CITY OF TENNILLE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018

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WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082

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, 2018, 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, 2018, 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 and statements of changes in pension liability information on pages 30 through 35 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 December 28, 2018 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 28, 2018

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, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Current assets:				
Cash and cash equivalents	$ 153,727	$ 664,247	$ 817,974	$ 10,721
Restricted assets:				
Cash in bank	-	69,351	69,351	-
Accounts receivable, net	34,851	72,328	107,179	-
Receivable from other governments	49,507	-	49,507	-
Internal balances	82,139	(82,139)	-	-
Total current assets	320,224	723,787	1,044,011	10,721
Noncurrent assets:				
Net pension asset	213,874	71,292	285,166	-
Nondepreciable capital assets	195,135	5,616	200,751	-
Depreciable capital assets, net of accumulated depreciation	821,280	8,731,611	9,552,891	-
Total noncurrent assets	1,230,289	8,808,519	10,038,808	-
Deferred outflows of resources:				
Pension changes of assumptions	15,239	5,080	20,319	
Total assets and deferred outflows of resources	1,565,752	9,537,386	11,103,138	10,721
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Current liabilities:				
Accounts payable	37,503	31,648	69,151	-
Current portion of long-term debt	-	66,126	66,126	-
Liabilities payable from restricted assets:				
Accrued interest payable	-	3,064	3,064	-
Current portion of bonds payable	-	56,651	56,651	-
Meter deposits held	-	58,686	58,686	-
Other accrued liabilities	9,576	2,125	11,701	-
Total current liabilities	47,079	218,300	265,379	-
Noncurrent liabilities:				
Notes and revenue bonds payable, less current portion	-	2,434,288	2,434,288	-
Deferred inflows of resources:				
Deferred charges on pension obligations	118,881	39,627	158,508	-
Total deferred inflows of resources	118,881	39,627	158,508	-
Total liabilities and deferred inflows of resources	165,960	2,692,215	2,858,175	-
NET POSITION:				
Net investment in capital assets	1,016,415	6,180,162	7,196,577	-
Restricted for:				
Revenue bond retirement	-	162,803	162,803	-
Pension obilgation	110,232	36,745	146,977	
Economic development	-	493,875	493,875	-
Transportation improvements	75,787	-	75,787	-
Capital projects	49,524	-	49,524	-
Public safety	9,453	-	9,453	-
Unrestricted	138,381	(28,414)	109,967	10,721
	$ 1,399,792	$ 6,845,171	$ 8,244,963	$ 10,721

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

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	$ 169,709	$ 94,549	$ -	$ -	$ (75,160)	$ -	$ (75,160)	
Public safety	485,640	86,225	14,998	-	(384,417)	-	(384,417)	
Street department	294,827	141,835	61,794	73,484	(17,714)	-	(17,714)	
Recreation	5,816	-	-	-	(5,816)	-	(5,816)	
Library	750	-	-	-	(750)	-	(750)	
Interest on long-term debt	545	-	-	-	(545)	-	(545)	
Total governmental activities	957,287	322,609	76,792	73,484	(484,402)	-	(484,402)	
Business-type activities:								
Water and sewer fees	878,215	733,798		-	-	(144,417)	(144,417)	
Revolving loan fund	-	-	-	-	-	-	-	
Total business-type activities	878,215	733,798	-	-	-	(144,417)	(144,417)	
Total primary government	$ 1,835,502	$ 1,056,407	$ 76,792	$ 73,484	(484,402)	(144,417)	(628,819)	
Component Unit:								
Downtown Development Authority	$ 6,140	$ 7,000	$ -	$ -				$ 860
General revenues:								
Taxes:								
Property taxes					244,028	-	244,028	-
General sales and use tax					176,724	-	176,724	-
Franchise tax					107,200	-	107,200	-
Insurance company premium tax					102,283	-	102,283	-
Other taxes					91,585	-	91,585	-
Grants and contributions					-	-	-	-
Interest and dividend earnings					-	10,370	10,370	-
Miscellaneous					11,094	-	11,094	-
Transfers					(35,153)	35,153	-	-
Total general revenues and transfers					697,761	45,523	743,284	-
Change in net position					213,359	(98,894)	114,465	860
Net position, beginning					1,186,433	6,944,065	8,130,498	9,861
Net position, ending					$ 1,399,792	$ 6,845,171	$ 8,244,963	$ 10,721

