessment upon its members to make up any deficiency the fund may have in surplus or reserves. Since excess insurance is purchased by the GMASCSIF and GIRMA to protect the funds from catastrophic losses, no amount has been recorded in the financial statements for this contingency as management believes the likelihood for assessment is remote.

Self Insurance

The City is self-insured with regard to unemployment compensation claims. The City accounts for claims with expenditures and liabilities being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The City has not experienced any claims related to unemployment compensation in the past three years.

13. JOINT VENTURE

Under Georgia law, the City in conjunction with other cities and counties in the fourteen City east central Georgia area, is a member of the Central Savannah River Area Regional Commission and is required to pay annual dues thereto. During its year ended June 30, 2014, the City paid $1,505 in such dues. Membership in a Regional Commission is required by the OCGA Section 50-8-34 which provides for the organizational structure of the Regional Commission in Georgia. The Regional Commission Board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Separate financial statements may be obtained from:

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2014, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedules – General Fund, TSPLOST Special Revenue Fund, Community Development Block Grant (2011) Fund and the Police Narcotics Division Fund

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 235,000	$ 235,000	$ 234,577	$ (423)
Vehicle	22,500	22,500	38,594	16,094
Franchise tax	109,000	109,000	105,707	(3,293)
Alcoholic beverage excise	45,000	45,000	45,889	889
Local option sales tax	250,000	250,000	215,849	(34,151)
Insurance company premium	76,500	76,500	79,388	2,888
Intangible	2,000	2,000	1,470	(530)
Other	9,800	9,800	6,825	(2,975)
	749,800	749,800	728,299	(21,501)
Licenses and Permits:				
Business licenses and permits	25,500	25,500	21,562	(3,938)
Alcoholic beverage licenses	7,500	7,500	4,336	(3,164)
	33,000	33,000	25,898	(7,102)
Intergovernmental:				
County reimbursement - public safety	24,000	24,000	-	(24,000)
State grants	-	-	-	-
Federal grants	30,000	30,000	-	(30,000)
	54,000	54,000	-	(54,000)
Charges for services:				
Garbage fees	135,000	135,000	141,825	6,825
User fees	42,000	42,000	41,070	(930)
Court fines	100,000	100,000	77,380	(22,620)
	277,000	277,000	260,275	(16,725)
Miscellaneous:				
Rent	18,800	18,800	16,503	(2,297)
Sale of equipment and supplies	12,000	12,000	500	(11,500)
Other	10,000	10,000	10,247	247
	40,800	40,800	27,250	(13,550)
Total revenues	1,154,600	1,154,600	1,041,722	(112,878)

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 153,150	$ 153,150	$ 174,771	$ (21,621)
Public safety	654,600	654,600	526,874	127,726
Street department	344,100	344,100	353,909	(9,809)
Recreation	2,000	2,000	4,800	(2,800)
Library	750	750	750	-
Total operating expenditures	1,154,600	1,154,600	1,061,104	93,496
Capital Outlays:				
General government	-	-	15,313	(15,313)
Public safety	-	-	-	-
Street department	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Total capital expenditures	-	-	15,313	(15,313)
Debt Service:				
Principal	-	-	28,047	(28,047)
Interest	-	-	7,317	(7,317)
Total debt service	-	-	35,364	(35,364)
Total expenditures	1,154,600	1,154,600	1,111,781	42,819
Excess (deficiency) of revenues over expenditures	-	-	(70,059)	(70,059)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	100,500	100,500
Transfers in (out)	-	-	(34,454)	(34,454)
	-	-	66,046	66,046
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	(4,013)	(4,013)
FUND BALANCE, beginning of year	(15,246)	(15,246)	(15,246)	-
FUND BALANCE, end of year	$ (15,246)	$ (15,246)	$ (19,259)	$ (4,013)

CITY OF TENNILLE, GEORGIA
TSPLOST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 15,000	$ 15,000	$ 34,452	$ 19,452
Intergovernmental	15,000	15,000	16,234	1,234
	30,000	30,000	50,686	20,686
EXPENDITURES:				
Current operating:				
Street department	5,000	5,000	-	5,000
Capital outlays	5,000	5,000	-	5,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	10,000	10,000	-	10,000
Excess revenues over (under) expenditures	20,000	20,000	50,686	30,686
OTHER FINANCING SOURCES (USES)				
Transfers to general fund	(20,000)	(20,000)	(15,313)	4,687
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	35,373	35,373
FUND BALANCE, beginning of year	5,982	5,982	5,982	-
FUND BALANCE, end of year	$ 5,982	$ 5,982	$ 41,355	$ 35,373

