CITY OF TENNILLE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2015

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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, 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, 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, 2015, 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 35 through 38 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 were 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 October 15, 2015 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.

October 15, 2015

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Current assets:				
Cash and cash equivalents	$ 126,264	$ 23,702	$ 149,966	$ 9,434
Restricted assets:				
Cash in bank	-	69,149	69,149	-
Accounts receivable, net	45,048	565,414	610,462	-
Receivable from other governments	61,637	-	61,637	-
Internal balances	-	-	-	-
Total current assets	232,949	658,265	891,214	9,434
Noncurrent assets:				
Net pension asset	24,340	-	24,340	-
Nondepreciable capital assets	101,010	2,320	103,330	-
Depreciable capital assets, net of accumulated depreciation	943,065	9,680,427	10,623,492	-
Total noncurrent assets	1,068,415	9,682,747	10,751,162	-
Deferred outflows of resources:				
Pension changes of assumptions	6,605	-	6,605	
Total assets and deferred outflows of resources	1,307,969	10,341,012	11,648,981	9,434
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Current liabilities:				
Accounts payable	87,108	32,104	119,212	-
Current portion of long-term debt	128,139	93,111	221,250	-
Liabilities payable from restricted assets:				
Accrued interest payable	-	3,326	3,326	-
Current portion of bonds payable	-	49,667	49,667	-
Meter deposits held	-	50,048	50,048	-
Other accrued liabilities	6,791	5,098	11,889	-
Total current liabilities	222,038	233,354	455,392	-
Noncurrent liabilities:				
Notes and revenue bonds payable, less current portion	-	2,843,294	2,843,294	-
Deferred inflows of resources:				
Differences between expected and actual experience	2,890	-	2,890	-
Difference between projected and actual earnings on pension plan investments	19,592	-	19,592	-
Total deferred inflows of resources	22,482	-	22,482	-
Total liabilities and deferred inflows of resources	244,520	3,076,648	3,321,168	-
NET POSITION:				
Net investment in capital assets	1,041,136	6,696,675	7,737,811	-
Restricted for:				
Revenue bond retirement	-	162,803	162,803	-
Economic development	-	470,000	470,000	-
Transportation improvements	62,189	-	62,189	-
Capital projects	51,784	-	51,784	-
Public safety	6,651	-	6,651	-
Unrestricted	(98,311)	(65,114)	(163,425)	9,434
	$ 1,063,449	$ 7,264,364	$ 8,327,813	$ 9,434

See accompanying notes to the basic financial statements

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

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	$ 145,758	$ 83,458	$ -	$ -	$ (62,300)	$ -	$ (62,300)	
Public safety	621,698	47,221	7,998	-	(566,479)	-	(566,479)	
Street department	403,026	143,997	52,754	143,647	(62,628)	-	(62,628)	
Recreation	5,741	-	-	-	(5,741)	-	(5,741)	
Library	750	-	-	-	(750)	-	(750)	
Interest on long-term debt	9,647	-	-	-	(9,647)	-	(9,647)	
Total governmental activities	1,186,620	274,676	60,752	143,647	(707,545)	-	(707,545)	
Business-type activities:								
Water and sewer fees	898,265	767,424		150,000	-	19,159	19,159	
Revolving loan fund	-	-	-	-	-	-	-	
Total business-type activities	898,265	767,424	-	150,000	-	19,159	19,159	
Total primary government	$ 2,084,885	$ 1,042,100	$ 60,752	$ 293,647	(707,545)	19,159	(688,386)	
Component Unit:								
Downtown Development Authority	$ 8,695	$ 10,041	$ 7,500	$ -				$ 8,846
General revenues:								
Taxes:								
Property taxes					239,343	-	239,343	-
General sales and use tax					206,706	-	206,706	-
Franchise tax					118,375	-	118,375	-
Insurance company premium tax					83,006	-	83,006	-
Other taxes					94,980	-	94,980	-
Grants and contributions					-	-	-	-
Interest and dividend earnings					-	35	35	-
Miscellaneous					3,868	-	3,868	-
Transfers					(101,871)	101,871	-	-
Total general revenues and transfers					644,407	101,906	746,313	-
Change in net position					(63,138)	121,065	57,927	8,846
Net position, beginning					1,110,923	7,143,299	8,254,222	588
Prior period adjustment					15,664	-	15,664	-
Net position, beginning as restated					1,126,587	7,143,299	8,269,886	588
Net position, ending					$ 1,063,449	$ 7,264,364	$ 8,327,813	$ 9,434