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund 2014	Police Narcotics Division Fund	Total Govern-mental Funds
ASSETS:					
Cash and cash equivalents	$ 36,783	$ 72,438	$ 35,053	$ 9,453	$ 153,727
Accounts receivable, net	34,851	-	-	-	34,851
Receivable from other governments	31,687	3,349	14,471	-	49,507
Receivables from other funds	82,139	-	-	-	82,139
Total assets	$ 185,460	$ 75,787	$ 49,524	$ 9,453	$ 320,224
LIABILITIES:					
Accounts payable	$ 37,503	$ -	$ -	$ -	$ 37,503
Other liabilities	574	-	-	-	574
Payable to other funds	-	-	-	-	-
Total liabilties	38,077	-	-	-	38,077
DEFERRED INFLOWS OF RESOURCES:					
Property taxes	4,342	-	-	-	4,342
FUND BALANCES:					
Non-spendable fund balance	-	-	-	-	-
Restricted fund balance:					
Capital projects	-	-	49,524	-	49,524
Transportation improvements	-	75,787	-	-	75,787
Committed fund balance	-	-	-	-	-
Assigned fund balance:					
Public safety	-	-	-	9,453	9,453
Unassigned fund balance	143,041	-	-	-	143,041
Total fund balances	143,041	75,787	49,524	9,453	277,805
Total liabilities, deferred inflows of resources and fund balances	$ 185,460	$ 75,787	$ 49,524	$ 9,453	$ 320,224

(Continued)

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Fund balances - total governmental funds	$	277,805
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 $1,365,160		1,016,415
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		4,342
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		213,874
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		15,239
Deferred inflows of resources related to pensions		(118,881)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(9,002)
Notes payable		-
Net position of governmental activities	$	1,399,792

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, 2018

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund 2014	Police Narcotic Division Fund	Total Govern-mental Funds
REVENUES:					
Taxes	$ 723,684	$ 38,164	$ -	$ -	$ 761,848
Licenses and permits	28,542	-	-	-	28,542
Intergovernmental	14,998	23,630	73,484	-	112,112
Charges for services	266,225	-	-	5,045	271,270
Other	33,891	-	-	-	33,891
Total revenues	1,067,340	61,794	73,484	5,045	1,207,663
EXPENDITURES:					
Current operating:					
General government	195,915	-	-	-	195,915
Street department	306,577	-	-	-	306,577
Public safety	480,526	-	-	1,100	481,626
Parks and recreation	5,760	-	-	-	5,760
Library	750	-	-	-	750
Debt service:					
Principal	40,321	-	-	-	40,321
Interest and other charges	545	-	-	-	545
Capital outlays	-	-	150,094	-	150,094
Total expenditures	1,030,394	-	150,094	1,100	1,181,588
Excess (deficiency) of revenues over expenditures	36,946	61,794	(76,610)	3,945	26,075
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	-
Transfers in (out)	32,000	(32,000)	-	-	-
Total other financing sources and uses	32,000	(32,000)	-	-	-
Net change in fund balance	68,946	29,794	(76,610)	3,945	26,075
FUND BALANCE, beginning of year	74,095	45,993	126,134	5,508	251,730
FUND BALANCE, end of year	$ 143,041	$ 75,787	$ 49,524	$ 9,453	$ 277,805

(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, 2018

Net change in fund balances - total governmental funds	$ 26,075
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	150,300
Depreciation	(68,637)
	81,663
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	(1,864)
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	2,211
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	64,953
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	-
Repayment of long-term debt	40,321
	40,321
	$ 213,359