CITY OF TENNILLE, GEORGIA
COMMUNITY DEVELOPMENT BLOCK GRANT (2011) SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental revenue	$ 243,511	$ 243,511	$ 243,511	$ -
Other	-	-	-	-
	243,511	243,511	243,511	-
EXPENDITURES:				
Current operating:				
Miscellaneous	-	-	-	-
Water system improvements	246,711	246,711	246,711	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	246,711	246,711	246,711	-
Excess revenues over (under) expenditures	(3,200)	(3,200)	(3,200)	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	(3,200)	(3,200)	(3,200)	-
FUND BALANCE, beginning of year	3,200	3,200	3,200	-
FUND BALANCE, end of year	$ -	$ -	$ -	$ -

CITY OF TENNILLE, GEORGIA
POLICE NARCOTIC DIVISION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeits	$ 10,000	$ 10,000	$ 4,198	$ (5,802)
Other	5,000	5,000	-	(5,000)
	15,000	15,000	4,198	(10,802)
EXPENDITURES:				
Current operating:				
Public safety	13,000	13,000	2,160	10,840
Capital outlays	2,000	2,000	-	2,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,000	15,000	2,160	12,840
Excess revenues over (under) expenditures	-	-	2,038	2,038
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	2,038	2,038
FUND BALANCE, beginning of year	7,833	7,833	7,833	-
FUND BALANCE, end of year	$ 7,833	$ 7,833	$ 9,871	$ 2,038

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor are a part of the basic financial statements, but are presented for purposes of additional analysis. Such information includes:

- General Fund Statement of Expenditures (Final Budget to Actual) Detailed by Department
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133
- Schedule of Findings and Questioned Costs
- Schedule of Projects Constructed with Special Sales Tax Proceeds
- Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 83,800	$ 83,800	$ 62,928	$ 20,872
Payroll taxes	6,400	6,400	6,660	(260)
Retirement contributions	2,500	2,500	1,868	632
Purchased/contracted services:				
Accounting and legal	10,800	10,800	33,260	(22,460)
Insurance	5,000	5,000	18,866	(13,866)
Utilities and communication	8,500	8,500	4,966	3,534
Repairs and maintenance	4,500	4,500	3,444	1,056
Dues	7,500	7,500	21,010	(13,510)
Advertising	500	500	111	389
Supplies:				
Office supplies	4,200	4,200	5,092	(892)
Other costs:				
Travel and training	3,500	3,500	609	2,891
Election	-	-	3,760	(3,760)
County airport appropriation	450	450	420	30
Economic development	12,000	12,000	9,875	2,125
Miscellaneous	3,500	3,500	1,902	1,598
Total General Government	$ 153,150	$ 153,150	$ 174,771	$ (21,621)
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 394,500	$ 394,500	$ 332,717	$ 61,783
Payroll taxes	32,500	32,500	27,132	5,368
Retirement contributions	15,800	15,800	14,152	1,648
Purchased/contracted services:				
Insurance	24,000	24,000	23,089	911
Uniforms	5,000	5,000	451	4,549
Vehicle costs	45,000	45,000	21,920	23,080
Animal control	10,000	10,000	10,781	(781)
Repairs and maintenance	5,500	5,500	4,898	602
Utilities and communication	14,500	14,500	9,989	4,511
Supplies	12,500	12,500	2,004	10,496
Other costs:				
Peace officers' retirement and other fees	21,400	21,400	18,769	2,631
Miscellaneous	5,200	5,200	5,082	118
Total police	585,900	585,900	470,984	114,916

