CITY OF TENNILLE, GEORGIA

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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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, 2020, 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, 2020, 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 31 through 36 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 November 12, 2020 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.

Sandersville, Georgia
November 12, 2020

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Current assets:				
Cash and cash equivalents	$ 390,685	$ 215,593	$ 606,278	$ 3,799
Restricted assets:				
Cash in bank	-	69,421	69,421	-
Accounts receivable, net	49,583	86,914	136,497	-
Receivable from other governments	63,389	-	63,389	-
Internal balances	196,087	(196,087)	-	-
Total current assets	699,744	175,841	875,585	3,799
Noncurrent assets:				
Net pension asset	143,293	47,764	191,057	-
Nondepreciable capital assets	65,250	5,616	70,866	-
Depreciable capital assets, net of accumulated depreciation	1,292,038	8,030,625	9,322,663	-
Total noncurrent assets	1,500,581	8,084,005	9,584,586	-
Deferred outflows of resources:				
Pension changes of assumptions	52,917	15,261	68,178	
Total assets and deferred outflows of resources	2,253,242	8,275,107	10,528,349	3,799
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Current liabilities:				
Accounts payable	80,445	35,206	115,651	-
Current portion of long-term debt	3,451	-	3,451	-
Liabilities payable from restricted assets:				
Accrued interest payable	-	3,064	3,064	-
Current portion of bonds payable	-	61,846	61,846	-
Meter deposits held	-	61,908	61,908	-
Other accrued liabilities	39,851	4,438	44,289	-
Total current liabilities	123,747	166,462	290,209	-
Noncurrent liabilities:				
Notes and revenue bonds payable, less current portion	11,229	2,298,990	2,310,219	-
Deferred inflows of resources:				
Deferred charges on pension obligations	12,557	4,186	16,743	-
Total deferred inflows of resources	12,557	4,186	16,743	-
Total liabilities and deferred inflows of resources	147,533	2,469,638	2,617,171	-
NET POSITION:				
Net investment in capital assets	1,342,608	5,675,405	7,018,013	-
Restricted for:				
Revenue bond retirement	-	162,804	162,804	-
Pension obilgation	183,653	58,839	242,492	
Economic development	-	23,875	23,875	-
Transportation improvements	132,714	-	132,714	-
Capital projects	151,058	-	151,058	-
Public safety	7,678	-	7,678	-
Unrestricted	287,998	(115,454)	172,544	3,799
	$ 2,105,709	$ 5,805,469	$ 7,911,178	$ 3,799

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	$ 280,409	$ 92,550	$ -	$ -	$ (187,859)	$ -	$ (187,859)	
Public safety	524,025	53,952	-	-	(470,073)	-	(470,073)	
Street department	405,119	150,035	107,209	138,923	(8,952)	-	(8,952)	
Recreation	4,367	-	-	-	(4,367)	-	(4,367)	
Library	750	-	-	-	(750)	-	(750)	
Interest on long-term debt	710	-	-	-	(710)	-	(710)	
Total governmental activities	1,215,380	296,537	107,209	138,923	(672,711)	-	(672,711)	
Business-type activities:								
Water and sewer fees	1,081,716	762,806		-	-	(318,910)	(318,910)	
Revolving loan fund	-	-	-	-	-	-	-	
Total business-type activities	1,081,716	762,806	-	-	-	(318,910)	(318,910)	
Total primary government	$ 2,297,096	$ 1,059,343	$ 107,209	$ 138,923	(672,711)	(318,910)	(991,621)	
Component Unit:								
Downtown Development Authority	$ 4,210	$ -	$ -	$ -				$ (4,210)
General revenues:								
Taxes:								
Property taxes					248,799	-	248,799	-
General sales and use tax					207,971	-	207,971	-
Franchise tax					116,806	-	116,806	-
Insurance company premium tax					117,171	-	117,171	-
Other taxes					106,291	-	106,291	-
Grants and contributions					-	-	-	-
Interest and dividend earnings					-	35	35	-
Miscellaneous					8,826	-	8,826	-
Transfers					(14,250)	14,250	-	-
Total general revenues and transfers					791,614	14,285	805,899	-
Change in net position					118,903	(304,625)	(185,722)	(4,210)
Net position, beginning					1,986,806	6,110,094	8,096,900	8,009
Net position, ending					$ 2,105,709	$ 5,805,469	$ 7,911,178	$ 3,799