See accompanying notes to the basic financial statements

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

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund 2009	Capital Projects Fund 2014	Police Narcotics Division Fund	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 33,811	$ 56,128	$ -	$ 29,674	$ 6,651	$ 126,264
Accounts receivable, net	45,048	-	-	-	-	45,048
Receivable from other governments	33,466	6,061	-	22,110	-	61,637
Receivables from other funds	-	-	-	-	-	-
Total assets	$ 112,325	$ 62,189	$ -	$ 51,784	$ 6,651	$ 232,949
LIABILITIES:						
Accounts payable	$ 87,108	$ -	$ -	$ -	$ -	$ 87,108
Other liabilities	4,629	-	-	-	-	4,629
Payable to other funds	-	-	-	-	-	-
Total liabilties	91,737	-	-	-	-	91,737
DEFERRED INFLOWS OF RESOURCES:						
Property taxes	3,827	-	-	-	-	3,827
FUND BALANCES:						
Non-spendable fund balance	-	-	-	-	-	-
Restricted fund balance:						
Capital projects	-	-	-	51,784	-	51,784
Transportation improvements	-	62,189	-	-	-	62,189
Committed fund balance	-	-	-	-	-	-
Assigned fund balance:						
Public safety	-	-	-	-	6,651	6,651
Unassigned fund balance	16,761	-	-	-	-	16,761
Total fund balances	16,761	62,189	-	51,784	6,651	137,385
Total liabilities, deferred inflows of resources and fund balances	$ 112,325	$ 62,189	$ -	$ 51,784	$ 6,651	$ 232,949

(Continued)

See accompanying notes to the basic financial statements

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

Fund balances - total governmental funds	$	137,385
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 $1,334,315		1,044,075
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		3,827
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		24,340
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		6,605
Deferred inflows of resources related to pensions		(22,482)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(2,162)
Notes payable		(128,139)
Net position of governmental activities	$	1,063,449

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, 2015

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund 2009	Capital Projects Fund 2014	Police Narcotic Division Fund	Total Governmental Funds
REVENUES:						
Taxes	$ 741,125	$ 36,356	$ -	$ -	$ -	$ 777,481
Licenses and permits	21,068	-	-	-	-	21,068
Intergovernmental	-	16,398	40,641	103,006	7,998	168,043
Charges for services	233,899	-	-	-	1,709	235,608
Other	21,868	-	-	-	-	21,868
Total revenues	1,017,960	52,754	40,641	103,006	9,707	1,224,068
EXPENDITURES:						
Current operating:						
General government	140,127	-	15	-	-	140,142
Street department	383,742	-	-	-	-	383,742
Public safety	534,701	-	-	-	4,929	539,630
Parks and recreation	4,800	-	-	-	-	4,800
Library	750	-	-	-	-	750
Debt service:						
Principal	3,165	-	15,488	1,408	-	20,061
Interest and other charges	8,747	-	825	75	-	9,647
Capital outlays	-	-	99,592	49,739	7,998	157,329
Total expenditures	1,076,032	-	115,920	51,222	12,927	1,256,101
Excess (deficiency) of revenues over expenditures	(58,072)	52,754	(75,279)	51,784	(3,220)	(32,033)
OTHER FINANCING SOURCES (USES):						
Loan proceeds	24,700	-	-	-	-	24,700
Transfers in (out)	69,392	(31,920)	-	-	-	37,472
Total other financing sources and uses	94,092	(31,920)	-	-	-	62,172
Net change in fund balance	36,020	20,834	(75,279)	51,784	(3,220)	30,139
FUND BALANCE, beginning of year	(19,259)	41,355	75,279	-	9,871	107,246
FUND BALANCE, end of year	$ 16,761	$ 62,189	$ -	$ 51,784	$ 6,651	$ 137,385

(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, 2015

Net change in fund balances - total governmental funds		$ 30,139
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	17,986	
Depreciation	(112,506)	
	(94,520)	
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		1,285
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		11,798
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:		
Cost of benefits earned net of employee contributions		(7,201)
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 position:		
Issuance of long-term debt	(24,700)	
Repayment of long-term debt	20,061	
	(4,639)	
		$ (63,138)