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2018

	Water and Sewer Fund	Revolving Loan Fund	Total
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS:			
Cash in bank	$ 170,372	$ 493,875	$ 664,247
Restricted cash in bank	69,351	-	69,351
Accounts receivable, net of allowance	72,328	-	72,328
Total current assets	312,051	493,875	805,926
NONCURRENT ASSETS:			
Pension asset	71,292	-	71,292
Capital Assets:			
Land	2,320	-	2,320
Construction in process	3,296	-	3,296
Depreciable capital assets	13,301,939	-	13,301,939
	13,307,555	-	13,307,555
Less accumulated depreciation	(4,570,328)	-	(4,570,328)
Total capital assets	8,737,227	-	8,737,227
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on pension obligations	5,080	-	5,080
Total assets & deferred outflows of resources	9,125,650	493,875	9,619,525
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
CURRENT LIABILITIES:			
Current portion of long-term debt	66,126	-	66,126
Accounts payable	31,648	-	31,648
Payroll tax liabilities	697	-	697
Due to General Fund	82,139	-	82,139
Accrued absences	1,428	-	1,428
Meter deposits held	58,686	-	58,686
Liabilities payable from restricted assets:			
Accrued interest payable	3,064	-	3,064
Current portion of bonds payable	56,651	-	56,651
Total current liabilities	300,439	-	300,439
NONCURRENT LIABILITIES:			
Water revenue bonds, net of current portion	2,420,090	-	2,420,090
Notes payable, net of current portion	14,198	-	14,198
Total noncurrent liabilities	2,434,288	-	2,434,288
DEFERRED INFLOWS OF RESOURCES:			
Deferred charges on pension obligations	39,627	-	39,627
Total liabilities & deferred inflows of resources	2,774,354	-	2,774,354
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	6,180,162	-	6,180,162
RESTRICTED FOR:			
Revenue bond retirement	162,803	-	162,803
Pension obligation	36,745	-	36,745
Economic development	-	493,875	493,875
UNRESTRICTED	(28,414)	-	(28,414)
Total net position	$ 6,351,296	$ 493,875	$ 6,845,171

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
OPERATING REVENUES:			
Charges for services	$ 733,598	$ -	$ 733,598
Other revenue	200	-	200
Total operating revenue	733,798	-	733,798
OPERATING EXPENSES:			
Personal services and employee benefits:			
Salaries	94,576	-	94,576
Payroll taxes	10,401	-	10,401
Retirement contribution	2,115	-	2,115
Purchased/contracted services:			
Repairs and replacement	67,902	-	67,902
Professional fees	13,169	-	13,169
Water purchases	80,430	-	80,430
Dues	2,919	-	2,919
Testing	17,476	-	17,476
Insurance	6,126	-	6,126
Supplies:			
Chemicals and supplies	25,664	-	25,664
Office supplies	5,682	-	5,682
Utilities and communication	65,538	-	65,538
Depreciation	372,502	-	372,502
Miscellaneous	1,037	-	1,037
Total operating expenses	765,537	-	765,537
OPERATING INCOME (LOSS)	(31,739)	-	(31,739)
NON-OPERATING REVENUES (EXPENSES):			
Interest income	35	10,335	10,370
Interest expense	(112,678)	-	(112,678)
Total non-operating revenues (expenses)	(112,643)	10,335	(102,308)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(144,382)	10,335	(134,047)
CAPITAL CONTRIBUTIONS:			
Contribution from Capital Projects Funds	35,153	-	35,153
NET INCOME (LOSS) BEFORE TRANSFERS	(109,229)	10,335	(98,894)
TRANSFERS FROM (TO) OTHER FUNDS	-	-	-
NET INCOME (LOSS)	(109,229)	10,335	(98,894)
NET POSITION, beginning of year	6,460,525	483,540	6,944,065
NET POSITION, end of year	$ 6,351,296	$ 493,875	$ 6,845,171