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund 2014	Police Narcotics Division Fund	Total Govern-mental Funds
ASSETS:					
Cash and cash equivalents	$ 125,120	$ 128,527	$ 129,360	$ 7,678	$ 390,685
Accounts receivable, net	49,583	-	-	-	49,583
Receivable from other governments	37,504	4,187	21,698	-	63,389
Receivables from other funds	196,087	-	-	-	196,087
Total assets	$ 408,294	$ 132,714	$ 151,058	$ 7,678	$ 699,744
LIABILITIES:					
Accounts payable	$ 80,445	$ -	$ -	$ -	$ 80,445
Other liabilities	18,752	-	-	-	18,752
Payable to other funds	-	-	-	-	-
Total liabilties	99,197	-	-	-	99,197
DEFERRED INFLOWS OF RESOURCES:					
Property taxes	13,617	-	-	-	13,617
FUND BALANCES:					
Non-spendable fund balance	-	-	-	-	-
Restricted fund balance:					
Capital projects	-	-	151,058	-	151,058
Transportation improvements	-	132,714	-	-	132,714
Committed fund balance	-	-	-	-	-
Assigned fund balance:					
Public safety	-	-	-	7,678	7,678
Unassigned fund balance	295,480	-	-	-	295,480
Total fund balances	295,480	132,714	151,058	7,678	586,930
Total liabilities, deferred inflows of resources and fund balances	$ 408,294	$ 132,714	$ 151,058	$ 7,678	$ 699,744

(Continued)

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

Fund balances - total governmental funds	$	586,930
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 $1,596,628		1,357,288
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		13,617
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		143,293
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		52,917
Deferred inflows of resources related to pensions		(12,557)
Long-term notes payable are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(21,099)
Notes payable		(14,680)
Net position of governmental activities	$	2,105,709

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, 2020

	General Fund	Transportation Special Revenue Fund	Capital Projects Fund 2014	Police Narcotic Division Fund	Total Governmental Funds
REVENUES:					
Taxes	$ 796,935	$ 45,421	$ -	$ -	$ 842,356
Licenses and permits	23,536	-	-	-	23,536
Intergovernmental	33,559	28,229	138,923	-	200,711
Charges for services	247,605	-	-	450	248,055
Other	33,772	-	-	-	33,772
Total revenues	1,135,407	73,650	138,923	450	1,348,430
EXPENDITURES:					
Current operating:					
General government	259,178	-	-	-	259,178
Street department	358,400	32,944	10,207	-	401,551
Public safety	501,143	-	-	-	501,143
Parks and recreation	4,320	-	-	-	4,320
Library	750	-	-	-	750
Debt service:					
Principal	3,320	-	-	-	3,320
Interest and other charges	710	-	-	-	710
Capital outlays	-	-	50,688	-	50,688
Total expenditures	1,127,821	32,944	60,895	-	1,221,660
Excess (deficiency) of revenues over expenditures	7,586	40,706	78,028	450	126,770
OTHER FINANCING SOURCES (USES):					
Loan proceeds	-	-	-	-	-
Transfers in (out)	13,979	(28,229)	-	-	(14,250)
Total other financing sources and uses	13,979	(28,229)	-	-	(14,250)
Net change in fund balance	21,565	12,477	78,028	450	112,520
FUND BALANCE, beginning of year	273,915	120,237	73,030	7,228	474,410
FUND BALANCE, end of year	$ 295,480	$ 132,714	$ 151,058	$ 7,678	$ 586,930

(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, 2020

Net change in fund balances - total governmental funds	$ 112,520
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	50,688
Depreciation	(62,322)
	(11,634)
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	103
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	(11,882)
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	26,476
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	3,320
	3,320
	$ 118,903