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
ASSETS			
CURRENT ASSETS:			
Cash in bank	$ 23,702	$ -	$ 23,702
Restricted assets:			
Cash in bank	69,149	-	69,149
Accounts receivable, net of allowance	95,414	470,000	565,414
Due from grantor agencies	-	-	-
Total current assets	188,265	470,000	658,265
NONCURRENT ASSETS:			
Capital Assets:			
Land	2,320	-	2,320
Distribution system	13,108,462	-	13,108,462
Vehicles	28,206	-	28,206
Construction in progress	-	-	-
	13,138,988	-	13,138,988
Less accumulated depreciation	(3,456,241)	-	(3,456,241)
Total capital assets	9,682,747	-	9,682,747
Total assets	9,871,012	470,000	10,341,012
LIABILITIES			
CURRENT LIABILITIES:			
Current portion of long-term debt	93,111	-	93,111
Accounts payable	32,104	-	32,104
Due to General Fund		-	-
Accrued absences	5,098	-	5,098
Meter deposits held	50,048	-	50,048
Liabilities payable from restricted assets:			
Accrued interest payable	3,326	-	3,326
Current portion of bonds payable	49,667	-	49,667
Total current liabilities	233,354	-	233,354
NONCURRENT LIABILITIES:			
Water revenue bonds, net of current portion	2,580,704	-	2,580,704
Notes payable, net of current portion	262,590	-	262,590
Total noncurrent liabilities	2,843,294	-	2,843,294
Total liabilities	3,076,648	-	3,076,648
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	6,696,675	-	6,696,675
RESTRICTED FOR:			
Revenue bond retirement	162,803	-	162,803
Economic development	-	470,000	470,000
UNRESTRICTED	(65,114)	-	(65,114)
Total net position	$ 6,794,364	$ 470,000	$ 7,264,364

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, 2015

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
OPERATING REVENUES:			
Charges for services	$ 767,424	$ -	$ 767,424
Other revenue	-	-	-
Total operating revenue	767,424	-	767,424
OPERATING EXPENSES:			
Personal services and employee benefits:			
Salaries	164,199	-	164,199
Payroll taxes	12,561	-	12,561
Retirement contribution	7,437	-	7,437
Purchased/contracted services:			
Repairs and replacement	34,704	-	34,704
Water purchases	73,925	-	73,925
Dues	4,445	-	4,445
Insurance	15,127	-	15,127
Supplies:			
Chemicals and supplies	9,803	-	9,803
Office supplies	2,673	-	2,673
Utilities and communication	73,790	-	73,790
Depreciation	368,604	-	368,604
Miscellaneous	6,844	-	6,844
Total operating expenses	774,112	-	774,112
OPERATING INCOME (LOSS)	(6,688)	-	(6,688)
NON-OPERATING REVENUES (EXPENSES):			
DOT contribution for water line expansion	150,000	-	150,000
Interest income	35	-	35
Interest expense	(124,153)	-	(124,153)
Total non-operating revenues (expenses)	25,882	-	25,882
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	19,194	-	19,194
CAPITAL CONTRIBUTIONS:			
Contribution from Capital Projects Funds	139,343	-	139,343
NET INCOME (LOSS) BEFORE TRANSFERS	158,537	-	158,537
TRANSFERS FROM (TO) OTHER FUNDS	(37,472)	-	(37,472)
NET INCOME (LOSS)	121,065	-	121,065
NET POSITION, beginning of year	6,673,299	470,000	7,143,299
NET POSITION, end of year	$ 6,794,364	$ 470,000	$ 7,264,364

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 744,469	$ -	$ 744,469
Cash paid to suppliers for goods and services	(285,574)	-	(285,574)
Cash paid to employees	(176,760)	-	(176,760)
Other receipts (payments)	-	-	-
Net cash provided by (used for) operating activities	282,135	-	282,135
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from (to) other funds	(37,472)	-	(37,472)
Net cash provided by (used for) noncapital financing activities	(37,472)	-	(37,472)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(104,700)	-	(104,700)
Grant proceeds	150,000	-	150,000
Principal paid on capital debt	(153,015)	-	(153,015)
Interest paid on capital debt	(124,153)	-	(124,153)
Net cash provided by (used for) capital and related financing activities	(231,868)	-	(231,868)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	35	-	35
Net cash provided by (used for) investing activities	35	-	35
NET INCREASE (DECREASE) IN CASH	12,830	-	12,830
CASH AND CASH EQUIVALENTS, beginning of year	80,021	-	80,021
CASH AND CASH EQUIVALENTS, end of year	$ 92,851	$ -	$ 92,851
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Net operating income (loss)	$ (6,688)	$ -	$ (6,688)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	368,604	-	368,604
Changes in assets and liabilities:			
Accounts receivable	(12,554)	-	(12,554)
Due from other funds	-	-	-
Accounts payable	(67,887)	-	(67,887)
Compensated absences	(1,240)	-	(1,240)
Accrued interest on long-term debt	(60)	-	(60)
Meter deposits held	1,960	-	1,960
Net cash provided by (used for) operating activities	$ 282,135	$ -	$ 282,135
NONCASH CAPITAL FINANCING ACTIVITIES:			
Capital purchases of $139,343 were made through contributions from the Capital Projects Fund.			
RECONCILIATION OF TOTAL CASH:			
Current assets - cash	$ 23,702	$ -	$ 23,702
Restricted assets - cash	69,149	-	69,149
	$ 92,851	$ -	$ 92,851