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 734,644	$ -	$ 734,644
Cash paid to suppliers for goods and services	(218,919)	-	(218,919)
Cash paid to employees	(104,927)	-	(104,927)
Other receipts (payments)	-	429,080	429,080
Net cash provided by (used for) operating activities	410,798	429,080	839,878
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from (to) other funds	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(10,405)	-	(10,405)
Principal paid on capital debt	(146,312)	-	(146,312)
Interest paid on capital debt	(112,678)	-	(112,678)
Net cash provided by (used for) capital and related financing activities	(269,395)	-	(269,395)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	35	10,335	10,370
Net cash provided by (used for) investing activities	35	10,335	10,370
NET INCREASE (DECREASE) IN CASH	141,438	439,415	580,853
CASH AND CASH EQUIVALENTS, beginning of year	98,285	54,460	152,745
CASH AND CASH EQUIVALENTS, end of year	$ 239,723	$ 493,875	$ 733,598
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Net operating income (loss)	$ (31,739)	$ -	$ (31,739)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	372,502	-	372,502
Changes in assets and liabilities:			
Accounts receivable	846	-	846
Loan receivable	-	429,080	429,080
Pension asset	(21,653)	-	(21,653)
Due from other funds	80,396	-	80,396
Accounts payable	8,550	-	8,550
Compensated absences	(2,191)	-	(2,191)
Payroll tax liabilities	50	-	50
Meter deposits held	4,037	-	4,037
Net cash provided by (used for) operating activities	$ 410,798	$ 429,080	$ 839,878
NONCASH CAPITAL FINANCING ACTIVITIES:			
Capital purchases of $35,153 were made through contributions from the Capital Projects Fund			
RECONCILIATION OF TOTAL CASH:			
Current assets - cash	$ 170,372	$ 493,875	$ 664,247
Restricted assets - cash	69,351	-	69,351
	$ 239,723	$ 493,875	$ 733,598

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 (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, 2014 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 monthly repayments to the revolving loan fund began during the year ended June 30, 2018.

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 $115,692 which is equal to the average annual debt service on the revenue bonds. The reserve account balance of $69,351 at June 30, 2018 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, 2018. At June 30, 2018 $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 addresses 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, 2018:

Recreation department	$ 260
General government – capital outlays	15,614
Public safety – capital outlays	18,444
Street department – capital outlays	1,301

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, 2018, none of the City's $884,191 was exposed to custodial credit risk.

Investments - There were no investments at June 30, 2018.

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 valueless 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, 2017 and were due December 10, 2017 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, 2018, were 97.2% 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, 2018, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 9,651	$ -	$ 9,651
Local option sales tax	31,687	-	31,687
User fees receivable	4,719	-	4,719
Garbage fees receivable	15,660	-	15,660
Miscellaneous receivable	4,821	-	4,821
Transportation Fund:			
Special local option sales tax	3,349	-	3,349
Capital Projects Fund (2014):			
Special local option sales tax	14,471	-	14,471
Water and Sewer Fund:			
Water and sewer fees	-	76,689	76,689
	84,358	76,689	161,047
Allowance for doubtful accounts	-	(4,361)	(4,361)
	$ 84,358	$ 72,328	$ 156,686

6. LOAN RECEIVABLE

The Revolving Loan Fund is used to account for the issuance and repayment of loans made to local private businesses. At June 30, 2018 the local business paid off the loan in full including outstanding interest.

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 65,250	$ -	$ -	$ 65,250
Construction-in-progress	35,760	94,125	-	129,885
Subtotal	101,010	94,125	-	195,135
Depreciable capital assets:				
Buildings	701,969	37,125	-	739,094
Equipment	1,116,651	19,050	-	1,135,701
Infrastructure	380,282	35,153	(35,153)	380,282
Subtotal	2,299,912	185,453	(35,153)	2,450,212
Accumulated depreciation:				
Buildings	261,680	19,588	-	281,268
Equipment	1,000,168	41,443	-	1,041,611
Infrastructure	103,312	7,606	-	110,918
Subtotal	1,365,160	68,637	-	1,433,797
Net capital assets	$ 934,752	$ 116,816	$(35,153)	$ 1,016,415