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Water and Sewer Fund	Revolving Loan Fund	Total
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS:			
Cash in bank	$ 191,718	$ 23,875	$ 215,593
Restricted cash in bank	69,421	-	69,421
Accounts receivable, net of allowance	86,914	-	86,914
Total current assets	348,053	23,875	371,928
NONCURRENT ASSETS:			
Pension asset	47,764	-	47,764
Capital Assets:			
Land	2,320	-	2,320
Construction in process	3,296	-	3,296
Depreciable capital assets	13,339,464	-	13,339,464
	13,345,080	-	13,345,080
Less accumulated depreciation	(5,308,839)	-	(5,308,839)
Total capital assets	8,036,241	-	8,036,241
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on pension obligations	15,261	-	15,261
Total assets & deferred outflows of resources	8,447,319	23,875	8,471,194
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
CURRENT LIABILITIES:			
Accounts payable	35,206	-	35,206
Payroll tax liabilities	4,022	-	4,022
Due to General Fund	196,087	-	196,087
Accrued absences	416	-	416
Meter deposits held	61,908	-	61,908
Liabilities payable from restricted assets:			
Accrued interest payable	3,064	-	3,064
Current portion of bonds payable	61,846	-	61,846
Total current liabilities	362,549	-	362,549
NONCURRENT LIABILITIES:			
Water revenue bonds, net of current portion	2,298,990	-	2,298,990
Notes payable, net of current portion	-	-	-
Total noncurrent liabilities	2,298,990	-	2,298,990
DEFERRED INFLOWS OF RESOURCES:			
Deferred charges on pension obligations	4,186	-	4,186
Total liabilities & deferred inflows of resources	2,665,725	-	2,665,725
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS	5,675,405	-	5,675,405
RESTRICTED FOR:			
Revenue bond retirement	162,804	-	162,804
Pension obligation	58,839	-	58,839
Economic development	-	23,875	23,875
UNRESTRICTED	(115,454)	-	(115,454)
Total net position	$ 5,781,594	$ 23,875	$ 5,805,469

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, 2020

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
OPERATING REVENUES:			
Charges for services	$ 754,550	$ -	$ 754,550
Other revenue	8,256	-	8,256
Total operating revenue	762,806	-	762,806
OPERATING EXPENSES:			
Personal services and employee benefits:			
Salaries	85,501	-	85,501
Payroll taxes	6,564	-	6,564
Purchased/contracted services:			
Repairs and replacement	78,776	-	78,776
Professional fees	66,137	-	66,137
Water purchases	194,276	-	194,276
Dues	8,557	-	8,557
Testing	32,610	-	32,610
Insurance	23,547	-	23,547
Supplies:			
Chemicals and supplies	12,180	-	12,180
Office supplies	8,266	-	8,266
Utilities and communication	84,323	-	84,323
Depreciation	367,585	-	367,585
Miscellaneous	2,320	-	2,320
Total operating expenses	970,642	-	970,642
OPERATING INCOME (LOSS)	(207,836)	-	(207,836)
NON-OPERATING REVENUES (EXPENSES):			
Interest income	35	-	35
Interest expense	(111,074)	-	(111,074)
Total non-operating revenues (expenses)	(111,039)	-	(111,039)
NET INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(318,875)	-	(318,875)
CAPITAL CONTRIBUTIONS:			
Contribution from Capital Projects Funds	-	-	-
NET INCOME (LOSS) BEFORE TRANSFERS	(318,875)	-	(318,875)
TRANSFERS FROM (TO) OTHER FUNDS	14,250	-	14,250
NET INCOME (LOSS)	(304,625)	-	(304,625)
NET POSITION, beginning of year	6,086,219	23,875	6,110,094
NET POSITION, end of year	$ 5,781,594	$ 23,875	$ 5,805,469