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 Capital Projects Fund (2014) accounts for capital outlay and other transactions related to the additional one-percent local option sales tax in effect for the period October 1, 2014 to September 30, 2020.

The Transportation 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, 2015 to December 31, 2022.

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, 2015 and repayments to the revolving loan fund are scheduled to begin in the year ended June 30, 2016.

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 $162,803 which is equal to the average annual debt service on the revenue bonds. The reserve account balance of $69,149 at June 30, 2015 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, 2015. At June 30, 2015 $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, 2015:

Public safety	$ 16,221
Street department	47,742
Debt service – interest	747

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, 2015, none of the City's $219,115 was exposed to custodial credit risk.

Investments - There were no investments at June 30, 2015.

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, 2014 and were due December 10, 2014 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, 2015, were 98.2% 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, 2015, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 5,383	$ -	$ 5,383
Local option sales tax	33,466	-	33,466
User fees receivable	9,782	-	9,782
Garbage fees receivable	29,883	-	29,883
Transportation Fund:			
Special local option sales tax	6,061	-	6,061
Capital Projects Fund (2014):			
Special local option sales tax	22,110	-	22,110
Water and Sewer Fund:			
Water and sewer fees	-	99,775	99,775
Grants receivable	-	-	-
	106,685	99,775	206,460
Allowance for doubtful accounts	-	(4,361)	(4,361)
	$ 106,685	$ 95,414	$ 202,099

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 65,250	$ -	$ -	$ 65,250
Construction-in-progress	34,172	42,607	(41,019)	35,760
Subtotal	99,422	42,607	(41,019)	101,010
Depreciable capital assets:				
Buildings	663,140	-	-	663,140
Equipment	1,217,560	16,398	-	1,233,958
Infrastructure	380,282	84,635	(84,635)	380,282
Subtotal	2,360,404	143,640	(125,654)	2,378,390
Accumulated depreciation:				
Buildings	208,965	18,184	-	227,149
Equipment	932,349	86,716	-	1,019,065
Infrastructure	80,495	7,606	-	88,101
Subtotal	1,221,809	112,506	-	1,334,315
Net capital assets	$1,138,595	$ 31,134	$(125,654)	$1,044,075

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 2,320	$ -	$ -	$ 2,320
Construction-in-progress	31,610	234,408	(266,018)	-
Subtotal	33,930	234,408	(266,018)	2,320
Depreciable capital assets:				
Equipment	161,237	-	-	161,237
Infrastructure	12,699,778	275,653	-	12,975,431
Subtotal	12,894,945	510,061	(266,018)	13,138,988
Accumulated depreciation:				
Equipment	45,627	13,011	-	58,638
Infrastructure	3,042,010	355,593	-	3,397,603
Subtotal	3,087,637	368,604	-	3,456,241
Net capital assets	$9,807,308	$ 141,457	$(266,018)	$9,682,747

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 15,014
Public safety	79,667
Street department	16,884
Recreation	941
Library	-
	$ 112,506

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 13,960	$ -	$ (11,798)	$ 2,162	$ 2,162
Notes payable	123,500	24,700	(20,061)	128,139	128,139
	$ 137,460	$ 24,700	$ (31,859)	$ 130,301	$130,301
Business-type activities:					
Notes payable	$ 461,097	$ -	$ (105,396)	$ 355,701	$ 93,111
Water revenue bonds	2,677,990	-	(47,619)	2,630,371	49,667
	$ 3,139,087	$ -	$ (153,015)	$ 2,986,072	$142,778

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

Outstanding Debt:

At June 30, 2015, 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	$ -	$ 523,632
$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	-	375,610
$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	-	1,731,129
$125,200 loan to Queensborough National Bank & Trust for operations, interest at 4.0%, due in full including interest August 2015	125,200	-
$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	1,469	-
$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	1,470	-
$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	-	56,214
$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	-	4,824
$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	-	294,663
Total long-term debt	$ 128,139	$2,986,072

Annual Requirements to Retire Debt Obligations:
The annual maturities for the years subsequent to June 30, 2015 are as follows:

Governmental-Type Activities:

Year Ending June 30	Notes Payable	
	Principal	Interest
2016	$128,139	$ 5,230
	$ 128,139	$ 5,230

Business-Type Activities:

Year Ending June 30	Notes Payable		Water Revenue Bonds	
	Principal	Interest	Principal	Interest
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	66,128	1,020	56,651	106,153
2020	11,316	271	59,191	103,613
2021 - 2025	2,877	15	338,239	475,781
2026 - 2030	-	-	421,211	392,810
2031 - 2035	-	-	516,124	289,464
2036 - 2040	-	-	267,706	203,654
2041 - 2045	-	-	330,967	140,393
2046 - 2050	-	-	409,176	62,184
2051	-	-	75,324	1,522
	$ 355,701	$ 15,821	$ 2,630,371	$ 2,108,205

8. FUND DEFICITS

At June 30, 2015, no fund had a deficit fund balance.

9. INTERFUND TRANSACTIONS AND BALANCES

There were no interfund due to/due froms between funds as of June 30, 2015.

Interfund transfers:

	Transfer In:		
Transfer Out:	Water & Sewer Fund	General Fund	Total
Water & Sewer Fund	$ -	$ 37,472	$ 37,472
Transportation Special Revenue Fund	-	31,920	31,920
	$ -	$ 69,392	$ 69,392

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 benefit provisions and contribution requirements are established by GMEBS and the Adoption Agreement executed by the City.

As of January 1, 2015, 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	7
Terminated employees entitled to benefits but not yet receiving them	7
Current active employees and elected officials:	
Vested	6
Nonvested	17
Total membership in the plan	37

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. Changes in the Net Pension Liability

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2013*	$ 641,328	$ 656,992	$ (15,664)
Changes for the year:			
Service cost	35,281	-	35,281
Interest	48,331	-	48,331
Differences between expected and actual experience	(3,466)	-	(3,466)
Contributions - employer	-	27,735	(27,735)
Contributions - employee	-	-	-
Net investment income	-	74,882	(74,882)
Benefit payments, including refunds of employee contributions	(35,393)	(35,393)	-
Administrative expense	-	(5,868)	5,868
Other	7,927	-	7,927
Net changes	52,680	61,356	(8,676)
Balances at September 30, 2014**	$ 694,008	$ 718,348	$ (24,340)

* *Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2014 are used to measure TPL as of September 30, 2013. The balances as of September 30, 2013 constitute measurements of the NPL for the fiscal year ending June 30, 2014.*

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

D. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
$ 69,695	$ (24,340)	$ (101,398)

E. Pension Expense for the Year Ended June 30, 2015

Service cost	$ 35,281
Interest on TPL	48,331
Employee contribution	-
Administrative expenses	5,868
Expected return on assets	(50,393)
Expensed portion of current year period differences between expected and actual experience in TPL	(576)
Expensed portion of cuurent year period assumption changes	1,322
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(4,897)
Current year recognition of deferred inflows and outflows established in prior years	-
Total expense	$ 34,936

F. Deferred Outflows/Inflows of Resources related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (2,890)
Changes of assumptions	6,605	-
Net difference between projected and actual earnings on pension plan investments	-	(19,592)
Total	$ 6,605	$ (22,482)

G. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

Projected Recognition of Deferred Outflows/(Inflows)

	Year Established	Outstanding Balance at July 1, 2014	Amount Recognized During FYE June 30, 2015	Outstanding Balance at June 30, 2015
Fiscal Year Outflows:				
Assumption Change	2015	$ 7,927	$ 1,322	$ 6,605
Total outflows		7,927	1,322	6,605
Fiscal Year Inflows:				
Demographic	2015	(3,466)	(576)	(2,890)
Investment	2015	(24,489)	(4,897)	(19,592)
Total inflows		(27,955)	(5,473)	(22,482)
Total		$ (20,028)	$ (4,151)	$ (15,877)