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	$ 2,320	$ -	$ -	$ 2,320
Construction-in-progress	-	3,296	-	3,296
Subtotal	2,320	-	-	5,616
Depreciable capital assets:				
Equipment	161,237	-	-	161,237
Infrastructure	13,098,440	42,262	-	13,140,702
Subtotal	13,261,997	45,558	-	13,307,555
Accumulated depreciation:				
Equipment	81,689	11,461	-	93,150
Infrastructure	4,116,137	361,041	-	4,477,178
Subtotal	4,197,826	372,041	-	4,570,328
Net capital assets	$9,064,171	$ (326,944)	$ -	$8,737,227

Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 11,796
Public safety	44,846
Street department	11,939
Recreation	56
	$ 68,637

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 11,213	$ -	$ (2,211)	$ 9,002	$ 9,002
Notes payable	40,321	-	(40,321)	-	-
	$ 51,534	$ -	$ (42,532)	$ 9,002	$ 9,002
Business-type activities:					
Notes payable	$ 172,415	$ -	$ (92,091)	$ 80,324	$ 66,126
Water revenue bonds	2,530,962	-	(54,221)	2,476,741	56,651
	$ 2,703,377	$ -	$ (146,312)	$ 2,557,065	$122,777

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

Outstanding Debt:

At June 30, 2018, 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	$ -	$ 471,206
$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	-	338,139
$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	-	1,667,396
$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	-	25,180
$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	-	55,144
Total long-term debt	$ -	$2,557,065

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to June 30, 2018 are as follows:

Business-Type Activities:

Year Ending June 30	Notes Payable		Water Revenue Bonds	
	Principal	Interest	Principal	Interest
2019	$ 66,126	$ 1,020	$ 56,651	$ 106,153
2020	11,316	271	59,191	103,613
2021	2,882	15	61,846	100,958
2022	-	-	64,620	98,184
2023			67,518	95,286
2023 – 2027	-	-	385,822	428,199
2028 – 2032	-	-	480,477	333,543
2033 – 2037	-	-	369,121	230,934
2038 – 2042	-	-	304,042	167,318
2043 – 2047	-	-	375,890	95,470
2048 - 2051	-	-	251,563	15,916
	$ 80,324	$ 1,306	$ 2,476,741	$ 1,775,574

8. FUND DEFICITS

At June 30, 2018, no fund had a deficit fund balance.

9. INTERFUND TRANSACTIONS AND BALANCES

At June 30, 2018, the Water Fund owed the General Fund $82,139 for garbage fees and user fees collected by the Water Fund but not remitted to the General Fund. This balance will be repaid during the year ended June 30, 2018.

Interfund transfers:

	Transfer In:		
Transfer Out:	Water & Sewer Fund	General Fund	Total
Transportation Fund	$ -	$ 32,000	$ 32,000

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, 2018, 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	6
Terminated employees entitled to benefits but not yet receiving them	10
Current active employees and elected officials:	
Vested	9
Nonvested	12
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.

The Net investment return is 7.50% on an on-going basis, based on long-term expected rate of return on pension plan investment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Cash	0%	
	100%	

Plan termination basis: 2.80% (30-year Treasury Securities Rate as of August, 2017, published in September, 2017; 2.26% last year)

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
$ (209,999)	$ (285,166)	$ (347,439)

D. 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, 2016*	$ 632,271	$ 809,797	$ (177,526)
Changes for the year:			
Service cost	19,161	-	19,161
Interest	47,923	-	47,923
Differences between expected and actual experience	(39,853)	-	(39,853)
Contributions - employer	-	34,448	(34,448)
Contributions - employee	-	-	-
Net investment income	-	122,390	(122,390)
Benefit payments, including refunds of employee contributions	(27,829)	(27,829)	-
Administrative expense	-	(10,709)	10,709
Other	11,258	-	11,258
Net changes	10,660	118,300	(107,640)
Balances at September 30, 2017**	$ 642,931	$ 928,097	$ (285,166)

** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2017 are used to measure TPL as of September 30, 2016. The balances as of September 30, 2016 constitute measurements of the NPL for the fiscal year ending June 30, 2017.*

*** Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2018 are used to measure TPL as of September 30, 2017. The balances as of September 30, 2017 constitute measurements of the NPL for the fiscal year ending June 30, 2018.*