See accompanying notes to the basic financial statements

CITY OF TENNILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities Enterprise Funds		
	Water and Sewer Fund	Revolving Loan Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 744,522	$ -	$ 744,522
Cash paid to suppliers for goods and services	(381,996)	-	(381,996)
Cash paid to employees	(92,643)	-	(92,643)
Other receipts (payments)	8,256	-	8,256
Net cash provided by (used for) operating activities	278,139	-	278,139
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer from (to) other funds	14,250	-	14,250
Net cash provided by (used for) noncapital financing activities	14,250	-	14,250
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(37,524)	-	(37,524)
Principal paid on capital debt	(56,731)	-	(56,731)
Interest paid on capital debt	(111,074)	-	(111,074)
Net cash provided by (used for) capital and related financing activities	(205,329)	-	(205,329)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	35	-	35
Net cash provided by (used for) investing activities	35	-	35
NET INCREASE (DECREASE) IN CASH	87,095	-	87,095
CASH AND CASH EQUIVALENTS, beginning of year	174,044	23,875	197,919
CASH AND CASH EQUIVALENTS, end of year	$ 261,139	$ 23,875	$ 285,014
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Net operating income (loss)	$ (207,836)	$ -	$ (207,836)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Cash flows reported in other categories:			
Depreciation expense	367,585	-	367,585
Changes in assets and liabilities:			
Accounts receivable	(10,028)	-	(10,028)
Pension asset	(8,813)	-	(8,813)
Due from other funds	132,006	-	132,006
Accounts payable	6,584	-	6,584
Compensated absences	(1,066)	-	(1,066)
Payroll tax liabilities	(578)	-	(578)
Meter deposits held	285	-	285
Net cash provided by (used for) operating activities	$ 278,139	$ -	$ 278,139
RECONCILIATION OF TOTAL CASH:			
Current assets - cash	$ 191,718	$ 23,875	$ 215,593
Restricted assets - cash	69,421	-	69,421
	$ 261,139	$ 23,875	$ 285,014

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 government-wide 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, 2017. The private business repaid the balance due to the City in 2018 and the City paid the note balance back to the Georgia Department of Community Affairs during the year ended June 30, 2019.

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.

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 $69,421 at June 30, 2020 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 acquisition value at the date of donation. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year ended June 30, 2020, interest expense incurred by the County's business-type activities was $111,074. Of this amount, none was applicable to construction of capital assets.

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
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

No funds or departments within funds had expenditures in excess of appropriations in the current fiscal year.

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 limits its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with State law. The City does not have a deposit policy for custodial credit risk. As of June 30, 2020, none of the City's $675,699 was exposed to custodial credit risk.

Investments - There were no investments at June 30, 2020.

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, 2019 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, 2020, were 95.0% 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.

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures. This statement requires the City to disclose information for any tax abatement agreements either entered into by the City, or agreements entered into by other governments that reduce the City's tax revenues. For the year ended June 30, 2020, the City had no abatement agreements.

5. ACCOUNTS RECEIVABLE

At June 30, 2020, accounts receivable consisted of the following:

	Governmental Activities	Business-type Activities	Total
General Fund:			
Property tax	$ 15,275	$ -	$ 15,275
Local option sales tax	37,504	-	37,504
User fees receivable	4,873	-	4,873
Garbage fees receivable	16,037	-	16,037
Miscellaneous receivable	13,398	-	13,398
Transportation Fund:			
Special local option sales tax	4,187	-	4,187
Capital Projects Fund (2014):			
Special local option sales tax	21,698	-	21,698
Water and Sewer Fund:			
Water and sewer fees	-	91,275	91,275
	112,972	91,275	204,247
Allowance for doubtful accounts	-	(4,361)	(4,361)
	$ 112,972	$ 86,914	$ 199,886

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Not being depreciated:				
Land	$ 65,250	$ -	$ -	$ 65,250
Construction-in-progress	-			-
Subtotal	65,250	-	-	65,250
Other capital assets:				
Buildings	1,271,190	18,285	-	1,289,475
Equipment	1,186,506	32,403	-	1,218,909
Infrastructure	380,282	-	-	380,282
Subtotal	2,903,228	50,688	-	2,953,916
Accumulated depreciation:				
Buildings	321,361	33,605	-	354,966
Equipment	1,094,421	21,111	-	1,115,532
Infrastructure	118,524	7,606	-	126,130
Subtotal	1,534,306	62,322	-	1,596,628
Net capital assets	$ 1,368,922	$ (11,634)	$ -	$ 1,357,288

	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	5,616	-	-	5,616
Other capital assets:				
Equipment	161,237	-	-	161,237
Infrastructure	13,140,702	37,525	-	13,178,227
Subtotal	13,307,555	37,525	-	13,345,080
Accumulated depreciation:				
Equipment	104,611	11,461	-	116,072
Infrastructure	4,836,642	356,125	-	5,192,767
Subtotal	4,941,253	367,586	-	5,308,839
Net capital assets	$ 8,366,302	$ (330,061)	$ -	$ 8,036,241