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMA/Dispatch	27,600	27,600	27,600	-
Court Salary	18,500	18,500	11,000	7,500
Fire:				
Personal services and employee benefits:				
Salaries	$ 10,100	$ 10,100	$ 6,085	$ 4,015
Payroll taxes	200	200	178	22
Supplies	500	500	161	339
Purchased/contracted services:				
Utilities	6,500	6,500	3,636	2,864
Vehicle costs	2,000	2,000	1,041	959
Other costs:				
Miscellaneous	3,300	3,300	6,189	(2,889)
Total Fire	22,600	22,600	17,290	5,310
Total Public Safety	$ 654,600	$ 654,600	$ 526,874	$ 127,726
Streets and Sanitation:				
Personal services and employee benefits:				
Salaries	$ 140,500	$ 140,500	$ 133,505	$ 6,995
Payroll taxes	11,700	11,700	12,296	(596)
Retirement	4,900	4,900	16,941	(12,041)
Purchased/contracted services:				
Insurance	12,500	12,500	2,806	9,694
Utilities and communication	59,500	59,500	49,064	10,436
Repairs and maintenance	12,500	12,500	25,440	(12,940)
Garbage contract	77,500	77,500	74,181	3,319
County landfill fees	8,000	8,000	22,927	(14,927)
Paving and street repairs	-	-	-	-
Materials and supplies	7,000	7,000	14,851	(7,851)
Other costs	10,000	10,000	1,898	8,102
Total Street Department	$ 344,100	$ 344,100	$ 353,909	$ (9,809)
Recreation:				
County recreation board	$ 2,000	$ 2,000	$ 4,800	$ (2,800)
Other costs	-	-	-	-
Total Recreation	$ 2,000	$ 2,000	$ 4,800	$ (2,800)
Library:				
Library contributions	$ 750	$ 750	$ 750	$ -

CITY OF TENNILLE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH
SPECIAL SALES TAX PROCEEDS
For the Year Ended June 30, 2014

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2009 Tax:						
Economic development						
Contributions to the Chamber of Commerce	$ 25,000	$ 25,000	$ 10,250	$ -	$ 10,250	41.00%
Transportation improvements	-	100,000	3,595	-	3,595	3.60%
Capital outlays:						
Train depot renovation project	20,000	75,000	49,719	-	49,719	66.29%
General government equipment	150,000	100,000	2,018	-	2,018	2.02%
Public safety equipment	250,000	250,000	151,667	47,484	199,151	79.67%
Water Fund equipment	-	350,000	234,210	14,980	249,190	71.20%
Street department equipment	-	50,000	7,066	-	7,066	14.13%

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082
email: wwpc@wrightandwrightpc.com

CLYDE K. WRIGHT, CPA
BRIAN K. WRIGHT, CPA

TELEPHONE (478) 552-6146
FACSIMILE (478) 552-6158

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

To the Mayor and Council
City of Tennille, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate discretely presented component unit of the City of Tennille, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Tennille's basic financial statements and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

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

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

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

MEMBERS OF THE AMERICAN INSTITUTE OF CPAs AND THE GEORGIA SOCIETY OF CPAs

certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies in internal control over financial reporting noted as item 14-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Tennille 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 14-2.

City of Tennille, Georgia's Response to Findings

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

Purpose of this Report

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

Wright & Wright, P. C.
December 19, 2014

CITY OF TENNILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

14-1 Controls Over Financial Statement Presentation

Condition

City personnel do not currently possess the professional skills necessary to prepare or review the year end financial statements in sufficient detail to detect material misstatements in the financial statements and related footnotes.

Effect

The deficiency identified above could result in a material misstatement to the City's financial statements that would not be prevented or detected on a timely basis.

Recommendation

The City should consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

Views of Responsible Officials

We concur. We will evaluate the cost effectiveness of implementing the control and act accordingly.

14-2 Budgetary

Condition

In the City's General Fund, actual expenditures exceeded budget appropriations in multiple departments. This is a violation of state law.

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

The City should monitor the budget and amend it when appropriate.

Views of Responsible Officials

Our City Council will analyze budgetary financial data periodically and amend the budget when appropriate.

CITY OF TENNILLE
P.O. Box 145
Tennille, GA 31089
(478) 552-7875 Fax (478) 552-3470

Georgia Department of Audits & Accounts
270 Washington Street, S.W.
Suite 1-156
Atlanta, Georgia 30334-8400

Gentlemen:

The following constitutes our corrective action plan regarding the findings and recommendations in our audit report for the year ended June 30, 2014.

With respect to the findings noted in the "Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*," we submit the following comments:

1. City personnel do not currently possess the professional skills necessary to prepare or review the year end financial statements and related footnotes. The City will consider additional training that would provide accounting personnel with the skills to detect and correct misstatements in the financial statements.

2. The following general fund departments had excesses of actual expenditures over appropriations in the amount shown for the year ended June 30, 2014:

General government	$ 21,621
Street department	9,809
Recreations	2,800
General government – capital outlays	15,313
Debt service – principal	28,047
Debt service – interest	7,317

These overexpenditures were funded by greater than anticipated revenues and by available fund balance. The Mayor and Council plan in the future to more closely monitor expenditures to determine if budget amendments need to be made or if cost cutting measures need to be formulated.

Should you need any further explanation of this matter please contact us.

Sincerely,

Jerome Alexander
Mayor, City of Tennille

Acting Mayor of Tennille