E. Pension Expense for the Year Ended June 30, 2018

Service cost	$ 19,161
Interest on TPL	47,923
Employee contribution	-
Administrative expenses	10,709
Expected return on assets	(62,601)
Expensed portion of current year period differences between expected and actual experience in TPL	(9,964)
Expensed portion of cuurent year period assumption changes	2,813
Current year plan changes	-
Expensed portion of current year period differences between projected and actual investment earnings	(11,957)
Current year recognition of deferred inflows and outflows established in prior years	(39,011)
Total expense	$ (42,927)

F. Deferred Outflows/Inflows of Resources related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (109,513)
Changes of assumptions	11,087	-
Net difference between projected and actual earnings on pension plan investments	-	(48,995)
Employer contributions subsequent to the measurement date	9,232	-
Total	$ 20,319	$ (158,508)

City contributions subsequent to the measurement date of $9,232 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	$ 36,855
2020	36,855
2021	36,855
2022	36,856
	$ 147,421

G. Actuarial Methods and Assumptions

Inflation	2.75%
Salary increase	2.75% plus service based merit increases
Investment rate of return	7.50%, On-going basis, based on long-term expected rate of return of pension plan investments
Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Cost of living adjustments	0.00%

Mortality rates were based on the RP-2000 Combined Mortality Table with sex-distinct rates, set forward two years for males and one year for females, and the RP-2000 Disabled Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to June 30, 2014.

The actuarial determined contribution was determined as of January 1, 2018, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ended June 30, 2019.

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, 2018, 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. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2018, 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:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contributions
- Budgetary Comparison Schedules – General Fund, Transportation Special Revenue Fund, and the Police Narcotics Division Fund

CITY OF TENNILLE, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016
Total Pension Liability:			
Service cost	$ 19,161	$ 29,380	$ 33,462
Interest	47,923	52,471	52,479
Difference between expected and actual experience	(39,853)	(112,712)	(55,280)
Changes of assumptions	11,258	-	-
Changes of benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(27,829)	(27,830)	(33,707)
Net change in total pension liability	10,660	(58,691)	(3,046)
Total pension liability, beginning	632,271	690,962	694,008
Total pension liability, ending (a)	642,931	632,271	690,962
Plan Fiduciary Net Position:			
Contributions - employer	34,448	40,928	35,440
Contributions - employee	-	-	-
Net investment income	122,390	81,295	8,474
Benefit payments, including refunds of employee contributions	(27,829)	(27,830)	(33,707)
Administrative expense	(10,709)	(6,184)	(6,967)
Other	-	-	-
Net change in fiduciary net position	118,300	88,209	3,240
Plan fiduciary net position, beginning	809,797	721,588	718,348
Plan fiduciary net position, ending (b)	928,097	809,797	721,588
Net pension liability, ending (a) - (b)	$ (285,166)	$ (177,526)	$ (30,626)
Plan's fiduciary net position as a % of the total pension liability	144.35%	128.08%	104.43%
Covered-employee payroll	$ 382,422	$ 352,632	$ 544,291
Net pension liability as a % of covered-employee payroll	-74.57%	-50.34%	-5.63%
Actuarially determined contribution	-	-	$ 34,500

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

CITY OF TENNILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE OF CONTRIBUTIONS

	2018	2017	2016
Actuarially determined contribution	$ 9,232	$ 38,568	$ 34,500
Contributions in relation to the actuarially determined contribution	9,232	38,568	34,500
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered employee payroll	$ 382,422	$ 352,632	$ 544,291
Contributions as a percentage of covered-employee payroll	2.41%	10.94%	6.34%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 260,000	$ 260,000	$ 245,892	$ (14,108)
Vehicle	40,000	40,000	44,881	4,881
Franchise tax	125,000	125,000	107,200	(17,800)
Alcoholic beverage excise	71,238	71,238	41,128	(30,110)
Local option sales tax	175,000	175,000	176,724	1,724
Insurance company premium	100,000	100,000	102,283	2,283
Intangible	1,200	1,200	1,274	74
Other	10,250	10,250	4,302	(5,948)
	782,688	782,688	723,684	(59,004)
Licenses and Permits:				
Business licenses and permits	30,000	30,000	26,042	(3,958)
Alcoholic beverage licenses	2,500	2,500	2,500	-
	32,500	32,500	28,542	(3,958)
Intergovernmental:				
State grants	-	-	14,998	14,998
Federal grants	-	-	-	-
	-	-	14,998	14,998
Charges for services:				
Garbage fees	145,000	145,000	141,835	(3,165)
User fees	40,000	40,000	43,210	3,210
Court fines	75,500	75,500	81,180	5,680
	260,500	260,500	266,225	5,725
Miscellaneous:				
Rent	25,000	25,000	22,797	(2,203)
Sale of equipment and supplies	250	250	1,165	915
Other	19,032	19,032	9,929	(9,103)
	44,282	44,282	33,891	(10,391)
Total revenues	1,119,970	1,119,970	1,067,340	(52,630)