Deferred Outflows/(Inflows) Recognized in Future Years

	2016	2017	2018	2019	2020
Fiscal Year Outflows:					
Assumption Change	$ 1,321	$ 1,321	$ 1,321	$ 1,321	$ 1,321
Total outflows	1,321	1,321	1,321	1,321	1,321
Fiscal Year Inflows:					
Demographic	(578)	(578)	(578)	(578)	(578)
Investment	(4,898)	(4,898)	(4,898)	(4,898)	-
Total inflows	(5,476)	(5,476)	(5,476)	(5,476)	(578)
Total	$ (4,155)	$ (4,155)	$ (4,155)	$ (4,155)	$ 743

H. Schedule of Changes in the Net Pension Liability and Related Ratios*

	2015
Total Pension Liability:	
Service cost	$ 35,281
Interest	48,331
Difference between expected and actual experience	(3,466)
Changes of assumptions	7,927
Changes of benefit terms	-
Benefit payments, including refunds of employee contributions	(35,393)
Net change in total pension liability	52,680
Total pension liability, beginning	641,328
Total pension liability, ending (a)	694,008
Plan Fiduciary Net Position:	
Contributions - employer	27,735
Contributions - employee	-
Net investment income	74,882
Benefit payments, including refunds of employee contributions	(35,393)
Administrative expense	(5,868)
Other	-
Net change in fiduciary net position	61,356
Plan fiduciary net position, beginning	656,992
Plan fiduciary net position, ending (b)	718,348
Net pension liability, ending (a) - (b)	$ (24,340)
Plan's fiduciary net position as a % of the total pension liability	103.51%
Covered-employee payroll	$ 601,443
Net pension liability as a % of covered-employee payroll	-4.05%
Actuarially determined contribution**	-
Contributions in relation to the actuarially determined contribution**	-
Contribution deficiency (excess)**	-

* *Historical information prior to implementation of GASB 67/68 is not required*

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

I. Accounting Policies

Valuation Date	The actuarially determined contribution rate was determined as of 1/1/15, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending 6/30/16.
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A
Asset Valuation Method	Sum of actuarial value at beginning of year and Cash flow during the year plus the assumed Investment return, adjusted by 10% of the Amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Actuarial Assumptions:	
Net Investment Rate of Return	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost of Living Adjustments	0.00%
Retirement Age	See Section 5, Exhibit II for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Mortality	See Section 5, Exhibit II for summary of assumption and Section 4, Exhibit 6 for the history of changes to this assumption, if any.
Other information	See Section 4, Exhibit 6 for the history of changes To plan provisions, if any.

J. Actuarial Valuation History

Changes of Assumptions

As a result of the plan change to provide immediate participation for employees, for the fiscal year ending in 2016, the eligibility assumption has been changed from one year to immediate. The increase in the Plan's NPL is minimal and has been included in the differences between expected and actuarial experience. Amounts reported for the fiscal year ending in 2016 and later reflect the following assumption changes based on the results of an actuarial experience study covering the period January 1, 2010 to June 30, 2014:

- The mortality table for disabled participants was changed to remove the two-year set-forward for males and the one-year set-forward for females.
- The turnover rates were updated to introduce select rates for service less than five-years and to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates.
- The retirement rates where normal retirement is only available on or after age 65 were changed from the prior assumption of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior to age 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at age 60, 25% at age 61, 35% at age 62, 40% at age 63, 45% at age 64, 50% at age 65 to 69, and 100% at age 70.
- The inflation assumption was decreased from 3.50% to 3.25%.
- The salary increase assumption was changed from select period rates during the first five years of service, followed by age-related rates to an assumption based on new service-related rates. Under the prior assumption, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increases range from 3.75% to 8.00% and included an inflation assumption of 3.25%.

  Benefit Changes

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

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, 2015, 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:

Central Savannah River Area Regional Commission
2123 Wrightsboro Road, PO Box 2800
Augusta, Georgia 30914-2800

14. PRIOR PERIOD ADJUSTMENT

Beginning net position for the Governmental Activities was restated as follows:

	Governmental Activities
Net Position, as originally reported	$ 1,110,923
Net pension asset (Implementation of GASB 68)	15,664
Beginning Net Position, as restated	$ 1,126,587