Depreciable capital assets:
Depreciation was charged to functions as follows:

Governmental activities:	
General government	$ 26,095
Public safety	27,748
Street department	8,432
Recreation	47
	$ 62,322

7. LONG-TERM DEBT

Following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due in One Year
Governmental type activities:					
Compensated absences	$ 9,217	$ 11,882	$ -	$ 21,099	$ 21,099
Notes payable	18,000	-	(3,320)	14,680	3,451
	$ 27,217	$ 11,882	$ (3,320)	$ 35,779	$ 24,550
Business-type activities:					
Compensated absences	$ 1,482	$ -	$ (1,066)	$ 416	$ 416
Water revenue bonds	2,417,567	-	(56,731)	2,360,836	61,846
	$ 2,419,049	$ -	$ (57,797)	$ 2,361,525	$ 62,262

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

Outstanding Debt:

At June 30, 2020, 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	$ -	$ 432,161
$18,000 note payable for a police car to USDA; interest at 3.9%; due in annual payments of $4,030 to October 2023	14,680	-
$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	-	310,052
$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	-	1,618,623
Total long-term debt	$ 14,680	$2,360,836

Annual Requirements to Retire Debt Obligations:

The annual maturities for the years subsequent to June 30, 2020 are as follows:

Governmental-Type Activities:

Year Ending June 30	Notes Payable	
	Principal	Interest
2021	$ 3,451	$ 579
2022	3,587	443
2023	3,729	301
2024	3,913	154
	$ 14,680	$ 1,477

Business-Type Activities:

Year Ending June 30	Notes Payable		Water Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	$ -	$ -	$ 61,846	$ 100,958
2022	-	-	64,620	98,184
2023			67,518	95,286
2024			70,545	92,259
2025			73,710	89,094
2026 - 2030	-	-	421,211	392,810
2031 - 2035	-	-	516,125	289,464
2036 - 2040	-	-	267,706	203,654
2041 - 2045	-	-	330,967	140,393
2046 - 2050	-	-	409,176	62,184
2051	-	-	77,412	1,522
	$ -	$ -	$ 2,360,836	$ 1,565,808

8. FUND DEFICITS

At June 30, 2020, no fund had a deficit fund balance.

9. INTERFUND TRANSACTIONS AND BALANCES

At June 30, 2020, the Water Fund owed the General Fund $196,087 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, 2020.

Interfund transfers:

Transfer Out:	Transfer In: Water & Sewer Fund	General Fund	Total
Transportation Fund	$ -	$ 28,229	$ 28,229
General Fund	14,250	-	$ 14,250

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, 2020, the date of the latest actuarial valuation study, employee membership data related to the current plan membership was as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	13
Current active employees and elected officials:	
Vested	9
Nonvested	11
Total membership in the plan	41

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 7.375% 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.41%
International equity	20%	6.96%
Real estate	10%	4.76%
Global fixed income	5%	3.06%
Domestic fixed income	20%	1.96%
Cash	0%	
	100%	

Plan termination basis:	2.12% (30-year Treasury Securities Rate as of August, 2019, published in September, 2019; 3.04% last year)

The discount rate used to measure the total pension liability was 7.375%. 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 (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
$ (99,532)	$ (191,057)	$ (267,075)

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, 2018*	$ 686,024	$ 989,786	$ (303,762)
Changes for the year:			
Service cost	16,637	-	16,637
Interest	51,503	-	51,503
Differences between expected and actual experience	41,172	-	41,172
Contributions - employer	-	10,264	(10,264)
Contributions - employee	-	-	-
Net investment income	-	28,467	(28,467)
Benefit payments, including refunds of employee contributions	(31,922)	(31,922)	-
Administrative expense	-	(8,946)	8,946
Other	33,178	-	33,178
Net changes	110,568	(2,137)	112,705
Balances at September 30, 2019**	$ 796,592	$ 987,649	$ (191,057)

* *Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2019 are used to measure TPL as of September 30, 2018. The balances as of September 30, 2018 constitute measurements of the NPL for the fiscal year ending June 30, 2019.*

** *Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2020 are used to measure TPL as of September 30, 2019. The balances as of September 30, 2019 constitute measurements of the NPL for the fiscal year ending June 30, 2020.*