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 186,225	$ 186,225	$ 180,301	$ 5,924
Public safety	550,550	550,550	462,082	88,468
Street department	336,050	336,050	305,276	30,774
Recreation	5,500	5,500	5,760	(260)
Library	750	750	750	-
Total operating expenditures	1,079,075	1,079,075	954,169	124,906
Capital Outlays:				
General government	-	-	15,614	(15,614)
Public safety	-	-	18,444	(18,444)
Street department	-	-	1,301	(1,301)
Recreation	-	-	-	-
Library	-	-	-	-
Total capital expenditures	-	-	35,359	(35,359)
Debt Service:				
Principal	40,321	40,321	40,321	-
Interest	574	574	545	29
Total debt service	40,895	40,895	40,866	29
Total expenditures	1,119,970	1,119,970	1,030,394	89,576
Excess (deficiency) of revenues over expenditures	-	-	36,946	36,946
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	-	-	32,000	32,000
	-	-	32,000	32,000
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	68,946	68,946
FUND BALANCE, beginning of year	74,095	74,095	74,095	-
FUND BALANCE, end of year	$ 74,095	$ 74,095	$ 143,041	$ 68,946

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 37,000	$ 37,000	$ 38,164	$ 1,164
Intergovernmental	23,000	23,000	23,630	630
	60,000	60,000	61,794	1,794
EXPENDITURES:				
Current operating:				
Street department	5,000	5,000	-	5,000
Capital outlays	20,000	20,000	-	20,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	25,000	25,000	-	25,000
Excess revenues over (under) expenditures	35,000	35,000	61,794	26,794
OTHER FINANCING SOURCES (USES)				
Transfers to general fund	(35,000)	(35,000)	(32,000)	3,000
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	29,794	29,794
FUND BALANCE, beginning of year	45,993	45,993	45,993	-
FUND BALANCE, end of year	$ 45,993	$ 45,993	$ 75,787	$ 29,794

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeits	$ 10,000	$ 10,000	$ 5,045	$ (4,955)
Safety grant	5,000	5,000	-	(5,000)
	15,000	15,000	5,045	(9,955)
EXPENDITURES:				
Current operating:				
Public safety	7,000	7,000	1,100	5,900
Capital outlays	8,000	8,000	-	8,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	15,000	15,000	1,100	13,900
Excess revenues over (under) expenditures	-	-	3,945	3,945
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	3,945	3,945
FUND BALANCE, beginning of year	5,508	5,508	5,508	-
FUND BALANCE, end of year	$ 5,508	$ 5,508	$ 9,453	$ 3,945