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 15, 2015, 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, Transportation Special Revenue 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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 240,000	$ 240,000	$ 238,058	$ (1,942)
Vehicle	40,000	40,000	39,117	(883)
Franchise tax	105,000	105,000	118,375	13,375
Alcoholic beverage excise	47,000	47,000	43,020	(3,980)
Local option sales tax	230,000	230,000	206,706	(23,294)
Insurance company premium	80,000	80,000	83,006	3,006
Intangible	2,000	2,000	798	(1,202)
Other	9,000	9,000	12,045	3,045
	753,000	753,000	741,125	(11,875)
Licenses and Permits:				
Business licenses and permits	22,000	22,000	18,518	(3,482)
Alcoholic beverage licenses	5,000	5,000	2,550	(2,450)
	27,000	27,000	21,068	(5,932)
Intergovernmental:				
State grants	-	-	-	-
Federal grants	-	-	-	-
	-	-	-	-
Charges for services:				
Garbage fees	140,000	140,000	143,997	3,997
User fees	42,000	42,000	44,390	2,390
Court fines	80,000	80,000	45,512	(34,488)
	262,000	262,000	233,899	(28,101)
Miscellaneous:				
Rent	17,000	17,000	18,000	1,000
Sale of equipment and supplies	1,000	1,000	-	(1,000)
Other	10,000	10,000	3,868	(6,132)
	28,000	28,000	21,868	(6,132)
Total revenues	1,070,000	1,070,000	1,017,960	(52,040)

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 171,970	$ 171,970	$ 140,127	$ 31,843
Public safety	518,480	518,480	534,701	(16,221)
Street department	336,000	336,000	383,742	(47,742)
Recreation	4,800	4,800	4,800	-
Library	750	750	750	-
Total operating expenditures	1,032,000	1,032,000	1,064,120	(32,120)
Capital Outlays:				
General government	-	-	-	-
Public safety	-	-	-	-
Street department	-	-	-	-
Recreation	-	-	-	-
Library	-	-	-	-
Total capital expenditures	-	-	-	-
Debt Service:				
Principal	30,000	30,000	3,165	26,835
Interest	8,000	8,000	8,747	(747)
Total debt service	38,000	38,000	11,912	26,088
Total expenditures	1,070,000	1,070,000	1,076,032	(6,032)
Excess (deficiency) of revenues over expenditures	-	-	(58,072)	(58,072)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	24,700	24,700
Transfers in (out)	-	-	69,392	69,392
	-	-	94,092	94,092
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	36,020	36,020
FUND BALANCE, beginning of year	(19,259)	(19,259)	(19,259)	-
FUND BALANCE, end of year	$ (19,259)	$ (19,259)	$ 16,761	$ 36,020

CITY OF TENNILLE, GEORGIA
TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 15,000	$ 15,000	$ 36,356	$ 21,356
Intergovernmental	15,000	15,000	16,398	1,398
	30,000	30,000	52,754	22,754
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	52,754	32,754
OTHER FINANCING SOURCES (USES)				
Transfers to general fund	(20,000)	(20,000)	(31,920)	(11,920)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	20,834	20,834
FUND BALANCE, beginning of year	41,355	41,355	41,355	-
FUND BALANCE, end of year	$ 41,355	$ 41,355	$ 62,189	$ 20,834

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeits	$ 10,000	$ 10,000	$ 1,709	$ (8,291)
Safety grant	5,000	5,000	7,998	2,998
	15,000	15,000	9,707	(5,293)
EXPENDITURES:				
Current operating:				
Public safety	7,000	7,000	4,929	2,071
Capital outlays	8,000	8,000	7,998	2
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,000	15,000	12,927	2,073
Excess revenues over (under) expenditures	-	-	(3,220)	(3,220)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	(3,220)	(3,220)
FUND BALANCE, beginning of year	9,871	9,871	9,871	-
FUND BALANCE, end of year	$ 9,871	$ 9,871	$ 6,651	$ (3,220)

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 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*
- Schedule of Findings and Questioned Costs