E. Pension Expense for the Year Ended June 30, 2020

Service cost	$	16,637
Interest on TPL		51,503
Employee contribution		-
Administrative expenses		8,946
Expected return on assets		(73,086)
Expensed portion of current year period differences between expected and actual experience in TPL		10,293
Expensed portion of cuurent year period assumption changes		8,293
Current year plan changes		-
Expensed portion of current year period differences between projected and actual investment earnings		8,923
Current year recognition of deferred inflows and outflows established in prior years		(56,500)
Total expense	$	(24,991)

F. Deferred Outflows/Inflows of Resources related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,343	$ (9,963)
Changes of assumptions	27,700	-
Net difference between projected and actual earnings on pension plan investments	-	(6,780)
Employer contributions subsequent to the measurement date	7,135	-
Total	$ 68,178	$ (16,743)

City contributions subsequent to the measurement date of $7,135 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$	12,859
2022		12,859
2023		12,859
2024		12,858
	$	51,435

G. Actuarial Methods and Assumptions

Inflation	2.25%
Salary increase	2.25% plus service based merit increases
Investment rate of return	7.375%, 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2019.

The actuarial determined contribution was determined as of January 1, 2020, 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, 2020.

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, 2020, 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 November 12, 2020, 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 YEARS ENDED JUNE 30,

	2020	2019	2018	2017	2016
Total Pension Liability:					
Service cost	$ 16,637	$ 17,923	$ 19,161	$ 29,380	$ 33,462
Interest	51,503	48,504	47,923	52,471	52,479
Difference between expected and actual experience	41,172	4,927	(39,853)	(112,712)	(55,280)
Changes of assumptions	33,178	-	11,258	-	-
Changes of benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(31,922)	(28,261)	(27,829)	(27,830)	(33,707)
Net change in total pension liability	110,568	43,093	10,660	(58,691)	(3,046)
Total pension liability, beginning	686,024	642,931	632,271	690,962	694,008
Total pension liability, ending (a)	796,592	686,024	642,931	632,271	690,962
Plan Fiduciary Net Position:					
Contributions - employer	10,264	8,501	34,448	40,928	35,440
Contributions - employee	-	-	-	-	-
Net investment income	28,467	91,071	122,390	81,295	8,474
Benefit payments, including refunds of employee contributions	(31,922)	(28,261)	(27,829)	(27,830)	(33,707)
Administrative expense	(8,946)	(9,622)	(10,709)	(6,184)	(6,967)
Other	-	-	-	-	-
Net change in fiduciary net position	(2,137)	61,689	118,300	88,209	3,240
Plan fiduciary net position, beginning	989,786	928,097	809,797	721,588	718,348
Plan fiduciary net position, ending (b)	987,649	989,786	928,097	809,797	721,588
Net pension liability, ending (a) - (b)	$ (191,057)	$ (303,762)	$ (285,166)	$ (177,526)	$ (30,626)
Plan's fiduciary net position as a % of the total pension liability	123.98%	144.28%	144.35%	128.08%	104.43%
Covered payroll	$ 443,860	$ 404,791	$ 382,422	$ 352,632	$ 544,291
Net pension liability as a % of covered payroll	-43.04%	-75.04%	-74.57%	-50.34%	-5.63%
Actuarially determined contribution	-	$ 9,463	$ 9,232	$ 38,568	$ 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 YEARS ENDED JUNE 30,