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 69,300	$ 69,300	$ 79,219	$ (9,919)
Payroll taxes	6,000	6,000	5,603	397
Retirement contributions	9,000	9,000	2,116	6,884
Purchased/contracted services:				
Accounting and legal	18,500	18,500	17,660	840
Insurance	24,300	24,300	5,272	19,028
Utilities and communication	8,000	8,000	8,049	(49)
Repairs and maintenance	6,000	6,000	5,343	657
Dues	4,000	4,000	940	3,060
Advertising	450	450	1,814	(1,364)
Supplies:				
Office supplies	5,500	5,500	4,808	692
Other costs:				
Travel and training	17,850	17,850	24,228	(6,378)
Election	1,500	1,500	6,599	(5,099)
County airport appropriation	550	550	420	130
Economic development	11,000	11,000	18,088	(7,088)
Miscellaneous	4,275	4,275	142	4,133
Total General Government	$ 186,225	$ 186,225	$ 180,301	$ 5,924
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 294,000	$ 294,000	$ 287,686	$ 6,314
Payroll taxes	22,100	22,100	20,214	1,886
Retirement contributions	10,000	10,000	2,116	7,884
Purchased/contracted services:				
Insurance	30,000	30,000	11,425	18,575
Uniforms	4,000	4,000	7,693	(3,693)
Vehicle costs	32,500	32,500	17,699	14,801
Animal control	42,000	42,000	20,717	21,283
Repairs and maintenance	3,000	3,000	1,785	1,215
Utilities and communication	11,000	11,000	9,148	1,852
Supplies	2,000	2,000	3,030	(1,030)
Other costs:				
Peace officers' retirement and other fees	1,450	1,450	19,293	(17,843)
Miscellaneous	6,900	6,900	2,752	4,148
Total police	458,950	458,950	403,558	55,392

CITY OF TENNILLE, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMA/Dispatch	52,000	52,000	37,000	15,000
Court Salary	7,200	7,200	7,200	-
Fire:				
Personal services and employee benefits:				
Salaries	$ 18,000	$ 18,000	$ 3,540	$ 14,460
Payroll taxes	50	50	-	50
Supplies	100	100	22	78
Purchased/contracted services:				
Utilities	4,000	4,000	4,169	(169)
Vehicle costs	950	950	1,219	(269)
Other costs:				
Miscellaneous	9,300	9,300	5,374	3,926
Total Fire	32,400	32,400	14,324	18,076
Total Public Safety	$ 550,550	$ 550,550	$ 462,082	$ 88,468
Streets and Sanitation:				
Personal services and employee benefits:				
Salaries	$ 108,000	$ 108,000	$ 97,400	$ 10,600
Payroll taxes	8,000	8,000	6,506	1,494
Retirement	10,000	10,000	2,115	7,885
Purchased/contracted services:				
Insurance	12,000	12,000	2,567	9,433
Utilities and communication	59,000	59,000	67,679	(8,679)
Repairs and maintenance	5,000	5,000	24,646	(19,646)
Garbage contract	92,000	92,000	86,532	5,468
Leaf and limb	14,000	14,000	6,712	7,288
Paving and street repairs	7,000	7,000	-	7,000
Materials and supplies	8,000	8,000	9,605	(1,605)
Other costs	13,050	13,050	1,514	11,536
Total Street Department	$ 336,050	$ 336,050	$ 305,276	$ 30,774
Recreation:				
County recreation board	$ 5,500	$ 5,500	$ 5,760	$ (260)
Other costs	-	-	-	-
Total Recreation	$ 5,500	$ 5,500	$ 5,760	$ (260)
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, 2018

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2014 Tax:						
Transportation improvements	50,000	50,000	$ 1,705	$ -	$ 1,705	3.41%
Capital outlays:						
Train depot renovation project	50,000	150,000	1,588	78,511	80,099	53.40%
General government equipment	50,000	50,000	24,233	14,396	38,629	77.26%
Public safety equipment	200,000	200,000	45,528	22,034	67,562	33.78%
Water Fund equipment	350,000	250,000	92,292	35,153	127,445	50.98%
Street department equipment	100,000	100,000	-	-	-	0.00%

WRIGHT & WRIGHT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
130 NORTH HARRIS STREET • POST OFFICE BOX 1014
SANDERSVILLE, GEORGIA 31082

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

Telephone (478) 552-6146
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, 2018, 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 28, 2018.

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

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 18-1.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as noted as item 18-2.

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 28, 2018

CITY OF TENNILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

18-1 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.

COMPLIANCE AND OTHER MATTERS

18-2 Budgetary

Condition

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

Effect

Fiscal control and accountability over departmental expenditures may be jeopardized.

Recommendation

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

Views of Responsible Officials

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