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 63,000	$ 63,000	$ 47,108	$ 15,892
Payroll taxes	6,700	6,700	6,151	549
Retirement contributions	1,900	1,900	2,178	(278)
Purchased/contracted services:				
Accounting and legal	33,000	33,000	14,150	18,850
Insurance	19,000	19,000	15,127	3,873
Utilities and communication	5,000	5,000	13,145	(8,145)
Repairs and maintenance	4,000	4,000	4,577	(577)
Dues	20,000	20,000	2,620	17,380
Advertising	100	100	3,529	(3,429)
Supplies:				
Office supplies	4,500	4,500	6,455	(1,955)
Other costs:				
Travel and training	1,200	1,200	1,953	(753)
Election	3,500	3,500	6,652	(3,152)
County airport appropriation	420	420	420	-
Economic development	7,650	7,650	15,750	(8,100)
Miscellaneous	2,000	2,000	312	1,688
Total General Government	$ 171,970	$ 171,970	$ 140,127	$ 31,843
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 320,000	$ 320,000	$ 333,057	$ (13,057)
Payroll taxes	28,000	28,000	23,895	4,105
Retirement contributions	15,000	15,000	11,526	3,474
Purchased/contracted services:				
Insurance	24,000	24,000	15,127	8,873
Uniforms	500	500	2,395	(1,895)
Vehicle costs	22,000	22,000	25,926	(3,926)
Animal control	11,000	11,000	25,053	(14,053)
Repairs and maintenance	5,000	5,000	1,659	3,341
Utilities and communication	10,000	10,000	10,490	(490)
Supplies	2,000	2,000	1,122	878
Other costs:				
Peace officers' retirement and other fees	19,000	19,000	10,334	8,666
Miscellaneous	5,000	5,000	2,238	2,762
Total police	461,500	461,500	462,822	(1,322)

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMA/Dispatch	27,600	27,600	28,998	(1,398)
Court Salary	11,000	11,000	29,178	(18,178)
Fire:				
Personal services and employee benefits:				
Salaries	$ 6,500	$ 6,500	$ 8,262	$ (1,762)
Payroll taxes	180	180	165	15
Supplies	200	200	10	190
Purchased/contracted services:				
Utilities	3,500	3,500	1,587	1,913
Vehicle costs	1,000	1,000	1,499	(499)
Other costs:				
Miscellaneous	7,000	7,000	2,180	4,820
Total Fire	18,380	18,380	13,703	4,677
Total Public Safety	$ 518,480	$ 518,480	$ 534,701	$ (16,221)
Streets and Sanitation:				
Personal services and employee benefits:				
Salaries	$ 130,000	$ 130,000	$ 138,863	$ (8,863)
Payroll taxes	13,000	13,000	11,491	1,509
Retirement	17,000	17,000	11,526	5,474
Purchased/contracted services:				
Insurance	3,000	3,000	15,127	(12,127)
Utilities and communication	50,000	50,000	64,226	(14,226)
Repairs and maintenance	26,000	26,000	16,730	9,270
Garbage contract	75,000	75,000	72,179	2,821
County landfill fees	10,000	10,000	48,884	(38,884)
Paving and street repairs	-	-	-	-
Materials and supplies	10,000	10,000	4,052	5,948
Other costs	2,000	2,000	664	1,336
Total Street Department	$ 336,000	$ 336,000	$ 383,742	$ (47,742)
Recreation:				
County recreation board	$ 4,800	$ 4,800	$ 4,800	$ -
Other costs	-	-	-	-
Total Recreation	$ 4,800	$ 4,800	$ 4,800	$ -
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, 2015

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	$ 10,250	$ 10,250	$ -	$ 10,250	100.00%
Transportation improvements	-	3,595	3,595	-	3,595	100.00%
Capital outlays:						
Train depot renovation project	20,000	49,719	49,719	-	49,719	100.00%
General government equipment	150,000	2,018	2,018	-	2,018	100.00%
Public safety equipment	250,000	215,464	199,151	16,313	215,464	100.00%
Water Fund equipment	-	348,782	249,190	99,592	348,782	100.00
Street department equipment	-	7,066	7,066	-	7,066	100.00%
2014 Tax:						
Transportation improvements	50,000	50,000	-	-	-	0.00%
Capital outlays:						
Train depot renovation project	50,000	50,000	-	1,588	1,588	3.18%
General government equipment	50,000	50,000	-	8,400	8,400	16.80%
Public safety equipment	200,000	200,000	-	1,483	1,483	0.74%
Water Fund equipment	350,000	350,000	-	39,751	39,751	11.36%
Street department equipment	100,000	100,000	-	-	-	0.00%

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SANDERSVILLE, GEORGIA 31082
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BRIAN K. WRIGHT, CPA

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FACSIMILE (478) 552-6158

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

To the 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, 2015, 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 October 15, 2015.

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

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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 15-1.

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 15-2.

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.
October 15, 2015

CITY OF TENNILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

15-1 Controls Over Financial Statement Presentation

Condition

City personnel do not currently possess the professional skills necessary to prepare 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.

15-2 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, 2015.

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 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, 2015:

Public safety	$ 16,221
Street department	47,742
Debt service – interest	747

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