SCHEDULE OF CONTRIBUTIONS

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 9,744	$ 9,514	$ 9,232	$ 38,568	$ 34,500
Contributions in relation to the actuarially determined contribution	9,744	9,514	9,232	38,568	34,500
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 443,860	$ 404,791	$ 382,422	$ 352,632	$ 544,291
Contributions as a percentage of covered payroll	2.20%	2.35%	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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Ad valorem	$ 265,000	$ 255,325	$ 248,696	$ (6,629)
Vehicle	44,000	41,500	43,918	2,418
Franchise tax	120,000	120,000	116,806	(3,194)
Alcoholic beverage excise	50,000	50,000	42,134	(7,866)
Local option sales tax	275,000	275,000	207,971	(67,029)
Insurance company premium	115,000	117,200	117,171	(29)
Intangible	1,000	3,700	3,512	(188)
Other	11,000	11,000	16,727	5,727
	881,000	873,725	796,935	(76,790)
Licenses and Permits:				
Business licenses and permits	13,000	15,500	15,886	386
Alcoholic beverage licenses	8,500	8,500	7,650	(850)
	21,500	24,000	23,536	(464)
Intergovernmental:				
State grants	10,000	45,000	33,559	(11,441)
Federal grants	-	-	-	-
	10,000	45,000	33,559	(11,441)
Charges for services:				
Garbage fees	95,000	95,000	150,035	55,035
User fees	40,000	40,000	44,068	4,068
Court fines	105,000	105,000	53,502	(51,498)
	240,000	240,000	247,605	7,605
Miscellaneous:				
Rent	25,600	25,600	24,946	(654)
Sale of equipment and supplies	8,000	2,000	3,010	1,010
Other	9,750	10,625	5,816	(4,809)
	43,350	38,225	33,772	(4,453)
Total revenues	1,195,850	1,220,950	1,135,407	(85,543)

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Current Operating:				
General government	$ 239,600	$ 263,250	$ 259,178	$ 4,072
Public safety	550,700	554,150	501,143	53,007
Street department	415,900	423,900	358,400	65,500
Recreation	5,500	5,500	4,320	1,180
Library	750	750	750	-
Total operating expenditures	1,212,450	1,247,550	1,123,791	123,759
Capital Outlays:				
General government	-	-	-	-
Public safety	-	-	-	-
Street department	9,300	9,300	-	9,300
Recreation	5,000	5,000	-	5,000
Library	-	-	-	-
Total capital expenditures	14,300	14,300	-	14,300
Debt Service:				
Principal	3,350	3,350	3,320	30
Interest	750	750	710	40
Total debt service	4,100	4,100	4,030	70
Total expenditures	1,230,850	1,265,950	1,127,821	138,129
Excess (deficiency) of revenues over expenditures	(35,000)	(45,000)	7,586	52,586
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in (out)	35,000	45,000	13,979	(31,021)
	35,000	45,000	13,979	(31,021)
Excess (deficiency) of revenues over expenditures and other financing sources	-	-	21,565	21,565
FUND BALANCE, beginning of year	273,915	273,915	273,915	-
FUND BALANCE, end of year	$ 273,915	$ 273,915	$ 295,480	$ 21,565

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
TRANSPORTATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	$ 45,000	$ 45,000	$ 45,421	$ 421
Intergovernmental	28,000	28,000	28,229	229
	73,000	73,000	73,650	650
EXPENDITURES:				
Current operating:				
Street department	35,000	35,000	32,944	2,056
Capital outlays	10,000	10,000	-	10,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	45,000	45,000	32,944	12,056
Excess revenues over (under) expenditures	28,000	28,000	40,706	12,706
OTHER FINANCING SOURCES (USES)				
Transfers to general fund	(28,000)	(28,000)	(28,229)	(229)
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	12,477	12,477
FUND BALANCE, beginning of year	120,237	120,237	120,237	-
FUND BALANCE, end of year	$ 120,237	$ 120,237	$ 132,714	$ 12,477

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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines and forfeits	$ 5,000	$ 5,000	$ 450	$ (4,550)
Safety grant	5,000	5,000	-	(5,000)
	10,000	10,000	450	(9,550)
EXPENDITURES:				
Current operating:				
Public safety	6,000	6,000	-	6,000
Capital outlays	4,000	4,000	-	4,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	10,000	10,000	-	10,000
Excess revenues over (under) expenditures	-	-	450	450
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Excess revenues and other financing sources (uses) over (under) expenditures	-	-	450	450
FUND BALANCE, beginning of year	7,228	7,228	7,228	-
FUND BALANCE, end of year	$ 7,228	$ 7,228	$ 7,678	$ 450

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
OPERATING EXPENDITURES:				
General Government:				
Personal services and employee benefits:				
Salaries	$ 97,800	$ 107,800	$ 97,816	$ 9,984
Payroll taxes	6,500	7,000	7,483	(483)
Retirement contributions	4,500	4,500	4,361	139
Purchased/contracted services:				
Accounting and legal	15,000	35,000	26,510	8,490
Insurance	5,200	11,200	26,792	(15,592)
Utilities and communication	12,500	11,500	10,820	680
Repairs and maintenance	15,000	15,000	7,494	7,506
Dues	3,000	1,500	1,436	64
Advertising	2,000	3,500	3,426	74
Supplies:				
Office supplies	7,500	12,000	17,254	(5,254)
Other costs:				
Travel and training	30,000	20,000	22,022	(2,022)
Election	7,000	-	-	-
County airport appropriation	2,000	2,000	1,860	140
Economic development	15,000	15,000	13,000	2,000
Miscellaneous	16,600	17,250	18,904	(1,654)
Total General Government	$ 239,600	$ 263,250	$ 259,178	$ 4,072
Public safety:				
Police:				
Personal services and employee benefits:				
Salaries	$ 344,100	$ 344,100	$ 277,851	$ 66,249
Payroll taxes	26,000	26,000	21,256	4,744
Retirement contributions	6,400	7,800	4,361	3,439
Purchased/contracted services:				
County police contract	-	-	20,726	(20,726)
Insurance	13,200	21,000	28,492	(7,492)
Uniforms	4,500	700	398	302
Vehicle costs	35,000	15,000	11,300	3,700
Animal control	15,000	17,000	12,405	4,595
Repairs and maintenance	3,000	3,000	4,465	(1,465)
Utilities and communication	11,000	12,000	10,401	1,599
Supplies	2,000	12,000	3,882	8,118
Other costs:				
Peace officers' retirement and other fees	-	-	12,188	(12,188)
Miscellaneous	17,400	10,300	7,332	2,968
Total police	477,600	468,900	415,057	53,843

CITY OF TENNILLE, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMA/Dispatch	40,000	40,000	43,328	(3,328)
Court costs	12,550	17,200	17,050	150
Fire:				
Personal services and employee benefits:				
Salaries	$ 7,000	$ 10,000	$ 9,345	$ 655
Payroll taxes	-	-	-	-
Supplies	500	500	349	151
Purchased/contracted services:				
Utilities	5,000	5,500	5,514	(14)
Vehicle costs	1,000	1,000	1,022	(22)
Other costs:				
Miscellaneous	7,050	11,050	9,478	1,572
Total Fire	20,550	28,050	25,708	2,342
Total Public Safety	$ 550,700	$ 554,150	$ 501,143	$ 53,007
Streets and Sanitation:				
Personal services and employee benefits:				
Salaries	$ 131,500	$ 131,500	$ 108,432	$ 23,068
Payroll taxes	10,000	10,000	8,295	1,705
Purchased/contracted services:				
Insurance	2,000	5,000	11,394	(6,394)
Utilities and communication	89,100	89,100	80,337	8,763
Repairs and maintenance	55,000	55,000	45,477	9,523
Garbage contract	90,000	90,000	94,048	(4,048)
Leaf and limb	20,000	20,000	-	20,000
Paving and street repairs	1,500	1,500	-	1,500
Materials and supplies	12,500	17,500	10,037	7,463
Other costs	4,300	4,300	380	3,920
Total Street Department	$ 415,900	$ 423,900	$ 358,400	$ 65,500
Recreation:				
County recreation board	$ 5,500	$ 5,500	$ 4,320	$ 1,180
Other costs	-	-	-	-
Total Recreation	$ 5,500	$ 5,500	$ 4,320	$ 1,180
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, 2020

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	$ 10,207	$ 11,912	23.82%
Capital outlays:						
Train depot renovation project	50,000	500,595	482,310	18,285	500,595	100.00%
General government equipment	50,000	55,615	38,629	16,986	55,615	100.00%
Public safety equipment	200,000	200,000	90,951	14,027	104,978	52.49%
Water Fund equipment	350,000	250,000	127,445	-	127,445	50.98%
Street department equipment	100,000	100,000	-	1,390	1,390	1.39%

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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, 2020, 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 November 12, 2020.

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 20-1.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Wyatt & Wyatt, P.C.

Sandersville, Georgia
November 12, 2020

CITY OF TENNILLE, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

20-1 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.

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, 2020.

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 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.

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

Sincerely,

Eartha Cummings
Mayor, City of Tennille